UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to

Commission file number 001-34580



First American Financial Corporation

(Exact name of registrant as specified in its charter)

Delaware	**26-1911571**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1 First American Way, Santa Ana, California 92707-5913
(Address of principal executive offices) (Zip Code)
(714) 250-3000
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.00001 par value	FAF	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2023 was $5,676,971,916.

On February 14, 2024, there were 103.1 million shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement with respect to the 2024 annual meeting of the stockholders are incorporated by reference in Part III of this report. The definitive proxy statement or an amendment to this Form 10-K will be filed no later than 120 days after the close of registrant's fiscal year.

FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES

INFORMATION INCLUDED IN REPORT

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THIS ANNUAL REPORT ON FORM 10-K CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. THESE FORWARD-LOOKING STATEMENTS CAN BE IDENTIFIED BY THE FACT THAT THEY DO NOT RELATE STRICTLY TO HISTORICAL OR CURRENT FACTS AND MAY CONTAIN THE WORDS "BELIEVE," "ANTICIPATE," "EXPECT," "INTEND," "PLAN," "PREDICT," "ESTIMATE," "PROJECT," "WILL BE," "WILL CONTINUE," "WILL LIKELY RESULT," OR OTHER SIMILAR WORDS AND PHRASES OR FUTURE OR CONDITIONAL VERBS SUCH AS "WILL," "MAY," "MIGHT," "SHOULD," "WOULD," OR "COULD." THESE FORWARD-LOOKING STATEMENTS INCLUDE, WITHOUT LIMITATION, STATEMENTS REGARDING FUTURE OPERATIONS, PERFORMANCE, FINANCIAL CONDITION, PROSPECTS, PLANS AND STRATEGIES. THESE FORWARD-LOOKING STATEMENTS ARE BASED ON CURRENT EXPECTATIONS AND ASSUMPTIONS THAT MAY PROVE TO BE INCORRECT.

RISKS AND UNCERTAINTIES EXIST THAT MAY CAUSE RESULTS TO DIFFER MATERIALLY FROM THOSE SET FORTH IN THESE FORWARD-LOOKING STATEMENTS. FACTORS THAT COULD CAUSE THE ANTICIPATED RESULTS TO DIFFER FROM THOSE DESCRIBED IN THE FORWARD-LOOKING STATEMENTS INCLUDE, WITHOUT LIMITATION:

- *INTEREST RATE FLUCTUATIONS;*
- *CHANGES IN CONDITIONS OF THE REAL ESTATE MARKETS;*
- *VOLATILITY IN THE CAPITAL MARKETS;*
- *UNFAVORABLE ECONOMIC CONDITIONS;*
- *IMPAIRMENTS IN THE COMPANY'S GOODWILL OR OTHER INTANGIBLE ASSETS;*
- *FAILURES AT FINANCIAL INSTITUTIONS WHERE THE COMPANY DEPOSITS FUNDS;*
- *REGULATORY OVERSIGHT AND CHANGES IN APPLICABLE LAWS AND GOVERNMENT REGULATIONS, INCLUDING PRIVACY AND DATA PROTECTION LAWS;*
- *HEIGHTENED SCRUTINY BY LEGISLATORS AND REGULATORS OF THE COMPANY'S TITLE INSURANCE AND SERVICES SEGMENT AND CERTAIN OTHER OF THE COMPANY'S BUSINESSES;*
- *REGULATION OF TITLE INSURANCE RATES;*
- *LIMITATIONS ON ACCESS TO PUBLIC RECORDS AND OTHER DATA;*
- *CLIMATE CHANGE, HEALTH CRISES, TERRORIST ATTACKS, SEVERE WEATHER CONDITIONS AND OTHER CATASTROPHE EVENTS;*
- *CHANGES IN RELATIONSHIPS WITH LARGE MORTGAGE LENDERS AND GOVERNMENT-SPONSORED ENTERPRISES;*
- *CHANGES IN MEASURES OF THE STRENGTH OF THE COMPANY'S TITLE INSURANCE UNDERWRITERS, INCLUDING RATINGS AND STATUTORY CAPITAL AND SURPLUS;*
- *LOSSES IN THE COMPANY'S INVESTMENT PORTFOLIO OR VENTURE INVESTMENT PORTFOLIO;*
- *MATERIAL VARIANCE BETWEEN ACTUAL AND EXPECTED CLAIMS EXPERIENCE;*
- *DEFALCATIONS, INCREASED CLAIMS OR OTHER COSTS AND EXPENSES ATTRIBUTABLE TO THE COMPANY'S USE OF TITLE AGENTS;*
- *ANY INADEQUACY IN THE COMPANY'S RISK MANAGEMENT FRAMEWORK OR USE OF MODELS;*
- *SYSTEMS DAMAGE, FAILURES, INTERRUPTIONS, CYBERATTACKS AND INTRUSIONS, OR UNAUTHORIZED DATA DISCLOSURES;*
- *INNOVATION EFFORTS OF THE COMPANY AND OTHER INDUSTRY PARTICIPANTS AND ANY RELATED MARKET DISRUPTION;*
- *ERRORS AND FRAUD INVOLVING THE TRANSFER OF FUNDS;*
- *FAILURES TO RECRUIT AND RETAIN QUALIFIED EMPLOYEES;*

- *THE COMPANY'S USE OF A GLOBAL WORKFORCE;*
- *INABILITY OF THE COMPANY TO FULFILL PARENT COMPANY OBLIGATIONS AND/OR PAY DIVIDENDS;*
- *INABILITY TO REALIZE ANTICIPATED SYNERGIES OR PRODUCE RETURNS THAT JUSTIFY INVESTMENT IN ACQUIRED BUSINESSES;*
- *A REDUCTION IN THE DEPOSITS AT THE COMPANY'S FEDERAL SAVINGS BANK SUBSIDIARY;*
- *CLAIMS OF INFRINGEMENT OR INABILITY TO ADEQUATELY PROTECT THE COMPANY'S INTELLECTUAL PROPERTY; AND*
- *OTHER FACTORS DESCRIBED IN THIS ANNUAL REPORT ON FORM 10-K, INCLUDING UNDER THE CAPTION RISK FACTORS IN ITEM 1A OF PART I.*

THE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE THEY ARE MADE. THE COMPANY DOES NOT UNDERTAKE TO UPDATE FORWARD-LOOKING STATEMENTS TO REFLECT CIRCUMSTANCES OR EVENTS THAT OCCUR AFTER THE DATE THE FORWARD-LOOKING STATEMENTS ARE MADE.

PART I

Item 1. Business

The Company

First American Financial Corporation traces its heritage back to 1889. On June 1, 2010, its common stock was listed on the New York Stock Exchange under the ticker symbol "FAF." First American's executive offices are located at 1 First American Way, Santa Ana, California 92707-5913 and its telephone number is (714) 250-3000.

Unless otherwise indicated or otherwise required by the context, the terms "we," "our," "it," "its," "Company" and "First American" refer to First American Financial Corporation and its subsidiaries.

General

The Company, through its subsidiaries, is engaged in the business of providing title insurance, settlement services and other financial services and risk solutions through its title insurance and services segment and its home warranty segment. The title insurance and services segment provides title insurance, closing and/or escrow services and similar or related services domestically and internationally in connection with residential and commercial real estate transactions. The segment also provides products, services and solutions that are designed to mitigate risk in, or otherwise facilitate, real estate transactions. Many of these products, services and solutions involve the use of real property-related data, including data derived from the Company's proprietary databases. In addition, the segment provides banking, trust, warehouse lending, mortgage subservicing and wealth management services. The home warranty segment sells home warranty products. Our corporate segment consists of certain financing facilities, our venture investment portfolio, operating results related to our property and casualty insurance business, which no longer sells policies or has policies in force, and certain corporate services that support our business operations. The substantial majority of our business is dependent upon activity in the real estate and mortgage markets.

Our strategy is to profitably grow our core title insurance and settlement services business, expand our data advantage to strengthen our core business and pursue growth opportunities, and manage and actively invest in complementary businesses where the Company has a strategic advantage. We are focused on continued improvement of our customers' experience with our products, services and solutions, including through the digital transformation of our offerings, and on enhancing our services offered to our customers. In an effort to speed the delivery of our products, increase efficiency, improve quality, improve the customer experience and decrease risk, we are utilizing innovative technologies, processes and techniques in the production and delivery of our products and services. These efforts include streamlining the title and closing processes by converting certain manual processes into automated ones. Part of our growth strategy involves acquiring companies that expand our market share, enhance our data capabilities, provide us with technological capabilities or complement our businesses. We remain committed to efficiently managing our business to market conditions throughout business cycles and to deploying our capital to maximize stockholder returns.

Title Insurance and Services Segment

Our title insurance and services segment issues title insurance policies on residential and commercial property in the United States and offers similar or related products and services internationally. This segment also provides closing and/or escrow services; accommodates tax-deferred exchanges of real estate; provides products, services and solutions designed to mitigate risk or otherwise facilitate real estate transactions; maintains, manages and provides access to title plant data and records; provides appraisals and other valuation-related products and services; provides lien release, document custodial and default-related products and services; provides document generation services; provides warehouse lending services; subservices mortgage loans; and provides banking, trust and wealth management services. In 2023, 2022 and 2021, the Company derived 95.4%, 99.2% and 90.2%, of its consolidated revenues, respectively, from this segment.

Overview of Title Insurance Industry

In most instances in the United States, and in certain instances internationally, mortgage lenders and purchasers of real estate desire to be protected from loss or damage in the event of defects in the title of the subject property. Title insurance is a means of providing such protection.

Title Policies. Title insurance policies insure the interests of owners or lenders against defects in the title to real property, and the policies typically include the duty to defend against claimed title defects. These defects include adverse ownership claims, liens, encumbrances or other matters affecting title. Title insurance policies generally are issued on the basis of a preliminary title report or commitment, which is typically prepared after a search of one or more of public records, maps, documents and prior title policies to ascertain the existence of easements, restrictions, rights of way, conditions, encumbrances or other matters affecting the title to, or use of, real property. In certain limited instances, a visual inspection of the property is also made. To facilitate the preparation of preliminary title reports and commitments, copies and/or abstracts of public records, maps, documents and prior title policies may be compiled and indexed to specific properties in an area. This compilation is known as a "title plant."

The beneficiaries of title insurance policies generally are real estate owners and mortgage lenders. A title insurance policy indemnifies the named insured and certain successors in interest against certain title defects, liens and encumbrances existing as of the date of the policy and not specifically excepted from its provisions. The policy typically provides coverage for the real property mortgage lender in the amount of its outstanding mortgage loan balance and for the owner in the amount of the purchase price of the property. In some cases, the policy might provide insurance in a greater amount, or for automatic increases in coverage over time. The potential for claims under a title insurance policy issued to a mortgage lender generally ceases upon repayment of the mortgage loan. The potential for claims under a title insurance policy issued to an owner generally ceases upon the sale or transfer of the insured property.

Before issuing title policies, title insurers typically seek to limit their risk of loss by accurately performing title searches and examinations and, in many instances, curing identified title defects. Increasingly, title insurance policies are being underwritten utilizing automated decisioning tools based, in whole or in part, on alternative information sources. These searches, examinations and curative efforts distinguish title insurers from other insurers, such as property and casualty insurers. Whereas title insurers generally insure against losses arising out of circumstances existing as of the date of the policy, property and casualty insurers generally insure against losses arising out of events that occur subsequent to policy issuance. As a result of these differences, title insurers typically experience relatively low claims, as a percentage of premiums, when compared to property and casualty insurers, but have relatively high expenses. The primary expenses incurred by a title insurer pertain to sales, underwriting (including the costs associated with searching and examining title and with the curative process), information technology and administrative costs. Where the policy is issued by an agent, the premium retained by the agent is the primary expense for the insurer.

The Closing Process. In the United States, title insurance is essential to the real estate closing process in most transactions involving real property mortgage lenders. In a typical residential real estate sale transaction where title insurance is issued, a third party, such as a real estate broker or agent, lawyer or closer, orders the title insurance on behalf of an insured or in certain instances, such as with respect to a lender, the insured orders on its own behalf. Once the order has been placed and a title insurance company or an agent has determined the current status of the title to the property to its satisfaction, the title insurer or agent prepares, issues and circulates a commitment or preliminary report. The commitment or preliminary report identifies the conditions, exceptions and/or limitations that the title insurer intends to attach to the policy and identifies items appearing on the title that, in certain circumstances, must be eliminated prior to closing.

In the United States, the closing or settlement function, sometimes called an escrow in the western states, is, depending on the local custom in the region, performed by a lawyer, an escrow company or a title insurance company or agent, generally referred to as a "closer." Once documentation has been prepared and signed, and any required mortgage lender payoff demands are obtained, the transaction closes. The closer typically records the appropriate title documents and arranges the transfer of funds to pay off prior loans and extinguish the liens securing such loans. Title policies are then issued, typically insuring the priority of the mortgage of the real property mortgage lender in the amount of its mortgage loan and the owner in the amount of the purchase price. Before a closing takes place, however, the title insurer or agent typically provides an update to the commitment to discover any adverse matters affecting title and, if any are found, works to eliminate them so that the title insurer or agent issues the title policy subject only to those exceptions to coverage which are acceptable to the title insurer, the owner and the owner's lender.

Issuing the Policy: Direct vs. Agency. A title insurance policy can be issued directly by a title insurer or indirectly on behalf of a title insurer through agents, which usually operate independently of the title insurer and typically issue policies for more than one insurer. Where the policy is issued by a title insurer, the search is performed by or on behalf of the title insurer, and the premium is collected and retained by the title insurer. Where the policy is issued by an agent, the search is typically performed by or on behalf of the agent, and the agent collects, and retains a portion of, the premium. The agent remits the remainder of the premium to the title insurer as compensation for the insurer bearing the risk of loss in the event a claim is made under the policy and for other services the insurer may provide. The percentage of the premium retained by an agent varies by geography and from agent to agent. Generally, a title insurer is obligated to pay title claims in accordance with the terms of its policies, regardless of whether it issues its policy directly or indirectly through an agent. In addition, when a title insurer has issued a commitment to insure a particular transaction, it may be requested to issue a closing protection letter that protects a lender or borrower, or in some states also a seller, from a loss of funds, under certain conditions, caused by the actions of the title insurer or its agent. When a loss to the title insurer occurs under a policy issued through an agent or a closing protection letter, under certain circumstances the title insurer may seek recovery of all or a portion of the loss from the agent or the agent's errors and omissions insurance carrier.

Premiums. The premium for title insurance is typically due and earned in full when the real estate transaction is closed. Premiums generally are calculated with reference to the policy amount. The premium charged by a title insurer or an agent is subject to regulation in most areas. Such regulations vary from jurisdiction to jurisdiction.

Our Title Insurance Operations

Overview. We conduct our title insurance and closing business through a network of direct operations and agents. Through this network, we issue policies in the 49 states that permit the issuance of title insurance policies, the District of Columbia and certain United States territories. We also offer title insurance, closing services and similar or related products and services, either directly or through third parties in other countries, including Canada, the United Kingdom, Australia, New Zealand, South Korea and various other established and emerging markets as described in the "International Operations" section below.

The substantial majority of our title insurance and closing business is dependent upon activity in the real estate and mortgage markets, which are cyclical and seasonal. Residential purchase activity is typically slower in the winter months with increased volumes in the spring and summer months and is sensitive to interest rates. Residential refinance activity is not seasonal, but is generally correlated with changes in interest rates. Commercial real estate volumes are less sensitive to changes in interest rates, but fluctuate based on local supply and demand conditions and financing availability and we typically see elevated activity towards the end of the year. However, changes in general economic conditions in the United States and abroad can cause fluctuations in these traditional patterns of real estate activity, and changes in the general economic conditions in a particular geography can cause fluctuations in these traditional patterns of real estate activity in that geography.

Distribution, Sales and Marketing. We distribute our title insurance policies and related products and services through our direct and agent channels. In our direct channel, the distribution of our policies and related products and services occurs through sales representatives located throughout the United States. Title insurance policies issued, and other products and services delivered through, this channel are primarily delivered in connection with sales and refinances of residential and commercial real property.

Within the direct channel, our sales and marketing efforts are focused on the primary sources of business referrals. For residential business, we generally market to real estate agents and brokers, mortgage brokers, real estate attorneys, mortgage originators, homebuilders and escrow service providers. We also market directly to firms that purchase and sell residential real estate on a large-scale basis. For refinance and default-related business, we market directly to mortgage originators and servicers with centrally managed platforms and government-sponsored enterprises. For the commercial business, we market primarily to principals, developers, and investors; real estate investment trusts; law firms; commercial lenders; life insurance companies; commercial brokers and mortgage brokers. Our marketing efforts emphasize our product and service offerings, the quality and timeliness of our services, our financial strength, process and product innovation and our national presence. We also provide educational information on our website and through other means to help consumers and others better understand our products, services, the title and settlement process in general, and real estate market economic trends.

In our agency channel, we issue policies in accordance with agreements with authorized agents. These agreements typically state the conditions under which the agent is authorized to issue our title insurance policies. The agency agreement also typically prescribes the circumstances under which the agent may be liable to us if a policy loss occurs, as well as the services we provide to the agent and the price for those services. Those services vary by geography and from agent to agent. We are continuing to seek to provide additional services to our agents, including banking services and closing-related services, in an effort to reduce risk and enhance relationships with our agents. As is standard in our industry, our agents typically operate with a substantial degree of independence from us and typically act as agents for other title insurers.

Within the agency channel, our sales and marketing efforts are directed at the agents themselves and emphasize the quality and timeliness of our underwriting support, our financial strength and our agency-based product and service offerings, including product innovations. Premium splits also are of importance in attracting and retaining agents.

International Operations. We provide products and services in a number of countries outside of the United States, and our international operations accounted for approximately 6.5% of our title insurance and services segment revenues in 2023. Today we have direct operations and a physical presence in several countries, including Canada, the United Kingdom, South Korea, Australia and New Zealand. While reliable data are not available, we believe that we have the largest market share for title insurance outside of the United States. Our range of international products and services is designed to lower our clients' risk profiles and reduce their operating costs through enhanced operational efficiencies. In certain established markets, primarily British Commonwealth countries, we have combined title insurance with customized processing offerings to enhance the speed and efficiency of the mortgage and conveyancing processes. In these markets we also offer products designed to mitigate risk and otherwise facilitate real estate transactions.

Our international operations present risks that may not exist to the same extent in our domestic operations, including those associated with differences in the nature of the products provided, the scope of coverage provided by those products and the manner in which risk is underwritten.

Data and Title Plants. Our title insurance business is heavily dependent on data. Underwriting decisions require comprehensive and accurate data. In an attempt to enhance efficiency and reduce risk, certain underwriting functions are increasingly being automated. As discussed further in the Innovation and Intellectual Property section below, our ability to automate underwriting decisions has accelerated as we have improved the breadth and quality of our data assets and our analytic tools.

Our title plants constitute one of our principal assets. A title search is typically conducted by searching the abstracted information from public records or utilizing a title plant holding information abstracted from public records. While public title records generally are indexed by reference to the names of the parties to a given recorded document, our title plants primarily arrange their records on a geographic basis. Because of this difference, title plant data and records generally may be searched more efficiently. Many of our title plants also index prior title insurance policies, adding to searching efficiency. These title plants support not only our title insurance operations, but we also license this data to third parties, including competing title companies and agents.

Reserves for Claims and Losses. We provide for losses associated with title insurance policies, closing protection letters and other risk-based products based upon our historical experience and other factors by a charge to expense when the related premium revenue is recognized. The resulting reserve for incurred but not reported claims, together with the reserve for known claims, reflects management's best estimate of the total costs required to settle all claims reported to us and claims incurred but not reported, and are considered to be adequate for such purpose. Each period the reasonableness of the estimated reserves is assessed; if the estimate requires adjustment, such an adjustment is recorded.

Reinsurance and Coinsurance. In certain circumstances we assume and cede title insurance risks through reinsurance. In reinsurance arrangements, the primary insurer retains a certain amount of risk under a policy and cedes the remainder of the risk under the policy to the reinsurer. The primary insurer pays the reinsurer a premium in exchange for accepting this risk of loss. The primary insurer generally remains liable to its insured for the total risk, but is reinsured for a portion of the total risk under the terms of the reinsurance agreement. In addition to reinsurance arrangements involving other industry participants, we maintain a global treaty reinsurance program provided by a syndicate of highly rated reinsurers. Subject to the treaty limits and certain other limitations, the program generally covers claims that arose while the program is in effect.

We also serve as a coinsurer in connection with certain commercial transactions. In a coinsurance scenario, two or more insurers are selected by the insured and each coinsurer is liable for its specified percentage share of the total liability.

Competition. The business of providing title insurance and related products and services is highly competitive. The number of competing companies and the size of such companies vary in the different areas in which we conduct business. Generally, in areas of major real estate activity, such as metropolitan and suburban localities, we compete with many other title insurers and agents. Our major nationwide competitors in our principal markets include Fidelity National Financial, Inc., Old Republic International Corporation, Stewart Title Guaranty Company, and their affiliates. In addition to these national competitors, other nationwide, regional and local competitors aggressively compete. Numerous agency operations throughout the country also provide aggressive competition. We are currently the second largest provider of title insurance in the United States, based on the most recent American Land Title Association market share data.

We believe that competition for title insurance, closing services and related products and services is based primarily on service, quality, price, relationships and the ease of access and use of our products. Customer service is an important competitive factor because parties to real estate transactions are usually concerned with time schedules and costs associated with delays in closing transactions. In certain transactions, such as those involving commercial properties, financial strength and scope of coverage are also important. In addition, we regularly evaluate our pricing and agent splits, and based on competitive, market and regulatory conditions and claims history, among other factors, adjust our prices and agent splits as and where appropriate.

Data and Analytics. Our data and analytics business offers property information and analytic solutions for title underwriting automation, fraud risk management, identity verification, compliance and valuation that are powered by our extensive collection of real estate property data, ownership data and recorded documents. These solutions enable our title insurance operations, lenders, other title companies and other real estate industry participants to make informed, and increasingly automated, decisions to manage workflow and auditing and compliance operations.

Trust, Wealth Management and Banking Services. Our federal savings bank subsidiary offers trust, wealth management and deposit products and related services, including fund transfer services. The bank does not originate loans. As of December 31, 2023, the bank administered fiduciary and custody assets having a market value of $4.4 billion, which includes managed assets of $2.2 billion. The bank's balance sheet had assets of $8.1 billion, with deposits of $7.9 billion and stockholder's equity of $196.5 million. The bank's deposits consist primarily of funds deposited by its affiliates and, in some instances, by non-affiliated title agents. The majority of such deposits are from third parties to be held in trust pending the closing of real estate transactions, but there is also a portion of which are custodial funds held on behalf of clients of our residential mortgage subservicer subsidiary. The bank also maintains other deposits, including operating funds deposited by its affiliates.

Home Warranty Segment

Our home warranty segment provides residential service contracts that cover residential systems, such as heating and air conditioning systems, and certain appliances against failures that occur as the result of normal usage during the coverage period. Coverage is typically for one year and is renewable annually at the option of the contract holder and upon our approval. Coverage and pricing typically vary by geographic region. Fees for the warranties generally are paid at the closing of the home purchase or directly by the consumer. In addition, under the contract, the holder is responsible for a service fee for each trade call. First year warranties are marketed through real estate brokers and agents, and we also market directly to consumers. We generally sell renewals directly to consumers. Revenues associated with home warranties sold at the time of a home purchase are dependent upon activity in the residential purchase market, which is cyclical and seasonal. Residential purchase activity is typically slower in the winter months with increased volumes in the spring and summer months and is sensitive to interest rate fluctuations. However, changes in general economic conditions in the United States and abroad, can cause fluctuations in this traditional pattern of activity, and changes in the general economic conditions in a geography can cause fluctuations in the traditional patterns of activity in that geography. Our home warranty business currently operates in 36 states and the District of Columbia.

Corporate Segment

Our corporate segment consists primarily of certain financing facilities, our venture investment portfolio, operating results related to our property and casualty insurance business, which no longer sells policies or has policies in force, and the corporate services that support our business operations. Our venture investment portfolio consists primarily of investments in the equity of private venture-stage companies that operate in the real-estate industry and related industries (many of which offer technology-enabled products and services), investments in funds that typically invest in these same types of companies, and a similar investment that is trading publicly. While we hope to realize financial benefits from these venture investments, we make and hold these investments primarily for strategic reasons.

Innovation and Intellectual Property

In an effort to speed the delivery of our products, increase efficiency, improve quality, improve the customer experience and decrease risk, we are utilizing innovative technologies, processes and techniques, including artificial intelligence, in the production and delivery of our products and services. These efforts include streamlining and enhancing the closing process, which we believe improves the customer experience by simplifying and reducing the time it takes to close a transaction, reducing risk and improving communication. We are also deploying innovation solutions leveraging our bank to make the closing process more flexible. We increasingly are employing advanced technologies to automate various internal processes, including processes related to the building and maintaining of title plants and other data assets, as well as the search and examination of information in connection with the issuance of title insurance policies.

We strive to align our intellectual property strategy with our business strategy and our technology development efforts. We rely on a combination of patents, trademarks, copyright and trade secret laws, non-disclosure agreements, contractual provisions and a system of internal safeguards to protect our intellectual property rights and proprietary information. We have a number of issued patents and additional patent applications pending in the United States and internationally, including patents for title automation, loan risk assessment, online platforms, optical character recognition and data extraction. We also believe that many of our brands have accumulated substantial goodwill in the marketplace. In addition, we have developed a number of proprietary trade secrets that we believe provide us with a competitive advantage.

Human Capital Resources

As of December 31, 2023, the Company employed 19,210 employees, with 12,244 of them located in the United States and 6,966 outside of the U.S. We strive to have a positive, collaborative culture that engages employees, as we believe engaged employees serve our customers well. We believe this combination, along with the efficient operation of our business, ultimately benefits our stockholders. As part of this effort, we participate in competitions that recognize the quality of our workplace, which competitions we believe provide a framework for improving, and insights for evaluating, our employee engagement efforts. Moreover, receipt of awards in connection with those competitions facilitates our efforts to attract and retain desired talent. The success of our efforts is demonstrated through our inclusion on the Fortune 100 Best Companies to Work For® list in the United States for the last eight years, the Best Workplaces™ in Canada list for the last nine years, as well as a number of similar lists in local or specialized areas. In addition, we have been recognized on the Fortune® Best Workplaces for Women™ (United States) and Great Place to Work® list for Best Workplaces for Women (Canada) for the eighth year in a row and we earned a top score of 100 on the Human Rights Campaign Foundation's 2024 Corporate Equality Index for the fifth consecutive year. We have implemented many professional development programs to build and strengthen the skill sets of our employees. Reflecting our perspective on the benefits of a diverse workforce, we have a Diversity, Equity and Inclusion (DE&I) Council, which is focused on the development of employee-centered actions to enhance the recruitment, engagement, development, and retention of diverse employees. The DE&I Council has also formed and continues to form employee resource groups that are organized around particular interests, affiliations or affinities.

Regulation

Many of our subsidiaries are subject to extensive regulation by applicable domestic or foreign regulatory agencies. The extent of such regulation varies based on the industry involved, the nature of the business conducted by the subsidiary (for example, licensed title insurers are subject to a heightened level of regulation compared to underwritten title companies or agencies), the subsidiary's jurisdiction of organization and the jurisdictions in which it operates. In addition, the Company is subject to regulation as an insurance holding company, a savings and loan holding company, a publicly-traded company, a Delaware corporation and a corporation that has its principal executive offices in California.

Our domestic subsidiaries that operate in the title insurance industry or the property and casualty insurance industry are subject to regulation by state insurance regulators. Each of our underwriters, or insurers, is regulated primarily by the insurance department or equivalent governmental body within the jurisdiction of its organization, which oversees compliance with the laws and regulations pertaining to such insurer. For example, our primary title insurance underwriter, First American Title Insurance Company, is a Nebraska corporation and, accordingly, is primarily regulated by the Nebraska Department of Insurance. Insurance regulations typically place limits on, among other matters, the ability of the insurer to pay dividends to its parent company or to enter into transactions with affiliates. They also may require approval of the insurance commissioner prior to a third party directly or indirectly acquiring control of the insurer, which may make it difficult or prohibitive for a third party to acquire our Company.

In addition, our insurers are subject to the laws of other jurisdictions in which they transact business, which laws typically establish supervisory agencies with broad administrative powers relating to issuing and revoking licenses to transact business; regulating trade practices; licensing agents; approving policy forms, accounting practices and financial practices; establishing requirements pertaining to reserves and capital and surplus as regards policyholders; requiring the deferral of a portion of all premiums in a reserve for the protection of policyholders and the segregation of investments in a corresponding amount; establishing parameters regarding suitable investments for reserves, capital and surplus; and approving rate schedules. The manner in which rates are established or changed ranges from states that promulgate rates, to states in which individual companies or associations of companies prepare rate filings that are submitted for approval, to a few states in which rate changes do not need to be filed for approval. Each of our insurers is also subject to periodic examination by regulatory authorities both within such insurer's jurisdiction of organization as well as by the other jurisdictions where it is licensed to conduct business.

Our foreign insurance subsidiaries and branches of First American Title Insurance Company that operate in Canada, Australia, New Zealand, the United Kingdom, Malta, South Korea and Hong Kong are regulated primarily by regulatory authorities in the regions, provinces and/or countries in which they operate and may secondarily be regulated by the domestic regulator of First American Title Insurance Company as a part of the First American insurance holding company system. Each of these regions, provinces and countries has established a regulatory framework with respect to the oversight of compliance with its laws and regulations. Therefore, our foreign insurance subsidiaries generally are subject to regulatory review, examination, investigation and enforcement in a similar manner as our domestic insurance subsidiaries, subject to local variations.

Our underwritten title companies and agencies are also subject to certain regulation by insurance regulatory or banking authorities, including, but not limited to, minimum net worth requirements, licensing requirements, statistical reporting requirements, rate filing requirements and marketing restrictions.

Certain laws and regulations require the Company to maintain certain information security standards and practices. Other laws and regulations regulate the manner in which the Company collects, uses, retains, protects, discloses, transfers, and processes personal data.

In addition to state-level regulation, our domestic subsidiaries that operate in the insurance business, as well as our home warranty, mortgage servicing and subservicing, banking and certain other subsidiaries, are subject to regulation by federal agencies, including the Consumer Financial Protection Bureau ("CFPB"). The CFPB has broad authority to regulate, among other areas, the mortgage and real estate markets, including our domestic subsidiaries, in matters which impact consumers. This authority includes the enforcement of federal consumer financial laws, including the Real Estate Settlement Procedures Act and the Truth in Lending Act. Regulations issued by the CFPB, or the manner in which it interprets and enforces existing consumer protection laws, have impacted and could continue to impact the way in which we conduct our businesses and the profitability of those businesses.

Our home warranty and settlement services businesses are also subject to regulation in some states by insurance authorities or other applicable regulatory entities.

Our federal savings bank is regulated and supervised by the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation. The Board of Governors of the Federal Reserve System regulates and supervises the Company, as a savings and loan holding company, including its non-banking subsidiaries that are part of the holding company system. Federal banking laws and regulations require third parties to obtain prior approval to acquire control of our federal savings bank or our Company, which may make such an acquisition of our Company by a third party more difficult or prohibitive.

Cybersecurity and Data Protection

The Company dedicates significant resources to securing its systems and to protecting non-public personal information and other confidential information. These include resources dedicated to intrusion prevention such as firewalls, endpoint protection and behavior analysis tools, among others. They also include resources dedicated toward vulnerability identification through the performance of vulnerability scans and penetration tests, among other methods. See Item 1C. Cybersecurity for additional details regarding cybersecurity and data protection.

Investment Policies

The vast majority of our investments are held within a debt securities and marketable equity securities portfolio overseen by our investment department and an investment committee made up of certain senior executives. Members of that investment committee sometimes function in a dual capacity to also provide oversight for certain of our regulated subsidiaries that have their own designated investment committees for their investments within this investment portfolio. The investment committee oversees investment portfolio activities, such as policy setting, compliance reporting, portfolio reviews, and strategy. The Company's investment portfolio policies are designed to comply with regulatory requirements and to align the investment portfolio asset allocation with strategic objectives. For example, our federal savings bank is required to maintain at least 65% of its asset portfolio in loans or securities that are secured by real estate. Our federal savings bank currently does not make real estate loans, and therefore fulfills this regulatory requirement through investments in mortgage-backed securities. In addition, applicable law imposes certain restrictions upon the types and amounts of investments that may be made by our regulated insurance subsidiaries. The Company's investment portfolio policies further provide that these investments are to be managed to maximize long-term returns consistent with liquidity, regulatory and risk objectives, and that these investments should not expose the Company to excessive levels of credit, liquidity, and interest rate risks.

As of December 31, 2023, our debt and marketable equity securities portfolio consisted of approximately 94% of debt securities. As of that date, over 65% of our debt securities were held in securities that are United States government-backed or rated AAA/Aaa and approximately 97% of the debt securities portfolio was rated or classified as investment grade or better. Percentages are based on the estimated fair values of the securities. Credit ratings reflect published ratings obtained from globally recognized securities rating agencies. If a security was rated differently among the rating agencies, the lowest rating was selected.

Independent of this investment portfolio and its management, we maintain our venture capital portfolio, certain money-market and other short-term investments, and other strategic equity investments in companies engaged in our businesses or similar or related businesses.

Available Information

The Company maintains a website, www.firstam.com, which includes financial information and other information for investors, including open and closed title insurance orders (which typically are posted approximately 10 to 12 days after the end of each calendar month). The Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through the "Investors" page of the website as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the Securities and Exchange Commission. The Company's website and the information contained therein or connected thereto are not intended to be incorporated into this Annual Report on Form 10-K, or any other filing with the Securities and Exchange Commission unless the Company expressly incorporates such materials.

Item 1A. Risk Factors

The following "risk factors" could materially and adversely affect the Company's business, operations, reputation, financial position or future financial performance. You should carefully consider each of the following risk factors and the other information contained in this Annual Report on Form 10-K. The Company faces risks other than those listed here, including those that are unknown to the Company and others of which the Company may be aware but, at present, considers immaterial. Because of the following factors, as well as other variables affecting the Company's operating results, past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods.

STRATEGIC RISK FACTORS

1. The Company's risk management framework could prove inadequate, which could adversely affect the Company

The Company's risk management framework is designed to identify, monitor and mitigate risks that could have a negative impact on the Company's financial condition or reputation. This framework includes departments or groups dedicated to enterprise risk management, treasury management, information security, disaster recovery and other information technology-related risks, business continuity, legal and compliance, compensation structures and other human resources matters, vendor management and internal audit, among others. Many of the processes overseen by these departments function at the enterprise level, but many also function through, or rely to a certain degree upon, risk mitigation efforts in local operating groups. This is especially the case with respect to the Company's operations outside of the United States and recently acquired businesses, which may not be fully integrated into the Company's risk management framework. Similarly, with respect to the risks the Company assumes in the ordinary course of its business through the issuance of title insurance policies and the provision of related products and services, the Company employs localized, as well as centralized risk mitigation efforts. These efforts include the implementation of underwriting policies and procedures, automated underwriting and other risk-decisioning tools and other mechanisms for assessing and managing risk. Underwriting title insurance policies and making other risk-assumption decisions frequently involves a substantial degree of individual judgment and, accordingly, underwriters are maintained at the state, regional, divisional, and corporate levels with varying degrees of underwriting authority. These individuals may be encouraged by customers or others to assume risks or to expeditiously make risk determinations. If the Company's risk mitigation efforts prove inadequate, the Company could be adversely affected.

2. The Company is pursuing various innovative initiatives, which could result in increased title claims or otherwise adversely affect the Company

In an effort to speed the delivery of its products, increase efficiency, improve quality, improve the customer experience and decrease risk, the Company is utilizing innovative technologies, processes and techniques, including artificial intelligence, in the production and delivery of its products and services. These efforts include converting certain manual processes into automated ones to streamline searches, examinations and other underwriting functions in connection with the issuance of title insurance policies, building and maintaining title plants and other data assets, and digitizing and automating components of the settlement process. The Company believes these innovations will improve the customer experience by simplifying and reducing the time it takes to close a transaction, reducing risk and improving communication, and expects to continue expanding its use of these technologies. Risks from these and other innovative initiatives include those associated with potential defects in the design and development of the technologies used to automate processes; misapplication of technologies; the reliance on data, rules or assumptions that may prove inadequate; information security vulnerabilities; and failure to meet customer expectations, among others. As a result of these risks, the Company could experience increased claims, reputational damage or other adverse effects, which could be material to the Company.

3. Potentially disruptive innovation in the real estate industry and/or the Company's participation in these efforts could adversely affect the Company

In addition to the Company's innovative activities, other participants in the real estate industry are seeking to innovate in ways that could adversely impact the Company's businesses. These participants include certain of the Company's sources of business, competitors, investments and ultimate customers. Innovations by these participants may change the demand for the Company's products and services, the manner in which the Company's products and services are ordered or fulfilled and the revenue or profitability derived from the Company's products and services. The Company's investments in some of these participants could also facilitate efforts that ultimately disrupt the Company's business or enable competitors. Accordingly, the Company's efforts to anticipate and participate in these transformations could require significant additional investment and management attention and may not succeed. These innovative efforts by third parties, and the manner in which the Company, its agents and other industry participants respond to them, could therefore have an adverse effect on the Company.

OPERATIONAL RISK FACTORS

4. Conditions in the real estate market generally impact the demand for a substantial portion of the Company's products and services

Demand for a substantial portion of the Company's products and services generally decreases as the number of real estate transactions in which its products and services are purchased decreases. The number of real estate transactions in which the Company's products and services are purchased typically decreases in the following situations, among others:

- when mortgage interest rates are high or rising;

- when the availability of credit, including commercial and residential mortgage funding, is limited;
- when real estate affordability is declining;
- when real estate inventory levels are insufficient or declining; and
- when economic conditions are unfavorable, including during periods of high unemployment.

Certain of these circumstances, particularly when combined with declining real estate values and the increase in foreclosures that often results therefrom, also tend to adversely impact the Company's title claims experience. National inventory levels for residential homes for sale have been declining over the past several years and remain below historical average levels. Combined with the rapidly rising mortgage interest rates, beginning in 2022, that decreased demand, the number of residential purchase transactions declined year over year. Residential refinance activity is also strongly correlated with changes in mortgage interest rates and rising mortgage rates, beginning in 2022, expectedly, had an adverse impact on the Company's refinance business that is expected to continue for so long as mortgage rates continue to rise or if they subsequently remain high relative to the interest rates of outstanding mortgages. Higher interest rates also negatively impacted commercial transactions beginning in the latter half of 2022 and will likely continue to impact our volumes.

5. Unfavorable economic conditions adversely affect the Company

Historically, uncertainty and negative trends in general economic conditions in the United States and abroad, including significant tightening of credit markets and a general decline in the value of real property, have created a difficult operating environment for the Company. These conditions also tend to negatively impact, and recently have impacted, the amount of funds the Company receives from third parties held in trust pending the closing of commercial and residential real estate transactions. The Company deposits a substantial portion of these funds, as well as its own funds, with the federal savings bank it owns. The Company's bank invests those funds and any realized and unrealized losses on those investments will be reflected in the Company's consolidated financial statements. The likelihood of such losses, which generally would not occur if the Company were to deposit these funds in an unaffiliated entity, increases when economic conditions are unfavorable. Moreover, during periods of unfavorable economic conditions, the return on these funds deposited at the Company's bank, as well as funds the Company deposits with third party financial institutions, tends to decline. In addition, the Company holds investments in entities, such as title agencies, settlement service providers and venture-stage companies, some of which have been negatively impacted by these conditions, as well as other securities in its investment portfolio, which also may be, and recently have been, negatively impacted by these conditions.

Depending upon the ultimate severity and duration of any economic downturn and other negative economic conditions, the resulting effects on the Company could be materially adverse, including a significant reduction in revenues, earnings and cash flows, higher claims, challenges to the Company's ability to satisfy covenants or otherwise meet its obligations under debt facilities and other contracts, difficulties in obtaining access to capital, challenges to the Company's ability to pay dividends at currently anticipated levels, deterioration in the value of or return on its investments and increased credit risk from customers and others with obligations to the Company.

6. The Company's use of models involves risks and uncertainties that could adversely affect the Company

The Company utilizes models to support decisions related to risk management, capital and liquidity planning, financial accounting, data extraction and other business purposes. Models are, by their nature, inherently limited due to their reliance on statistical, economic, financial or mathematical theories, techniques, including artificial intelligence, data and assumptions that may be erroneous or inappropriate for the intended or actual use. Flawed models or uses of models may result in, among other consequences, erroneous, biased or misleading outputs, inappropriate business decisions, inadequate risk management or enhanced regulatory supervision, which could have a material adverse effect on the Company's results of operations, financial condition and reputation.

7. Climate change, severe weather conditions, health crises, terrorist attacks and other catastrophe events could adversely affect the Company

Climate change, global or extensive health crises, severe weather, terrorist attacks and other catastrophe events and responses to these events could adversely affect the Company. The extent to which these catastrophe events and responses to them impact 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 catastrophe event and restrictions and responses to it; the impact of the catastrophe event on economic activity and actions taken in response, including the efficacy of governmental and other relief efforts or countermeasures; the effect on participants in real estate transactions and the demand for the Company's products and services.

The Company's home warranty business has been and may be impacted by increases in the frequency and severity of weather events. Home warranty claims, including those pertaining to HVAC systems, tend to rise as temperatures become extreme, especially in geographies where extreme temperatures are infrequent.

In addition, the Company manages its financial exposure for losses in its title insurance business with third-party reinsurance. Catastrophe events could adversely affect the cost and availability of that reinsurance. Moreover, to the extent climate change, health crises, terrorist attacks, severe weather conditions and other catastrophe events impact companies or municipalities whose securities the Company invests in, the value of its investments may also decrease due to these factors.

The frequency, severity, duration, and geographic location and scope of such health crises, catastrophe and severe weather events are inherently unpredictable, and, therefore, the Company is unable to predict the ultimate impact climate change, catastrophe events and responses to them will have on its businesses. The impacts of catastrophe events and responses to them may also exacerbate the risks discussed elsewhere in Part I, Item 1A of this Annual Report.

8. The Company may find it difficult to acquire necessary data

Certain data used and supplied by the Company are subject to regulation by various federal, state and local regulatory authorities. Compliance with existing federal, state and local laws and regulations with respect to such data has not had a material adverse effect on the Company's results of operations to date. Nonetheless, federal, state and local laws and regulations in the United States designed to protect the public from the misuse of personal information in the marketplace and adverse publicity or potential litigation concerning the commercial use of such information may affect the Company's operations and could result in substantial regulatory compliance expense, litigation expense and a loss of revenue. The suppliers of data to the Company face similar burdens. As a result of these and other factors, the Company may find it financially burdensome to acquire necessary data.

9. Changes in the Company's relationships with large mortgage lenders or government–sponsored enterprises could adversely affect the Company

Large mortgage lenders and government-sponsored enterprises, because of their significant role in the mortgage process, have significant influence over the Company and other service providers. Changes in the Company's relationship with any of these lenders or government-sponsored enterprises, the loss of all or a portion of the business the Company derives from these parties, any refusal of these parties to accept the Company's products and services, the modification of the government-sponsored enterprises' requirements for title insurance or mortgage servicing in connection with mortgages they purchase or the use of alternatives to the Company's products and services, could have a material adverse effect on the Company.

10. A downgrade by ratings agencies, reductions in statutory capital and surplus maintained by the Company's title insurance underwriters or a deterioration in other measures of financial strength could adversely affect the Company

Certain of the Company's customers use measurements of the financial strength of the Company's title insurance underwriters, including, among others, ratings provided by ratings agencies and levels of statutory capital and surplus maintained by those underwriters, in determining the amount of a policy they will accept and the amount of reinsurance required. Each of the major ratings agencies currently rates the Company's title insurance operations. These ratings provide the agencies' perspectives on the financial strength, operating performance and cash generating ability of those operations. These agencies continually review these ratings and the ratings are subject to change. Statutory capital and surplus, or the amount by which statutory assets exceed statutory liabilities, is also a measure of financial strength. Accordingly, if the ratings or statutory capital and surplus of these title insurance underwriters are reduced from their current levels, or if there is a deterioration in other measures of financial strength, the Company's results of operations, competitive position and liquidity could be adversely affected. In addition, a downgrade in the ratings or rankings for the Company's federal savings bank subsidiary or its mortgage servicing business could have an adverse effect on that particular business.

11. The issuance of the Company's title insurance policies and related activities by independent title agents could adversely affect the Company

The Company's title insurance subsidiaries issue a significant portion of their policies through title agents that usually operate with substantial independence from the Company. There is no guarantee that these title agents will fulfill their contractual obligations to the Company, which contracts include limitations that are designed to limit the Company's risk with respect to their activities. In addition, regulators are increasingly seeking to hold the Company responsible for the actions of these title agents and, under certain circumstances, the Company may be held liable directly to third parties for actions (including defalcations) or omissions of these agents. Case law in certain states also suggests that the Company is liable for the actions or omissions of its agents in those states, regardless of contractual limitations. As a result, the Company's use of title agents could result in increased claims on the Company's policies issued through agents and an increase in other costs and expenses.

12. Systems damage, failures, interruptions, cyberattacks and intrusions, and unauthorized data disclosures by the Company or its service providers may disrupt the Company's business, harm the Company's reputation, result in material claims for damages or otherwise adversely affect the Company

The Company uses computer software applications, systems and other technologies (collectively referred to as "systems"), some of which it owns and manages and some of which are owned and/or managed by third parties, including providers of distributed computing infrastructure platforms commonly known as the "cloud." The Company and its agents, suppliers, service providers, and customers use systems to receive, process, store and transmit business information, including non-public personal information as well as data from suppliers and other information upon which the Company's business relies. The Company also uses these systems to manage substantial cash, investment assets, bank deposits, trust assets, escrow account balances and custodial balances on behalf of itself and its customers, among other activities. Many of the Company's products, services and solutions involving the use of real property related data are fully reliant on these systems and are only available electronically. Accordingly, for a variety of reasons, the integrity of these systems and the protection of the information that resides thereon are critically important to the Company's successful operation.

These systems have been subject to, and are likely to continue to be the target of, malware, cyberattacks and cyberterrorism, ransomware attacks, phishing attacks, unauthorized access, online and offline fraud and other malicious activity. These attacks are prevalent, continue to increase in frequency and sophistication, and are increasingly difficult to detect. These systems also have known and unknown vulnerabilities. Once identified, the Company's information technology and information security personnel seek to remediate these vulnerabilities based on the level of risk presented. For a number of reasons, including the introduction of new vulnerabilities, resource constraints, competing business demands and dependence on third parties, a number of unremediated vulnerabilities will always exist. Remediation of some vulnerabilities are outside of the control of the Company and third-party remediation efforts may not be timely provided or implemented or otherwise adequate, even when the level of risk is critical or high. Further, certain other potential causes of system damage or other negative system-related events are wholly or partially beyond the Company's control, such as natural disasters, vendor failures to satisfy service level requirements, third party negligence or intentional acts, and power or telecommunications failures. These circumstances could expose the Company to system-related damages, failures, interruptions, cyberattacks, as the Company experienced in December 2023 (as described further in Item 1C. Cybersecurity), and other negative events or could otherwise disrupt the Company's business and could also result in the loss or unauthorized release, gathering, monitoring or destruction of confidential, proprietary and other information pertaining to the Company, its customers, employees, agents or suppliers.

In conducting its business and delivering its products and services, the Company also utilizes service providers. These service providers and the systems they utilize are typically subject to similar types of system- and information security-related risks that the Company faces. The Company provides certain of these service providers with data, including nonpublic personal information. There is no guarantee that the Company's due diligence or ongoing vendor oversight will be sufficient to ensure the integrity and security of the systems utilized by these service providers or the protection of the information that resides thereon.

Certain laws and contracts the Company has entered into require it to comply with certain information security requirements and to notify various parties, including consumers or customers, in the event of certain actual or potential data breaches or systems failures, including those of the Company's service providers. Further, the Company's financial institution customers have obligations to safeguard their systems and sensitive information and the Company may be bound contractually and/or by regulation to comply with the same requirements. If the Company or its service providers fail to comply with applicable regulations and contractual requirements, the Company could be exposed to lawsuits, governmental proceedings or the imposition of fines, among other consequences.

Any inability of the Company or its service providers to prevent or adequately respond to the issues described above could disrupt the Company's business, delay the delivery of its products and services, inhibit its ability to retain existing customers or attract new customers, divert management's time and energy, otherwise harm its reputation and/or result in financial losses, litigation, regulatory inquiries, increased costs or other adverse consequences that could be material to the Company.

13. Errors and fraud involving the transfer of funds may adversely affect the Company

The Company relies on its systems, employees and domestic and international banks to transfer its own funds and the funds of third parties. In addition to relying on third-party banks to transfer these funds, the Company's federal savings bank subsidiary transfers funds on behalf of the Company as well as title agents that are not affiliates of the Company. These transfers are susceptible to user input error, fraud, system interruptions, incorrect processing and similar errors that from time to time result in lost funds or delayed transactions. The Company's email and computer systems and systems used by its agents, customers and other parties involved in a transaction have been subject to, and are likely to continue to be the target of, fraudulent attacks, including attempts to cause the Company or its agents to improperly transfer funds. These attacks continue to increase in frequency and sophistication. Funds transferred to a fraudulent recipient may not be recoverable. In certain instances the Company may be liable for those unrecovered funds. The controls and procedures used by the Company to prevent transfer errors and fraud may prove inadequate, resulting in financial losses, reputational harm, loss of customers or other adverse consequences which could be material to the Company.

14. The Company's failure to recruit and retain qualified employees may adversely affect the business

The Company's continued success depends, in large part, on its ability to hire and retain qualified people. Competition for highly qualified people is significant, and there is no assurance that the Company will be successful in attracting, training or retaining people. If the Company is unable to attract and retain qualified people, its business and operations may be impaired or disrupted.

15. The Company's use of a global workforce involves risks that could adversely affect the Company

The Company utilizes lower cost labor in countries such as India and the Philippines, among others. These countries are subject to relatively high degrees of political and social instability and may lack the infrastructure to withstand natural disasters, health crises and other catastrophe events. Such disruptions could decrease efficiency and increase the Company's costs. Weakness of the United States dollar in relation to the currencies used in these countries may also reduce the savings achievable through this strategy. Laws, regulations, business requirements or social or political pressures may require the Company to use labor based in the United States or may otherwise effectively increase the Company's labor costs abroad. The Company may not be able to pass on these increased costs to its customers.

16. Acquisitions may have an adverse effect on our business

The Company has in the past acquired, and is expected to acquire in the future, other businesses. When businesses are acquired, the Company may not be able to integrate or manage these businesses in such a manner as to realize the anticipated synergies or otherwise produce returns that justify the investment. Acquired businesses may subject the Company to increased regulatory or compliance requirements. The Company's acquisitions have involved, and are likely to continue to involve, the entry into businesses in which the Company's management has limited prior experience, making the Company reliant on the management team of the acquired business. The Company may not be able to successfully retain employees of acquired businesses or integrate them, and could lose customers, suppliers or other partners as a result of the acquisitions. For these and other reasons, including changes in market conditions, the projections used to value the acquired businesses may prove inaccurate. In addition, the Company might incur unanticipated liabilities from acquisitions. These and other factors related to acquisitions could have a material adverse effect on the Company's results of operations, financial condition and liquidity. The Company's management also will continue to be required to dedicate substantial time and effort to the integration of its acquisitions. These efforts could divert management's focus and resources from other strategic opportunities and operational matters.

LEGAL AND COMPLIANCE RISK FACTORS

17. Regulatory oversight and changes in government regulation could require the Company to raise capital, make it more difficult to deploy capital, including dividends to stockholders and repurchases of the Company's shares, prohibit or limit the Company's operations, make it more costly or burdensome to conduct such operations, result in decreased demand for the Company's products and services or otherwise adversely affect the Company

Many of the Company's businesses, including its title insurance, property and casualty insurance, home warranty, mortgage servicing and subservicing, banking, trust and wealth management businesses, are regulated by various federal, state, local and foreign governmental agencies. These and other of the Company's businesses also operate within statutory guidelines, which can include requirements to maintain certain licenses at the federal, state and/or local levels. The industry in which the Company operates and the markets into which it sells its products are also regulated and subject to statutory guidelines. In general, in recent years, the Company experienced increasing regulatory oversight and became subject to increasingly complex statutory guidelines.

Regulatory oversight could require the Company to raise capital, and/or make it more difficult to deploy capital, including dividends to stockholders and repurchases of the Company's shares. It is possible that the group capital calculations, particularly in an economic downturn, could have the effect of requiring the Company to raise capital and/or making it more difficult to otherwise deploy capital, including dividends to stockholders and repurchases of the Company's shares.

An increasing number of federal, state, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal data. The effects of these privacy and data protection laws, including the cost of compliance and required changes in the manner in which the Company conducts its business, are not fully known and are potentially significant, and the failure to comply could adversely affect the Company. The Company has incurred costs to comply with these laws and to respond to inquiries about its compliance with them.

In addition, changes in the applicable regulatory environment, statutory guidelines or interpretations of existing regulations or statutes; reform of government-sponsored enterprises such as the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac); enhanced governmental oversight or efforts by governmental agencies to cause customers to refrain from using the Company's products or services could prohibit or limit its future operations or make it more costly or burdensome to conduct such operations or result in decreased demand for the Company's products and services or a change in its competitive position. The impact of these changes would be more significant if they involve jurisdictions in which the Company generates a greater portion of its title premiums, such as the states of Arizona, California, Florida, New York, and Texas. These changes may compel the Company to reduce its prices, may restrict its ability to implement price increases or acquire assets or businesses, may limit the manner in which the Company conducts its business or otherwise may have a negative impact on its ability to generate revenues, earnings and cash flows.

18. Scrutiny of the Company's businesses and the industries in which it operates by governmental entities and others could adversely affect the Company

The real estate settlement services industry, an industry in which the Company generates a substantial portion of its revenue and earnings, and the mortgage servicing and subservicing industry are subject to continuous scrutiny by regulators, legislators, the media and plaintiffs' attorneys. Though often directed at these industries generally, these groups also focus their attention directly on the Company's businesses from time to time. In either case, this scrutiny may result in changes which could adversely affect the Company's operations and, therefore, its financial condition and liquidity.

Governmental entities have routinely inquired into certain practices in the real estate settlement services industry and the mortgage servicing and subservicing industry to determine whether certain of the Company's businesses or its competitors have violated applicable laws, which include, among others, the insurance codes of the various jurisdictions, the Real Estate Settlement Procedures Act, the Truth in Lending Act and similar state, federal and foreign laws. The Consumer Financial Protection Bureau ("CFPB"), for example, has actively utilized its regulatory authority over the mortgage and real estate markets by bringing enforcement actions against various participants in the mortgage and settlement industries and we expect that such enforcement activity will intensify. Departments of insurance in the various states, the CFPB and other federal regulators and applicable regulators in international jurisdictions, either separately or together, also periodically conduct targeted inquiries into the practices of title insurance companies, other settlement services providers and mortgage servicers in their respective jurisdictions. Currently, the Company is the subject of regulatory inquiries.

Further, from time to time plaintiffs' lawyers have targeted, and are expected to continue to target, the Company and other members of the Company's industry with lawsuits claiming legal violations or other wrongful conduct. These lawsuits often involve large groups of plaintiffs and claims for substantial damages. These types of inquiries or proceedings have from time to time resulted, and may in the future result, in findings of a violation of the law or other wrongful conduct and the payment of fines or damages or the imposition of restrictions on the Company's conduct. This could impact the Company's operations and financial condition. Moreover, these laws and standards of conduct often are ambiguous and, thus, it may be difficult to ensure compliance. This ambiguity may force the Company to mitigate its risk by settling claims or by ending practices that generate revenues, earnings and cash flows. Currently the Company is a party to class action lawsuits.

19. Regulation of title insurance rates could adversely affect the Company

Title insurance rates are subject to extensive regulation, which varies from state to state. In many states the approval of the applicable state insurance regulator is required prior to implementing a rate change. These regulations could hinder the Company's ability to promptly adapt to changing market dynamics through price adjustments, which could adversely affect its results of operations, particularly in a rapidly declining market.

FINANCIAL RISK FACTORS

20. Failures at financial institutions at which the Company deposits funds could adversely affect the Company

The Company deposits substantial funds in financial institutions. These funds include amounts owned by third parties, such as escrow deposits, like-kind exchange deposits and investor, mortgagor and subservicer deposits. Should one or more of the financial institutions at which deposits are maintained fail, there is no guarantee that the Company would recover the funds deposited, whether through Federal Deposit Insurance Corporation coverage or otherwise. In the event of any such failure, the Company also could be held liable for the funds owned by third parties. Unfavorable economic conditions, like those experienced in 2023, may lead to a heightened risk of failures of financial institutions at which the Company maintains deposits. Such failures may be difficult to predict and the Company may not be able to react in a sufficiently timely manner to avoid adverse effects on the Company.

21. Unfavorable economic or other conditions could cause the Company to write off a portion of its goodwill and other intangible assets

The Company performs an impairment test of the carrying value of goodwill and other indefinite-lived intangible assets annually in the fourth quarter, or sooner if circumstances indicate a possible impairment. Finite-lived intangible assets are subject to impairment tests on a periodic basis. Factors that may be considered in connection with this review include, without limitation, underperformance relative to historical or projected future operating results, reductions in the Company's stock price and market capitalization, increased cost of capital and negative macroeconomic, industry and company-specific trends. These and other factors could lead to a conclusion that goodwill or other intangible assets are impaired, in which case the Company would be required to write off the portion believed to be impaired. Any substantial goodwill and other intangible asset impairments that may be required could have a material adverse effect on the Company's results of operations and financial condition.

22. The Company's investment portfolio is subject to certain risks and could experience losses

The Company maintains a substantial investment portfolio, primarily consisting of fixed income debt securities. The investment portfolio also includes adjustable-rate debt securities, common and preferred stock, as well as money-market and other short-term investments. Securities in the Company's investment portfolio are subject to certain economic and financial market risks, such as credit risk, interest rate (including call, prepayment and extension) risk and/or liquidity risk. The risk of loss associated with the portfolio is increased during periods of instability in credit markets and economic conditions, such as during the current environment precipitated by rapidly rising interest rates. Debt and equity securities are carried at fair value on the Company's balance sheet. Changes in the fair values of debt securities are recorded as a component of accumulated other comprehensive income/loss on the balance sheet. For debt securities in an unrealized loss position, where the loss is determined to be due to credit-related factors, the Company records the loss in earnings. Changes in the fair values of marketable equity securities are recognized in earnings. Changes in the fair values of securities in the Company's investment portfolio have had an adverse impact on the Company and could have a material adverse effect on the Company's results of operations, statutory surplus, financial condition and cash flow.

23. The Company's venture investment portfolio is volatile and subject to certain risks and could experience losses

The Company's venture investment portfolio is primarily comprised of investments in the equity of private venture-stage companies that operate in the real-estate industry and related industries (many of which offer technology-enabled products and services), investments in funds that typically invest in these same types of companies, and a similar investment that is trading publicly. The venture investment portfolio is managed independent of the Company's portfolio of debt securities and marketable equity securities, which is overseen by the Company's investment department and an investment committee. The Company may continue to make similar venture investments. These positions are concentrated in a limited number of holdings and are high-risk, illiquid investments. In certain circumstances, such as when one of these companies raises capital, merges with another company or sells itself at a valuation that is less than the valuation at which the Company made its investment or when one of these companies fails and/or liquidates itself, the Company has been and could be required to impair all or part of its investment in that company or write down the value of an investment if future growth prospects deteriorate. The prospects of these companies depend on a number of factors, including the condition of the general economy, the general availability of capital, the performance of and volatility in the public markets, the regulatory and political environments, the condition of the real estate industry, the competitive environment for such companies and the operational and financial performance of such companies. Even if one of these companies is successful, the Company's ability to realize the value of its investment may take a significant amount of time and may be dependent on the occurrence of a liquidity event, such as an initial public offering or the sale of the company. Even when a liquidity event occurs, the Company may be subject to restrictions on resale or may choose to continue to hold the investment for strategic or other reasons and, as a result, the Company may not monetize the value of its investment during periods in which it could be financially advantageous to sell the investment. These investments may cause material fluctuations in the Company's quarterly results of operations due to the recognition of gains or losses in connection with observable price changes, such as from liquidity events, impairments, subsequent equity sales, or price changes in investments that begin trading publicly, which changes can be volatile.

24. Actual claims experience could materially vary from the expected claims experience reflected in the Company's reserve for incurred but not reported claims

The Company maintains a reserve for incurred but not reported ("IBNR") claims pertaining to its title, escrow and other insurance and guarantee products. The majority of this reserve pertains to title insurance policies, which are long-duration contracts with the majority of the claims reported within the first few years following the issuance of the policy. Generally, 65% to 75% of claim amounts become known in the first six years of the policy life, and the majority of IBNR reserves relate to the six most recent policy years. Changes in expected ultimate losses and corresponding loss rates for recent policy years are considered likely and could result in a material adjustment to the IBNR reserves. In uncertain economic times, an even larger change is more likely. A material change in expected ultimate losses and corresponding loss rates for older policy years is also possible, particularly for policy years with loss ratios exceeding historical norms. The estimates made by management in determining the appropriate level of IBNR reserves could ultimately prove to be materially different from actual claims experience.

Changes in laws or regulations impacting real estate, particularly when applied retroactively, may cause a material change in expected ultimate losses and corresponding loss rates for recent and/or older policy years. For example, the 2020 United States Supreme Court decision in McGirt v. Oklahoma calls into question the governing authority for certain real estate-related matters in Native American reservations once thought to have been disestablished. To the extent the Company, in those areas, underwrote title insurance policies or closed real estate transactions in conformity with authority that ultimately proves inapplicable, expected ultimate losses arising from those policies and transactions could change materially and could result in a material change to loss rates.

25. The Company's ability to fulfill parent company obligations and/or pay dividends may be limited

The Company is a holding company whose primary assets are investments in its operating subsidiaries. The Company's ability to fulfill parent company obligations and/or declare and pay dividends is dependent on the ability of its subsidiaries to pay dividends or repay funds. If the Company's operating subsidiaries are not able to pay dividends or repay funds, the Company may not be able to fulfill parent company obligations and/or declare and pay dividends. Moreover, pursuant to insurance and other regulations under which the Company's insurance subsidiaries operate, the amount of dividends, loans and advances available is limited. See Item 2 – MD&A – Liquidity and Capital Resources for details on dividend restrictions. The Company may also be required to invest capital in its subsidiaries which could further limit its ability to fulfill parent company obligations and/or declare and pay dividends.

26. A reduction in the deposits at the Company's federal savings bank subsidiary could require the Company to borrow funds to maintain liquidity

The deposits of the Company's federal savings bank subsidiary consist almost entirely of funds deposited by its affiliates, the majority of which are from third parties to be held in trust pending the closing of real estate transactions. When real estate transactions decline, aggregate deposits held in trust at the Company's bank tend to decline. There is also a portion of the bank's deposits that are custodial funds held on behalf of clients of the Company's residential mortgage subservicer subsidiary. Such clients may cause their custodial funds to be moved out of the Company's bank subsidiary in connection with the transfer of ownership of mortgage servicing rights or loans, termination of subservicing contracts or otherwise. The likelihood of these clients causing funds to be moved increases as interest rates rise, which could result in a marked decline in the bank's deposits. When there is a reduction in the bank's deposits, the Company could be required to borrow funds to maintain the bank's liquidity.

GENERAL RISK FACTORS

27. Certain provisions of the Company's bylaws and certificate of incorporation, as well as regulatory hurdles, may reduce the likelihood of any unsolicited acquisition proposal or potential change of control that the Company's stockholders might consider favorable

The Company's bylaws and certificate of incorporation contain provisions that could be considered "anti-takeover" provisions because they make it harder for a third-party to acquire the Company without the consent of the Company's incumbent board of directors. Under these provisions:

- election of the Company's board of directors is staggered such that only one-third of the directors are elected by the stockholders each year and the directors serve three year terms prior to reelection;
- stockholders may not remove directors without cause, change the size of the board of directors or, except as may be provided for in the terms of preferred stock the Company issues in the future, fill vacancies on the board of directors;
- stockholders may act only at stockholder meetings and not by written consent;
- stockholders must comply with advance notice provisions for nominating directors or presenting other proposals at stockholder meetings; and
- the Company's board of directors may without stockholder approval issue preferred shares and determine their rights and terms, including voting rights, or adopt a stockholder rights plan.

While the Company believes that they are appropriate, these provisions may only be amended by the affirmative vote of the holders of approximately 67% of the Company's issued voting shares. In addition, federal banking laws and regulations and state insurance laws and regulations require third parties to obtain prior approval to acquire control of the Company due to its status as a savings and loan holding company and an insurance holding company. These provisions and regulatory requirements could have the effect of discouraging an unsolicited acquisition proposal or delaying, deferring or preventing a change of control transaction that might involve a premium price or otherwise be considered favorably by the Company's stockholders.

28. The Company may be susceptible to claims of infringement and may not be able to adequately protect its intellectual property

The Company relies on a combination of patents, trademarks, copyrights, trade secret laws, non-disclosure agreements, contractual provisions and systems of internal safeguards to protect its intellectual property. As the Company expands its utilization of innovative technologies, processes and techniques in the production and delivery of its products and services, the Company may increasingly have to litigate to enforce and protect its intellectual property rights, which may divert Company resources, cause reputational harm to the Company or result in other adverse consequences, including a loss of competitive advantage, and there is no guarantee that such protection and enforcement efforts would be successful. In addition, third parties may allege that the Company's operations or activities infringe on their intellectual property rights, including through the Company's use of software containing open source code, which may expose the Company to third-party claims of ownership of, or demands for the release of, the source code, the open source software and/or derivative works that were developed using such software, or otherwise seeking to enforce the terms of the applicable open source license. Many of the risks associated with usage of open source cannot be eliminated, and could, if not properly addressed, adversely affect the Company's business. Infringement claims may give rise to litigation, which could result in damages, injunctions prohibiting the Company from providing certain products or services, entry into costly licensing arrangements or other adverse consequences.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

We recognize the critical importance of maintaining the safety and security of our systems and data and take a holistic approach to overseeing and managing cybersecurity, which is supported by both management and our Board of Directors. The Company's Board, the Audit Committee of the Board and management devote significant resources to cybersecurity and risk management processes to adapt to the changing cybersecurity landscape and respond to emerging threats in a timely and effective manner. Our approach to cybersecurity risk management is multi-layered and includes governance and risk, monitoring and incidence response, data security, application security, endpoint security, network security and perimeter security.

The Company's Chief Information Security Officer ("CISO") is responsible for developing and implementing our information security program and manages a team of cybersecurity professionals with broad experience and expertise, including in cybersecurity threat assessments and detection, mitigation technologies, cybersecurity training, incident response, cyber forensics, insider threats and regulatory compliance. Our CISO has been with the Company for 13 years in various information security roles and has over 20 years of experience in the cybersecurity field.

The Company's Board of Directors has delegated the primary responsibility to oversee cybersecurity matters to the Audit Committee of the Board. The Audit Committee receives quarterly reports from our CISO regarding cybersecurity matters. The CISO also briefs the full Board of Directors on cybersecurity matters semi-annually.

The Company maintains an extensive and structured enterprise risk management (ERM) program encompassing senior executive leaders from all facets of its business, including operations, human resources, finance, accounting, treasury, information security, information technology, legal/regulatory, internal audit, compliance, underwriting, and real estate. As part of our ERM program, the Company maintains an Information Security Oversight Committee ("ISO Committee") that oversees the Company's cybersecurity program from a management perspective. The ISO Committee meets quarterly and is chaired by the Company's Chief Risk Officer and is comprised of the Company's Chief Executive Officer, Chief Financial Officer, Chief Legal Officer, Chief Privacy Officer and top leaders of each of the Company's operating units. The Company's CISO, Chief Information Officer and Chief Technology Officer are also participants on the ISO Committee and the Chief Audit Executive, who reports to the Company's Audit Committee, is an observer. The CISO provides regular reports to the ISO Committee which are shared with the Company's Board of Directors.

As part of our risk management process, the Company maintains an overall risk management program that encompasses cybersecurity, conducts security audits, annual System and Organization Controls (SOC 2) testing, and ongoing risk assessments using a company-wide risk framework. We also require employees with access to information systems to undertake data protection and cybersecurity training and compliance programs. Compliance with cybersecurity training is tracked and reported to the Company's Compliance Executive Steering Committee and the Audit Committee of the Board. In addition, the Company conducts quarterly employee phishing tests and our CISO provides those results to the Company's executives. The Company has processes in place for assessing, identifying, and managing material risks from potential cybersecurity incidents, including vulnerability identification, intrusion prevention, encryption, endpoint protection, behavior analysis, mitigation and the processes and protocols set forth in the Company's incident response plans. Certain of our subsidiaries manage their own cybersecurity functions and coordinate with the Company's CISO. The Company also employs systems and processes designed to oversee and identify cybersecurity threats associated with third-party vendors, including a risk assessment and rigorous evaluation of each vendor that may access, process or store highly sensitive or proprietary data or that is systematically integrated with the Company's systems or network. In addition to our in-house cybersecurity capabilities, we engage assessors, consultants, auditors, and other third parties to assist with assessing, identifying, mitigating and managing cybersecurity risks, including the maintenance of a Security Operations Center that is co-managed between the Company and a managed security service provider (MSSP), which continuously reviews the Company's network using threat intelligence from a variety of sources and reports potential incidents from users.

While the Company has experienced cybersecurity threats to its data and systems, such threats have not materially affected the Company, including our business strategy, results of operations or financial condition, with the exception of an incident in the fourth quarter of 2023, as disclosed in a Current Report filed by the Company on Form 8-K on December 22, as amended on December 29, 2023 and January 12, 2024. Prior to the Company's systems being taken offline in connection with this incident, we produced an internal forecast estimating our adjusted earnings per share to be $1.00. Our actual adjusted earnings per share was 69 cents, including a 5 cent tax benefit, implying a 36 cent shortfall relative to our internal estimate. Although the Company believes that most of this difference is related to the incident, the exact impact the incident had on our fourth quarter results is unknowable. Included in this 36 cent shortfall was $11 million of direct expenses related to the incident in our corporate segment including our $5 million insurance retention. We do not believe the incident will have a material impact on the Company's overall financial condition or its ongoing results of operations. For additional information on cybersecurity risks we face, see Item 1A. Risk Factors of this Annual Report, which should be read in conjunction with the foregoing information.

Item 2. Properties

Each of our business segments uses our executive offices in Santa Ana, California. This office campus consists of five office buildings, a technology center and a two-story parking structure, totaling approximately 490,000 square feet. The office facilities we occupy are, in all material respects, in good condition and adequate for their intended use.

Item 3. Legal Proceedings

See Note 21 Litigation and Regulatory Contingencies to the consolidated financial statements included in Item 8. Financial Statements and Supplementary Data of Part II of this report, which is incorporated by reference into this Item 3 of Part I.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Common Stock Market Prices and Dividends

The Company's common stock trades on the New York Stock Exchange (ticker symbol FAF). The approximate number of record holders of common stock on February 14, 2024, was 1,842.

In January 2024, the Company's board of directors declared a cash dividend of $0.53 per share. We expect that the Company will continue to pay quarterly cash dividends at or above the current level. The timing, declaration and payment of future dividends, however, falls within the discretion of the Company's board of directors and will depend upon many factors, including the Company's financial condition and earnings, the capital requirements of our businesses, restrictions imposed by applicable law and any other factors the board of directors deems relevant from time to time. In addition, the ability to pay dividends also is potentially affected by the restrictions described in Note 2 Statutory Restrictions on Investments and Stockholders' Equity to the consolidated financial statements included in Item 8. Financial Statements and Supplementary Data of Part II of this report.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Pursuant to the share repurchase program approved by the Company's board of directors in June 2022, which program has no expiration date, the Company may repurchase up to $400.0 million of the Company's issued and outstanding common stock. The following table describes purchases by the Company under the share repurchase program that settled during each period set forth in the table. Prices in column (b) include commissions. Cumulatively, as of December 31, 2023, the Company had repurchased $186.2 million (including commissions) of its shares authorized under the share repurchase program and had the authority to repurchase an additional $213.8 million (including commissions) under that program.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
October 1, 2023 to October 31, 2023	168,406	$ 52.90	168,406	$ 222,636,293
November 1, 2023 to November 30, 2023	151,657	54.59	151,657	214,357,955
December 1, 2023 to December 31, 2023	8,800	59.45	8,800	213,834,761
Total	328,863	$ 53.85	328,863	213,834,761

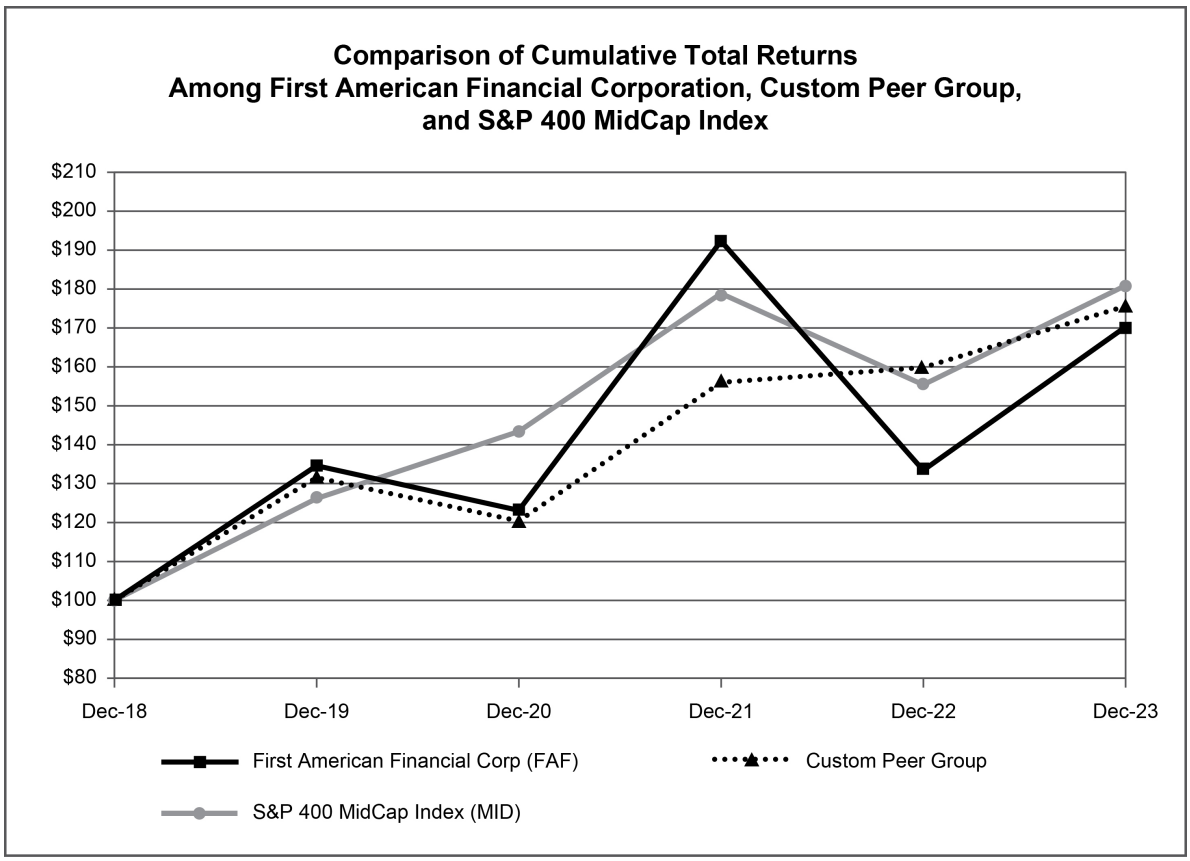
Unregistered Sales of Equity Securities

During the year ended December 31, 2023, the Company did not issue any unregistered common stock.

Stock Performance Graph

The following performance graph and related information shall not be deemed "soliciting material" or "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, except to the extent that it is specifically incorporated by reference into such filing.

The following graph compares the cumulative total stockholder return on the Company's common stock with the corresponding cumulative total returns of the S&P 400 Mid Cap Index and an industry peer group for the period from December 31, 2018 through December 31, 2023. The comparison assumes an investment of $100 on December 31, 2018 and reinvestment of dividends. This historical performance is not indicative of future performance.



Comparison of Cumulative Total Return

	First American Financial Corporation (FAF) (1)	Custom Peer Group (1)(2)	S&P 400 Mid Cap Index (1)
December 31, 2018	$ 100	$ 100	$ 100
December 31, 2019	$ 135	$ 132	$ 126
December 31, 2020	$ 123	$ 120	$ 143
December 31, 2021	$ 192	$ 156	$ 179
December 31, 2022	$ 133	$ 160	$ 155
December 31, 2023	$ 170	$ 176	$ 181

(1) As calculated by Bloomberg Financial Services including reinvestment of dividends.

(2) The custom peer group consists of the following companies: American Financial Group, Inc.; Assurant, Inc.; Axis Capital Holdings Limited; Cincinnati Financial Corporation; Everest Re Group, Ltd.; Fidelity National Financial, Inc.; Genworth Financial, Inc.; The Hanover Insurance Group, Inc.; Kemper Corporation; Mercury General Corporation; Old Republic International Corp.; and W.R. Berkley Corporation, each of which are in the insurance industry. The compensation committee of the Company utilizes the compensation practices of these companies as benchmarks in setting the compensation of its executive officers.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

CERTAIN STATEMENTS IN THIS ANNUAL REPORT ON FORM 10-K ARE FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. THESE FORWARD-LOOKING STATEMENTS MAY CONTAIN THE WORDS "BELIEVE," "ANTICIPATE," "EXPECT," "PLAN," "PREDICT," "ESTIMATE," "PROJECT," "WILL BE," "WILL CONTINUE," "WILL LIKELY RESULT," OR OTHER SIMILAR WORDS AND PHRASES.

RISKS AND UNCERTAINTIES EXIST THAT MAY CAUSE RESULTS TO DIFFER MATERIALLY FROM THOSE SET FORTH IN THESE FORWARD-LOOKING STATEMENTS. FACTORS THAT COULD CAUSE THE ANTICIPATED RESULTS TO DIFFER FROM THOSE DESCRIBED IN THE FORWARD-LOOKING STATEMENTS INCLUDE THE FACTORS SET FORTH ON PAGES 4-5 OF THIS ANNUAL REPORT. THE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE THEY ARE MADE. THE COMPANY DOES NOT UNDERTAKE TO UPDATE FORWARD-LOOKING STATEMENTS TO REFLECT CIRCUMSTANCES OR EVENTS THAT OCCUR AFTER THE DATE THE FORWARD-LOOKING STATEMENTS ARE MADE.

This Management's Discussion and Analysis contains certain financial measures that are not presented in accordance with generally accepted accounting principles ("GAAP"), including adjusted information and other revenues, adjusted personnel costs and adjusted other operating expenses, in each case excluding the effects of recent acquisitions, and adjusted debt to capitalization ratio as it excludes the effects of secured financings payable and accumulated other comprehensive loss. The Company is presenting these non-GAAP financial measures because they provide the Company's management and readers of this Annual Report on Form 10-K with additional insight into the operational performance of the Company relative to earlier periods and additional insight into the financial leverage of the Company. The Company does not intend for these non-GAAP financial measures to be a substitute for any GAAP financial information. In this Annual Report on Form 10-K, these non-GAAP financial measures have been presented with, and reconciled to, the most directly comparable GAAP financial measures. Readers of this Annual Report on Form 10-K should use these non-GAAP financial measures only in conjunction with the comparable GAAP financial measures. Because not all companies use identical calculations, the presentation of adjusted debt to capitalization ratio may not be comparable to other similarly titled measures of other companies.

Principles of Consolidation

The consolidated financial statements have been prepared in accordance with GAAP and reflect the consolidated operations of the Company. The consolidated financial statements include the accounts of First American Financial Corporation and all controlled subsidiaries. All significant intercompany transactions and balances have been eliminated. Equity investments in which the Company exercises significant influence but does not control and is not the primary beneficiary, are accounted for using the equity method of accounting. Equity investments in which the Company does not exercise significant influence over the investee and without readily determinable fair values, or non-marketable equity securities, are accounted for at cost, less impairment, and are adjusted up or down for any observable price changes.

Reportable Segments

The Company consists of the following reportable segments:

- The title insurance and services segment issues title insurance policies on residential and commercial property in the United States and offers similar or related products and services internationally. This segment also provides closing and/or escrow services; accommodates tax-deferred exchanges of real estate; provides products, services and solutions designed to mitigate risk or otherwise facilitate real estate transactions; maintains, manages and provides access to title plant data and records; provides appraisals and other valuation-related products and services; provides lien release, document custodial and default-related products and services; provides document generation services; provides warehouse lending services; subservices mortgage loans; and provides banking, trust and wealth management services. The Company, through its principal title insurance subsidiary and such subsidiary's affiliates, transacts its title insurance business through a network of direct operations and agents. Through this network, the Company issues policies in the 49 states that permit the issuance of title insurance policies, the District of Columbia and certain United States territories. The Company also offers title insurance, closing services and similar or related products and services, either directly or through third parties in other countries, including Canada, the United Kingdom, Australia, New Zealand, South Korea and various other established and emerging markets.

- During 2023, the Company changed the name of its specialty insurance segment to the home warranty segment. In connection with this change, the Company reclassified all current year and prior year operating results related to the Company's property and casualty insurance business, which no longer has policies in force, to the corporate segment. The home warranty segment sells products including residential service contracts that cover residential systems, such as heating and air conditioning systems, and certain appliances against failures that occur as the result of normal usage during the coverage period. This business currently operates in 36 states and the District of Columbia.

- The corporate segment includes investments in venture-stage companies, operating results of the property and casualty insurance business (as noted above), certain financing facilities and corporate services that support the Company's business operations.

Critical Accounting Estimates

The preparation of financial statements in accordance with GAAP requires the application of accounting policies that often involve a significant degree of judgment. The Company's management considers the accounting policies described below to be the most dependent on the application of estimates and assumptions in preparing the Company's consolidated financial statements. See Note 1 Basis of Presentation and Significant Accounting Policies to the consolidated financial statements for a more detailed description of the Company's significant accounting policies.

Provision for policy losses

The Company provides for title insurance losses through a charge to expense when the related premium revenue is recognized. The amount charged to expense is generally determined by applying a rate (the loss provision rate) to total title insurance premiums and escrow fees. The Company's management estimates the loss provision rate at the beginning of each year and reassesses the rate quarterly to ensure that the resulting incurred but not reported ("IBNR") loss reserve and known claims reserve included in the Company's consolidated balance sheets together reflect management's best estimate of the total costs required to settle all IBNR and known claims. If the ending IBNR reserve is not considered adequate, an adjustment is recorded.

The process of assessing the loss provision rate and the resulting IBNR reserve involves an evaluation of the results of an in-house actuarial review. The Company's in-house actuary performs a reserve analysis utilizing generally accepted actuarial methods that incorporate cumulative historical claims experience and information provided by in-house claims and operations personnel. Current economic and business trends are also contemplated as part of the reserve analysis. These include conditions in the real estate and mortgage markets, changes in residential and commercial real estate values, and changes in the levels of defaults and foreclosures that may affect claims levels and patterns of emergence, as well as any company-specific factors that may be relevant to past and future claims experience. Results from the analysis include, but are not limited to, a range of IBNR reserve estimates and a single point estimate for IBNR as of the balance sheet date.

For recent policy years at early stages of development (generally the last three years), IBNR is generally estimated using a combination of expected loss rate and multiplicative loss development factor calculations. For more mature policy years, IBNR generally is estimated using multiplicative loss development factor calculations. The expected loss rate method estimates IBNR by applying an expected loss rate to total title insurance premiums and escrow fees and by adjusting for policy year maturity using estimated loss development patterns. Multiplicative loss development factor calculations estimate IBNR by applying factors derived from loss development patterns to losses realized to date. The expected loss rate and loss development patterns are based on historical experience and the relationship of the history to the applicable policy years.

The Company's management uses the IBNR point estimate from the in-house actuary's analysis and other relevant information concerning claims to determine what it considers to be the best estimate of the total amount required for the IBNR reserve.

The volume and timing of title insurance claims are subject to cyclical influences from both the real estate and mortgage markets. Title policies issued to lenders constitute a large portion of the Company's title insurance volume. These policies insure lenders against losses on mortgage loans due to title defects in the collateral property. Even if an underlying title defect exists that could result in a claim, often the lender must realize an actual loss, or at least be likely to realize an actual loss, for a title insurance liability to exist. As a result, title insurance claims exposure is sensitive to lenders' losses on mortgage loans and is affected in turn by external factors that affect mortgage loan losses, particularly macroeconomic factors.

A general decline in real estate prices can expose lenders to greater risk of losses on mortgage loans, as loan-to-value ratios increase and defaults and foreclosures increase. Title insurance claims exposure for a given policy year is also affected by the quality of mortgage loan underwriting during the corresponding origination year. The Company believes that the sensitivity of claims to external conditions in the real estate and mortgage markets is an inherent feature of title insurance's business economics that applies broadly to the title insurance industry.

Title insurance policies are long-duration contracts with the majority of the claims reported to the Company within the first few years following the issuance of the policy. Generally, 65% to 75% of claim amounts become known in the first six years of the policy life, and the majority of IBNR reserves relate to the six most recent policy years. Changes in expected ultimate losses and corresponding loss rates for recent policy years are considered likely and could result in a material adjustment to the IBNR reserves. Based on historical experience, management believes a 50 basis point change to the loss rates for recent policy years, positive or negative, is reasonably likely given the long duration nature of a title insurance policy. In uncertain economic times an even larger change is more likely. As examples, if the expected ultimate losses for each of the last six policy years increased or decreased by 50 basis points, the resulting impact on the Company's IBNR reserve would be an increase or decrease, as the case may be, of $157.6 million, and if expected ultimate losses for those same years were to fluctuate by 100 basis points, the resulting impact would be $315.2 million. A material change in expected ultimate losses and corresponding loss rates for older policy years is also possible, particularly for policy years with loss ratios exceeding historical norms. The estimates made by management in determining the appropriate level of IBNR reserves could ultimately prove to be materially different from actual claims experience.

The Company provides for claims losses relating to its home warranty business based on the average cost per claim and historical loss experience as applied to the total of current claims incurred. The average cost per home warranty claim is calculated using the average of the most recent 12 months of claims experience adjusted for estimated future increases in costs.

A summary of the Company's loss reserves is as follows:

	December 31,			
	2023		2022	
	(dollars in millions)			
Known title claims	$ 55.5	4.3%	$ 62.1	4.7%
IBNR title claims	1,186.5	92.5%	1,207.2	91.1%
Total title claims	1,242.0	96.8%	1,269.3	95.8%
Non-title claims	40.4	3.2%	56.0	4.2%
Total loss reserves	$ 1,282.4	100.0%	$ 1,325.3	100.0%

Activity in the reserve for known title claims is summarized as follows:

	December 31,		
	2023	2022	2021
		(in millions)	
Balance at beginning of year	$ 62.1	$ 66.3	$ 64.6
Provision transferred from IBNR title claims related to:			
Current year	24.6	28.4	30.6
Prior years	138.9	144.0	126.0
	163.5	172.4	156.6
Payments, net of recoveries, related to:			
Current year	21.9	25.0	28.4
Prior years	147.6	152.0	126.1
	169.5	177.0	154.5
Other	(0.6)	0.4	(0.4)
Balance at end of year	$ 55.5	$ 62.1	$ 66.3

Activity in the reserve for IBNR title claims is summarized as follows:

	December 31,		
	2023	2022	2021
		(in millions)	
Balance at beginning of year	$ 1,207.2	$ 1,143.5	$ 1,025.8
Provision related to:			
Current year	161.5	248.4	274.4
Prior years	(21.6)	—	—
	139.9	248.4	274.4
Provision transferred to known title claims related to:			
Current year	24.6	28.4	30.6
Prior years	138.9	144.0	126.0
	163.5	172.4	156.6
Other	2.9	(12.3)	(0.1)
Balance at end of year	$ 1,186.5	$ 1,207.2	$ 1,143.5

The provision for title insurance losses, expressed as a percentage of title insurance premiums and escrow fees, was 3.25% for 2023, and 4.0% for 2022 and 2021. The 3.25% loss rate in the current year reflects an ultimate loss rate of 3.75% for the current policy year and a reserve release of 0.5%, or $21.6 million for prior policy years, all based on current year title insurance premiums and escrow fees for the year ended December 31, 2023.

The provision in 2023 related to current year decreased by $86.9 million, or 35.0%, from 2022 as a result of decreases in title premiums and escrow fees in 2023 from 2022. The provision in 2022 related to current year decreased by $26.0 million, or 9.5%, from 2021 as a result of decreases in title premiums and escrow fees in 2022 from 2021.

For further discussion of title provision recorded in 2023, 2022 and 2021, see Results of Operations, page 37.

Fair value of debt securities

The Company categorizes the fair values of its debt securities using a three-level hierarchy for fair value measurements that distinguishes between market participant assumptions developed based on market data obtained from sources independent of the Company (observable inputs) and the Company's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The hierarchy for inputs used in determining fair value maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. The hierarchy level assigned to each security was based on management's assessment of the transparency and reliability of the inputs used to estimate the fair values at the measurement date. See Note 17 Fair Value Measurements to the consolidated financial statements for a more detailed description of the three-level hierarchy and a description for each level.

The fair values of debt securities were based on the market values obtained from independent pricing services that were evaluated using pricing models that vary by asset class and incorporate available trade, bid and other market information and price quotes from well-established, independent broker-dealers. The independent pricing services monitor market indicators, industry and economic events, and for broker-quoted only securities, obtain quotes from market makers or broker-dealers that they recognize to be market participants. The pricing services utilize the market approach in determining the fair values of the debt securities held by the Company. The Company obtains an understanding of the valuation models and assumptions utilized by the services and has controls in place to determine that the values provided represent fair values. The Company's validation procedures include comparing prices received from the pricing services to quotes received from other third-party sources for certain securities with market prices that are readily verifiable. If the price comparison results in differences over a predefined threshold, the Company will assess the reasonableness of the changes relative to prior periods given the prevailing market conditions and assess changes in the issuers' credit worthiness, performance of any underlying collateral and prices of the instrument relative to similar issuances. To date, the Company has not made any material adjustments to the fair value measurements provided by the pricing services.

Typical inputs and assumptions to pricing models used to value the Company's debt securities include, but are not limited to, benchmark yields, reported trades, broker-dealer quotes, credit spreads, credit ratings, bond insurance (if applicable), benchmark securities, bids, offers, reference data and industry and economic events. For mortgage-backed securities, inputs and assumptions may also include the structure of issuance, characteristics of the issuer, collateral attributes and prepayment speeds.

Credit losses on debt securities

When the fair value of an available-for-sale debt security falls below its amortized cost, the Company must determine whether the decline in fair value is due to credit-related factors or noncredit-related factors. Declines in fair value that are credit-related are recorded on the balance sheet through an allowance for credit losses with a corresponding adjustment to earnings and declines that are noncredit-related are recognized through other comprehensive income/loss.

If the Company intends to sell a debt security in an unrealized loss position or determines that it is more likely than not that the Company will be required to sell a debt security before it recovers its amortized cost basis, the debt security is impaired and it is written down to fair value with all losses recognized in earnings. As of December 31, 2023, the Company did not intend to sell any debt securities in an unrealized loss position and it is not more likely than not that the Company will be required to sell any debt securities before recovery of their amortized cost basis.

For debt securities in an unrealized loss position for which the Company does not intend to sell the debt security and it is not more likely than not that the Company will be required to sell the debt security, the Company determines whether the loss is due to credit-related factors or noncredit-related factors. For debt securities in an unrealized loss position for which the losses are primarily due to credit-related factors, the Company's policy is to recognize the entire loss in earnings. For debt securities in an unrealized loss position for which the losses are determined to be the result of both credit-related and noncredit-related factors, the credit loss is determined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis of the debt security. The cash flows expected to be collected are discounted using the effective interest rate (i.e., purchase yield) and for variable rate securities the interest rate is fixed at the rate in effect at the credit loss measurement date.

Expected future cash flows for debt securities are based on qualitative and quantitative factors specific to each security, including the probability of default and the estimated timing and amount of recovery. The detailed inputs used to project expected future cash flows may be different depending on the nature of the individual debt security.

Impairment assessment for goodwill

The Company is required to perform an annual goodwill impairment assessment for each reporting unit for which goodwill has been allocated. The reporting units that have been allocated goodwill include title insurance and home warranty. The Company's trust and other services reporting unit has no allocated goodwill and is, therefore, not assessed for impairment. The Company has elected to perform this annual assessment in the fourth quarter of each fiscal year or sooner if circumstances indicate possible impairment. Based on accounting guidance, the Company has the option to perform a qualitative assessment to determine if the fair value is more likely than not (i.e., a likelihood of greater than 50%) less than the carrying amount as a basis for determining whether it is necessary to perform a quantitative impairment test, or may choose to forego a qualitative assessment and perform a quantitative impairment test. The qualitative factors considered in this assessment may include macroeconomic conditions, industry and market considerations, overall financial performance as well as other relevant events and circumstances as determined by the Company. The Company evaluates the weight of each factor to determine whether it is more likely than not that impairment may exist. If the results of a qualitative assessment indicate the more likely than not threshold was not met, the Company may choose not to perform a quantitative impairment test. If, however, the more likely than not threshold is met, the Company will perform a quantitative test as required and discussed below.

Management's quantitative impairment testing compares the fair value of each reporting unit to its carrying amount. The fair value of each reporting unit is determined by using discounted cash flow analysis and, where appropriate, market approach valuations. If the fair value of the reporting unit exceeds its carrying amount, the goodwill is not considered impaired and no additional analysis is required. However, if the carrying amount is greater than the fair value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, with the loss recognized limited to the total amount of goodwill allocated to that reporting unit.

The quantitative impairment test for goodwill utilizes a variety of valuation techniques, all of which require the Company to make estimates and judgments. Fair value is determined by employing an expected present value technique, which utilizes expected cash flows and an appropriate discount rate. The use of comparative market multiples (the "market approach") compares the reporting unit to other comparable companies (if such comparables are present in the marketplace) based on valuation multiples to arrive at a fair value. In assessing the fair value, the Company utilizes the results of the valuations (including the market approach to the extent comparables are available) and considers the range of fair values determined under all methods and the extent to which the fair value exceeds the carrying amount of the reporting unit.

The valuation of each reporting unit includes the use of assumptions and estimates of many critical factors, including revenue growth rates and operating margins, discount rates and future market conditions, determination of market multiples and the establishment of a control premium, among others. Forecasts of future operations are based, in part, on operating results and the Company's expectations as to future market conditions. These types of analyses contain uncertainties because they require the Company to make assumptions and to apply judgments to estimate industry economic factors and the profitability of future business strategies. However, if actual results are not consistent with the Company's estimates and assumptions, the Company may be exposed to future impairment losses that could be material.

In 2023, the Company chose to perform a quantitative impairment test for its title insurance reporting unit and a qualitative assessment for its home warranty reporting unit. The Company performed qualitative assessments for both reporting units in 2022 and 2021. Based on the results of the quantitative test in 2023, the Company determined that the fair value for the title insurance reporting unit exceeded its carrying amount and no additional analysis was required. The results of the Company's qualitative assessment in 2023 for the home warranty reporting unit and the results of the qualitative assessments in 2022 and 2021 for both reporting units supported the conclusion that the reporting unit fair values were not more likely than not less than their carrying amounts and, therefore, a quantitative impairment test was not considered necessary. As a result of the Company's annual goodwill impairment assessments, the Company did not record any goodwill impairment losses for 2023, 2022 or 2021.

Income taxes

The Company accounts for income taxes under the asset and liability method, whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company evaluates the need to establish a valuation allowance for deferred tax assets based upon the amount of existing temporary differences, the period in which they are expected to be recovered and expected levels of taxable income. A valuation allowance is established when it is considered more likely than not that some or all of the deferred tax assets will not be realized.

The Company recognizes the effect of income tax positions only if sustaining those positions is considered more likely than not. Changes in recognition or measurement of uncertain tax positions are reflected in the period in which a change in judgment occurs. The Company recognizes interest and penalties, related to uncertain tax positions in income tax expense.

Pending Accounting Pronouncements

See Note 1 Basis of Presentation and Significant Accounting Policies to the consolidated financial statements included in Item 8. Financial Statements and Supplementary Data of Part II of this report.

Results of Operations

Overview

	2023	2022	2021	2023 vs. 2022		2022 vs. 2021	
				$ Change	% Change	$ Change	% Change
				(dollars in millions)			
Revenues by Segment							
Title insurance and services	$ 5,724.8	$ 7,546.9	$ 8,321.0	$ (1,822.1)	(24.1)	$ (774.1)	(9.3)
Home warranty	417.2	419.0	421.9	(1.8)	(0.4)	(2.9)	(0.7)
Corporate and eliminations	(138.5)	(360.7)	477.9	222.2	61.6	(838.6)	(175.5)
	$ 6,003.5	$ 7,605.2	$ 9,220.8	$ (1,601.7)	(21.1)	$ (1,615.6)	(17.5)

A substantial portion of the revenues for the Company's title insurance and services segment result from sales of, and refinancings of loans on, residential and commercial real estate. In the home warranty segment, revenues associated with the initial year of coverage are impacted by volatility in residential purchase transactions. Traditionally, the greatest volume of real estate activity, particularly residential purchase activity, has occurred in the spring and summer months. However, changes in interest rates, as well as other changes in general economic conditions in the United States and abroad, can cause fluctuations in the traditional pattern of real estate activity.

The Company's total revenues for 2023 were $6.0 billion, which reflected a decrease of $1.6 billion, or 21.1%, when compared with $7.6 billion for 2022. This decrease was primarily attributable to decreases in direct premiums and escrow fees of $832.7 million, or 27.0%, agent premiums of $1.1 billion, or 31.0%, and information and other revenue of $210.0 million, or 18.3%. The Company's total revenues for 2023 also included $206.4 million of net investment losses compared to $515.8 million of net investment losses for the prior year. The decrease in direct premiums and escrow fees attributable to the title insurance and services segment was $806.5 million, or 30.3%. Direct premiums and escrow fees in the title insurance and services segment from domestic residential refinance transactions and from residential purchase transactions decreased $113.2 million, or 58.1% and $264.7 million, or 22.8%, respectively, in 2023 when compared to 2022. Direct premiums and escrow fees from domestic commercial transactions in the title insurance and services segment decreased $384.7 million, or 36.9%, in 2023 when compared to 2022.

According to the Mortgage Bankers Association's January 19, 2024 Mortgage Finance Forecast (the "MBA Forecast"), residential mortgage originations in the United States (based on the total dollar value of the transactions) decreased 28.9% in 2023 when compared with 2022. According to the MBA Forecast, the dollar amount of purchase originations decreased 18.2% and refinance originations decreased 54.2%. This volume of domestic residential mortgage origination activity contributed to a decrease in direct premiums and escrow fees for the Company's direct title operations of 22.8% from domestic residential purchase transactions and a decrease of 58.1% from domestic refinance transactions in 2023 when compared to 2022.

During 2023, the level of domestic title orders opened per day by the Company's direct title operations decreased by 29.5% when compared to 2022. Also, during 2023, residential refinance opened orders per day, residential purchase opened orders per day and commercial opened orders per day decreased by 46.7%, 20.4%, and 22.0%, respectively, when compared to 2022.

The Company recorded net investment losses of $206.4 million in 2023, which included net unrealized losses and impairment charges of $155.0 million related to the Company's venture investment portfolio. Investments within the Company's venture portfolio are expected from time to time to cause material fluctuations in the Company's results of operations due to the recognition of gains or losses in connection with observable price changes resulting from liquidity events, subsequent equity sales, price fluctuations for investments that trade publicly, or from impairment charges, which changes can be volatile.

During 2023, the Company changed the name of its specialty insurance segment to the home warranty segment. In connection with this change, the Company reclassified all current year and prior year operating results related to the Company's property and casualty insurance business, which no longer has policies in force, to the corporate segment.

Title Insurance and Services

	2023	2022	2021	2023 vs. 2022		2022 vs. 2021	
				$ Change	% Change	$ Change	% Change
				(dollars in millions)			
Revenues							
Direct premiums and escrow fees	$ 1,856.4	$ 2,662.9	$ 3,100.9	$ (806.5)	(30.3)	$ (438.0)	(14.1)
Agent premiums	2,449.3	3,547.6	3,757.1	(1,098.3)	(31.0)	(209.5)	(5.6)
Information and other	917.1	1,127.1	1,203.1	(210.0)	(18.6)	(76.0)	(6.3)
Net investment income	540.2	359.1	188.3	181.1	50.4	170.8	90.7
Net investment (losses) gains	(38.2)	(149.8)	71.6	111.6	74.5	(221.4)	(309.2)
	5,724.8	7,546.9	8,321.0	(1,822.1)	(24.1)	(774.1)	(9.3)
Expenses							
Personnel costs	1,876.0	2,272.9	2,235.1	(396.9)	(17.5)	37.8	1.7
Premiums retained by agents	1,952.2	2,829.7	2,986.6	(877.5)	(31.0)	(156.9)	(5.3)
Other operating expenses	937.7	1,155.4	1,197.7	(217.7)	(18.8)	(42.3)	(3.5)
Provision for policy losses and other claims	139.9	248.4	274.4	(108.5)	(43.7)	(26.0)	(9.5)
Depreciation and amortization	183.6	162.3	152.5	21.3	13.1	9.8	6.4
Premium taxes	59.1	86.6	94.2	(27.5)	(31.8)	(7.6)	(8.1)
Interest	82.3	34.2	21.8	48.1	140.6	12.4	56.9
	5,230.8	6,789.5	6,962.3	(1,558.7)	(23.0)	(172.8)	(2.5)
Income before income taxes	$ 494.0	$ 757.4	$ 1,358.7	$ (263.4)	(34.8)	$ (601.3)	(44.3)
Pretax margin	8.6%	10.0%	16.3%	(1.4)%	(14.0)	(6.3)%	(38.7)

Direct premiums and escrow fees decreased $806.5 million, or 30.3%, in 2023 from 2022 and $438.0 million, or 14.1%, in 2022 from 2021. The decreases in direct premiums and escrow fees in 2023 from 2022 and 2022 from 2021 were primarily due to reductions in the number of domestic title orders closed by the Company's direct title operations, partially offset by increases in domestic average revenues per order. The domestic average revenues per order closed were $3,651, $3,498 and $2,718 for 2023, 2022 and 2021, respectively. The 4.4% increase in average revenues per order closed in 2023 from 2022 was due to a shift in mix from lower premium residential refinance and default transactions to higher premium commercial transactions, partially offset by a decrease in the average revenues per order from commercial transactions. The 28.7% increase in average revenues per order closed in 2022 from 2021 was primarily due to a shift in mix from lower premium residential refinance transactions to higher premium commercial transactions, home price appreciation and, to a lesser extent, higher average revenues per order from residential purchase transactions due primarily to recent acquisitions of escrow companies, which contributed escrow revenue to the numerator when determining average revenues per order without a corresponding title order included in the denominator. The Company's direct title operations closed 455,500, 695,900 and 1,050,700 domestic title orders during 2023, 2022 and 2021, respectively. The 34.5% decrease in orders closed in 2023 from 2022 and the 33.8% decrease in orders closed in 2022 from 2021 were generally consistent with the changes in residential mortgage origination activity in the United States as reported in the MBA Forecast.

Agent premiums decreased $1.1 billion, or 31.0%, in 2023 from 2022 and $209.5 million, or 5.6%, in 2022 from 2021. Agent premiums are recorded when notice of issuance is received from the agent, which is generally when cash payment is received by the Company. As a result, there is generally a delay between the agent's issuance of a title policy and the Company's recognition of agent premiums. Therefore, full year agent premiums typically reflect mortgage origination activity from the fourth quarter of the prior year through the third quarter of the current year. The decrease in agent premiums in 2023 from 2022 was generally consistent with the 34.0% decrease in the Company's direct premiums and escrow fees in the twelve months ended September 30, 2023 as compared with the twelve months ended September 30, 2022. The decrease in agent premiums in 2022 from 2021 was generally consistent with the 1.3% decrease in the Company's direct premiums and escrow fees in the twelve months ended September 30, 2022 as compared with the twelve months ended September 30, 2021.

Information and other revenues primarily consist of revenues generated from fees associated with title search and related reports, title and other real property records and images, other non-insured settlement services and risk mitigation products and services. These revenues generally trend with direct premiums and escrow fees but are typically less volatile since a portion of the revenues are subscription based and do not fluctuate with transaction volumes.

Information and other revenues decreased $210.0 million, or 18.6%, in 2023 from 2022 and $76.0 million, or 6.3%, in 2022 from 2021. The decrease in information and other revenues in 2023 from 2022 was primarily attributable to decreases in the demand for the Company's information products, post-close services and document generation services. Excluding the $142.4 million impact from recent acquisitions for the year ended December 31, 2022, information and other revenues decreased $218.4 million, or 18.2% in 2022 compared to 2021. The decrease in information and other revenues in 2022 from 2021, adjusted for the impact of acquisitions, was primarily due to decreased demand for the Company's information products, post-close services and document generation services.

Net investment income increased $181.1 million, or 50.4%, in 2023 from 2022 and $170.8 million, or 90.7%, in 2022 from 2021. The increase in 2023 from 2022 was primarily attributable to the positive impact of higher interest rates on the Company's cash balances, tax-deferred property exchange and escrow balances and investment portfolio. The increase was also driven by an increase in interest income from the company's warehouse lending business. The increase in 2022 from 2021 was primarily attributable to higher short-term interest rates in the Company's investment portfolio and escrow, like-kind exchange and subservicing deposits.

Net investment gains/losses totaled losses of $38.2 million for 2023 and were primarily attributable to losses recognized on sales of debt securities, partially offset by changes in the fair values of marketable equity securities. Net investment losses of $149.8 million for 2022 were primarily attributable to losses recognized on sales of debt securities and changes in the fair values of marketable equity securities, partially offset by a $51.1 million gain realized on the sale of an investment in a title insurance business. Net investment gains of $71.6 million for 2021 and were primarily from increases in the fair values of marketable equity securities and from sales of debt securities.

Direct operations in the title insurance and services segment are labor intensive; accordingly, a major expense component is personnel costs. Labor costs are driven by two primary considerations: the need to optimize staffing levels to match the level of corresponding or anticipated new orders and the need to provide quality service. The Company continues to closely monitor order volumes and related staffing levels and adjusts staffing levels as considered necessary. The Company's direct title operations opened 629,100, 895,500 and 1,275,000 domestic title orders in 2023, 2022 and 2021, respectively, representing decreases of 29.7% in 2023 from 2022 and 29.8% in 2022 from 2021.

Personnel costs decreased $396.9 million, or 17.5%, in 2023 from 2022 and increased $37.8 million, or 1.7%, in 2022 from 2021. The decrease in personnel costs in 2023 from 2022 was primarily attributable to lower incentive compensation as a result of lower revenue and profitability, declines in salary, payroll tax and employee benefit expense driven by lower headcount, lower overtime and temporary labor expense on lower volumes and lower severance expense. Excluding the $205.2 million impact from recent acquisitions for the year ended December 31, 2022, personnel expenses decreased $167.4 million, or 7.5% in 2022 compared to 2021. The decrease in 2022, adjusted for the impact of recent acquisitions, was due to lower incentive compensation resulting from lower revenue and profitability, lower expense related to the Company's 401(k) savings plan match and lower overtime expense, partially offset by higher severance expense. Personnel costs included severance expenses of $12.6 million, $34.7 million, and $4.6 million for 2023, 2022, and 2021, respectively.

A summary of premiums retained by agents and agent premiums is as follows:

	2023	2022	2021
		(dollars in millions)	
Premiums retained by agents	$ 1,952.2	$ 2,829.7	$ 2,986.6
Agent premiums	$ 2,449.3	$ 3,547.6	$ 3,757.1
% retained by agents	79.7%	79.8%	79.5%

The premium split between underwriter and agents is in accordance with the respective agency contracts and can vary from region to region due to divergences in real estate closing practices and state regulations. As a result, the percentage of title premiums retained by agents can vary due to the geographic mix of revenues from agency operations. The changes in the percentage of title premiums retained by agents in 2023 from 2022 and in 2022 from 2021 were primarily due to changes in the geographic mix of agency revenues.

Other operating expenses decreased $217.7 million, or 18.8%, in 2023 from 2022 and $42.3 million, or 3.5%, in 2022 from 2021. The decrease in 2023 from 2022 was primarily attributable to lower production expense due to lower transaction volumes, a decline in professional services expense and an increase in bank credits, partially offset by an increase in software expense. Excluding the $80.7 million impact from recent acquisitions for the year ended December 31, 2022, other operating expenses decreased $123.0 million, or 10.3% in 2022 compared to 2021. The decrease in 2022, adjusted for the impact of recent acquisitions, was due to lower production expense due to lower transaction volumes, partially offset by higher software expense.

The provision for policy losses and other claims, expressed as a percentage of title insurance premiums and escrow fees, was 3.25% for 2023, and 4.0% for 2022 and 2021.

The 3.25% loss provision rate in the current year reflects an ultimate loss rate of 3.75% for the current policy year and a reserve release of 0.5%, or $21.6 million and for prior policy years, all based on current year title insurance premiums and escrow fees for 2023.

As of December 31, 2023, the IBNR claims reserve for the title insurance and services segment was $1.2 billion, which reflected management's best estimate. The Company's internal actuary determined a range of reasonable estimates of $926.5 million to $1.2 billion. The range limits are $260.0 million below and $43.2 million above management's best estimate, respectively, and represent an estimate of the range of variation among reasonable estimates of the IBNR reserve. Actuarial estimates are sensitive to assumptions used in models, as well as the structures of the models themselves, and to changes in claims payment and incurral patterns, which can vary materially due to economic conditions, among other factors.

The 2022 and 2021 loss provision rates of 4.0% reflected the ultimate loss rates for policy years 2022 and 2021 and no change in loss reserve estimates for prior policy years.

Depreciation and amortization expense increased $21.3 million, or 13.1%, in 2023 from 2022 and $9.8 million, or 6.4%, in 2022 from 2021. The increase in depreciation and amortization expense in 2023 from 2022 was primarily attributable to higher amortization of capitalized software. The increase in depreciation and amortization expense in 2022 from 2021 was primarily attributable to higher amortization of capitalized software and intangible assets related to recent acquisitions.

Insurers generally are not subject to state income or franchise taxes. However, in lieu thereof, a premium tax is imposed on certain operating revenues, as defined by statute. Tax rates and bases vary from state to state; accordingly, the total premium tax burden is dependent upon the geographical mix of operating revenues. The Company's noninsurance subsidiaries are subject to state income tax and do not pay premium tax. Accordingly, the Company's total tax burden at the state level for the title insurance and services segment is composed of a combination of premium taxes and state income taxes. Premium taxes as a percentage of title insurance premiums and escrow fees were 1.4% for 2023, 2022 and 2021.

Interest expense increased $48.1 million, or 140.6%, in 2023 from 2022 and $12.4 million, or 56.9%, in 2022 from 2021. The increases in 2023 from 2022 and 2022 from 2021 were primarily attributable to higher deposit balances at the Company's banking operations. The increase in 2023 from 2022 was also attributable to higher interest expense in the company's warehouse lending business.

Pretax margins for the title insurance business reflect the high cost of performing the essential services required before insuring title, whereas the corresponding revenues are subject to regulatory and competitive pricing restraints. Due to the relatively high proportion of fixed costs in the title insurance business, pretax margins generally improve as closed order volumes increase. Pretax margins for the segment are also impacted by (1) net investment income and net investment gains or losses, which may not move in the same direction as closed order volumes, (2) the composition (residential or commercial) and type (resale, refinancing or new construction) of real estate activity and (3) the percentage of title insurance premiums generated by agency operations as margins from direct operations are generally higher than from agency operations due primarily to the large portion of the premium that is retained by the agent. The title insurance and services segment recorded pretax margins of 8.6%, 10.0% and 16.3% for 2023, 2022 and 2021, respectively.

Home Warranty

	2023	2022	2021	2023 vs. 2022		2022 vs. 2021	
				$ Change	% Change	$ Change	% Change
				(dollars in millions)			
Revenues							
Direct premiums	$ 395.6	$ 413.1	$ 399.8	$ (17.5)	(4.2)	$ 13.3	3.3
Information and other	21.7	13.3	10.9	8.4	63.2	2.4	22.0
Net investment income	5.9	5.1	4.1	0.8	15.7	1.0	24.4
Net investment (losses) gains	(6.0)	(12.5)	7.1	6.5	52.0	(19.6)	(276.1)
	417.2	419.0	421.9	(1.8)	(0.4)	(2.9)	(0.7)
Expenses							
Personnel costs	77.8	77.3	79.1	0.5	0.6	(1.8)	(2.3)
Other operating expenses	82.8	75.7	61.5	7.1	9.4	14.2	23.1
Provision for policy losses and other claims	193.1	211.8	218.2	(18.7)	(8.8)	(6.4)	(2.9)
Depreciation and amortization	4.8	5.1	5.8	(0.3)	(5.9)	(0.7)	(12.1)
Premium taxes	4.4	4.5	4.7	(0.1)	(2.2)	(0.2)	(4.3)
	362.9	374.4	369.3	(11.5)	(3.1)	5.1	1.4
Income before income taxes	$ 54.3	$ 44.6	$ 52.6	$ 9.7	21.7	$ (8.0)	(15.2)
Pretax margin	13.0%	10.6%	12.5%	2.4%	22.6	(1.9)%	(15.2)

Direct premiums decreased $17.5 million, or 4.2% in 2023 from 2022 and increased $13.3 million, or 3.3% in 2022 from 2021. The decrease in direct premiums in 2023 from 2022 was primarily attributable to a decline in real estate transactions. The increase in direct premiums in 2022 from 2021 was primarily attributable to an increase in the average price charged per contract, increases in renewals and from a shift in expected claims experience resulting from a return to pre-pandemic levels.

Information and other revenues increased of $8.4 million, or 63.2% in 2023 from 2022, and $2.4 million, or 22.0% in 2022 from 2021. The increases were primarily attributable to the addition of current year revenues from the Company's real estate disclosure business previously reported in the title insurance and services segment.

Net investment gains/losses totaled losses of $6.0 million for 2023 and were primarily due to losses recognized on sales of debt securities. Net investment gains/losses totaled losses of $12.5 million for 2022 and were primarily due to losses recognized on sales of debt securities and from decreases in the fair values of marketable equity securities. Net investment gains were $7.1 million for 2021 and were primarily from sales of debt securities and increases in the fair values of marketable equity securities.

Personnel costs and other operating expenses increased $7.6 million, or 5.0%, in 2023 from 2022 and $12.4 million, or 8.8%, in 2022 from 2021. The increase in 2023 from 2022 was primarily attributable to higher advertising expense. The increase in 2022 from 2021 was primarily attributable to higher deferred policy acquisition expense, advertising expense, professional services and salary expense, partially offset by lower incentive compensation.

The provision for home warranty claims, expressed as a percentage of home warranty premiums, was 48.8% in 2023, 51.3% in 2022 and 54.6% in 2021. The decreases in the claims rate in 2023 from 2022 and 2022 from 2021 were primarily attributable to lower claims volume, partially offset by higher claims severity.

A large part of the revenues for the home warranty segment are generated by renewals and are not dependent on the level of real estate activity in the year of renewal. With the exception of loss expense, the majority of the expenses for this segment are variable in nature and, therefore, generally fluctuate with revenue. Accordingly, pretax margins (before loss expense) are relatively constant, although, as a result of some fixed expenses, profit margins (before loss expense) should nominally improve as premium revenues increase. Pretax margins are also impacted by net investment income and net investment gains or losses, which may not move in the same direction as premium revenues. The home warranty segment recorded pretax margins of 13.0%, 10.6% and 12.5% for 2023, 2022 and 2021, respectively.

Corporate

	2023	2022	2021	2023 vs. 2022		2022 vs. 2021	
				$ Change	% Change	$ Change	% Change
				(dollars in millions)			
Revenues							
Direct premiums and escrow fees	$ —	$ 8.8	$ 97.7	$ (8.8)	(100.0)	$ (88.9)	(91.0)
Information and other	—	8.1	2.0	(8.1)	(100.0)	6.1	305.0
Net investment income (loss)	25.1	(21.7)	23.5	46.8	215.7	(45.2)	(192.3)
Net investment (losses) gains	(162.3)	(353.4)	356.9	191.1	54.1	(710.3)	(199.0)
	(137.2)	(358.2)	480.1	221.0	61.7	(838.3)	(174.6)
Expenses							
Personnel costs	35.3	(10.6)	36.0	45.9	433.0	(46.6)	(129.4)
Other operating expenses	46.5	41.2	64.8	5.3	12.9	(23.6)	(36.4)
Provision for policy losses and other claims	3.3	26.1	96.0	(22.8)	(87.4)	(69.9)	(72.8)
Depreciation and amortization	0.1	0.1	0.1	—	—	—	—
Premium taxes	—	—	1.3	—	—	(1.3)	(100.0)
Interest	51.4	61.2	51.8	(9.8)	(16.0)	9.4	18.1
	136.6	118.0	250.0	18.6	15.8	(132.0)	(52.8)
(Loss) income before income taxes	$ (273.8)	$ (476.2)	$ 230.1	$ 202.4	42.5	$ (706.3)	(307.0)

As previously disclosed, all current year and prior year operating results for the Company's property and casualty insurance business, which no longer has policies in force, are now included in the corporate segment. As a result, direct premiums and escrow fees decreased $8.8 million and $88.9 million, information and other revenues decreased $8.1 million and increased $6.1 million, and provision for policy losses and other claims decreased $22.8 million and $69.9 million in 2023 from 2022 and 2022 from 2021, respectively.

Net investment income/loss totaled income of $25.1 million in 2023, loss of $21.7 million in 2022, and income of $23.5 million in 2021, respectively. The changes in net investment income/loss for all years were primarily attributable to fluctuations in earnings and losses on investments associated with the Company's deferred compensation plan.

Net investment gains/losses totaled losses of $162.3 million and $353.4 million for 2023 and 2022, respectively, resulting from impairment charges and observable pricing changes on non-marketable equity investments within the Company's venture investment portfolio and, for 2022, also included unrealized losses totaling $190.9 million resulting from fluctuations in the fair value of the Company's investment in Offerpad Solutions Inc. ("Offerpad"). Net investment gains of $356.9 million for 2021, which related to venture portfolio investments also included unrealized gains of $120.7 million resulting from an increase in the fair value of the company's investment in Offerpad.

Personnel costs and other operating expenses totaled $81.8 million, $30.6 million and $100.8 million in 2023, 2022 and 2021, respectively. The increase in 2023 when compared to 2022 was primarily attributable to higher returns on participant investments within the Company's deferred compensation plan. The decrease in 2022 when compared to 2021 was primarily attributable to lower returns on participant investments within the Company's deferred compensation plan.

Interest expense decreased $9.8 million, or 16.0%, in 2022 from 2021 and increased $9.4 million, or 18.1%, in 2022 from 2021. The decrease in 2023 from 2022 was primarily attributable to the repayment of the Company's $250 million 4.30% senior unsecured notes, upon maturity, in February 2023. The increases in 2022 and 2021 were due to the additional interest accrued on the $650 million of 2.4% senior unsecured notes issued by the Company in August 2021.

Eliminations

The Company's inter-segment eliminations were not material for 2023, 2022 and 2021.

Income Taxes

The Company's actual income tax expense differs from the expense computed by applying the federal income tax rate of 21% for 2023, 2022 and 2021. A reconciliation of these differences is as follows:

	Year ended December 31,					
	2023		2022		2021	
	(dollars in millions)					
Taxes calculated at federal rate	$ 57.6	21.0%	$ 68.4	21.0%	$ 344.7	21.0%
State taxes, net of federal benefit	(6.4)	(2.3)	(5.3)	(1.5)	48.0	2.9
Change in liability for tax positions	10.7	3.9	(0.8)	(0.3)	—	—
Foreign income taxed at different rates	9.5	3.5	2.1	0.6	1.8	0.1
Unremitted foreign earnings	1.2	0.4	—	—	1.0	0.1
Federal tax credits	(17.3)	(6.3)	—	—	—	—
Valuation allowance	7.7	2.8	—	—	—	—
Other items, net	(4.1)	(1.5)	(4.0)	(1.1)	(3.3)	(0.2)
	$ 58.9	21.5%	$ 60.4	18.7%	$ 392.2	23.9%

The Company’s effective income tax rates (income tax expense as a percentage of income before income taxes) were 21.5% for 2023, 18.7% for 2022 and 23.9% for 2021. The differences in the effective tax rates year over year are typically due to changes in state and foreign income taxes resulting from fluctuations in the Company’s noninsurance and foreign subsidiaries’ contributions to pretax income and changes in the ratio of permanent differences to income before income taxes. In addition, the 2023 rate reflects tax credits claimed in current and prior years and a valuation allowance recorded against losses on certain equity investments. The effective tax rate for 2022 also reflects the recognition of losses and impairments on certain equity investments and benefits from the resolution of state tax matters from prior years. The effective tax rate for 2021 also reflects benefits related to foreign tax law changes.

Net Income and Net Income Attributable to the Company

Net income and per share information are summarized as follows:

	Year ended December 31,		
	2023	2022	2021
	(in millions, except per share amounts)		
Net income attributable to the Company	$ 216.8	$ 263.0	$ 1,241.1
Net income per share attributable to the Company’s stockholders:			
Basic	$ 2.08	$ 2.46	$ 11.18
Diluted	$ 2.07	$ 2.45	$ 11.14
Weighted-average common shares outstanding:			
Basic	104.3	107.0	111.0
Diluted	104.6	107.3	111.4

See Note 15 Earnings Per Share to the consolidated financial statements for further discussion of earnings per share.

Liquidity and Capital Resources

Cash requirements. The Company generates cash primarily from sales of its products and services and from investment income. The Company's current cash requirements include operating expenses, taxes, payments of principal and interest on its debt, capital expenditures, dividends on its common stock, and may include business acquisitions, investments in private companies (primarily those in the venture-stage) and repurchases of its common stock. Management forecasts the cash needs of the holding company and its primary subsidiaries and regularly reviews their short-term and long-term projected sources and uses of funds, as well as the asset, liability, investment and cash flow assumptions underlying such forecasts. Based on the Company's ability to generate cash flows from operations, its liquid-asset position and amounts available on its revolving credit facility, management believes that its resources are sufficient to satisfy its anticipated operational cash requirements and obligations for at least the next twelve months.

The substantial majority of the Company's business is dependent upon activity in the real estate and mortgage markets, which are cyclical and seasonal. Periods of increasing interest rates and reduced affordability, supply and mortgage financing availability generally have an adverse effect on residential real estate activity and, therefore, typically decrease the Company's revenues. In contrast, periods of declining interest rates and increased affordability, supply and mortgage financing availability generally have a positive effect on residential real estate activity, which typically increases the Company's revenues. Residential purchase activity is typically slower in the winter months with increased volumes in the spring and summer months. Residential refinance activity is typically more volatile than purchase activity and is highly impacted by changes in interest rates. Commercial real estate volumes are less sensitive to changes in interest rates but fluctuate based on local supply and demand conditions for space and financing availability.

Cash provided by operating activities totaled $354.3 million, $777.6 million and $1.2 billion for 2023, 2022 and 2021, respectively, after claim payments, net of recoveries, of $381.8 million, $434.3 million and $482.3 million, respectively. The principal nonoperating uses of cash and cash equivalents for 2023, 2022 and 2021 were advances and repayments under secured financing agreements, purchases of debt and equity securities, capital expenditures, dividends to common stockholders and repurchases of company shares. Principal nonoperating uses of cash and cash equivalents also included repayment of senior unsecured notes for 2023, and acquisitions for 2022 and 2021. The most significant nonoperating sources of cash and cash equivalents for 2023, 2022 and 2021 were borrowings and collections under secured financing agreements, proceeds from the sales and maturities of debt and equity securities, increases in deposits at the Company's banking operations, and for 2021, proceeds from issuance of unsecured senior notes. The net effect of all activities on total cash and cash equivalents was an increase of $2.4 billion for 2023, and decreases of $4.5 million and $47.5 million for 2022 and 2021, respectively. The increases to cash and cash equivalents and deposits in 2023 related to the cybersecurity incident are further discussed below.

As disclosed in Item 1C. Cybersecurity, the Company experienced a cybersecurity incident in late December 2023. The Company's actions to contain and remediate the incident, which included, among others, isolating certain systems from the internet, resulted in delaying numerous customer transactions from closing until January 2024. Also, as discussed below, the Company manages escrow deposits at both its federal savings bank subsidiary and at third-party financial institutions. Because of the incident, the Company maintained a higher proportion of total escrow deposits at its federal savings bank than would have happened had the Company followed its normal allocation process. The delay in closing transactions and the maintenance of a higher proportion of escrow balances at the Company's federal savings bank, resulted in higher cash and deposit liability balances remaining at the Company's federal savings bank subsidiary at December 31, 2023.

The Company continually assesses its capital allocation strategy, including decisions relating to dividends, stock repurchases, capital expenditures, acquisitions and investments. In August 2023, the quarterly cash dividend was increased to 53 cents per common share, representing a 2% increase. The dividend increase was effective beginning with the September 2023 dividend. In January 2024, the Company's board of directors approved a first quarter cash dividend of 53 cents per common share. Management expects that the Company will continue to pay quarterly cash dividends at or above the current level. The timing, declaration and payment of future dividends, however, falls within the discretion of the Company's board of directors and will depend upon many factors, including the Company's financial condition and earnings, the capital requirements of the Company's businesses, restrictions imposed by applicable law and any other factors the board of directors deems relevant from time to time.

The Company maintains a stock repurchase plan with authorization up to $400.0 million, of which $213.8 million remained as of December 31, 2023. Purchases may be made from time to time by the Company in the open market at prevailing market prices or in privately negotiated transactions. During the year ended December 31, 2023, the Company repurchased and retired 1.3 million shares of its common stock for a total purchase price of $72.7 million and, as of December 31, 2023, had cumulatively repurchased and retired 3.5 million shares of its common stock for a total purchase price of $186.2 million.

Holding company. First American Financial Corporation is a holding company that conducts all of its operations through its subsidiaries. The holding company's current cash requirements include payments of principal and interest on its debt, taxes, payments in connection with employee benefit plans, dividends on its common stock and other expenses. The holding company is dependent upon dividends and other payments from its operating subsidiaries to meet its cash requirements. The Company's target is to maintain a cash balance at the holding company equal to at least twelve months of estimated cash requirements. At certain points in time, the actual cash balance at the holding company may vary from this target due to, among other factors, the timing and amount of cash payments made and dividend payments received. Pursuant to insurance and other regulations under which the Company's insurance subsidiaries operate, the amount of dividends, loans and advances available to the holding company is limited, principally for the protection of policyholders. As of December 31, 2023, under such regulations, the maximum amount available to the holding company from its insurance subsidiaries for 2024, without prior approval from applicable regulators, was dividends of $614.7 million and loans and advances of $108.3 million. However, the timing and amount of dividends paid by the Company's insurance subsidiaries to the holding company falls within the discretion of each insurance subsidiary's board of directors and will depend upon many factors, including the level of total statutory capital and surplus required to support minimum financial strength ratings by certain rating agencies. Such restrictions have not had, nor are they expected to have, an impact on the holding company's ability to meet its cash obligations.

As of December 31, 2023, the holding company's sources of liquidity included $179.3 million of cash and cash equivalents and $900.0 million available on the Company's revolving credit facility. Management believes that liquidity at the holding company is sufficient to satisfy anticipated cash requirements and obligations for at least the next twelve months.

On February 1, 2023, the Company repaid its $250 million 4.30% senior unsecured notes, upon maturity, through available cash at the holding company.

The Company expects to repay its $300.0 million 4.60% senior unsecured notes due November 15, 2024, upon maturity, through available cash at the holding company or through borrowings under its credit facility.

Financing. In May 2023, the Company entered into a senior unsecured credit agreement with JPMorgan Chase Bank, N.A., in its capacity as administrative agent, and the lenders party thereto that provides for a $900.0 million revolving credit facility. The credit agreement includes an expansion option that permits the Company, subject to satisfaction of certain conditions, to increase the revolving commitments and/or add term loan tranches in an aggregate amount not to exceed $450.0 million. The obligations of the Company under the credit agreement are neither secured nor guaranteed. Proceeds from borrowings made from time to time under the credit agreement may be used for general corporate purposes. Unless terminated earlier, the credit agreement will terminate on May 17, 2028. Upon entry into the credit agreement, the previous $700.0 million senior unsecured credit agreement was terminated. At December 31, 2023, the Company had no outstanding borrowings under the facility.

At the Company's election, borrowings of revolving loans under the credit agreement bear interest at (a) the Alternate Base Rate plus the applicable spread, (b) the Adjusted Term SOFR Rate plus the applicable spread, or (c) the Adjusted Daily Simple SOFR plus the applicable spread (in each case as defined in the credit agreement). The Company may select interest periods of one, three or six months for Adjusted Term SOFR Rate borrowings of loans. The applicable spread varies depending upon the Debt Rating assigned by Moody's Investor Service, Inc., Standard & Poor's Rating Services and/or Fitch Ratings Inc. The minimum applicable spread for Alternate Base Rate borrowings is 0.125% and the maximum is 0.75%. The minimum applicable spread for Adjusted Term SOFR Rate and Adjusted Daily Simple SOFR borrowings is 1.125% and the maximum is 1.75%. The Alternate Base Rate is subject to a floor of 1.00% and the Adjusted Term SOFR Rate and the Adjusted Daily Simple SOFR are each subject to a floor of 0.00%. The rate of interest on any term loans incurred in connection with the expansion option will be established at or about the time such loans are made and may differ from the rate of interest on revolving loans.

The credit agreement includes representations and warranties, reporting covenants, affirmative covenants, negative covenants, financial covenants and events of default customary for financings of this type. Upon the occurrence of an event of default the lenders may accelerate the loans. Upon the occurrence of certain insolvency and bankruptcy events of default the loans will automatically accelerate. As of December 31, 2023, the Company was in compliance with the financial covenants under the credit agreement.

In addition to amounts available under its credit facility, certain subsidiaries of the Company maintain separate financing arrangements. The primary financing arrangements maintained by subsidiaries of the Company are as follows:

- FirstFunding, Inc., a specialized warehouse lender to correspondent mortgage lenders, maintains secured warehouse lending facilities with several banking institutions. At December 31, 2023, outstanding borrowings under these facilities totaled $553.3 million.
- First American Trust, FSB ("FA Trust"), a federal savings bank, maintains a secured line of credit with the Federal Home Loan Bank and maintains access to the Federal Reserve's Discount Window and Bank Term Funding Program. At December 31, 2023, no amounts were outstanding under any of these facilities.
- First Canadian Title Company Limited, a Canadian title insurance and services company, maintains credit facilities with certain Canadian banking institutions. At December 31, 2023, no amounts were outstanding under these facilities.

The Company's debt to capitalization ratios were 28.6% and 30.0% at December 31, 2023 and 2022, respectively. The Company's adjusted debt to capitalization ratios, excluding secured financings payable of $553.3 million and $366.3 million and accumulated other comprehensive loss of $655.8 million and $868.9 million at December 31, 2023 and 2022, were 20.2% and 22.9%, respectively.

Investment portfolio. The Company maintains a high quality, liquid portfolio of debt and marketable equity securities that is primarily held at its insurance and banking subsidiaries. As of December 31, 2023, 94% of the Company's investment portfolio consisted of debt securities, of which 65% were either United States government-backed or rated AAA/Aaa and 97% were either rated or classified as investment grade or better. Percentages are based on the estimated fair values of the securities. Credit ratings reflect published ratings obtained from globally recognized securities rating agencies. If a security was rated differently among the rating agencies, the lowest rating was selected. For further information on the credit quality of the Company's debt securities portfolio at December 31, 2023, see Note 3 Debt Securities to the consolidated financial statements.

In addition to its debt and marketable equity securities portfolio, the Company maintains investments in non-marketable equity securities and securities accounted for under the equity method. For further information on the Company's equity securities, see Note 4 Equity Securities to the consolidated financial statements.

Capital expenditures. Capital expenditures, which are primarily related to software development costs and purchases of property and equipment and software licenses, totaled $278.7 million, $274.9 million and $172.1 million for 2023, 2022 and 2021, respectively.

Off-balance sheet arrangements. The Company administers escrow deposits and trust assets as a service to customers in its direct title operations. Escrow deposits totaled $10.6 billion and $10.0 billion at December 31, 2023 and 2022, respectively, of which $6.3 billion and $4.6 billion, respectively, were held at FA Trust. The remaining deposits were held at third-party financial institutions.

Trust assets held or managed by FA Trust totaled $4.4 billion and $4.1 billion at December 31, 2023 and 2022, respectively. Escrow deposits held at third-party financial institutions and trust assets are not considered assets of the Company and, therefore, are not included in the accompanying consolidated balance sheets. All such amounts are placed in deposit accounts insured, up to applicable limits, by the Federal Deposit Insurance Corporation. The Company could be held contingently liable for the disposition of these assets.

In conducting its operations, the Company often holds customers' assets in escrow, pending completion of real estate transactions and, as a result, the Company has ongoing programs for realizing economic benefits with various financial institutions. The results from these programs are included as income or a reduction in expense, as appropriate, in the consolidated statements of income based on the nature of the arrangement and benefit received.

The Company facilitates tax-deferred property exchanges for customers pursuant to Section 1031 of the Internal Revenue Code and tax-deferred reverse exchanges pursuant to Revenue Procedure 2000-37. As a facilitator and intermediary, the Company holds the proceeds from sales transactions and takes temporary title to property identified by the customer to be acquired with such proceeds. Upon the completion of each such exchange, the identified property is transferred to the customer or, if the exchange does not take place, an amount equal to the sales proceeds or, in the case of a reverse exchange, title to the property held by the Company is transferred to the customer. Like-kind exchange funds administered by the Company totaled $1.8 billion and $2.8 billion at December 31, 2023 and 2022, respectively. The like-kind exchange deposits are held at third-party financial institutions and, due to the structure utilized to facilitate these transactions, the proceeds and property are not considered assets of the Company and, therefore, are not included in the accompanying consolidated balance sheets. All such amounts are placed in deposit accounts insured, up to applicable limits, by the Federal Deposit Insurance Corporation. The Company could be held contingently liable to the customer for the transfers of property, disbursements of proceeds and the returns on such proceeds.

In conducting its residential mortgage loan subservicing operations, the Company administers cash deposits on behalf of its clients. Cash deposits totaled $0.8 billion and $1.1 billion at December 31, 2023 and 2022, respectively, of which $0.5 billion and $0.7 billion, respectively, were held at FA Trust. The remaining deposits were held at third-party financial institutions. Cash deposits held at third-party financial institutions are not considered assets of the Company and, therefore, are not included in the accompanying consolidated balance sheets. All such amounts are placed in deposit accounts insured, up to applicable limits, by the Federal Deposit Insurance Corporation. The Company could be held contingently liable for the disposition of these assets. In connection with certain accounts, the Company has ongoing programs for realizing economic benefits with various financial institutions whereby it earns economic benefits either as income or as a reduction in expense.

Deposit balances held at FA Trust are temporarily invested in cash and cash equivalents and debt securities, with offsetting liabilities included in deposits in the accompanying consolidated balance sheets.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company's assets and liabilities include financial instruments subject to the risk of loss from adverse changes in market rates and prices. The Company's primary market risk exposures relate to interest rate risk, equity price risk, foreign currency risk and credit risk.

The Company manages its primary market risk exposures through an investment committee made up of certain senior executives which is advised by an experienced investment management staff.

While the hypothetical scenarios below are considered to be near-term reasonably possible changes demonstrating potential risk, they are for illustrative purposes only and do not reflect the Company's expectations about future market changes.

Interest Rate Risk

The Company monitors its risk associated with fluctuations in interest rates and makes investment decisions to manage accordingly. The Company does not currently use derivative financial instruments in any material amount to hedge these risks.

The Company's exposure to interest rate changes primarily results from the Company's significant portfolio of debt securities, which includes a high proportion of fixed-income securities, and from its financing activities. In general, the fair value of a fixed-income security increases or decreases inversely with a change in market interest rates. The Company also considers its investments in preferred stock to be exposed to interest rate risk. The fair values of the Company's debt securities portfolio at December 31, 2023 and 2022 were $7.2 billion and $8.2 billion, respectively. One means of assessing the exposure of the Company's debt securities portfolio to interest rate changes is a duration-based analysis that measures the potential changes in fair value resulting from a hypothetical parallel and instantaneous shift in interest rates across all maturities. Under this model, with all other factors held constant, the Company estimates that increases in interest rates of 100 and 200 basis points could cause the fair value of its debt securities portfolio (including investments in preferred stock) at December 31, 2023 to decrease by approximately $337.1 million, or 4.7%, and $675.0 million, or 9.4%, respectively, and at December 31, 2022 to decrease by approximately $391.9 million, or 4.8%, and $782.1 million, or 9.6%, respectively.

With respect to adjustable-rate debt, the Company is primarily exposed to the effects of changes in prevailing interest rates through its variable-rate credit facility and its interest bearing escrow deposit liabilities. As of December 31, 2023 and 2022, the Company had no outstanding borrowings under its credit facility. Assuming the full utilization of available funds under the facility of $900.0 million and $700.0 million at December 31, 2023 and 2022, respectively, and assuming that the borrowings were outstanding for the entire year, increases of 50 and 100 basis points in the prevailing interest rate on the Company's credit facility would result in increases in interest expense of $4.5 million and $9.0 million, respectively, for 2023 and increases of $3.5 million and $7.0 million, respectively, for 2022.

The Company's interest bearing escrow and mortgage loan subservicing deposit liabilities totaled $2.5 billion and $3.3 billion at December 31, 2023 and 2022, respectively. These variable-rate customer savings accounts are subject to market rate fluctuations. The weighted-average interest rates were 2.08% and 0.50% for 2023 and 2022, respectively. Assuming increases in interest rates of 25 and 50 basis points and that the deposit amounts at December 31, 2023 and 2022 were held constant for the entire year, interest expense for 2023 would be higher by $6.4 million and $12.7 million, respectively, and 2022 would be higher by $8.1 million and $16.3 million, respectively.

Equity Price Risk

The Company is also subject to equity price risk related to its marketable equity securities portfolio. The fair value of the Company's marketable equity securities portfolio (excluding preferred stock of $12.4 million and $11.4 million) was $424.5 million and $268.1 million as of December 31, 2023 and 2022, respectively. Assuming broad-based declines in equity market prices of 10% and 20%, with all other factors held constant, the fair value of the Company's marketable equity securities portfolio at December 31, 2023 could decrease by $42.5 million and $84.9 million, respectively, and at December 31, 2022 could decrease by $26.8 million and $53.6 million, respectively.

Foreign Currency Risk

Although the Company has exchange rate risk for its operations in certain foreign countries, this risk is not material to the Company's financial condition or results of operations. The Company does not currently use derivative financial instruments in any material amount to hedge its foreign exchange risk.

Credit Risk

The Company's debt securities portfolio is subject to credit risk. The Company manages its credit risk through actively monitoring issuer financial reports, credit spreads, security pricing and credit rating migration. Further, diversification and concentration limits by asset type and credit rating are established and monitored by the Company's investment committee.

The Company holds a large concentration in U.S. government agency securities, including agency mortgage-backed securities. In the event of discontinued U.S. government support of its federal agencies, material credit risk could be observed in the portfolio. The Company views that scenario as unlikely but possible.

The Company's debt securities portfolio maintains an average credit quality rating of AA. For further information on the credit quality of the Company's debt securities portfolio at December 31, 2023, see Note 3 Debt Securities to the consolidated financial statements.

Item 8. Financial Statements and Supplementary Data

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Financial statement schedules not listed are either omitted because they are not applicable or the required information is shown in the consolidated financial statements or in the notes thereto.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of First American Financial Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of First American Financial Corporation and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of income, of comprehensive income, of equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes and financial statement schedules listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of the Incurred But Not Reported Loss Reserve - Title Claims

As described in Notes 1 and 11 to the consolidated financial statements, as of December 31, 2023, approximately $1.187 billion of the Company's reserve for known and incurred but not reported claims represented the incurred but not reported ("IBNR") loss reserve balance for the title insurance and services segment. Management provides for title insurance losses through a charge to expense when the related premium revenue is recognized. The amount charged to expense is generally determined by applying a loss provision rate to total title insurance premiums and escrow fees. Management estimates the loss provision rate at the beginning of each year and reassesses the rate quarterly, which involves an evaluation of the results of an in-house actuarial review.

The Company's in-house actuary performs a reserve analysis utilizing generally accepted actuarial methods that incorporate cumulative historical claims experience and loss development factors. For recent policy years at early stages of development (generally the last three years), IBNR is generally estimated using a combination of expected loss rate and multiplicative loss development factor calculations. For more mature policy years, IBNR generally is estimated using multiplicative loss development factor calculations. Current economic and business trends are also reviewed and used in the reserve analysis. These include conditions in the real estate and mortgage markets, changes in residential and commercial real estate values, and changes in the levels of defaults and foreclosures that may affect claims levels and patterns of emergence, as well as any company-specific factors that may be relevant to past and future claims experience.

The principal considerations for our determination that performing procedures relating to the valuation of the IBNR loss reserve - title claims is a critical audit matter are the significant judgment by management when developing their estimate of the IBNR loss reserve, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the actuarial methods, which included significant assumptions related to loss development factors and expected loss rate. Also, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's valuation of the IBNR loss reserve - title claims, including controls over the selection of actuarial methods and development of significant assumptions related to loss development factors and expected loss rate. For certain product lines, these procedures also included, among others, the involvement of professionals with specialized skill and knowledge to assist in developing an independent estimate of the IBNR loss reserve for title claims, on a test basis, and comparison of this independent estimate to management's actuarially determined reserve. Developing the independent estimate involved testing the completeness and accuracy of data provided by management. For other product lines, procedures also included, among others, testing the completeness and accuracy of data provided by management and the involvement of professionals with specialized skill and knowledge to assist in evaluating the appropriateness of management's actuarial methods and evaluating the reasonableness of assumptions related to loss development factors and expected loss rate used in those methods.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
February 20, 2024

We have served as the Company's auditor since 2009.

FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS
(in millions, except for par values)

	December 31,	
	2023	2022
ASSETS		
Cash and cash equivalents	$ 3,605.3	$ 1,223.5
Accounts and accrued income receivable, less allowances for credit losses of $21.8 and $21.3	509.4	367.1
Income taxes receivable	75.7	22.0
Investments:		
Deposits with banks	55.8	63.4
Debt securities (amortized cost of $7,895.2 and $9,169.6; pledged of $107.0 and $86.0)	7,157.5	8,169.6
Equity securities	735.6	754.2
	7,948.9	8,987.2
Secured financings receivable	636.5	422.7
Property and equipment, net	749.6	636.9
Operating lease assets	229.3	248.0
Title plants and other indexes	652.4	639.8
Deferred income taxes	50.1	54.5
Goodwill	1,807.5	1,798.2
Other intangible assets, net	153.8	193.8
Other assets	384.3	361.6
	$ 16,802.8	$ 14,955.3
LIABILITIES AND EQUITY		
Deposits	$ 7,308.0	$ 5,519.7
Accounts payable and accrued liabilities:		
Accounts payable	63.3	51.0
Personnel costs	256.6	298.8
Pension costs and other retirement plans	399.2	390.8
Other	160.4	183.9
	879.5	924.5
Deferred revenue	196.8	196.9
Reserve for known and incurred but not reported claims	1,282.4	1,325.3
Income taxes payable	15.9	10.0
Deferred income taxes	63.6	16.3
Operating lease liabilities	246.6	269.3
Secured financings payable	553.3	366.3
Notes and contracts payable	1,393.9	1,645.8
	11,940.0	10,274.1
Commitments and contingencies (Note 21)		
Stockholders' equity:		
Preferred stock, $0.00001 par value; Authorized—0.5 shares; Outstanding—none	—	—
Common stock, $0.00001 par value; Authorized—300.0 shares; Outstanding—103.1 shares and 103.2 shares	—	—
Additional paid-in capital	1,793.3	1,812.4
Retained earnings	3,710.6	3,714.3
Accumulated other comprehensive loss	(655.8)	(868.9)
Total stockholders' equity	4,848.1	4,657.8
Noncontrolling interests	14.7	23.4
Total equity	4,862.8	4,681.2
	$ 16,802.8	$ 14,955.3

See Notes to Consolidated Financial Statements

FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share amounts)

	Year Ended December 31,		
	2023	2022	2021
Revenues:			
Direct premiums and escrow fees	$ 2,252.1	$ 3,084.8	$ 3,598.4
Agent premiums	2,449.3	3,547.6	3,757.1
Information and other	938.5	1,148.5	1,214.9
Net investment income	570.0	340.1	214.8
Net investment (losses) gains (realized of $(80.9), $(85.4), $20.3)	(206.4)	(515.8)	435.6
	6,003.5	7,605.2	9,220.8
Expenses:			
Personnel costs	1,989.1	2,339.6	2,350.3
Premiums retained by agents	1,952.2	2,829.7	2,986.6
Other operating expenses	1,067.0	1,272.3	1,322.9
Provision for policy losses and other claims	336.3	486.3	588.7
Depreciation and amortization	188.5	167.5	158.4
Premium taxes	63.5	91.1	100.2
Interest	132.5	93.0	72.4
	5,729.1	7,279.5	7,579.5
Income before income taxes	274.4	325.7	1,641.3
Income taxes	58.9	60.4	392.2
Net income	215.5	265.3	1,249.1
Less: Net (loss) income attributable to noncontrolling interests	(1.3)	2.3	8.0
Net income attributable to the Company	$ 216.8	$ 263.0	$ 1,241.1
Net income per share attributable to the Company's stockholders:			
Basic	$ 2.08	$ 2.46	$ 11.18
Diluted	$ 2.07	$ 2.45	$ 11.14
Cash dividends per share	$ 2.10	$ 2.06	$ 1.94
Weighted-average common shares outstanding:			
Basic	104.3	107.0	111.0
Diluted	104.6	107.3	111.4

See Notes to Consolidated Financial Statements

FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	Year Ended December 31,		
	2023	2022	2021
Net income	$ 215.5	$ 265.3	$ 1,249.1
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on securities	198.0	(780.9)	(142.1)
Unrealized losses on debt securities for which credit-related portion was recognized in earnings	—	—	(0.4)
Foreign currency translation adjustment	17.2	(42.2)	(1.9)
Pension benefit adjustment	(2.1)	46.6	12.4
Total other comprehensive income (loss), net of tax	213.1	(776.5)	(132.0)
Comprehensive income (loss)	428.6	(511.2)	1,117.1
Less: Comprehensive (loss) income attributable to noncontrolling interests	(1.3)	2.3	8.0
Comprehensive income (loss) attributable to the Company	$ 429.9	$ (513.5)	$ 1,109.1

See Notes to Consolidated Financial Statements

FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF EQUITY
(in millions)

	First American Financial Corporation Stockholders							
	Shares	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total stockholders' equity	Noncontrolling interests	Total
Balance at December 31, 2020	110.4	$ —	$ 2,214.9	$ 2,648.5	$ 39.6	$ 4,903.0	$ 11.6	$ 4,914.6
Net income	—	—	—	1,241.1	—	1,241.1	8.0	1,249.1
Dividends on common shares	—	—	—	(213.0)	—	(213.0)	—	(213.0)
Repurchases of Company shares	(1.7)	—	(99.2)	—	—	(99.2)	—	(99.2)
Shares issued in connection with share-based compensation	1.0	—	10.0	(3.7)	—	6.3	—	6.3
Share-based compensation	—	—	53.6	—	—	53.6	—	53.6
Net activity related to noncontrolling interests	—	—	(0.1)	—	—	(0.1)	(3.5)	(3.6)
Other comprehensive loss	—	—	—	—	(132.0)	(132.0)	—	(132.0)
Balance at December 31, 2021	109.7	—	2,179.2	3,672.9	(92.4)	5,759.7	16.1	5,775.8
Net income	—	—	—	263.0	—	263.0	2.3	265.3
Dividends on common shares	—	—	—	(217.5)	—	(217.5)	—	(217.5)
Repurchases of Company shares	(7.5)	—	(440.7)	—	—	(440.7)	—	(440.7)
Shares issued in connection with share-based compensation	1.0	—	6.6	(4.1)	—	2.5	—	2.5
Share-based compensation	—	—	67.3	—	—	67.3	—	67.3
Net activity related to noncontrolling interests	—	—	—	—	—	—	5.0	5.0
Other comprehensive loss	—	—	—	—	(776.5)	(776.5)	—	(776.5)
Balance at December 31, 2022	103.2	—	1,812.4	3,714.3	(868.9)	4,657.8	23.4	4,681.2
Net income	—	—	—	216.8	—	216.8	(1.3)	215.5
Dividends on common shares	—	—	—	(216.6)	—	(216.6)	—	(216.6)
Repurchases of Company shares	(1.3)	—	(72.8)	—	—	(72.8)	—	(72.8)
Shares issued in connection with share-based compensation	1.2	—	4.3	(3.9)	—	0.4	—	0.4
Share-based compensation	—	—	49.1	—	—	49.1	—	49.1
Net activity related to noncontrolling interests	—	—	0.3	—	—	0.3	(7.4)	(7.1)
Other comprehensive income	—	—	—	—	213.1	213.1	—	213.1
Balance at December 31, 2023	103.1	$ —	$ 1,793.3	$ 3,710.6	$ (655.8)	$ 4,848.1	$ 14.7	$ 4,862.8

See Notes to Consolidated Financial Statements

FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year Ended December 31,		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 215.5	$ 265.3	$ 1,249.1
Adjustments to reconcile net income to cash provided by operating activities:			
Provision for policy losses and other claims	336.3	486.3	588.7
Depreciation and amortization	188.5	167.5	158.4
Amortization of premiums and accretion of discounts on debt securities, net	8.6	18.8	46.7
Net investment losses (gains)	206.4	515.8	(435.6)
Share-based compensation	49.1	67.3	53.6
Equity in earnings of affiliates, net	(5.4)	(11.0)	(6.9)
Dividends from equity method investments	6.5	11.2	12.2
Changes in assets and liabilities excluding effects of acquisitions and noncash transactions:			
Claims paid, including assets acquired, net of recoveries	(381.8)	(434.3)	(482.3)
Net change in income tax accounts	(60.8)	(130.0)	53.0
(Increase) decrease in accounts and accrued income receivable	(159.1)	82.7	(48.2)
(Decrease) increase in accounts payable and accrued liabilities	(51.9)	(265.9)	115.0
Decrease in deferred revenue	(0.1)	(27.9)	(47.1)
Other, net	2.5	31.8	(36.7)
Cash provided by operating activities	354.3	777.6	1,219.9
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions/dispositions, net of cash acquired/divested	(24.7)	(277.5)	(186.8)
Net decrease (increase) in deposits with banks	7.9	(7.7)	(15.0)
Purchases of debt securities	(1,287.8)	(2,980.0)	(6,138.2)
Proceeds from sales of debt securities	1,676.9	1,753.3	1,070.7
Proceeds from maturities of debt securities	812.3	1,171.0	1,864.0
Purchases of equity securities	(170.7)	(157.1)	(198.4)
Proceeds from sales of equity securities	71.0	241.4	171.8
Net change in other investments	(11.6)	(6.8)	(11.7)
Advances under secured financing agreements	(13,309.9)	(15,657.8)	(25,926.2)
Collections of secured financings receivable	13,097.2	15,778.2	26,109.4
Capital expenditures	(263.4)	(259.8)	(160.5)
Proceeds from sales of property and equipment	0.1	6.8	17.8
Proceeds from insurance settlement	2.2	3.0	10.0
Cash provided by (used for) investing activities	599.5	(393.0)	(3,393.1)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net change in deposits	1,788.3	451.1	1,791.7
Borrowings under secured financing agreements	13,383.7	15,532.6	24,602.1
Repayments of secured financings payable	(13,196.7)	(15,695.3)	(24,593.0)
Net proceeds from issuance of unsecured senior notes	—	—	641.9
Repayment of senior unsecured notes	(250.0)	—	—
Repayments of other notes and contracts payable	(6.2)	(6.9)	(6.4)
Net activity related to noncontrolling interests	(7.1)	(2.2)	(4.3)
Net proceeds in connection with share-based compensation	0.4	2.5	6.3
Repurchases of Company shares	(72.7)	(440.7)	(99.2)
Payments of cash dividends	(216.6)	(217.5)	(213.0)
Cash provided by (used for) financing activities	1,423.1	(376.4)	2,126.1
Effect of exchange rate changes on cash	4.9	(12.7)	(0.4)
Net increase (decrease) in cash and cash equivalents	2,381.8	(4.5)	(47.5)
Cash and cash equivalents—Beginning of year	1,223.5	1,228.0	1,275.5
Cash and cash equivalents—End of year	$ 3,605.3	$ 1,223.5	$ 1,228.0
SUPPLEMENTAL INFORMATION:			
Cash paid during the year for:			
Interest	$ 124.2	$ 86.5	$ 63.5
Premium taxes	$ 84.2	$ 112.6	$ 86.1
Income taxes	$ 121.0	$ 191.1	$ 339.7

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. Basis of Presentation and Significant Accounting Policies:

First American Financial Corporation (the "Company"), through its subsidiaries, is engaged in the business of providing financial services. The Company consists of the following reportable segments:

- The title insurance and services segment issues title insurance policies on residential and commercial property in the United States and offers similar or related products and services internationally. This segment also provides closing and/or escrow services; accommodates tax-deferred exchanges of real estate; provides products, services and solutions designed to mitigate risk or otherwise facilitate real estate transactions; maintains, manages and provides access to title plant data and records; provides appraisals and other valuation-related products and services; provides lien release, document custodial and default-related products and services; provides document generation services; provides warehouse lending services; subservices mortgage loans; and provides banking, trust and wealth management services. The Company, through its principal title insurance subsidiary and such subsidiary's affiliates, transacts its title insurance business through a network of direct operations and agents. Through this network, the Company issues policies in the 49 states that permit the issuance of title insurance policies, the District of Columbia and certain United States territories. The Company also offers title insurance, closing services and similar or related products and services, either directly or through third parties in other countries, including Canada, the United Kingdom, Australia, New Zealand, South Korea and various other established and emerging markets.

- During 2023, the Company changed the name of its specialty insurance segment to the home warranty segment. In connection with this change, the Company reclassified all current year and prior year operating results related to the Company's property and casualty insurance business, which no longer has policies in force, to the corporate segment. The home warranty segment sells products including residential service contracts that cover residential systems, such as heating and air conditioning systems, and certain appliances against failures that occur as the result of normal usage during the coverage period. This business currently operates in 36 states and the District of Columbia.

- The corporate segment includes investments in venture-stage companies, operating results of the property and casualty insurance business (as noted above), certain financing facilities and corporate services that support the Company's business operations.

Principles of Consolidation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") and reflect the consolidated operations of the Company. The consolidated financial statements include the accounts of First American Financial Corporation and all controlled subsidiaries. All significant intercompany transactions and balances have been eliminated. Equity investments in which the Company exercises significant influence, but does not control and is not the primary beneficiary, are accounted for using the equity method of accounting. Equity investments in which the Company does not exercise significant influence over the investee and without readily determinable fair values, or non-marketable equity securities, are accounted for at cost, less impairment, and are adjusted up or down for any observable price changes.

Revisions and out-of-period adjustments

During the fourth quarter of 2023, the Company identified deferred compensation agreements with certain former employees who have been receiving benefit payments from the Company for which it has understated its obligation to make future benefit payments. As this error primarily related to reporting periods prior to 2020, the Company corrected for this error by revising retained earnings at December 31, 2020, 2021 and 2022 in the consolidated statements of equity, and by revising pension costs and other retirement plans liability, deferred income tax liabilities and retained earnings in the consolidated balance sheet at December 31, 2022. The impact of this revision, which has been consistently applied to all periods presented, included decreases to retained earnings and deferred income tax liabilities of $7.0 million and $2.5 million, respectively, and an increase to pension costs and other retirement plans liability of $9.5 million.

The Company does not consider this adjustment to be material to any previously issued consolidated financial statements.

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the statements. Actual results could differ from the estimates and assumptions used.

Cash equivalents

The Company considers cash equivalents to include all unrestricted short-term investments that have an initial maturity of 90 days or less.

Accounts and accrued income receivable

Accounts receivable are generally due within thirty days and are recorded net of an allowance for credit losses. The Company considers accounts outstanding longer than the contractual payment terms as past due. The Company determines the allowance by considering a number of factors, including the length of time trade accounts receivable are past due, previous loss history, a specific customer's ability to pay its obligations to the Company and the current condition, and future expectations, of the general economy and industry as a whole. Amounts are written off in the period in which they are deemed to be uncollectible.

The Company's policy is to present accrued interest receivable on financial assets measured at amortized cost within accounts and accrued income receivable on the balance sheet. Accrued interest receivable at December 31, 2023 and 2022 totaled $24.5 million and $17.1 million, respectively. The Company has elected to not measure an allowance for credit losses for accrued interest receivable and maintains a policy that all receivables ninety days past due are written off to credit loss expense. Accounts are placed on non-accrual status, and accrual of interest is discontinued, when management determines that collectibility of contractual amounts is not reasonably assured. Payments of interest for accounts in non-accrual status are applied under the cost recovery method.

Deposits with banks

Deposits with banks are short-term investments with initial maturities of generally more than 90 days.

Debt securities

Debt securities are carried at fair value and consist primarily of investments in obligations of the United States Treasury, foreign governments, various U.S. and foreign corporations, certain state and political subdivisions and mortgage-backed securities. The Company classifies its debt securities as available-for-sale with unrealized gains or losses recorded as a component of accumulated other comprehensive income/loss.

Interest income, as well as the related amortization of premium and accretion of discount, on debt securities are recognized under the effective yield method and are included in the accompanying consolidated statements of income in net investment income. Realized gains and losses on sales of debt securities are determined on a first-in, first-out basis.

When the fair value of an available-for-sale debt security falls below its amortized cost, entities must determine whether the decline in fair value is due to credit-related factors or noncredit-related factors. Declines in fair value that are credit-related are recorded on the balance sheet through an allowance for credit losses with a corresponding adjustment to earnings and declines that are noncredit-related are recognized through other comprehensive income/loss.

If the Company intends to sell a debt security in an unrealized loss position or determines that it is more likely than not that the Company will be required to sell a debt security before it recovers its amortized cost basis, the debt security is impaired and it is written down to fair value with all losses recognized in earnings. As of December 31, 2023, the Company did not intend to sell any debt securities in an unrealized loss position and it is not more likely than not that the Company will be required to sell any debt securities before recovery of their amortized cost basis.

For debt securities in an unrealized loss position for which the Company does not intend to sell the debt security and it is not more likely than not that the Company will be required to sell the debt security, the Company determines whether the loss is due to credit-related factors or noncredit-related factors. For debt securities in an unrealized loss position for which the losses are primarily due to credit-related factors, the Company's policy is to recognize the entire loss in earnings. For debt securities in an unrealized loss position for which the losses are determined to be the result of both credit-related and noncredit-related factors, the credit loss is determined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis of the debt security. The cash flows expected to be collected are discounted using the effective interest rate (i.e., purchase yield) and for variable rate securities the interest rate is fixed at the rate in effect at the credit loss measurement date.

Expected future cash flows for debt securities are based on qualitative and quantitative factors specific to each security, including the probability of default and the estimated timing and amount of recovery. The detailed inputs used to project expected future cash flows may be different depending on the nature of the individual debt security.

The Company's policy is to present accrued interest receivable on debt securities within accounts and accrued income receivable on the balance sheet. Accrued interest receivable on debt securities at December 31, 2023 and 2022 totaled $35.1 million and $37.9 million, respectively. The Company has elected to not measure an allowance for accrued interest receivable on debt securities and maintains a policy that all receivables ninety days past due are written off to credit loss expense. Debt securities are placed on non-accrual status, and accrual of interest is discontinued, when management determines that collectibility of contractual amounts is not reasonably assured. Interest income is recognized on a cash basis for interest payments received on debt securities in non-accrual status.

The Company maintains investments in debt securities in accordance with certain statutory requirements for the funding of statutory premium reserves and state deposits. At December 31, 2023 and 2022, the fair values of such investments totaled $107.0 million and $86.0 million, respectively. See Note 2 Statutory Restrictions on Investments and Stockholders' Equity for additional discussion of the Company's statutory restrictions.

Equity securities

Marketable equity securities are carried at fair value and consist primarily of investments in exchange traded funds, mutual funds and preferred stocks of corporate entities. Changes in the fair values of the Company's equity securities are recognized in net investment gains/losses on the consolidated statements of income.

Equity investments in which the Company exercises significant influence but does not control, and is not the primary beneficiary, are accounted for under the equity method of accounting. These investments are initially measured at cost and are generally adjusted by the Company's share of equity in the income or losses of the investee. The carrying values of these investments are written down, or impaired, to fair value when a decline in value is considered to be other-than-temporary. In making the determination as to whether an individual investment is impaired, the Company assesses the current and expected financial condition of each relevant entity, including, but not limited to, the results of valuation work performed with respect to the entity, the entity's anticipated ability to generate sufficient cash flows and the market conditions in the industry in which the entity is operating.

The Company has elected to measure its non-marketable equity securities in which it does not exercise significant influence over the investee and without readily determinable fair values at cost, less impairment, adjusted up or down for any observable price changes from orderly transactions for the identical or a similar investment of the same issuer. The carrying values of these investments are written down, or impaired, to fair value when a qualitative assessment indicates that the fair value is less than the carrying value. In making the determination as to whether an individual investment is impaired, the Company assesses such qualitative factors as the current and expected financial condition of each relevant entity, the market conditions in the industry in which the entity operates and the entity's anticipated ability to generate sufficient cash flows.

Notes Receivable

Notes receivable are carried at cost, less allowance for credit losses. An allowance for credit losses is established on an individual note based on the Company's estimate of the net amount expected to be collected. The allowance for credit losses is based upon the Company's assessment of the borrower's overall financial condition, resources and payment record; and, if appropriate, the realizable value of any collateral. These estimates consider all available evidence including the expected future cash flows, estimated fair value of collateral on secured notes, general economic conditions and trends, and other relevant factors, as appropriate. Notes are placed on non-accrual status when management determines that the collectibility of contractual amounts is not reasonably assured. Notes receivable at December 31, 2023 and 2022 totaled $22.4 million and $10.7 million, respectively. For the year ended December 31, 2022, the Company recorded $27.7 million in credit losses on notes receivable related to its venture investment portfolio. Notes receivable are included in other assets on the consolidated balance sheets.

Secured financings receivable and payable

Secured financings receivable, which are generated through the Company's warehouse lending operations, are collateralized by mortgage loans on residential real estate. The receivable balance at December 31, 2023, included two notes receivable from an investment company, further discussed below, and included amounts due to the Company from various mortgage loan originators. Collections of amounts due from mortgage loan originators occur upon sale of the underlying mortgage loans to investors in the secondary market, generally within 30 days and more typically in less than 10 days. No allowance for credit losses has been recorded on these receivables due to, among other factors, the Company typically identifying investors in the underlying mortgage loans prior to making advances, the short-term nature of these receivables and the lack of significant historical credit losses experienced by the Company. Interest income is recorded on an accrual basis during the period the principal balance remains outstanding.

As noted above, secured financings receivable includes is a promissory note receivable with an original principal balance of $202.6 million, dated September 30, 2022, and a promissory note receivable with an original principal balance of $153.1 million, dated February 28, 2023, both of which notes were received in exchange for the sale or transfer of mortgage loans to an investment company. The notes, which are collateralized by the underlying mortgage loans, have maturity dates of March 29, 2024 and August 31, 2024, respectively, and have extended maturity dates, at the option of the borrower, of September 30, 2024 and February 28, 2025, respectively. Interest accrues on the notes at the one month SOFR rate plus 1.90% per annum or, plus 2.10% per annum, during the extension period. At December 31, 2023, the net carrying amounts of each note totaled $170.3 million and $148.8 million, respectively, and, at December 31, 2022, totaled $186.9 million. Principal repayments on the notes are due as payments or prepayments on the underlying mortgage loans are collected by the borrower, upon meeting certain other terms as specified in the agreements, or upon maturity. No allowance for credit losses has been recorded on these notes as management does not expect to incur future credit losses.

Secured financings payable reflect borrowings under secured warehouse lending facilities with several banking institutions. Repayment of the warehouse borrowing occurs upon sale of the mortgage loan to investors as noted above. Interest expense is recorded during the period the borrowing remains outstanding.

Property and equipment

Buildings and furniture and equipment are initially recorded at cost and are generally depreciated using the straight-line method over estimated useful lives ranging from 3 to 40 years and from 3 to 15 years, respectively. Leasehold improvements are initially recorded at cost and are amortized over the lesser of the remaining term of the respective lease or the estimated useful life, using the straight-line method. Computer software developed for internal use and for use with the Company's products is amortized over estimated useful lives ranging from 2 to 15 years using the straight-line method. Software development and implementation costs, which include certain payroll-related costs of employees directly associated with developing or implementing software and payments to third parties directly associated with developing or implementing software are capitalized during the application development or implementation stage until the software is ready for its intended use.

Management uses estimated future cash flows (undiscounted and excluding interest) to measure the recoverability of property and equipment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If the undiscounted cash flow analysis indicates that the carrying amount is not recoverable, an impairment loss is recorded for the excess of the carrying amount over its fair value.

Impairment losses on property and equipment for the years ended December 31, 2023, 2022 and 2021 were $1.1 million, $0.6 million and $4.8 million, respectively.

Leases

The Company is, generally, a lessee in leases of commercial real estate, including office buildings and office space, and also certain equipment. Most of the Company's leases of commercial real estate include one or more options to renew, with renewal terms that can extend the lease term from one to five years, and some leases include options to terminate the lease within the first year.

In connection with its lease commitments, the Company recognizes a lease liability equal to the present value of future lease payments discounted using its incremental borrowing rate and recognizes a lease asset equal to the lease liability, adjusted for any prepaid or accrued lease payments, lease incentives and initial direct costs.

As most of the Company's leases do not provide an implicit discount rate, the Company applies its incremental borrowing rate, which is based on the information available as of the commencement date, in determining the present value of its lease payments.

The Company does not separately account for nonlease components (e.g., common-area maintenance costs) from the associated lease components (e.g., fixed payments including rent, real estate taxes and insurance costs) on leases of commercial real estate and instead accounts for both components as a single lease component for purposes of recognizing lease assets and liabilities. Variable lease costs, which include any variable lease and nonlease components and rents that vary based on changes to an index or rate, are expensed as incurred.

The Company excludes any leases with an initial term of 12 months or less from recognition on the balance sheet and for which lease expense is recognized on a straight-line basis over the lease term.

Management recognizes an impairment loss when the carrying amount of a lease asset is not recoverable and exceeds its fair value. The carrying amount is considered not recoverable if it exceeds the sum of the undiscounted future cash flows that are directly associated with, and that are expected to arise as a result of, the use and eventual disposition of the lease asset. An impairment loss is measured as the amount by which the carrying amount of a lease asset exceeds its fair value. Impairment losses related to the Company's commercial real estate may occur if the Company ceased use of all, or a portion, of a leased property while a contractual obligation remains. Impairment losses related to commercial real estate leases were immaterial for the years ended December 31, 2023 and 2021, and totaled $2.6 million for the year ended December 31, 2022.

For further information on the Company's leasing arrangements see Note 7 Leases.

Title plants and other indexes

Title plants are carried at cost, with the costs of daily maintenance (updating) charged to expense as incurred. Because properly maintained title plants have indefinite lives and do not diminish in value with the passage of time, no provision has been made for depreciation or amortization. The Company analyzes its title plants at least annually for impairment. This analysis includes, but is not limited to, the effects of obsolescence, duplication, demand and other economic factors. Capitalized real estate data is initially recorded at cost and is amortized using the straight-line method over a 15 year estimated useful life.

Management uses estimated future cash flows (undiscounted and excluding interest) to measure the recoverability of title plants whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If the undiscounted cash flow analysis indicates that the carrying amount is not recoverable, an impairment loss is recorded for the excess of the carrying amount over its fair value.

Business Combinations

Amounts paid for acquisitions are allocated to the tangible and intangible assets acquired and liabilities assumed and are based on their estimated fair values at the date of acquisition. The excess of the fair value of purchase consideration over the fair values of the identifiable assets and liabilities is recorded as goodwill. Acquisition-related costs are expensed in the periods in which the costs are incurred. The results of operations of acquired businesses are included in the consolidated financial statements from the date of acquisition.

Goodwill Impairment

The Company is required to perform an annual goodwill impairment assessment for each reporting unit for which goodwill has been allocated. The reporting units that have been allocated goodwill include title insurance and home warranty. The Company's trust and other services reporting unit has no allocated goodwill and is, therefore, not assessed for impairment. The Company has elected to perform this annual assessment in the fourth quarter of each fiscal year or sooner if circumstances indicate possible impairment. Based on accounting guidance, the Company has the option to perform a qualitative assessment to determine if the fair value is more likely than not (i.e., a likelihood of greater than 50%) less than the carrying amount as a basis for determining whether it is necessary to perform a quantitative impairment test, or may choose to forego a qualitative assessment and perform a quantitative impairment test. The qualitative factors considered in this assessment may include macroeconomic conditions, industry and market considerations, overall financial performance as well as other relevant events and circumstances as determined by the Company. The Company evaluates the weight of each factor to determine whether it is more likely than not that impairment may exist. If the results of a qualitative assessment indicate the more likely than not threshold was not met, the Company may choose not to perform a quantitative impairment test. If, however, the more likely than not threshold is met, the Company will perform a quantitative test as required and discussed below.

Management's quantitative impairment testing compares the fair value of each reporting unit to its carrying amount. The fair value of each reporting unit is determined by using discounted cash flow analysis and, where appropriate, market approach valuations. If the fair value of the reporting unit exceeds its carrying amount, the goodwill is not considered impaired and no additional analysis is required. However, if the carrying amount is greater than the fair value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, with the loss recognized limited to the total amount of goodwill allocated to that reporting unit.

The quantitative impairment test for goodwill utilizes a variety of valuation techniques, all of which require the Company to make estimates and judgments. Fair value is determined by employing an expected present value technique, which utilizes expected cash flows and an appropriate discount rate. The use of comparative market multiples (the "market approach") compares the reporting unit to other comparable companies (if such comparables are present in the marketplace) based on valuation multiples to arrive at a fair value. In assessing the fair value, the Company utilizes the results of the valuations (including the market approach to the extent comparables are available) and considers the range of fair values determined under all methods and the extent to which the fair value exceeds the carrying amount of the reporting unit.

The valuation of each reporting unit includes the use of assumptions and estimates of many critical factors, including revenue growth rates and operating margins, discount rates and future market conditions, determination of market multiples and the establishment of a control premium, among others. Forecasts of future operations are based, in part, on operating results and the Company's expectations as to future market conditions. These types of analyses contain uncertainties because they require the Company to make assumptions and to apply judgments to estimate industry economic factors and the profitability of future business strategies. However, if actual results are not consistent with the Company's estimates and assumptions, the Company may be exposed to future impairment losses that could be material.

In 2023, the Company chose to perform a quantitative impairment test for its title insurance reporting unit and a qualitative assessment for its home warranty reporting unit. The Company performed qualitative assessments for both reporting units in 2022 and 2021. Based on the results of the quantitative test in 2023, the Company determined that the fair value for the title insurance reporting unit exceeded its carrying amount and no additional analysis was required. The results of the Company's qualitative assessment in 2023 for the home warranty reporting unit and the results of the qualitative assessments in 2022 and 2021 for both reporting units supported the conclusion that the reporting unit fair values were not more likely than not less than their carrying amounts and, therefore, a quantitative impairment test was not considered necessary. As a result of the Company's annual goodwill impairment assessments, the Company did not record any goodwill impairment losses for 2023, 2022 or 2021.

Other intangible assets

The Company's finite-lived intangible assets consist of customer relationships, noncompete agreements, trademarks, internal-use software licenses and patents. These assets are amortized on a straight-line basis over their useful lives ranging from 1 to 20 years and are subject to impairment assessments when there is an indication of a triggering event or abandonment. The Company's indefinite-lived other intangible assets consist of licenses which are not amortized but rather assessed for impairment by comparing the fair values to carrying amounts at least annually, and when an indicator of potential impairment has occurred.

Management uses estimated future cash flows (undiscounted and excluding interest) to measure the recoverability of intangible assets with finite lives, whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. If the undiscounted cash flow analysis indicates that the carrying amount is not recoverable, an impairment loss is recorded for the excess of the carrying amount over its fair value. Management's impairment assessment for indefinite-lived other intangible assets include a valuation using a discounted cash flow analysis or through a market approach. If the fair value exceeds its carrying amount, the asset is not considered impaired and no additional analysis is required. However, if the carrying amount is greater than the fair value, an impairment loss is recorded equal to the excess.

Reserve for known and incurred but not reported claims

The Company provides for title insurance losses through a charge to expense when the related premium revenue is recognized. The amount charged to expense is generally determined by applying a rate (the loss provision rate) to total title insurance premiums and escrow fees. The Company's management estimates the loss provision rate at the beginning of each year and reassesses the rate quarterly to ensure that the resulting incurred but not reported ("IBNR") loss reserve and known claims reserve included in the Company's consolidated balance sheets together reflect management's best estimate of the total costs required to settle all IBNR and known claims. If the ending IBNR reserve is not considered adequate, an adjustment is recorded.

The process of assessing the loss provision rate and the resulting IBNR reserve involves an evaluation of the results of an in-house actuarial review. The Company's in-house actuary performs a reserve analysis utilizing generally accepted actuarial methods that incorporate cumulative historical claims experience and information provided by in-house claims and operations personnel. Current economic and business trends are also contemplated as part of the reserve analysis. These include conditions in the real estate and mortgage markets, changes in residential and commercial real estate values, and changes in the levels of defaults and foreclosures that may affect claims levels and patterns of emergence, as well as any company-specific factors that may be relevant to past and future claims experience. Results from the analysis include, but are not limited to, a range of IBNR reserve estimates and a single point estimate for IBNR as of the balance sheet date.

For recent policy years at early stages of development (generally the last three years), IBNR is generally estimated using a combination of expected loss rate and multiplicative loss development factor calculations. For more mature policy years, IBNR generally is estimated using multiplicative loss development factor calculations. The expected loss rate method estimates IBNR by applying an expected loss rate to total title insurance premiums and escrow fees and by adjusting for policy year maturity using estimated loss development patterns. Multiplicative loss development factor calculations estimate IBNR by applying factors derived from loss development patterns to losses realized to date. The expected loss rate and loss development patterns are based on historical experience and the relationship of the history to the applicable policy years.

The Company's management uses the IBNR point estimate from the in-house actuary's analysis and other relevant information concerning claims to determine what it considers to be the best estimate of the total amount required for the IBNR reserve.

The volume and timing of title insurance claims are subject to cyclical influences from both the real estate and mortgage markets. Title policies issued to lenders constitute a large portion of the Company's title insurance volume. These policies insure lenders against losses on mortgage loans due to title defects in the collateral property. Even if an underlying title defect exists that could result in a claim, often the lender must realize an actual loss, or at least be likely to realize an actual loss, for a title insurance liability to exist. As a result, title insurance claims exposure is sensitive to lenders' losses on mortgage loans and is affected in turn by external factors that affect mortgage loan losses, particularly macroeconomic factors.

A general decline in real estate prices can expose lenders to greater risk of losses on mortgage loans, as loan-to-value ratios increase and defaults and foreclosures increase. Title insurance claims exposure for a given policy year is also affected by the quality of mortgage loan underwriting during the corresponding origination year. The Company believes that the sensitivity of claims to external conditions in the real estate and mortgage markets is an inherent feature of title insurance's business economics that applies broadly to the title insurance industry.

Title insurance policies are long-duration contracts with the majority of the claims reported to the Company within the first few years following the issuance of the policy. Generally, 65% to 75% of claim amounts become known in the first six years of the policy life, and the majority of IBNR reserves relate to the six most recent policy years. Changes in expected ultimate losses and corresponding loss rates for recent policy years are considered likely and could result in a material adjustment to the IBNR reserves. A material change in expected ultimate losses and corresponding loss rates for older policy years is also possible, particularly for policy years with loss rates exceeding historical norms. The estimates made by management in determining the appropriate level of IBNR reserves could ultimately prove to be materially different from actual claims experience.

The Company provides for claims losses relating to its home warranty business based on the average cost per claim and historical loss experience as applied to the total of new claims incurred. The average cost per home warranty claim is calculated using the average of the most recent 12 months of claims experience adjusted for estimated future increases in costs.

Contingent litigation and regulatory liabilities

Amounts related to contingent litigation and regulatory liabilities are accrued if it is probable that a liability has been incurred and an amount is reasonably estimable. The Company records legal fees in other operating expenses in the period incurred.

Revenues

Premiums on title policies issued directly by the Company are recognized on the effective date of the title policy and escrow fees are recorded upon close of the escrow.

Revenues from title policies issued by agents are recorded when notice of issuance is received from the agent, which is generally when cash payment is received by the Company.

Premiums on home warranty contracts are generally recognized ratably in proportion to expected claims experience over the duration of the policy or contract, which is typically 12 months.

Information and other revenues are recognized when control of the promised goods or services is transferred to the customer and in an amount that reflects the consideration the Company expects to be entitled to in exchange for these goods or services.

For those products and services where the Company's performance obligation is satisfied at a point in time and for which there is no ongoing obligation, revenue is recognized upon delivery. For those products and services where the Company satisfies its performance obligation over time as the product or service is being transferred to the customer, revenue is generally recognized using the output method as the products or services are delivered.

The Company applies the optional exemptions allowed under accounting guidance whereby the Company is not required to disclose either the transaction price allocated to performance obligations that are unsatisfied as of the end of the period or an explanation as to when the Company expects to recognize the related revenue. Such contracts generally include performance obligations that are contingent upon the closing of a real estate transaction or include variable consideration based on order volumes and have remaining contract terms of generally less than three years. The Company is allowed to apply the optional exemptions to its remaining performance obligations due to (1) the performance obligation is part of a contract that has an original duration of one year or less, (2) the associated revenue is based on the Company's right to invoice for the value of the product or service delivered, (3) the associated variable consideration is allocated entirely to wholly unsatisfied performance obligations or (4) immateriality.

The Company also applies the practical expedient allowed under accounting guidance whereby it can disregard the impact to the transaction price of the effects of a significant financing component for arrangements where the Company expects the period between delivery of the product or service and customer payment to be one year or less. In addition, the Company applies the practical expedient whereby it recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period for the asset that the Company otherwise would have recognized is one year or less.

The Company records a contract asset, and recognizes revenue, upon delivery of certain products related to the closing of a real estate transaction where the Company's right to payment is subject to the closing of the transaction. The Company records a contract liability for payments received in advance of revenue recognition for certain products or services. Contract assets and liabilities were not material at December 31, 2023 and 2022. Revenues recognized during the years ended December 31, 2023, 2022 and 2021 that were included in contract liabilities at the beginning of the respective period were not material.

For information about the Company's revenues disaggregated by reportable segment see Note 22 Segment Financial Information.

Premium taxes

Title insurance and home warranty companies, like other types of insurers, are generally not subject to state income or franchise taxes. However, in lieu thereof, most states impose a tax based primarily on insurance premiums written. This premium tax is reported as a separate line item in the consolidated statements of income in order to provide a more meaningful disclosure of the taxation of the Company.

Income taxes

The Company accounts for income taxes under the asset and liability method, whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company evaluates the need to establish a valuation allowance for deferred tax assets based upon the amount of existing temporary differences, the period in which they are expected to be recovered and expected levels of taxable income. A valuation allowance is established when it is considered more likely than not that some or all of the deferred tax assets will not be realized.

The Company recognizes the effect of income tax positions only if sustaining those positions is considered more likely than not. Changes in recognition or measurement of uncertain tax positions are reflected in the period in which a change in judgment occurs. The Company recognizes interest and penalties, if any, related to uncertain tax positions in income tax expense.

Share-based compensation

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost is recognized in the Company's financial statements over the requisite service period of the award using the straight-line method for awards that contain only a service condition and the graded vesting method for awards that contain a performance or market condition. For awards with retirement eligibility provisions, the cost is recognized through the date the employee becomes eligible to retire and is no longer required to provide service to earn the award. The Company accounts for forfeitures as they occur. The Company utilizes a Monte Carlo valuation model to estimate the fair value of its market-based equity-settled performance awards.

The Company's primary means of providing share-based compensation is through the granting of restricted stock units ("RSUs"). RSUs granted generally have graded vesting features and include a service condition; and, for certain employees and executives, may also include either a performance or market condition. In 2022, the Company began granting performance restricted stock units ("PRSUs") to certain employees and executives, which generally contain service and either performance or market conditions. RSUs and PRSUs receive dividend equivalents in the form of RSUs/PRSUs having the same vesting requirements as the initial grant.

The Company also offers an employee stock purchase plan that allows eligible employees the option to purchase common stock of the Company at 85% of the lower of the closing price on either the first or last day of each offering period. The offering periods are three-month periods beginning on January 1, April 1, July 1 and October 1 of each fiscal year. The Company recognizes an expense in the amount equal to the value of the 15% discount and look-back feature over the three-month offering period.

Earnings per share

Basic earnings per share is computed by dividing net income available to the Company's stockholders by the weighted-average number of common shares outstanding. The computation of diluted earnings per share is similar to the computation of basic earnings per share, except that the weighted-average number of common shares outstanding is increased to include the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Potential dilutive common shares include RSUs and PRSUs.

Employee benefit plans

The Company recognizes the underfunded status of its unfunded supplemental benefit plans as a liability on its consolidated balance sheets. Actuarial gains and losses and prior service costs and credits that have not been previously recognized as a component of net periodic benefit cost are recorded as a component of accumulated other comprehensive income/loss. Plan obligations are measured annually as of December 31.

The Company informally funds its nonqualified deferred compensation plan through tax-advantaged investments known as variable universal life insurance. The Company's deferred compensation plan assets are included as a component of other assets and the Company's deferred compensation plan liability is included as a component of pension costs and other retirement plans on the consolidated balance sheets. The income or loss earned on the Company's plan assets is included as a component of net investment income and the income or loss earned by the plan participants is included as a component of personnel costs on the consolidated statements of income.

Foreign currency

The Company operates in other countries, including Canada, the United Kingdom, South Korea, Australia and New Zealand. The functional currencies of the Company's foreign subsidiaries are generally their respective local currencies. The financial statements of foreign subsidiaries with local currencies that were determined to be the functional currency are translated into U.S. dollars as follows: assets and liabilities at the exchange rate as of the balance sheet date, equity at the historical rates of exchange, and income and expense amounts at average rates prevailing during the period. Translation adjustments resulting from the translation of the subsidiaries' accounts are included in accumulated other comprehensive income/loss as a separate component of stockholders' equity. For those foreign subsidiaries where the U.S. dollar has been determined to be the functional currency, non-monetary assets and liabilities are translated using historical rates, while monetary assets and liabilities are translated at current rates, with remeasurement gains and losses included in other operating expenses. Gains and losses resulting from foreign currency transactions are included within other operating expenses.

Reinsurance

The Company's title insurance business assumes and cedes large title insurance risks through reinsurance. Additionally, the Company has limited reinsurance arrangements related to certain products offered through its international operations. In reinsurance arrangements, the primary insurer retains a certain amount of risk under a policy and cedes the remainder of the risk under the policy to the reinsurer. The primary insurer pays the reinsurer a premium in exchange for accepting this risk of loss. The primary insurer generally remains liable to its insured for the total risk but is reinsured under the terms of the reinsurance agreement. The amount of premiums assumed and ceded is recorded as a component of direct premiums and escrow fees on the Company's consolidated statements of income. The total amount of premiums assumed and ceded in connection with reinsurance was less than 1.0% of consolidated premium and escrow fees for the years ended December 31, 2023, 2022 and 2021. Payments and recoveries on reinsured losses for the Company's title insurance business were immaterial during the years ended December 31, 2023, 2022 and 2021.

Escrow deposits and trust assets

The Company administers escrow deposits and trust assets as a service to customers in its direct title operations. Escrow deposits totaled $10.6 billion and $10.0 billion at December 31, 2023 and 2022, respectively, of which $6.3 billion and $4.6 billion, respectively, were held at First American Trust, FSB ("FA Trust"). The remaining deposits were held at third-party financial institutions.

Trust assets held or managed by FA Trust totaled $4.4 billion and $4.1 billion at December 31, 2023 and 2022, respectively. Escrow deposits held at third-party financial institutions and trust assets are not considered assets of the Company and, therefore, are not included in the accompanying consolidated balance sheets. All such amounts are placed in deposit accounts insured, up to applicable limits, by the Federal Deposit Insurance Corporation. The Company could be held contingently liable for the disposition of these assets.

In conducting its operations, the Company often holds customers' assets in escrow, pending completion of real estate transactions and, as a result, the Company has ongoing programs for realizing economic benefits with various financial institutions. The results from these programs are included as income or a reduction in expense, as appropriate, in the consolidated statements of income based on the nature of the arrangement and benefit received.

Like-kind exchanges

The Company facilitates tax-deferred property exchanges for customers pursuant to Section 1031 of the Internal Revenue Code and tax-deferred reverse exchanges pursuant to Revenue Procedure 2000-37. As a facilitator and intermediary, the Company holds the proceeds from sales transactions and takes temporary title to property identified by the customer to be acquired with such proceeds. Upon the completion of each such exchange, the identified property is transferred to the customer or, if the exchange does not take place, an amount equal to the sales proceeds or, in the case of a reverse exchange, title to the property held by the Company is transferred to the customer. Like-kind exchange funds administered by the Company totaled $1.8 billion and $2.8 billion at December 31, 2023 and 2022, respectively. The like-kind exchange deposits are held at third-party financial institutions and, due to the structure utilized to facilitate these transactions, the proceeds and property are not considered assets of the Company and, therefore, are not included in the accompanying consolidated balance sheets. All such amounts are placed in deposit accounts insured, up to applicable limits, by the Federal Deposit Insurance Corporation. The Company could be held contingently liable to the customer for the transfers of property, disbursements of proceeds and the returns on such proceeds.

Subservicing deposits

In conducting its residential mortgage loan subservicing operations, the Company administers cash deposits on behalf of its clients. Cash deposits totaled $0.8 billion and $1.1 billion at December 31, 2023 and 2022, respectively, of which $0.5 billion and $0.7 billion, respectively, were held at FA Trust. The remaining deposits were held at third-party financial institutions. Cash deposits held at third-party financial institutions are not considered assets of the Company and, therefore, are not included in the accompanying consolidated balance sheets. All such amounts are placed in deposit accounts insured, up to applicable limits, by the Federal Deposit Insurance Corporation. The Company could be held contingently liable for the disposition of these assets. In connection with certain accounts, the Company has ongoing programs for realizing economic benefits with various financial institutions whereby it earns economic benefits either as income or as a reduction in expense.

Deposit balances held at FA Trust are temporarily invested in cash and cash equivalents and debt securities, with offsetting liabilities included in deposits in the accompanying consolidated balance sheets.

The Company regularly reviews the financial strength of third-party financial institutions where deposits are held and, based on this review and the fact that all amounts are placed in deposit accounts insured, up to applicable limits, by the Federal Deposit Insurance Corporation, does not expect any credit losses; therefore the Company has not recorded a liability for credit losses.

Pending Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (“FASB”) issued updated guidance intended to enhance the transparency and decision usefulness of income tax disclosures. The updated guidance requires disclosure of specific categories and greater disaggregation of information included in the rate reconciliation and related to income taxes paid. The updated guidance is effective for annual reporting periods beginning after December 15, 2024. Except for the disclosure requirements, the Company does not expect the adoption of this guidance to have a material impact its consolidated financial statements.

In August 2023, the FASB issued updated guidance that is intended to provide decision-useful information to investors and reduce diversity in practice in accounting for contributions made to a joint venture, upon formation, in a joint venture’s separate financial statements. The updated guidance will require joint ventures to recognize and initially measure their assets and liabilities at fair value, with certain exceptions to fair value measurement consistent with business combination guidance. The updated guidance is effective prospectively for all joint venture formations with a formation date on or after January 1, 2025, with early adoption permitted. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

In September 2022, the FASB issued updated guidance intended to increase the comparability of financial information across reporting entities that have investments in equity securities measured at fair value that are subject to contractual restrictions preventing the sale of those securities. The updated guidance clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, as a result, should not be considered in measuring fair value. In addition, new disclosures are required about the nature of the restrictions and their remaining duration. The updated guidance is effective for interim and annual reporting periods beginning after December 15, 2023. The Company does not expect the adoption of this guidance to impact its consolidated financial statements.

NOTE 2. Statutory Restrictions on Investments and Stockholders' Equity:

Investments totaling $124.1 million and $101.6 million were on deposit with state treasurers in accordance with statutory requirements for the protection of policyholders at December 31, 2023 and 2022, respectively.

Pursuant to insurance and other regulations under which the Company's insurance subsidiaries operate, the amount of dividends, loans and advances available to the Company is limited, principally for the protection of policyholders. As of December 31, 2023, under such regulations, the maximum amount available to the Company from its insurance subsidiaries in 2024, without prior approval from applicable regulators, was dividends of $614.7 million and loans and advances of $108.3 million.

The Company's principal title insurance subsidiary, First American Title Insurance Company ("FATICO"), maintained total statutory capital and surplus of $1.5 billion as of December 31, 2023 and 2022. Statutory net income for the years ended December 31, 2023, 2022 and 2021 was $198.3 million, $436.3 million and $654.9 million, respectively. FATICO was in compliance with the minimum statutory capital and surplus requirements as of December 31, 2023.

FATICO is domiciled in Nebraska and its statutory-based financial statements are prepared in accordance with accounting practices prescribed or permitted by the Nebraska Department of Insurance. The National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the state of Nebraska. The state of Nebraska has adopted certain prescribed accounting practices that differ from those found in the NAIC SAP. Specifically, the timing of amounts released from the statutory premium reserve under Nebraska's required practice differs from NAIC SAP resulting in total statutory capital and surplus that was lower than if reported in accordance with NAIC SAP by $347.1 million and $325.2 million at December 31, 2023 and 2022, respectively.

Statutory accounting principles differ in some respects from GAAP, and these differences include, but are not limited to, non-admission of certain assets (principally limitations on deferred tax assets, goodwill, capitalized furniture and equipment, investment in subsidiaries and affiliates, real estate, capitalized software, and premiums and other receivables 90 days past due), reporting of bonds at amortized cost, recognition of credit losses, the lack of recognition of operating lease assets and liabilities on the balance sheet for lease commitments in which the Company is a lessee, changes in the fair values of marketable equity securities, amortization of goodwill, deferral of premiums received as statutory premium reserve, supplemental reserve (if applicable) and exclusion of the incurred but not reported claims reserve.

NOTE 3. Debt Securities:

Investments in debt securities, classified as available-for-sale, are as follows:

(in millions)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
December 31, 2023				
U.S. Treasury bonds	$ 203.3	$ 0.5	$ (4.5)	$ 199.3
Municipal bonds	1,373.7	8.8	(136.7)	1,245.8
Foreign government bonds	228.4	1.4	(10.5)	219.3
Governmental agency bonds	207.7	0.2	(12.5)	195.4
Governmental agency mortgage-backed securities	4,396.2	6.3	(526.8)	3,875.7
U.S. corporate debt securities	1,007.0	6.6	(55.2)	958.4
Foreign corporate debt securities	478.9	5.8	(21.1)	463.6
	$ 7,895.2	$ 29.6	$ (767.3)	$ 7,157.5
December 31, 2022				
U.S. Treasury bonds	$ 308.5	$ 1.4	$ (7.1)	$ 302.8
Municipal bonds	1,670.6	3.2	(195.1)	1,478.7
Foreign government bonds	208.0	0.1	(14.4)	193.7
Governmental agency bonds	247.9	—	(19.3)	228.6
Governmental agency mortgage-backed securities	5,253.4	1.7	(652.7)	4,602.4
U.S. corporate debt securities	1,004.4	1.5	(84.5)	921.4
Foreign corporate debt securities	476.8	1.6	(36.4)	442.0
	$ 9,169.6	$ 9.5	$ (1,009.5)	$ 8,169.6

Sales of debt securities resulted in realized gains of $7.2 million, $4.9 million and $29.0 million, realized losses of $88.1 million, $141.4 million and $8.7 million, and proceeds of $1.7 billion, $1.8 billion and $1.1 billion for the years ended December 31, 2023, 2022 and 2021, respectively.

Investments in debt securities in an unrealized loss position, and their respective length of time in such position, are as follows:

(in millions)	Less than 12 months: Estimated fair value	Less than 12 months: Unrealized losses	12 months or longer: Estimated fair value	12 months or longer: Unrealized losses	Total: Estimated fair value	Total: Unrealized losses
December 31, 2023						
U.S. Treasury bonds	$ 8.2	$ (0.1)	$ 55.4	$ (4.4)	$ 63.6	$ (4.5)
Municipal bonds	107.4	(0.9)	956.8	(135.8)	1,064.2	(136.7)
Foreign government bonds	33.3	(0.1)	101.4	(10.4)	134.7	(10.5)
Governmental agency bonds	0.4	—	118.9	(12.5)	119.3	(12.5)
Governmental agency mortgage-backed securities	338.3	(6.6)	3,225.3	(520.2)	3,563.6	(526.8)
U.S. corporate debt securities	45.1	(0.4)	602.5	(54.8)	647.6	(55.2)
Foreign corporate debt securities	19.3	(0.1)	267.3	(21.0)	286.6	(21.1)
	$ 552.0	$ (8.2)	$ 5,327.6	$ (759.1)	$ 5,879.6	$ (767.3)
December 31, 2022						
U.S. Treasury bonds	$ 108.0	$ (1.4)	$ 49.5	$ (5.7)	$ 157.5	$ (7.1)
Municipal bonds	813.4	(55.8)	540.0	(139.3)	1,353.4	(195.1)
Foreign government bonds	142.1	(5.9)	45.7	(8.5)	187.8	(14.4)
Governmental agency bonds	172.7	(8.2)	55.8	(11.1)	228.5	(19.3)
Governmental agency mortgage-backed securities	1,859.6	(141.4)	2,626.8	(511.3)	4,486.4	(652.7)
U.S. corporate debt securities	528.3	(38.2)	325.2	(46.3)	853.5	(84.5)
Foreign corporate debt securities	241.6	(17.5)	137.1	(18.9)	378.7	(36.4)
	$ 3,865.7	$ (268.4)	$ 3,780.1	$ (741.1)	$ 7,645.8	$ (1,009.5)

Based on the Company's review of its debt securities in an unrealized loss position it determined that the losses were due to non-credit factors and, therefore, it does not consider these securities to be credit impaired at December 31, 2023. As of December 31, 2023, the Company did not intend to sell any debt securities in an unrealized loss position and it is not more likely than not that the Company will be required to sell any debt securities before recovery of their amortized cost basis.

In determining credit losses on its debt securities in an unrealized loss position, the Company considers certain factors that may include, among others, severity of the unrealized loss, security type, industry sector, credit rating, yield to maturity, profitability and stock performance.

Investments in debt securities at December 31, 2023, by contractual maturities, are as follows:

(in millions)	Due in one year or less	Due after one through five years	Due after five through ten years	Due after ten years	Total
U.S. Treasury bonds					
Amortized cost	$ 39.1	$ 147.0	$ 0.4	$ 16.8	$ 203.3
Estimated fair value	$ 39.1	$ 143.3	$ 0.4	$ 16.5	$ 199.3
Municipal bonds					
Amortized cost	9.8	361.8	509.9	492.2	1,373.7
Estimated fair value	9.7	333.5	444.2	458.4	1,245.8
Foreign government bonds					
Amortized cost	51.5	97.8	70.5	8.6	228.4
Estimated fair value	51.3	98.1	62.4	7.5	219.3
Governmental agency bonds					
Amortized cost	—	154.4	6.6	46.7	207.7
Estimated fair value	—	150.8	6.1	38.5	195.4
U.S. corporate debt securities					
Amortized cost	10.5	696.3	224.7	75.5	1,007.0
Estimated fair value	10.4	659.5	220.6	67.9	958.4
Foreign corporate debt securities					
Amortized cost	21.7	302.3	117.8	37.1	478.9
Estimated fair value	21.3	291.7	116.4	34.2	463.6
Total debt securities, excluding mortgage-backed securities					
Amortized cost	$ 132.6	$ 1,759.6	$ 929.9	$ 676.9	$ 3,499.0
Estimated fair value	$ 131.8	$ 1,676.9	$ 850.1	$ 623.0	$ 3,281.8
Total mortgage-backed securities					
Amortized cost					4,396.2
Estimated fair value					3,875.7
Total debt securities					
Amortized cost					$ 7,895.2
Estimated fair value					$ 7,157.5

Mortgage-backed securities, which include contractual terms to maturity, are not categorized by contractual maturity as borrowers may have the right to call or prepay obligations with, or without, call or prepayment penalties.

The composition of the debt securities portfolio at December 31, 2023, by credit rating, is as follows:

	A- or higher		BBB+ to BBB-		Non-Investment Grade		Total
(dollars in millions)	Estimated fair value	Percentage	Estimated fair value	Percentage	Estimated fair value	Percentage	Estimated fair value
U.S. Treasury bonds	$ 199.3	100.0%	$ —	—%	$ —	—%	$ 199.3
Municipal bonds	1,218.3	97.8	25.8	2.1	1.7	0.1	1,245.8
Foreign government bonds	213.7	97.4	4.8	2.2	0.8	0.4	219.3
Governmental agency bonds	195.4	100.0	—	—	—	—	195.4
Governmental agency mortgage-backed securities	3,875.7	100.0	—	—	—	—	3,875.7
U.S. corporate debt securities	467.3	48.7	347.6	36.3	143.5	15.0	958.4
Foreign corporate debt securities	242.9	52.4	187.5	40.4	33.2	7.2	463.6
	$ 6,412.6	89.6%	$ 565.7	7.9%	$ 179.2	2.5%	$ 7,157.5

Included in debt securities at December 31, 2023, were bank loans totaling $130.5 million, of which $120.3 million were non-investment grade; high yield corporate debt securities totaling $53.6 million, all of which were non-investment grade; and emerging market debt securities totaling $38.8 million, of which $3.6 million were non-investment grade.

The composition of the debt securities portfolio in an unrealized loss position at December 31, 2023, by credit rating, is as follows:

	A- or higher		BBB+ to BBB-		Non-Investment Grade		Total
(dollars in millions)	Estimated fair value	Percentage	Estimated fair value	Percentage	Estimated fair value	Percentage	Estimated fair value
U.S. Treasury bonds	$ 63.6	100.0%	$ —	—%	$ —	—%	$ 63.6
Municipal bonds	1,046.8	98.4	17.1	1.6	0.3	—	1,064.2
Foreign government bonds	132.6	98.4	1.3	1.0	0.8	0.6	134.7
Governmental agency bonds	119.3	100.0	—	—	—	—	119.3
Governmental agency mortgage-backed securities	3,563.6	100.0	—	—	—	—	3,563.6
U.S. corporate debt securities	364.4	56.3	229.4	35.4	53.8	8.3	647.6
Foreign corporate debt securities	168.0	58.7	104.7	36.5	13.9	4.8	286.6
	$ 5,458.3	92.8%	$ 352.5	6.0%	$ 68.8	1.2%	$ 5,879.6

Debt securities in an unrealized loss position at December 31, 2023, included bank loans totaling $24.6 million, of which $24.2 million were non-investment grade; high yield corporate debt securities totaling $41.1 million, all of which were non-investment grade; and emerging market debt securities totaling $34.0 million, of which $3.2 million were non-investment grade.

The credit ratings in the above tables reflect published ratings obtained from globally recognized securities rating agencies. If a security was rated differently among the rating agencies, the lowest rating was selected. Governmental agency mortgage-backed securities are not rated by any of the ratings agencies; however, these securities have been included in the above table in the “A- or higher” rating category because the payments of principal and interest are guaranteed by the governmental agency that issued the security.

NOTE 4. Equity Securities:

Investments in equity securities, by accounting classification, are summarized as follows:

(in millions)	December 31, 2023	2022
Marketable equity securities	$ 436.9	$ 279.5
Non-marketable equity securities	224.1	395.8
Equity method investments	74.6	78.9
	$ 735.6	$ 754.2

Investments in marketable equity securities are summarized as follows:

(in millions)	Cost	Unrealized losses	Estimated fair value
December 31, 2023			
Common stocks	$ 429.4	$ (4.9)	$ 424.5
Preferred stocks	15.7	(3.3)	12.4
	$ 445.1	$ (8.2)	$ 436.9
December 31, 2022			
Common stocks	$ 323.7	$ (55.6)	$ 268.1
Preferred stocks	15.3	(3.9)	11.4
	$ 339.0	$ (59.5)	$ 279.5

Net gains of $54.9 million and net losses of $262.5 million resulting from changes in the fair values of marketable equity securities were recognized for the years ended December 31, 2023 and 2022, respectively, which included net unrealized gains of $51.2 million and net unrealized losses of $237.2 million on securities still held at December 31, 2023 and 2022, respectively. Included in net losses/gains during the years ended December 31, 2023 and 2022 were unrealized gains of $12.7 million and unrealized losses of $190.9 million, respectively, related to the Company's investment in Offerpad Solutions Inc. ("Offerpad"), a tech-enabled real estate company.

During the year ended December 31, 2023, the Company paid $25.0 million to purchase additional shares of Offerpad common stock. The cost and fair values of the Company’s investment in Offerpad at December 31, 2023 totaled $110.0 million and $52.5 million, respectively, and, at December 31, 2022, totaled $85.0 million and $14.8 million, respectively.

A summary of the changes in the carrying amount of non-marketable equity securities for the years ended December 31, 2023 and 2022, is as follows:

(in millions)	Year ended December 31, 2023	2022
Carrying amount, beginning of period	$ 395.8	$ 441.3
Net (sales) additions	(4.0)	91.8
Gross unrealized gains	1.5	16.1
Gross unrealized losses and impairments	(169.2)	(153.4)
Carrying amount, end of period	$ 224.1	$ 395.8

Cumulative unrealized losses and impairment charges and cumulative unrealized gains related to the Company's non-marketable equity securities totaled $322.4 million and $243.3 million, respectively, at December 31, 2023, and $153.2 million and $241.8 million, respectively, at December 31, 2022.

Also, during the year ended December 31, 2022, the Company realized a gain of $51.1 million and cash proceeds of $63.0 million related to the sale of an investment in a title insurance business.

NOTE 5. Allowance for Credit Losses – Accounts Receivable:

Activity in the allowance for credit losses on accounts receivable is summarized as follows:

	Year Ended December 31,	
(in millions)	2023	2022
Balance at beginning of period	$ 21.3	$ 14.0
Provision for expected credit losses	8.1	11.4
Write-offs/recoveries	(7.6)	(4.1)
Balance at end of period	$ 21.8	$ 21.3

NOTE 6. Property and Equipment:

Property and equipment is summarized as follows:

	December 31,	
(in millions)	2023	2022
Land	$ 26.6	$ 26.6
Buildings	193.4	189.1
Leasehold improvements	71.3	72.3
Furniture and equipment	184.8	230.0
Capitalized software	1,268.8	1,059.1
	1,744.9	1,577.1
Accumulated depreciation and amortization	(995.3)	(940.2)
	$ 749.6	$ 636.9

NOTE 7. Leases:

Lease assets and liabilities are summarized as follows:

	December 31,		
(in millions)	2023	2022	Classification
Assets			
Operating lease assets	$ 229.3	$ 248.0	Operating lease assets
Finance lease assets	3.2	3.4	Other assets
Total lease assets	$ 232.5	$ 251.4	
Liabilities			
Operating lease liabilities	$ 246.6	$ 269.3	Operating lease liabilities
Finance lease liabilities	3.1	3.3	Notes and contracts payable
Total lease liabilities	$ 249.7	$ 272.6	

The components of lease expense are summarized as follows:

(in millions)	Year ended December 31, 2023	2022	2021	Classification
Operating lease cost	$ 89.0	$ 93.1	$ 86.4	Other operating expenses
Finance lease cost:				
Amortization of lease assets	1.7	1.7	1.6	Depreciation and amortization
Interest of lease liabilities	0.1	0.1	0.1	Interest
Variable lease cost	31.8	34.2	30.6	Other operating expenses
Short-term lease cost	2.1	2.6	1.6	Other operating expenses
Sublease income	(2.7)	(1.2)	(2.9)	Information and other
Net lease cost	$ 122.0	$ 130.5	$ 117.4	

Future minimum lease payments under operating and finance leases with noncancelable lease terms, as of December 31, 2023, are summarized as follows:

(in millions)	Operating Leases	Finance Leases	Total
2024	$ 83.9	$ 1.6	$ 85.5
2025	68.0	1.0	69.0
2026	50.4	0.5	50.9
2027	32.3	0.1	32.4
2028	16.8	—	16.8
Thereafter	17.3	—	17.3
Total lease payments	268.7	3.2	271.9
Interest	(22.1)	(0.1)	(22.2)
Present value of lease liabilities	$ 246.6	$ 3.1	$ 249.7

Information related to lease terms and discount rates is summarized as follows:

	December 31, 2023	2022
Weighted-average remaining lease terms (years):		
Operating leases	4.0	4.1
Finance leases	2.6	2.4
Weighted-average discount rates:		
Operating leases	4.06%	3.34%
Finance leases	3.01%	3.23%

Cash flow information related to lease liabilities is summarized as follows:

(in millions)	Year ended December 31, 2023	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 91.5	$ 95.9	$ 90.3
Operating cash flows from finance leases	$ 0.1	$ 0.1	$ 0.1
Financing cash flows from finance leases	$ 1.8	$ 1.9	$ 1.6
Operating lease assets obtained in exchange for new operating lease liabilities	$ 58.9	$ 66.2	$ 59.2
Finance lease assets obtained in exchange for new finance lease liabilities	$ 1.5	$ 2.8	$ —

NOTE 8. Goodwill:

A summary of the changes in the carrying amount of goodwill, by reportable segment, for the years ended December 31, 2023 and 2022, is as follows:

(in millions)	Title Insurance and Services	Home Warranty	Total
Balance as of December 31, 2021	$ 1,575.0	$ 12.6	$ 1,587.6
Acquisitions	217.3	—	217.3
Transfers	(28.3)	28.3	—
Foreign currency translation	(6.7)	—	(6.7)
Balance as of December 31, 2022	$ 1,757.3	$ 40.9	$ 1,798.2
Acquisitions	7.5	—	7.5
Dispositions	(0.9)	—	(0.9)
Foreign currency translation	2.7	—	2.7
Balance as of December 31, 2023	$ 1,766.6	$ 40.9	$ 1,807.5

NOTE 9. Other Intangible Assets:

Other intangible assets are summarized as follows:

	December 31,	
(in millions)	2023	2022
Finite-lived intangible assets:		
Customer relationships	$ 191.4	$ 191.0
Noncompete agreements	28.2	33.8
Trademarks	70.6	70.6
Internal-use software licenses	16.5	24.0
Patents	2.8	2.8
	309.5	322.2
Accumulated amortization	(172.6)	(145.3)
	136.9	176.9
Indefinite-lived intangible assets:		
Licenses	16.9	16.9
	$ 153.8	$ 193.8

Amortization expense for finite-lived intangible assets was $51.5 million, $53.2 million and $50.7 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Estimated amortization expense for finite-lived intangible assets for the next five years is as follows:

Year	(in millions)
2024	$ 38.2
2025	$ 27.3
2026	$ 26.1
2027	$ 11.6
2028	$ 7.2

NOTE 10. Deposits:

Deposit accounts are summarized as follows:

(dollars in millions)	December 31, 2023	2022
Escrow deposits:		
Interest bearing	$ 2,063.0	$ 2,542.1
Non-interest bearing	4,531.3	2,077.3
	6,594.3	4,619.4
Mortgage subservicing deposits:		
Interest bearing	485.7	712.9
Other deposits	228.0	187.4
	$ 7,308.0	$ 5,519.7
Weighted-average interest rate:		
Interest bearing deposit accounts	1.52%	0.50%

NOTE 11. Reserve for Known and Incurred But Not Reported Claims:

Activity in the reserve for known and incurred but not reported claims is summarized as follows:

(in millions)	December 31, 2023	2022	2021
Balance at beginning of year	$ 1,325.3	$ 1,283.8	$ 1,178.0
Provision related to:			
Current year	354.6	468.3	569.3
Prior years	(18.3)	18.0	19.4
	336.3	486.3	588.7
Payments, net of recoveries, related to:			
Current year	199.6	225.8	292.5
Prior years	182.2	208.5	189.8
	381.8	434.3	482.3
Other	2.6	(10.5)	(0.6)
Balance at end of year	$ 1,282.4	$ 1,325.3	$ 1,283.8

The provision for title insurance losses, expressed as a percentage of title insurance premiums and escrow fees, was 3.25% for the year ended December 31, 2023 and 4.0% for the years ended December 31, 2022 and 2021.

The 3.25% loss provision rate in the current year reflects an ultimate loss rate of 3.75% for the current policy year and a reserve release of 0.5%, or $21.6 million and for prior policy years, all based on current year title insurance premiums and escrow fees for the year ended December 31, 2023.

The 2022 and 2021 loss provision rates of 4.0% reflected the ultimate loss rates for policy years 2022 and 2021 and no change in loss reserve estimates for prior policy years.

A summary of the Company's loss reserves is as follows:

(dollars in millions)	December 31, 2023		December 31, 2022	
Known title claims	$ 55.5	4.3%	$ 62.1	4.7%
IBNR title claims	1,186.5	92.5%	1,207.2	91.1%
Total title claims	1,242.0	96.8%	1,269.3	95.8%
Non-title claims	40.4	3.2%	56.0	4.2%
Total loss reserves	$ 1,282.4	100.0%	$ 1,325.3	100.0%

Short-Duration Insurance Contracts

Home Warranty

The following reflects information as of December 31, 2023 about incurred and paid claims development as well as cumulative claims frequency by claims event, and the total of incurred but not reported claims plus expected development on reported claims included with the net incurred claims amounts.

The information below about incurred and paid claims development for the years ended December 31, 2014 to 2022, is presented as supplementary information.

Accident Year	Incurred claims and allocated claim adjustment expenses, Years ended December 31, 2014*	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023	December 31, 2023 Cumulative number of reported claims
						(in millions)					
2014	123.8	123.8	123.8	123.8	123.8	123.8	123.8	123.8	123.8	$ 123.8	0.8
2015		143.7	143.7	143.7	143.7	143.7	143.7	143.7	143.7	143.7	0.9
2016			172.7	172.7	172.7	172.7	172.7	172.7	172.7	172.7	1.0
2017				167.2	167.2	167.2	167.2	167.2	167.2	167.2	1.0
2018					179.8	179.8	179.8	179.8	179.8	179.8	1.1
2019						174.1	174.1	174.1	174.1	174.1	1.1
2020							197.4	197.4	197.4	197.4	1.2
2021								218.2	218.2	218.2	1.2
2022									211.8	211.8	1.1
2023										193.2	1.0
									Total	$ 1,781.9	

*Amounts unaudited.

Accident Year	Cumulative paid claims and allocated claim adjustment expenses, Years ended December 31, 2014*	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023
						(in millions)				
2014	111.2	123.8	123.8	123.8	123.8	123.8	123.8	123.8	123.8	$ 123.8
2015		129.5	143.7	143.7	143.7	143.7	143.7	143.7	143.7	143.7
2016			155.4	172.7	172.7	172.7	172.7	172.7	172.7	172.7
2017				151.1	167.2	167.2	167.2	167.2	167.2	167.2
2018					163.0	179.8	179.8	179.8	179.8	179.8
2019						159.2	174.1	174.1	174.1	174.1
2020							177.8	197.4	197.4	197.4
2021								198.7	218.2	218.2
2022									192.3	211.8
2023										177.5
									Total	$ 1,766.2
									All outstanding liabilities before 2014	—
									Liabilities for claims and claims adjustment expenses	$ 15.7

*Amounts unaudited.

A reconciliation of the net incurred and paid claims development tables to the liability for claims and claim adjustment expense at December 31, 2023, is as follows:

	December 31, 2023 (in millions)
Liability for unpaid claims and claim adjustment expenses ─ short-duration:	
Home warranty	$ 15.7
Property and casualty insurance	24.7
	40.4
Insurance lines other than short-duration:	
Title insurance	1,242.0
Total liability for unpaid claims and claims adjustment expenses	$ 1,282.4

Supplementary information about average historical claims duration for the Company's home warranty business as of December 31, 2023, is as follows:

Average annual percentage payout of incurred claims by age (unaudited)		
Years	1	2
Annual payout	90.5 %	9.5 %

NOTE 12. Notes and Contracts Payable:

	December 31,	
	2023	2022
	(dollars in millions)	
2.40% senior unsecured notes due August 15, 2031, effective interest rate of 2.44%	$ 650.0	$ 650.0
4.00% senior unsecured notes due May 15, 2030, effective interest rate of 4.05%	450.0	450.0
4.60% senior unsecured notes due November 15, 2024, effective interest rate of 4.60%	300.0	300.0
4.30% senior unsecured notes due February 1, 2023, effective interest rate of 4.35%	—	250.0
Trust deed note due November 1, 2023, interest rate of 5.26%	—	4.0
Other notes and contracts payable with maturities through 2028, weighted -average interest rates of 3.41% and 3.30% at December 31, 2023 and 2022, respectively	4.2	3.8
	1,404.2	1,657.8
Unamortized discounts and debt issuance costs	(10.3)	(12.0)
	$ 1,393.9	$ 1,645.8

In May 2023, the Company entered into a senior unsecured credit agreement with JPMorgan Chase Bank, N.A., in its capacity as administrative agent, and the lenders party thereto that provides for a $900.0 million revolving credit facility. The credit agreement includes an expansion option that permits the Company, subject to satisfaction of certain conditions, to increase the revolving commitments and/or add term loan tranches in an aggregate amount not to exceed $450.0 million. The obligations of the Company under the credit agreement are neither secured nor guaranteed. Proceeds from borrowings made from time to time under the credit agreement may be used for general corporate purposes. Unless terminated earlier, the credit agreement will terminate on May 17, 2028. Upon entry into the credit agreement, the previous $700.0 million senior unsecured credit agreement was terminated. At December 31, 2023, the Company had no outstanding borrowings under the facility.

At the Company's election, borrowings of revolving loans under the credit agreement bear interest at (a) the Alternate Base Rate plus the applicable spread, (b) the Adjusted Term SOFR Rate plus the applicable spread, or (c) the Adjusted Daily Simple SOFR plus the applicable spread (in each case as defined in the credit agreement). The Company may select interest periods of one, three or six months for Adjusted Term SOFR Rate borrowings of loans. The applicable spread varies depending upon the Debt Rating assigned by Moody's Investor Service, Inc., Standard & Poor's Rating Services and/or Fitch Ratings Inc. The minimum applicable spread for Alternate Base Rate borrowings is 0.125% and the maximum is 0.75%. The minimum applicable spread for Adjusted Term SOFR Rate and Adjusted Daily Simple SOFR borrowings is 1.125% and the maximum is 1.75%. The Alternate Base Rate is subject to a floor of 1.00% and the Adjusted Term SOFR Rate and the Adjusted Daily Simple SOFR are each subject to a floor of 0.00%. The rate of interest on any term loans incurred in connection with the expansion option will be established at or about the time such loans are made and may differ from the rate of interest on revolving loans.

The credit agreement includes representations and warranties, reporting covenants, affirmative covenants, negative covenants, financial covenants and events of default customary for financings of this type. Upon the occurrence of an event of default the lenders may accelerate the loans. Upon the occurrence of certain insolvency and bankruptcy events of default the loans will automatically accelerate. As of December 31, 2023, the Company was in compliance with the financial covenants under the credit agreement.

The aggregate annual maturities for notes and contracts payable for the next five years and thereafter are summarized as follows:

Year	Annual maturities (in millions)
2024	$ 301.7
2025	1.3
2026	0.8
2027	0.3
2028	0.1
Thereafter	1,100.0
	$ 1,404.2

On February 1, 2023, the Company repaid its $250 million 4.30% senior unsecured notes, upon maturity, through available cash. Also, on November 1, 2023, the fully amortizing trust deed note, which is secured by the Company's office campus in Santa Ana, California, matured.

NOTE 13. Net Investment Income:

The components of net investment income are summarized as follows:

	Year ended December 31,		
	2023	2022	2021
		(in millions)	
Interest on:			
Debt securities	$ 231.7	$ 206.1	$ 133.0
Deposits and other investments	303.3	135.1	47.4
Dividends on equity securities	10.5	9.0	10.9
Deferred compensation plan assets	21.9	(25.3)	18.7
Equity in earnings of affiliates, net	5.4	11.0	6.9
Other	0.2	7.2	0.8
Total investment income	573.0	343.1	217.7
Investment expenses	(3.0)	(3.0)	(2.9)
Net investment income	$ 570.0	$ 340.1	$ 214.8

NOTE 14. Income Taxes:

For the years ended December 31, 2023, 2022 and 2021, domestic and foreign pretax income, before noncontrolling interests, were $193.4 million and $81.0 million, $268.0 million and $57.7 million, and $1.5 billion and $93.1 million, respectively.

Income taxes are summarized as follows:

	Year ended December 31,		
	2023	2022	2021
		(in millions)	
Current:			
Federal	$ 55.4	$ 132.3	$ 244.3
State	2.8	18.5	36.8
Foreign	11.6	18.3	19.6
	69.8	169.1	300.7
Deferred:			
Federal	(8.6)	(80.3)	64.8
State	(10.9)	(25.2)	24.0
Foreign	8.6	(3.2)	2.7
	(10.9)	(108.7)	91.5
	$ 58.9	$ 60.4	$ 392.2

The Company's actual income tax expense differs from the expense computed by applying the federal income tax rate of 21% for the years ended December 31, 2023, 2022 and 2021. A reconciliation of these differences is as follows:

	Year ended December 31,					
	2023		2022		2021	
			(dollars in millions)			
Taxes calculated at federal rate	$ 57.6	21.0%	$ 68.4	21.0%	$ 344.7	21.0%
State taxes, net of federal benefit	(6.4)	(2.3)	(5.3)	(1.5)	48.0	2.9
Change in liability for tax positions	10.7	3.9	(0.8)	(0.3)	—	—
Foreign income taxed at different rates	9.5	3.5	2.1	0.6	1.8	0.1
Unremitted foreign earnings	1.2	0.4	—	—	1.0	0.1
Federal tax credits	(17.3)	(6.3)	—	—	—	—
Valuation allowance	7.7	2.8	—	—	—	—
Other items, net	(4.1)	(1.5)	(4.0)	(1.1)	(3.3)	(0.2)
	$ 58.9	21.5%	$ 60.4	18.7%	$ 392.2	23.9%

The Company's effective income tax rates (income tax expense as a percentage of income before income taxes) were 21.5%, 18.7%, and 23.9% for the years ended December 31, 2023, 2022, and 2021, respectively. The effective income tax rates differ from the federal statutory rate as a result of state and foreign income taxes for which the Company is liable, as well as permanent differences between amounts reported for financial statement purposes and amounts reported for income tax purposes, including the recognition of excess tax benefits or tax deficiencies associated with share-based payment transactions through income tax expense. In addition, the 2023 rate reflects tax credits claimed in current and prior years and a valuation allowance recorded against losses on certain equity investments. The effective income tax rate for 2022 also reflects the impact on pretax earnings from losses and impairments on certain equity investments and benefits from the resolution of state tax matters from prior years. The effective tax rate for 2021 also reflects benefits related to foreign tax law changes.

The primary components of temporary differences that give rise to the Company's net deferred tax liability are as follows:

	December 31,	
	2023	2022
	(in millions)	
Deferred tax assets:		
Deferred revenue	$ 8.6	$ 8.3
Employee benefits	101.1	99.8
Bad debt reserves	8.7	11.8
Pension	13.3	12.6
Net operating loss carryforward	21.8	28.6
Foreign tax credit	3.8	4.7
Operating lease liabilities	52.3	58.6
Investments in affiliates	13.9	—
Securities	189.7	264.1
Other	12.2	11.2
	425.4	499.7
Valuation allowance	(13.7)	(7.4)
	411.7	492.3
Deferred tax liabilities:		
Depreciable and amortizable assets	275.8	282.2
Claims and related salvage	88.5	81.6
Investments in affiliates	—	25.8
Operating lease assets	47.7	52.8
Unremitted foreign earnings	13.2	11.7
	425.2	454.1
Net deferred tax (liability) asset	$ (13.5)	$ 38.2

The Inflation Reduction Act, which was signed into law in 2022, included various tax provisions that were effective for tax years beginning on or after January 1, 2023, including a 15% minimum income tax on certain large corporations and a 1% excise tax on corporate stock repurchases. These tax law changes did not have a material impact on the Company's consolidated financial statements as of December 31, 2023.

The vesting of RSUs represents a tax benefit that has been reflected as a reduction to income taxes payable and income tax expense for the years ended December 31, 2023, 2022 and 2021. The benefits recorded were $0.7 million, $2.4 million and $1.8 million for the years ended December 31, 2023, 2022 and 2021, respectively.

At December 31, 2023, the Company had available a $2.8 million foreign tax credit carryover, net of a valuation allowance, and expects to utilize this credit within the carryover period.

At December 31, 2023, the Company had available net operating loss carryforwards for income tax purposes totaling $180.5 million, consisting of federal, state and foreign losses of $69.5 million, $100.6 million and $10.4 million, respectively. Of the aggregate net operating losses, $95.5 million has an indefinite expiration and $85.0 million will begin to expire in various years starting in 2028.

The Company evaluates the realizability of its deferred tax assets by assessing the valuation allowance and makes adjustments to the allowance as necessary. The factors used by the Company in assessing the likelihood of realization of its deferred tax assets include forecasts of future taxable income and available tax planning strategies that could be implemented. The Company's ability to achieve forecasted taxable income in the applicable taxing jurisdictions could affect the ultimate realization of its deferred tax assets At December 31, 2023 and 2022, the Company carried a valuation allowance of $13.7 million and $7.4 million, respectively. The balance for 2023 includes $9.6 million related to capital losses, $3.0 million related to net operating losses, and $1.1 million related to other deferred tax assets. The balance for 2022 includes $5.7 million related to net operating losses and $1.7 million related to other deferred tax assets. The increase in the overall valuation allowance during 2023 was primarily due to the Company's assessment of its ability to realize tax benefits related to capital losses on certain equity investments. Based on future operating results in certain jurisdictions, it is possible that the current valuation allowance positions of those jurisdictions could be adjusted during the next 12 months.

As of December 31, 2023, 2022 and 2021, the liability for income taxes associated with uncertain tax positions was $12.4 million, $3.2 million and $7.9 million, respectively. The net increase in the liability during 2023 from 2022 was primarily attributable to positions taken on the Company's tax returns for current and prior years and the settlement of a foreign tax matter for prior years. The net decrease in the liability in 2022 from 2021 was primarily attributable to the resolution of state tax matters from prior years. The liabilities could be reduced by $0.8 million, $2.2 million and $2.9 million as of December 31, 2023, 2022 and 2021, respectively, due to offsetting tax benefits associated with the correlative effects of potential adjustments, including timing adjustments, and state income taxes. The net liability, if recognized, would favorably affect the Company's effective income tax rate.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits for the years ended December 31, 2023, 2022 and 2021 is as follows:

	Year ended December 31,		
	2023	2022	2021
		(in millions)	
Unrecognized tax benefits—beginning balance	$ 3.2	$ 7.9	$ 7.2
Gross increases (decreases)—prior period tax positions	8.4	(0.2)	—
Gross increases—current period tax positions	5.2	0.8	0.7
Settlements with taxing authorities	(4.4)	(5.3)	—
Unrecognized tax benefits—ending balance	$ 12.4	$ 3.2	$ 7.9

The Company's continuing practice is to recognize interest and penalties related to uncertain tax positions in income tax expense. Accrued interest and penalties, net of tax benefits, related to uncertain tax positions totaled $0.8 million as of December 31, 2023 and, as of December 31, 2022 and 2021, were not material.

The Company, or one of its subsidiaries, files income tax returns in the U.S. federal jurisdiction, various state jurisdictions and in various non-U.S. jurisdictions. The primary non-federal jurisdictions are California, Canada, India and the United Kingdom. As of December 31, 2023, the Company is generally no longer subject to income tax examinations for U.S. federal, state and non-U.S. jurisdictions for years prior to 2020, 2019 and 2014, respectively.

It is reasonably possible that the unrecognized benefit with respect to certain of the Company's unrecognized tax positions may increase or decrease within the next 12 months. Any such change may be the result of either ongoing audits or the expiration of federal and state statutes of limitations for the assessment of taxes.

The Company records a liability for potential tax assessments based on its estimate of the potential exposure. New tax laws and new interpretations of laws and rulings by taxing authorities may affect the liability for potential tax assessments. Due to the subjectivity and complex nature of the underlying issues, actual payments or assessments may differ from estimates. To the extent that the Company's estimates differ from actual payments or assessments, income tax expense is adjusted. The Company's income tax returns in several jurisdictions are being examined by various taxing authorities. The Company believes that adequate amounts of tax and related interest from any adjustments that may result from these examinations have been provided for.

NOTE 15. Earnings Per Share:

The computation of basic and diluted earnings per share is as follows:

	Year ended December 31,		
	2023	2022	2021
	(in millions, except per share data)		
Numerator			
Net income attributable to the Company	$ 216.8	$ 263.0	$ 1,241.1
Denominator			
Basic weighted-average shares	104.3	107.0	111.0
Effect of dilutive RSUs (1)	0.3	0.3	0.4
Diluted weighted-average shares	104.6	107.3	111.4
Net income per share attributable to the Company's stockholders			
Basic	$ 2.08	$ 2.46	$ 11.18
Diluted	$ 2.07	$ 2.45	$ 11.14

(1) Includes 32 thousand dilutive PRSUs for the year ended December 31, 2023.

For the years ended December 31, 2023 and 2022, 8 thousand and 19 thousand RSUs, respectively, and for the year ended December 31, 2023, 13 thousand PRSUs were excluded from the weighted-average diluted common shares outstanding due to their antidilutive effect. For the year ended December 31, 2021, RSUs excluded from diluted weighted-average common shares outstanding due to their antidilutive effect were not material.

NOTE 16. Employee Benefit Plans:

The First American Financial Corporation 401(k) Savings Plan (the "Savings Plan") allows for employee-elective contributions up to the maximum amount as determined by the Internal Revenue Code. The Company makes discretionary contributions to the Savings Plan based on profitability as well as on the contributions of participants. The Savings Plan held 1.4 million shares and 1.6 million shares of the Company's common stock, representing 1.4% and 1.5% of the Company's total common shares outstanding at December 31, 2023 and 2022, respectively. Effective July 1, 2015, additional investments in common stock of the Company are no longer allowed.

The Company maintains a deferred compensation plan for certain employees that allows participants to defer up to 100% of their salary, commissions and certain bonuses. Participants can allocate their deferrals among a variety of investment crediting options (known as "deemed investments"). The term deemed investments means that the participant has no ownership interest in the funds they select; the funds are only used to measure the gains or losses that will be attributed to each participant's deferral account over time. Participants can elect to have their deferral balance paid out while they are still employed or after their employment ends. The deferred compensation plan is exempt from most provisions of the Employee Retirement Income Security Act because it is only available to a select group of management and highly compensated employees and is not a qualified employee benefit plan. To preserve the tax-deferred savings advantages of a nonqualified deferred compensation plan, federal law requires that it be unfunded or informally funded. Participant deferrals, and any earnings on those deferrals, are general unsecured obligations of the Company. The Company informally funds the deferred compensation plan through a tax-advantaged investment known as variable universal life insurance. Deferred compensation plan assets are held as an asset of the Company within a special trust, known as a "Rabbi Trust." At December 31, 2023 and 2022, the value of the assets held in the Rabbi Trust of $130.9 million and $109.7 million, respectively, and the unfunded liabilities of $151.6 million and $136.3 million, respectively, were included in the consolidated balance sheets in other assets and pension costs and other retirement plans, respectively.

During the fourth quarter of 2023, the Company identified additional unfunded deferred compensation agreements with certain former employees who have been receiving benefit payments from the Company for which it has understated its obligation to make future benefit payments. As a result, the Company recorded a liability at December 31, 2023 of $7.5 million and revised the consolidated balance sheet at December 31, 2022 to record a liability $9.5 million. See revisions and out-of-period adjustments in Note 1 Basis of Presentation and Significant Accounting Policies for further information on this correction.

The Company also has nonqualified, unfunded supplemental benefit plans covering certain management personnel, which are comprised primarily of the Executive and Management Supplemental Benefit Plans and the smaller Pension Restoration Plan (collectively, the "unfunded supplemental benefit plans"). The Executive and Management Supplemental Benefit Plans, subject to certain limitations, provide participants with maximum annual benefits of 30% and 15%, respectively, of average annual compensation over a fixed five-year period. Effective January 1, 2011, the plans were closed to new participants.

Certain of the Company's subsidiaries have separate savings and employee benefit plans. Expenses related to these plans and the Company's deferred compensation plans are included below under "other plans, net."

The principal components of employee benefit costs are summarized as follows:

	Year ended December 31,		
	2023	2022	2021
	(in millions)		
Expense:			
Savings plan	$ 34.5	$ 37.3	$ 73.7
Unfunded supplemental benefit plans	12.3	12.2	10.6
Other plans, net (1)	26.8	(14.7)	24.4
	$ 73.6	$ 34.8	$ 108.7

(1) For the year ended December 31, 2022, participant investments included in the deferred compensation plan realized losses in excess of expenses recorded by the Company.

The following table summarizes the benefit obligations and funded status associated with the Company's unfunded supplemental benefit plans:

	December 31,	
	2023	2022
	(in millions)	
Change in projected benefit obligation:		
Benefit obligation at beginning of year	$ 196.4	$ 262.1
Service costs	0.1	0.2
Interest costs	10.2	6.0
Actuarial loss (gain)	4.8	(57.4)
Benefits paid	(15.5)	(14.5)
Projected benefit obligation at end of year	196.0	196.4
Change in plan assets:		
Contributions	15.5	14.5
Benefits paid	(15.5)	(14.5)
Fair value of plan assets at end of year	—	—
Reconciliation of funded status:		
Unfunded status of the plans	$ 196.0	$ 196.4
Amounts recognized in the consolidated balance sheet:		
Accrued benefit liability	$ 196.0	$ 196.4
Amounts recognized in accumulated other comprehensive income/loss:		
Unrecognized net actuarial loss	$ 50.9	$ 48.1
	$ 50.9	$ 48.1
Accumulated benefit obligation at end of year	$ 196.0	$ 196.4

Net periodic benefit costs related to the Company's unfunded supplemental benefit pension plans are summarized as follows:

	Year ended December 31,		
	2023	2022	2021
		(in millions)	
Expense:			
Service costs	$ 0.1	$ 0.2	$ 0.2
Interest costs	10.2	6.0	4.9
Amortization of net actuarial loss	2.0	5.8	6.8
Amortization of prior service cost (credit)	—	0.2	(1.3)
	$ 12.3	$ 12.2	$ 10.6

Net actuarial loss for the unfunded supplemental benefit plans expected to be amortized from accumulated other comprehensive income/loss into net periodic benefit cost during 2024 is $2.3 million.

The weighted-average discount rate assumptions used to determine net periodic benefit costs for the Executive and Management Supplemental Benefit Plans for the years ended December 31, 2023, 2022 and 2021, are as follows:

	Year ended December 31,		
	2023	2022	2021
Discount rates:			
Projected benefit obligation	5.56%	2.89%	2.49%
Service cost	5.75%	3.29%	3.14%
Interest cost	5.45%	2.37%	1.83%

The weighted-average discount rate assumptions used to determine the projected benefit obligations for the Executive and Management Supplemental Benefit Plans at December 31, 2023 and 2022, are as follows:

	December 31,	
	2023	2022
Discount rate	5.21%	5.56%

The discount rate assumptions used reflect the yield available on high-quality, fixed-income debt securities that match the expected timing of the benefit obligation payments.

The Company expects to make cash contributions of $16.2 million to its unfunded supplemental benefit plans during 2024.

Benefit payments, which reflect expected future service, as appropriate, are expected to be made as follows:

Year	(in millions)
2024	$ 16.2
2025	$ 17.0
2026	$ 16.7
2027	$ 16.5
2028	$ 16.2
Five years thereafter	$ 74.8

NOTE 17. Fair Value Measurements:

Certain of the Company's assets and liabilities are carried at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company categorizes its assets and liabilities carried at fair value using a three-level hierarchy for fair value measurements that distinguishes between market participant assumptions developed based on market data obtained from sources independent of the Company (observable inputs) and the Company's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The hierarchy for inputs used in determining fair value maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. The hierarchy level assigned to the assets and liabilities is based on management's assessment of the transparency and reliability of the inputs used to estimate the fair values at the measurement date. The three hierarchy levels are defined as follows:

Level 1—Valuations based on unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2—Valuations based on observable inputs (other than Level 1 prices), such as quoted prices for similar assets or liabilities at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment.

If the inputs used to measure fair value fall into different levels of the fair value hierarchy, the hierarchy level assigned is based upon the lowest level of input that is significant to the fair value measurement.

Assets measured at fair value on a recurring basis

The valuation techniques and inputs used by the Company to estimate the fair value of assets measured on a recurring basis are summarized as follows:

Debt securities

The fair values of debt securities were based on the market values obtained from independent pricing services that were evaluated using pricing models that vary by asset class and incorporate available trade, bid and other market information and price quotes from well-established, independent broker-dealers. The independent pricing services monitor market indicators, industry and economic events, and for broker-quoted only securities, obtain quotes from market makers or broker-dealers that they recognize to be market participants. The pricing services utilize the market approach in determining the fair values of the debt securities held by the Company. The Company obtains an understanding of the valuation models and assumptions utilized by the services and has controls in place to determine that the values provided represent fair values. The Company's validation procedures include comparing prices received from the pricing services to quotes received from other third-party sources for certain securities with market prices that are readily verifiable. If the price comparison results in differences over a predefined threshold, the Company will assess the reasonableness of the changes relative to prior periods given the prevailing market conditions and assess changes in the issuers' credit worthiness, performance of any underlying collateral and prices of the instrument relative to similar issuances. To date, the Company has not made any material adjustments to the fair value measurements provided by the pricing services.

Typical inputs and assumptions to pricing models used to value the Company's debt securities include, but are not limited to, benchmark yields, reported trades, broker-dealer quotes, credit spreads, credit ratings, bond insurance (if applicable), benchmark securities, bids, offers, reference data and industry and economic events. For mortgage-backed securities, inputs and assumptions may also include the structure of issuance, characteristics of the issuer, collateral attributes and prepayment speeds.

Marketable equity securities

The fair values of marketable equity securities, including preferred and common stocks, were based on quoted market prices for identical assets that are readily and regularly available in an active market.

The following tables present the fair values of the Company's assets, measured on a recurring basis, as of December 31, 2023 and 2022:

(in millions)	Total	Level 1	Level 2	Level 3
December 31, 2023				
Debt securities:				
U.S. Treasury bonds	$ 199.3	$ —	$ 199.3	$ —
Municipal bonds	1,245.8	—	1,245.8	—
Foreign government bonds	219.3	—	219.3	—
Governmental agency bonds	195.4	—	195.4	—
Governmental agency mortgage-backed securities	3,875.7	—	3,875.7	—
U.S. corporate debt securities	958.4	—	958.4	—
Foreign corporate debt securities	463.6	—	463.6	—
	7,157.5	—	7,157.5	—
Equity securities:				
Common stocks	424.5	424.5	—	—
Preferred stocks	12.4	12.4	—	—
	436.9	436.9	—	—
Mortgage loans held for sale	13.1	—	11.8	1.3
Total	$ 7,607.5	$ 436.9	$ 7,169.3	$ 1.3

(in millions)	Total	Level 1	Level 2	Level 3
December 31, 2022				
Debt securities:				
U.S. Treasury bonds	$ 302.8	$ —	$ 302.8	$ —
Municipal bonds	1,478.7	—	1,478.7	—
Foreign government bonds	193.7	—	193.7	—
Governmental agency bonds	228.6	—	228.6	—
Governmental agency mortgage-backed securities	4,602.4	—	4,602.4	—
U.S. corporate debt securities	921.4	—	921.4	—
Foreign corporate debt securities	442.0	—	442.0	—
	8,169.6	—	8,169.6	—
Equity securities:				
Common stocks	268.1	268.1	—	—
Preferred stocks	11.4	11.4	—	—
	279.5	279.5	—	—
Mortgage loans held for sale	15.9	—	13.9	2.0
Total	$ 8,465.0	$ 279.5	$ 8,183.5	$ 2.0

There were no transfers between Levels 1, 2 and 3 during the years ended December 31, 2023 and 2022. Transfers into or out of the Level 3 category occur when unobservable inputs become either more, or less, significant to the fair value measurement. The Company's policy is to recognize transfers between levels in the fair value hierarchy at the end of the reporting period.

Financial instruments not measured at fair value

In estimating the fair values of its financial instruments not measured at fair value, the Company used the following methods and assumptions:

Cash and cash equivalents

The carrying amount for cash and cash equivalents approximates fair value due to the short-term maturity of these investments.

Deposits with banks

The fair value of deposits with banks is estimated based on rates currently offered for deposits of similar remaining maturities, where applicable.

Notes receivable, net

The fair value of notes receivable, net is estimated based on current market rates offered for notes with similar maturities and credit quality.

Secured financings receivable

The carrying amount of secured financings receivable includes receivables from various mortgage originators, which approximate fair value due to the short-term nature of these assets and also includes two variable-rate notes receivable from a mortgage investor, which approximate fair value due to their variable interest rates and near term maturities ranging from 3 to 14 months.

Secured financings payable

The carrying amount of secured financings payable approximates fair value due to the short-term nature of these liabilities.

Notes and contracts payable

The fair value of notes and contracts payable is estimated based on current rates offered for debt of similar remaining maturities.

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments not measured at fair value as of December 31, 2023 and 2022:

(in millions)	Carrying Amount	Estimated fair value			
		Total	Level 1	Level 2	Level 3
December 31, 2023					
Assets:					
Cash and cash equivalents	$ 3,605.3	$ 3,605.3	$ 3,605.3	$ —	$ —
Deposits with banks	$ 55.8	$ 55.6	$ 4.0	$ 51.6	$ —
Notes receivable, net	$ 22.4	$ 23.2	$ —	$ —	$ 23.2
Secured financings receivable	$ 636.5	$ 636.5	$ —	$ 636.5	$ —
Liabilities:					
Secured financings payable	$ 553.3	$ 553.3	$ —	$ 553.3	$ —
Notes and contracts payable	$ 1,393.9	$ 1,219.6	$ —	$ 1,215.4	$ 4.2

(in millions)	Carrying Amount	Estimated fair value			
		Total	Level 1	Level 2	Level 3
December 31, 2022					
Assets:					
Cash and cash equivalents	$ 1,223.5	$ 1,223.5	$ 1,223.5	$ —	$ —
Deposits with banks	$ 63.4	$ 62.7	$ 8.5	$ 54.2	$ —
Notes receivable, net	$ 10.7	$ 10.6	$ —	$ —	$ 10.6
Secured financings receivable	$ 422.7	$ 422.7	$ —	$ 422.7	$ —
Liabilities:					
Secured financings payable	$ 366.3	$ 366.3	$ —	$ 366.3	$ —
Notes and contracts payable	$ 1,645.8	$ 1,404.4	$ —	$ 1,400.6	$ 3.8

Assets measured at fair value on a non-recurring basis

(in millions)	Estimated fair value (3)			
	Total	Level 1	Level 2	Level 3
December 31, 2023				
Non-marketable equity securities (1)	$ 95.1	$ —	$ 56.5	$ 38.6
December 31, 2022				
Non-marketable equity securities (2)	$ 117.3	$ —	$ 107.3	$ 10.0

(1) Excludes $129.0 million of non-marketable equity securities for which no observable price changes or impairment charges occurred during the year ended December 31, 2023.
(2) Excludes $278.5 million of non-marketable equity securities for which no observable price changes or impairment charges occurred during the year ended December 31, 2022.
(3) Estimated fair values were determined during the year as of the dates that either an observable transaction occurred or an impairment assessment was made.

Non-marketable equity securities that have been remeasured during the period based on observable price changes are classified within Level 2 in the fair value hierarchy because the fair value is determined based only on significant inputs that are observable, such as observable transactions at the transaction date.

The following table presents the valuation techniques and significant unobservable inputs used in measuring the fair value of non-marketable equity securities classified within Level 3 of the fair value hierarchy as of December 31, 2023:

(in millions)	Fair Value	Approach	Input	Range	Weighted Average (1)
Non-marketable equity securities	$ 38.6	Market	Revenue Multiple	10.2-12.5	11.7

(1) Weighted average is calculated based on the fair values of the non-marketable equity securities.

NOTE 18. Share-Based Compensation Plans:

The First American Financial Corporation 2020 Incentive Compensation Plan (the "Incentive Compensation Plan"), permits the granting of stock options, stock appreciation rights, restricted stock, RSUs, PRSUs, performance shares and other stock-based awards. Eligible participants, which include the Company's directors and officers, as well as other employees, may elect to defer the distribution of their RSUs to a future date beyond the scheduled vesting date. In March 2023, the Company's board of directors approved an amendment and restatement of the Incentive Compensation Plan, which increases the maximum number of shares of Company common stock available for grant from 4.3 million to 6.5 million. At December 31, 2023, 3.0 million shares of common stock remain available to be issued by the Company, subject to certain annual limits based on the type of award granted. The Company settles its equity awards with authorized but unissued shares of its common stock. The Incentive Compensation Plan terminates 10 years from its effective date unless canceled earlier by the Company's board of directors.

The First American Financial Corporation 2010 Employee Stock Purchase Plan (the "ESPP"), as amended and restated, allows eligible employees the option to purchase common stock of the Company at 85% of the lower of the closing price on either the first or last day of each quarterly offering period. There were 0.5 million, 0.6 million, and 0.5 million shares issued in connection with this plan for the years ended December 31, 2023, 2022 and 2021, respectively. The plan terminates on July 1, 2032. At December 31, 2023, there were 8.5 million shares reserved for future issuances.

The following table summarizes the costs associated with the Company's share-based compensation plans:

	Year ended December 31,		
	2023	2022	2021
		(in millions)	
Expense:			
RSUs	$ 38.4	$ 57.9	$ 47.7
PRSUs	4.5	2.8	—
Employee stock purchase plan	6.2	6.6	5.9
	$ 49.1	$ 67.3	$ 53.6

The following table summarizes RSU and PRSU activity for the year ended December 31, 2023:

(in millions, except weighted-average grant-date fair value)	Shares	Weighted-average grant-date fair value
Unvested at December 31, 2022	0.9	$ 63.01
Granted during 2023	0.8	63.73
Vested during 2023	(0.7)	62.30
Unvested at December 31, 2023	1.0	$ 64.19

As of December 31, 2023, there was $33.2 million of total unrecognized compensation cost related to unvested RSUs and PRSUs that is expected to be recognized over a weighted-average period of 1.9 years. The weighted-average grant-date fair values of RSUs and PRSUs for the years ended December 31, 2023 and 2022 was $63.73 and $67.65, respectively, and for the year ended December 31, 2021, the weighted-average grant-date fair value of RSUs was $56.65. The total fair values of shares distributed for the years ended December 31, 2023, 2022 and 2021 were $62.7 million, $57.2 million and $49.1 million, respectively. At December 31, 2023, 0.9 million shares were vested but not distributed.

NOTE 19. Stockholders' Equity:

The Company maintains a stock repurchase plan with authorization up to $400.0 million, of which $213.8 million remained as of December 31, 2023. Purchases may be made from time to time by the Company in the open market at prevailing market prices or in privately negotiated transactions. During the year ended December 31, 2023, the Company repurchased and retired 1.3 million shares of its common stock for a total purchase price of $72.7 million and, as of December 31, 2023, had cumulatively repurchased and retired 3.5 million shares of its common stock for a total purchase price of $186.2 million.

NOTE 20. Accumulated Other Comprehensive Income (Loss) ("AOCI"):

The following table presents a summary of the changes in each component of AOCI for the years ended December 31, 2023, 2022 and 2021:

(in millions)	Unrealized gains (losses) on debt securities	Foreign currency translation adjustment	Pension benefit adjustment	Accumulated other comprehensive income (loss)
Balance at December 31, 2020	$ 171.8	$ (38.0)	$ (94.2)	$ 39.6
Change in unrealized gains (losses) on debt securities	(188.6)	—	—	(188.6)
Change in unrealized gains (losses) on debt securities for which credit-related portion was recognized in earnings	(0.4)	—	—	(0.4)
Change in foreign currency translation adjustment	—	(1.9)	—	(1.9)
Net actuarial gain	—	—	11.4	11.4
Amortization of net actuarial loss	—	—	6.8	6.8
Amortization of prior service credit	—	—	(1.3)	(1.3)
Tax effect	46.5	—	(4.5)	42.0
Balance at December 31, 2021	29.3	(39.9)	(81.8)	(92.4)
Change in unrealized gains (losses) on debt securities	(1,044.9)	—	—	(1,044.9)
Change in foreign currency translation adjustment	—	(43.3)	—	(43.3)
Net actuarial gain	—	—	57.4	57.4
Amortization of net actuarial loss	—	—	5.8	5.8
Amortization of prior service cost	—	—	0.2	0.2
Tax effect	264.0	1.1	(16.8)	248.3
Balance at December 31, 2022	(751.6)	(82.1)	(35.2)	(868.9)
Change in unrealized gains (losses) on debt securities	262.3	—	—	262.3
Change in foreign currency translation adjustment	—	17.7	—	17.7
Net actuarial loss	—	—	(4.8)	(4.8)
Amortization of net actuarial loss	—	—	2.0	2.0
Tax effect	(64.3)	(0.5)	0.7	(64.1)
Balance at December 31, 2023	$ (553.6)	$ (64.9)	$ (37.3)	$ (655.8)

The following table presents the other comprehensive income (loss) reclassification adjustments for the years ended December 31, 2023, 2022 and 2021:

	Unrealized gains (losses) on debt securities	Foreign currency translation adjustment	Pension benefit adjustment	Total other comprehensive income (loss)
	(in millions)			
Year ended December 31, 2023				
Pretax change before reclassifications	$ 181.4	$ 17.7	$ (4.8)	$ 194.3
Reclassifications out of AOCI	80.9	—	2.0	82.9
Tax effect	(64.3)	(0.5)	0.7	(64.1)
Total other comprehensive income (loss), net of tax	$ 198.0	$ 17.2	$ (2.1)	$ 213.1
Year ended December 31, 2022				
Pretax change before reclassifications	$ (1,181.4)	$ (43.3)	$ 57.4	$ (1,167.3)
Reclassifications out of AOCI	136.5	—	6.0	142.5
Tax effect	264.0	1.1	(16.8)	248.3
Total other comprehensive income (loss), net of tax	$ (780.9)	$ (42.2)	$ 46.6	$ (776.5)
Year ended December 31, 2021				
Pretax change before reclassifications	$ (168.8)	$ (1.9)	$ 11.4	$ (159.3)
Reclassifications out of AOCI	(20.2)	—	5.5	(14.7)
Tax effect	46.5	—	(4.5)	42.0
Total other comprehensive income (loss), net of tax	$ (142.5)	$ (1.9)	$ 12.4	$ (132.0)

The following table presents the effects of the reclassifications out of AOCI on the respective line items in the consolidated statements of income:

	Year ended December 31,			
(in millions)	2023	2022	2021	Affected line items
Unrealized gains (losses) on debt securities:				
Net realized (losses) gains on sales of debt securities	$ (80.9)	$ (136.5)	$ 20.3	Net investment (losses) gains
Credit losses recognized on debt securities	—	—	(0.1)	Net investment (losses) gains
Pretax total	$ (80.9)	$ (136.5)	$ 20.2	
Tax effect	$ 19.8	$ 36.2	$ (5.0)	
Pension benefit adjustment (1):				
Amortization of net actuarial loss	$ (2.0)	$ (5.8)	$ (6.8)	Other operating expenses
Amortization of prior service (cost) credit	—	(0.2)	1.3	Other operating expenses
Pretax total	$ (2.0)	$ (6.0)	$ (5.5)	
Tax effect	$ 0.5	$ 1.6	$ 1.5	

(1) Amounts are components of net periodic cost. See Note 16 Employee Benefit Plans for additional details.

NOTE 21. Litigation and Regulatory Contingencies:

The Company and its subsidiaries are parties to lawsuits and are also involved in ongoing routine legal and regulatory proceedings related to their operations. These lawsuits and proceedings frequently are similar in nature to other lawsuits and proceedings pending against the Company's competitors. When the Company has determined that a loss is both probable and reasonably estimable, a liability representing the best estimate of the Company's financial exposure based on known facts has been recorded. Actual losses may materially differ from the amounts recorded.

With respect to the Company's outstanding ordinary course lawsuits and proceedings, the Company has determined either that a loss is not reasonably possible or that the estimated loss or range of loss, if any, will not have a material adverse effect on the Company's financial condition, results of operations or cash flows. The Company's ordinary course lawsuits include putative or purported class action lawsuits, which challenge practices in the Company's title insurance and services and home warranty businesses.

The Company's title insurance, property and casualty insurance, home warranty, mortgage servicing and subservicing, banking, thrift, trust and wealth management businesses are regulated by various federal, state and local governmental agencies. Many of the Company's other businesses operate within statutory guidelines. Consequently, the Company may from time to time be subject to examination or investigation by such governmental agencies. Currently, governmental agencies are examining or investigating certain of the Company's operations. The Company settled a matter with the New York Department of Financial Services for an immaterial sum.

The Company does not believe that any pending examinations or investigations will have a material adverse effect on the Company's financial condition, results of operations or cash flows. Some of these exams or investigations could, however, result in changes to the Company's business practices which could ultimately have a material adverse impact on the Company's financial condition, results of operations or cash flows.

NOTE 22. Segment Financial Information:

Selected financial information about the Company's operations, by segment, for the years ended December 31, 2023, 2022 and 2021, is as follows:

	Revenues	Depreciation and amortization	Income (loss) before income taxes	Assets	Capital expenditures
			(in millions)		
2023					
Title Insurance and Services	$ 5,724.8	$ 183.6	$ 494.0	$ 15,768.2	$ 271.1
Home Warranty	417.2	4.8	54.3	351.9	7.6
Corporate and Eliminations	(138.5)	0.1	(273.9)	682.7	—
	$ 6,003.5	$ 188.5	$ 274.4	$ 16,802.8	$ 278.7
2022					
Title Insurance and Services	$ 7,546.9	$ 162.3	$ 757.4	$ 13,911.2	$ 271.3
Home Warranty	419.0	5.1	44.6	389.7	3.6
Corporate and Eliminations	(360.7)	0.1	(476.3)	654.4	—
	$ 7,605.2	$ 167.5	$ 325.7	$ 14,955.3	$ 274.9
2021					
Title Insurance and Services	$ 8,321.0	$ 152.5	$ 1,358.7	$ 15,058.8	$ 168.5
Home Warranty	421.9	5.8	52.6	436.4	3.6
Corporate and Eliminations	477.9	0.1	230.0	956.1	—
	$ 9,220.8	$ 158.4	$ 1,641.3	$ 16,451.3	$ 172.1

	Direct premiums and escrow fees	Agent premiums	Information and other	Net investment income	Net investment gains (losses)	Total Revenues
			(in millions)			
2023						
Title Insurance and Services	$ 1,856.4	$ 2,449.3	$ 917.1	$ 540.2	$ (38.2)	$ 5,724.8
Home Warranty	395.6	—	21.7	5.9	(6.0)	417.2
Corporate and Eliminations	0.1	—	(0.3)	23.9	(162.2)	(138.5)
	$ 2,252.1	$ 2,449.3	$ 938.5	$ 570.0	$ (206.4)	$ 6,003.5
2022						
Title Insurance and Services	$ 2,662.9	$ 3,547.6	$ 1,127.1	$ 359.1	$ (149.8)	$ 7,546.9
Home Warranty	413.1	—	13.3	5.1	(12.5)	419.0
Corporate and Eliminations	8.8	—	8.1	(24.1)	(353.5)	(360.7)
	$ 3,084.8	$ 3,547.6	$ 1,148.5	$ 340.1	$ (515.8)	$ 7,605.2
2021						
Title Insurance and Services	$ 3,100.9	$ 3,757.1	$ 1,203.1	$ 188.3	$ 71.6	$ 8,321.0
Home Warranty	399.8	—	10.9	4.1	7.1	421.9
Corporate and Eliminations	97.7	—	0.9	22.4	356.9	477.9
	$ 3,598.4	$ 3,757.1	$ 1,214.9	$ 214.8	$ 435.6	$ 9,220.8

The Company's title insurance and services segment offers title insurance, closing services and similar or related products and services both domestically and internationally. The operations of the Company's home warranty and corporate segments are entirely domestic.

Domestic and foreign revenues from external customers for the title insurance and services segment are as follows:

	Year Ended December 31,					
	2023		2022		2021	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
	(in millions)					
Revenues	$ 5,351.6	$ 372.2	$ 7,128.4	$ 416.2	$ 7,871.7	$ 448.1

Domestic and foreign long-lived assets for the title insurance and services segment are as follows:

	December 31,					
	2023		2022		2021	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
	(in millions)					
Long-lived assets	$ 977.2	$ 53.0	$ 1,000.9	$ 51.0	$ 944.9	$ 51.1

**FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES**

**SUMMARY OF INVESTMENTS—OTHER THAN INVESTMENTS IN RELATED PARTIES
(in millions)**

December 31, 2023

Column A	Column B	Column C	Column D
Type of investment	Cost	Market value	Amount at which shown in the balance sheet
Deposits with banks:			
Consolidated	$ 55.8	$ 55.6	$ 55.8
Debt securities:			
U.S. Treasury bonds			
Consolidated	$ 203.3	$ 199.3	$ 199.3
Municipal bonds			
Consolidated	$ 1,373.7	$ 1,245.8	$ 1,245.8
Foreign government bonds			
Consolidated	$ 228.4	$ 219.3	$ 219.3
Governmental agency bonds			
Consolidated	$ 207.7	$ 195.4	$ 195.4
Governmental agency mortgage-backed securities			
Consolidated	$ 4,396.2	$ 3,875.7	$ 3,875.7
U.S. corporate debt securities			
Consolidated	$ 1,007.0	$ 958.4	$ 958.4
Foreign corporate debt securities			
Consolidated	$ 478.9	$ 463.6	$ 463.6
Total debt securities:			
Consolidated	$ 7,895.2	$ 7,157.5	$ 7,157.5
Equity securities:			
Consolidated (1)	$ 743.8	$ 735.6	$ 735.6
Notes receivable, net:			
Consolidated	$ 22.4	$ 23.2	$ 22.4
Total investments:			
Consolidated	$ 8,717.2	$ 7,971.9	$ 7,971.3

(1) Included in equity securities are non-marketable equity securities and equity method investments, at carrying amount. Estimates of fair value for these investments could not be made without incurring excessive costs.

FIRST AMERICAN FINANCIAL CORPORATION
(Parent Company)

CONDENSED BALANCE SHEETS
(in millions, except par values)

	December 31,	
	2023	2022
Assets		
Cash and cash equivalents	$ 179.3	$ 597.2
Dividends receivable	10.0	—
Due from subsidiaries, net	58.2	10.3
Income taxes receivable	75.7	22.0
Investment in subsidiaries	6,152.6	5,908.3
Equity securities	52.5	14.8
Deferred income taxes	50.1	54.5
Other assets	144.0	116.6
	$ 6,722.4	$ 6,723.7
Liabilities and Equity		
Accounts payable and other accrued liabilities	$ 35.3	$ 35.9
Pension costs and other retirement plans	355.1	342.3
Income taxes payable	15.9	10.0
Deferred income taxes	63.6	16.3
Notes and contracts payable	1,389.7	1,638.0
	1,859.6	2,042.5
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.00001 par value; Authorized—0.5 shares; Outstanding—none	—	—
Common stock, $0.00001 par value; Authorized—300.0 shares; Outstanding—103.1 shares and 103.2 shares	—	—
Additional paid-in capital	1,793.3	1,812.4
Retained earnings	3,710.6	3,714.3
Accumulated other comprehensive loss	(655.8)	(868.9)
Total stockholders' equity	4,848.1	4,657.8
Noncontrolling interests	14.7	23.4
Total equity	4,862.8	4,681.2
	$ 6,722.4	$ 6,723.7

See Notes to Condensed Financial Statements

FIRST AMERICAN FINANCIAL CORPORATION
(Parent Company)

CONDENSED STATEMENTS OF INCOME
(in millions)

	Year Ended December 31,		
	2023	**2022**	**2021**
Revenues:			
Dividends from subsidiaries	$ 411.3	$ 732.7	$ 621.6
Other income (loss)	22.5	(22.2)	19.5
Net investment gains (losses)	12.5	(192.4)	120.7
	446.3	518.1	761.8
Expenses:			
Other expenses	97.8	55.1	83.7
Income before income taxes and equity in undistributed earnings of subsidiaries	348.5	463.0	678.1
Income taxes	74.8	86.0	162.1
Equity in undistributed (losses) earnings of subsidiaries	(58.2)	(111.7)	733.1
Net income	215.5	265.3	1,249.1
Less: Net (loss) income attributable to noncontrolling interests	(1.3)	2.3	8.0
Net income attributable to the Company	$ 216.8	$ 263.0	$ 1,241.1

See Notes to Condensed Financial Statements

FIRST AMERICAN FINANCIAL CORPORATION
(Parent Company)

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	Year Ended December 31,		
	2023	2022	2021
Net income	$ 215.5	$ 265.3	$ 1,249.1
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on securities	198.0	(780.9)	(142.1)
Unrealized losses on debt securities for which credit-related portion was recognized in earnings	—	—	(0.4)
Foreign currency translation adjustment	17.2	(42.2)	(1.9)
Pension benefit adjustment	(2.1)	46.6	12.4
Total other comprehensive income (loss), net of tax	213.1	(776.5)	(132.0)
Comprehensive income (loss)	428.6	(511.2)	1,117.1
Less: Comprehensive (loss) income attributable to noncontrolling interests	(1.3)	2.3	8.0
Comprehensive income (loss) attributable to the Company	$ 429.9	$ (513.5)	$ 1,109.1

See Notes to Condensed Financial Statements

FIRST AMERICAN FINANCIAL CORPORATION
(Parent Company)

CONDENSED STATEMENTS OF CASH FLOWS
(in millions)

	Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Cash provided by operating activities	$ 309.0	$ 778.7	$ 641.4
Cash flows from investing activities:			
Acquisitions/dispositions, net of cash acquired/divested	(2.5)	(296.0)	—
Net payments to subsidiaries	(160.8)	(154.6)	(259.5)
Purchases of equity securities	(25.0)	—	—
Cash used for investing activities	(188.3)	(450.6)	(259.5)
Cash flows from financing activities:			
Net proceeds from issuance of unsecured senior notes	—	—	641.9
Repayment of senior unsecured notes	(250.0)	—	—
Net activity related to noncontrolling interests	0.3	—	—
Net proceeds in connection with share-based compensation	0.4	2.5	6.3
Repurchases of Company shares	(72.7)	(440.7)	(99.2)
Payments of cash dividends	(216.6)	(217.5)	(213.0)
Cash (used for) provided by financing activities	(538.6)	(655.7)	336.0
Net (decrease) increase in cash and cash equivalents	(417.9)	(327.6)	717.9
Cash and cash equivalents—Beginning of period	597.2	924.8	206.9
Cash and cash equivalents—End of period	$ 179.3	$ 597.2	$ 924.8

See Notes to Condensed Financial Statements

FIRST AMERICAN FINANCIAL CORPORATION
(Parent Company)

NOTES TO CONDENSED FINANCIAL STATEMENTS

NOTE 1. Description of the Company:

First American Financial Corporation is a holding company that conducts all of its operations through its subsidiaries. The Parent Company financial statements should be read in connection with the consolidated financial statements and notes thereto included elsewhere in this Form 10-K.

NOTE 2. Dividends Received:

The holding company received cash dividends from subsidiaries of $355.6 million, $731.0 million and $624.4 million for the years ended December 31, 2023, 2022 and 2021, respectively.

**FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES**

**SUPPLEMENTARY INSURANCE INFORMATION
(in millions)**

BALANCE SHEET CAPTIONS

Column A	Column B	Column C	Column D
Segment	Deferred policy acquisition costs	Claims reserves	Deferred revenues
2023			
Title Insurance and Services	$ —	$ 1,242.0	$ 3.9
Home Warranty	20.2	15.7	192.9
Corporate and Eliminations	—	24.7	—
Total	$ 20.2	$ 1,282.4	$ 196.8
2022			
Title Insurance and Services	$ —	$ 1,269.3	$ 6.8
Home Warranty	20.0	19.5	190.1
Corporate and Eliminations	—	36.5	—
Total	$ 20.0	$ 1,325.3	$ 196.9

**FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES**

**SUPPLEMENTARY INSURANCE INFORMATION
(in millions)**

INCOME STATEMENT CAPTIONS

Column A	Column F	Column G	Column H	Column I	Column J	Column K
Segment	Premiums and escrow fees	Net investment income (1)	Loss provision	Amortization of deferred policy acquisition costs (credits)	Other operating expenses	Premiums written
2023						
Title Insurance and Services	$ 4,305.7	$ 502.0	$ 139.9	$ —	$ 937.7	$ —
Home Warranty	395.6	(0.1)	193.1	(0.2)	82.8	398.4
Corporate and Eliminations	0.1	(138.3)	3.3	—	46.5	—
Total	$ 4,701.4	$ 363.6	$ 336.3	$ (0.2)	$ 1,067.0	$ 398.4
2022						
Title Insurance and Services	$ 6,210.5	$ 209.3	$ 248.4	$ —	$ 1,155.4	$ —
Home Warranty	413.1	(7.4)	211.8	1.9	75.7	394.9
Corporate and Eliminations	8.8	(377.6)	26.1	2.4	41.2	(1.0)
Total	$ 6,632.4	$ (175.7)	$ 486.3	$ 4.3	$ 1,272.3	$ 393.9
2021						
Title Insurance and Services	$ 6,858.0	$ 259.9	$ 274.4	$ —	$ 1,197.7	$ —
Home Warranty	399.8	11.2	218.2	(5.3)	61.5	412.6
Corporate and Eliminations	97.7	379.3	96.1	16.1	63.7	37.3
Total	$ 7,355.5	$ 650.4	$ 588.7	$ 10.8	$ 1,322.9	$ 449.9

(1) Includes net investment income and net investment gains (losses).

**FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES**

**REINSURANCE
(dollars in millions)**

Segment	Premiums and escrow fees before reinsurance	Ceded to other companies	Assumed from other companies	Premiums and escrow fees	Percentage of amount assumed to premiums and escrow fees
Title Insurance and Services					
2023	$ 4,321.2	$ 17.6	$ 2.1	$ 4,305.7	0.0%
2022	$ 6,228.2	$ 18.9	$ 1.2	$ 6,210.5	0.0%
2021	$ 6,880.0	$ 22.0	$ —	$ 6,858.0	0.0%
Home Warranty					
2023	$ 395.6	$ —	$ —	$ 395.6	0.0%
2022	$ 413.1	$ —	$ —	$ 413.1	0.0%
2021	$ 399.8	$ —	$ —	$ 399.8	0.0%
Corporate and Eliminations					
2023	$ 0.1	$ —	$ —	$ 0.1	0.0%
2022	$ 9.4	$ 0.6	$ —	$ 8.8	0.0%
2021	$ 103.5	$ 5.8	$ —	$ 97.7	0.0%

**FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES**

**VALUATION AND QUALIFYING ACCOUNTS
(in millions)**

Year Ended December 31, 2023

Column A	Column B	Column C		Column D		Column E
		Additions				
Description	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Deductions from reserve		Balance at end of period
Reserve deducted from accounts receivable:						
Consolidated	$ 21.3	$ 8.1	$ —	$ 7.6	(1)	$ 21.8
Reserve for known and incurred but not reported claims:						
Consolidated	$ 1,325.3	$ 336.3	$ 2.6	$ 381.8	(2)	$ 1,282.4
Reserve deducted from notes receivable:						
Consolidated	$ 6.8	$ —	$ —	$ 6.5		$ 0.3
Reserve deducted from deferred income taxes:						
Consolidated	$ 7.4	$ 7.6	$ —	$ 1.3		$ 13.7

(1) Amount represents accounts written off, net of recoveries.
(2) Amount represents claim payments, net of recoveries.

**FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES**

**VALUATION AND QUALIFYING ACCOUNTS
(in millions)**

Year Ended December 31, 2022

Column A	Column B	Column C		Column D		Column E
		Additions				
Description	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Deductions from reserve		Balance at end of period
Reserve deducted from accounts receivable:						
Consolidated	$ 14.0	$ 11.4	$ —	$ 4.1	(1)	$ 21.3
Reserve for known and incurred but not reported claims:						
Consolidated	$ 1,283.8	$ 486.3	$ (10.5)	$ 434.3	(2)	$ 1,325.3
Reserve deducted from notes receivable:						
Consolidated	$ 0.3	$ 27.7	$ —	$ 21.2		$ 6.8
Reserve deducted from deferred income taxes:						
Consolidated	$ 8.1	$ —	$ —	$ 0.7		$ 7.4

(1) Amount represents accounts written off, net of recoveries.
(2) Amount represents claim payments, net of recoveries.

**FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES**

**VALUATION AND QUALIFYING ACCOUNTS
(in millions)**

Year Ended December 31, 2021

Column A	Column B	Column C		Column D		Column E
		Additions				
Description	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Deductions from reserve		Balance at end of period
Reserve deducted from accounts receivable:						
Consolidated	$ 14.0	$ 4.5	$ —	$ 4.5	(1)	$ 14.0
Reserve for known and incurred but not reported claims:						
Consolidated	$ 1,178.0	$ 588.7	$ (0.6)	$ 482.3	(2)	$ 1,283.8
Reserve deducted from notes receivable:						
Consolidated	$ 0.3	$ —	$ —	$ —		$ 0.3
Reserve deducted from deferred income taxes:						
Consolidated	$ 9.4	$ —	$ —	$ 1.3		$ 8.1

(1) Amount represents accounts written off, net of recoveries.
(2) Amount represents claim payments, net of recoveries.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

The Company's chief executive officer and chief financial officer have concluded that, as of December 31, 2023, the end of the fiscal year covered by this Annual Report on Form 10-K, the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended, were effective, based on the evaluation of these controls and procedures required by Rule 13a-15(b) thereunder.

Management's Annual Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles ("GAAP").

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control—Integrated Framework (2013)*. Based on that assessment under the framework in *Internal Control—Integrated Framework (2013),* management determined that, as of December 31, 2023, the Company's internal control over financial reporting was effective.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the Company's consolidated financial statements provided in Item 8, above, has issued a report on the Company's internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting during the quarter ended December 31, 2023, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

(a) On February 20, 2024, the Company entered into amended and restated employment agreements with Kenneth D. DeGiorgio, Mark E. Seaton and Lisa W. Cornehl. Pursuant to the amendments, the term of each of the revised agreements was extended by one year and now expires on December 31, 2026. Each of the revised agreements incorporates the executive's base salary at the time of the approval of the extension. The description of the amended and restated employment agreements

provided herein is qualified in its entirety by reference to the employment agreements, which are attached hereto as Exhibits 10.6 to 10.8.

(b) During the quarter ended December 31, 2023, no director or Section 16 officer informed the Company of the adoption or termination of any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

The information required by Items 10 through 14 of this report is expected to be set forth in the definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the fiscal year ended December 31, 2023 for the Company's upcoming 2024 meeting of stockholders (the "2024 Proxy Statement"). If the 2024 Proxy Statement is not filed within 120 days after the fiscal year ended December 31, 2023, the Company will file an amendment to this Annual Report on Form 10-K to include the information required by Items 10 through 14.

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item will be set forth under the captions "Information Regarding the Nominees for Election," "Information Regarding the Other Incumbent Directors," "Executive Officers," "Delinquent Section 16(a) Reports," if any, "Code of Ethics" and "Board and Committee Meetings" in the 2024 Proxy Statement and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this Item will be set forth under the captions "Executive Compensation," "Compensation Discussion and Analysis," "Executive Compensation Tables," "Pay Versus Performance," "Clawback Policy Actions," "Director Compensation," "Compensation Committee Report" and "Compensation Committee Interlocks and Insider Participation" in the 2024 Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item will be set forth under the captions "Securities Authorized for Issuance under Equity Compensation Plans," "Who are the largest principal stockholders outside of management?" and "Security Ownership of Management" in the 2024 Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item will be set forth under the captions "Independence of Directors" and "Transactions and Litigation with Management and Others" in the 2024 Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this Item will be set forth under the captions "Principal Accountant Fees and Services" and "Policy on Audit Committee Pre-approval of Audit and Permissible Nonaudit Services of Independent Auditor" in the 2024 Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1. & 2. Financial Statements and Financial Statement Schedules

The Financial Statements and Financial Statement Schedules filed as part of this report are listed in the accompanying index at page 46 in Item 8 of Part II of this report.

3. Exhibits. Each management contract or compensatory plan or arrangement in which any director or named executive officer of First American Financial Corporation, as defined by Item 402(a)(3) of Regulation S-K (17 C.F.R. §229.402(a)(3)), participates that is included among the exhibits listed on the Exhibit Index is identified on the Exhibit Index by an asterisk (*).

Exhibit No.	Description	Location
3.1	Amended and Restated Certificate of Incorporation of First American Financial Corporation dated May 28, 2010.	Incorporated by reference herein to Exhibit 3.1 to the Current Report on Form 8-K filed June 1, 2010.
3.2	Bylaws of First American Financial Corporation, amended and restated effective as of November 7, 2023.	Incorporated by reference herein to Exhibit 3.1 to the Current Report on Form 8-K filed November 9, 2023.
4.1	Description of the Registrant's Securities.	Incorporated by reference herein to Exhibit 4.1 to the Annual Report on Form 10-K for the year ended December 31, 2022.
4.2	Indenture, dated as of January 24, 2013, between First American Financial Corporation and U.S. Bank National Association, as Trustee.	Incorporated by reference herein to Exhibit 4.1 to the Form S-3ASR filed January 24, 2013.
4.3	First Supplemental Indenture, dated as of January 29, 2013, between First American Financial Corporation and U.S. Bank National Association, as Trustee.	Incorporated by reference herein to Exhibit 4.2 to the Current Report on Form 8-K filed January 29, 2013.
4.4	Second Supplemental Indenture, dated as of November 10, 2014, between First American Financial Corporation and U.S. Bank National Association, as Trustee.	Incorporated by reference herein to Exhibit 4.2 to the Current Report on Form 8-K filed November 10, 2014.
4.5	Third Supplemental Indenture, dated as of May 15, 2020, between First American Financial Corporation and U.S. Bank National Association, as Trustee.	Incorporated by reference herein to Exhibit 4.2 to the Current Report on Form 8-K filed May 15, 2020.
4.6	Fourth Supplemental Indenture, dated as of August 3, 2020, between First American Financial Corporation and U.S. Bank National Association, as Trustee.	Incorporated by reference herein to Exhibit 4.2 to the Current Report on Form 8-K filed August 3, 2021.
4.7	Form of 4.60% Senior Notes due 2024.	Incorporated by reference herein to Exhibit A of Exhibit 4.2 to the Current Report on Form 8-K filed November 10, 2014.
4.8	Form of 4.00% Senior Notes due 2030.	Incorporated by reference herein to Exhibit A to Exhibit 4.2 to the Current Report on Form 8-K filed May 15, 2020.
4.9	Form of 2.40% Senior Notes due 2031.	Incorporated by reference herein to Exhibit A to Exhibit 4.2 to the Current Report on Form 8-K filed August 3, 2021.
10.1	Credit Agreement dated as of May 17, 2023, among First American Financial Corporation, the Lenders	Incorporated by reference herein to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2023.

Exhibit No.	Description	Location
	party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent.	
*10.2	First American Financial Corporation Executive Supplemental Benefit Plan, amended and restated effective as of January 1, 2011.	Incorporated by reference herein to Exhibit 10.12 to the Annual Report on Form 10-K for the year ended December 31, 2010.
*10.2.1	Amendment No. 1, dated January 21, 2015, to First American Financial Corporation Executive Supplemental Benefit Plan.	Incorporated by reference herein to Exhibit 10.5.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2014.
*10.3	First American Financial Corporation Deferred Compensation Plan, amended and restated effective as of January 1, 2012.	Incorporated by reference herein to Exhibit 10.13 to the Annual Report on Form 10-K for the year ended December 31, 2011.
*10.3.1	First Amendment, effective July 1, 2015, to the First American Financial Corporation Deferred Compensation Plan.	Incorporated by reference herein to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.
*10.3.2	Second Amendment, effective July 1, 2017, to the First American Financial Corporation Deferred Compensation Plan.	Incorporated by reference herein to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.
*10.4	First American Financial Corporation 2010 Incentive Compensation Plan, amended and restated effective as of February 4, 2019.	Incorporated by reference herein to Exhibit 10.6 to the 10-K for the fiscal year ended December 31, 2018.
*10.4.1	Form of Notice of Restricted Stock Unit Grant (Employee) and Restricted Stock Unit Award Agreement (Employee), approved January 21, 2020.	Incorporated by reference herein to Exhibit 10.6.7 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2019.
*10.5	First American Financial Corporation 2020 Incentive Compensation Plan, as amended and restated effective May 9, 2023.	Incorporated by reference herein to Appendix B to the Proxy Statement on Schedule 14A filed April 6, 2023.
*10.5.1	Form of Notice of Restricted Stock Unit Grant (Non-Employee Director) and Restricted Stock Unit Award Agreement (Non-Employee Director) for Non-Employee Director Restricted Stock Unit Award approved February 2, 2022.	Incorporated by reference herein to Exhibit 10.6.2 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2021.
*10.5.2	Form of Notice of Restricted Stock Unit Grant (Employee) and Restricted Stock Unit Award Agreement (Employee), approved February 2, 2022.	Incorporated by reference herein to Exhibit 10.6.4 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2021.
*10.5.3	Form of Performance Restricted Stock Unit Grant (Employee) and Performance Restricted Stock Unit Award Agreement (Employee), approved February 2, 2022.	Incorporated by reference herein to Exhibit 10.6.5 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2021.
*10.5.4	Form of Notice of Restricted Stock Unit Grant (Non-Employee Director) and Restricted Stock Unit Award Agreement (Non-Employee Director) for Non-Employee Director Restricted Stock Unit Award approved January 17, 2023.	Incorporated by reference herein to Exhibit 10.5.6 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2022.
*10.5.5	Form of Notice of Restricted Stock Unit Grant (Employee) and Restricted Stock Unit Award Agreement (Employee), approved January 17, 2023.	Incorporated by reference herein to Exhibit 10.5.7 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2022.
*10.5.6	Form of Performance Restricted Stock Unit Grant (Employee) and Performance Restricted Stock Unit Award Agreement (Employee), approved January 17, 2023.	Incorporated by reference herein to Exhibit 10.5.8 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Exhibit No.	Description	Location
*10.5.7	Form of Notice of Restricted Stock Unit Grant (Non-Employee Director) and Restricted Stock Unit Award Agreement (Non-Employee Director) for Non-Employee Director Restricted Stock Unit Award approved January 16, 2024.	Attached.
*10.5.8	Form of Notice of Restricted Stock Unit Grant (Employee) and Restricted Stock Unit Award Agreement (Employee), approved January 16, 2024.	Attached.
*10.5.9	Form of Performance Restricted Stock Unit Grant (Employee) and Performance Restricted Stock Unit Award Agreement (Employee), approved January 16, 2024.	Attached.
*10.6	Employment Agreement, dated February 20, 2024, between First American Financial Corporation and Kenneth D. DeGiorgio.	Attached.
*10.7	Employment Agreement, dated February 20, 2024, between First American Financial Corporation and Mark E. Seaton.	Attached.
*10.8	Employment Agreement, dated February 20, 2024, between First American Financial Corporation and Lisa W. Cornehl.	Attached.
*10.9	First American Financial Corporation Form of Amended and Restated Change in Control Agreement as of December 31, 2010.	Incorporated by reference herein to Exhibit 10(c) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2010.
21	Subsidiaries of the Registrant.	Attached.
23	Consent of Independent Registered Public Accounting Firm.	Attached.
31(a)	Certification by Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.	Attached.
31(b)	Certification by Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.	Attached.
32(a)	Certification by Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.	Attached.
32(b)	Certification by Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.	Attached.
97	Policy Governing the Recovery of Certain Incentive Compensation.	Attached.
101.INS	Inline XBRL Instance Document. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	N/A.
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbases Document.	Attached.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	N/A.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRST AMERICAN FINANCIAL CORPORATION
(Registrant)

By /s/ Kenneth D. DeGiorgio
Kenneth D. DeGiorgio
Chief Executive Officer
(Principal Executive Officer)

Date: February 20, 2024

By /s/ Mark E. Seaton
Mark E. Seaton
Executive Vice President,
Chief Financial Officer
(Principal Financial Officer)

Date: February 20, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Kenneth D. DeGiorgio Kenneth D. DeGiorgio	Chief Executive Officer and Director (Principal Executive Officer)	February 20, 2024
/s/ Mark E. Seaton Mark E. Seaton	Executive Vice President, Chief Financial Officer (Principal Financial Officer)	February 20, 2024
/s/ Steven A. Adams Steven A. Adams	Chief Accounting Officer (Principal Accounting Officer)	February 20, 2024
/s/ Dennis J. Gilmore Dennis J. Gilmore	Chairman of the Board of Directors	February 20, 2024
/s/ James L. Doti James L. Doti	Director	February 20, 2024
/s/ Reginald H. Gilyard Reginald H. Gilyard	Director	February 20, 2024
/s/ Parker S. Kennedy Parker S. Kennedy	Director	February 20, 2024
/s/ Margaret M. McCarthy Margaret M. McCarthy	Director	February 20, 2024
/s/ Michael D. McKee Michael D. McKee	Director	February 20, 2024
/s/ Mark C. Oman Mark C. Oman	Director	February 20, 2024

Signature	Title	Date
/S/ MARSHA A. SPENCE Marsha A Spence	Director	February 20, 2024
/S/ MARTHA B. WYRSCH Martha B. Wyrsch	Director	February 20, 2024

Exhibit 10.6

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") dated as of February 20, 2024 is made and entered into by and between Kenneth D. DeGiorgio ("Executive") and First American Financial Corporation ("Employer"). In consideration of the mutual covenants and agreements set forth herein, the parties agree as follows:

1. Employment of Executive. Subject to the terms and conditions of this Agreement, Employer hereby employs Executive, and Executive hereby accepts employment, as Chief Executive Officer. Executive shall devote Executive's entire productive time, effort and attention to the business of Employer during the Term (as defined below). Executive will use their best efforts at all times to promote and protect the good name of Employer and Employer's current and future subsidiaries, affiliates and other related companies (together with Employer, each a "Related Company" and, collectively the "Related Companies") as well as that of their respective officers, directors, employees, agents, products and services. Executive shall not directly or indirectly render any service of a business, commercial or professional nature to any other person or organization, whether for compensation or otherwise, without the prior written consent of Employer.

2. Duties To Be Performed. Executive shall perform the duties and have the responsibilities customarily performed and held by a person in a position similar to that set forth in Section 1. Executive shall also perform such other duties as directed by Employer's Board of Directors. Any modification made by Employer's Board of Directors to the duties of Executive shall not constitute a breach of this Agreement.

3. Term of Agreement. This Agreement shall become effective on the date of this Agreement and, unless earlier terminated pursuant to the provisions of the Agreement, shall continue through the close of business on December 31, 2026 (the "Term"). Unless continued on an "at-will" basis by Employer or any other Related Company or pursuant to another agreement, Executive's employment shall terminate upon the termination of this Agreement for any reason.

4. Compensation. In full payment for Executive's services, Employer shall provide to Executive compensation and benefits determined in accordance with this Section 4.

4.1 Salary. During the Term, Employer shall pay Executive a base annual salary (the "Base Salary"), before deducting all applicable withholdings, of $925,000 per year, payable at the times and in the manner dictated by Employer's standard payroll policies, which Base Salary may be increased in the sole and unfettered discretion of the Compensation Committee of the Board of Directors of Employer (the "Compensation Committee") or the Board of Directors of Employer. The Base Salary shall be prorated for any partial pay period that occurs during the Term.

4.2 Performance Bonus; Long-Term Incentive Equity Awards. During the Term, in addition to the Base Salary, Employer may, in the sole and unfettered discretion of the Compensation Committee, pay to Executive an annual bonus and long-term incentive equity award.

4.3 Benefits. Executive shall, subject to the terms and conditions of any applicable benefits plan documents and applicable law, be entitled to receive all benefits of employment generally available to other similarly situated executives of Employer when and as Executive becomes eligible for them, including medical, dental, life and disability insurance benefits. Employer reserves the right to modify, suspend or discontinue any and all of the above benefit plans, policies, and practices at any time without notice to or recourse by Executive, so long as such action is taken generally with respect to other similarly situated executives of Employer and does not single out Executive.

4.4 Taxes and Withholdings. Employer may deduct from all compensation payable under this Agreement to Executive any taxes or withholdings Employer is required to deduct pursuant to state and federal laws or by mutual agreement between the parties. Executive is solely liable for any and all taxes beyond those specifically withheld by Employer.

4.5 Recoupment. Executive acknowledges and agrees that to the extent provided by any Employment Arrangement (as defined in Section 20(a) below) or any plan or policy, including any clawback policy, in any case reasonably adopted by the Company from time to time, compensation paid to Executive shall be subject to clawback, forfeiture, recoupment or similar requirement.

5. Termination.

5.1 Termination Upon Death. The Term (and Executive's employment) shall automatically terminate with immediate effect upon the death of Executive.

5.2 Termination by Employer. Notwithstanding anything in this Agreement to the contrary, express or implied, the Term (and Executive's employment) may be terminated immediately by Employer (by delivery of written notice specifying that termination is made pursuant to this Section 5.2) as follows:

(a) Whenever Executive is not physically or mentally able (with reasonable accommodation) to perform the essential functions of Executive's job;

(b) For "Cause," which shall be defined as: (i) embezzlement, theft or misappropriation by the Executive of any property of any of the Related Companies; (ii) Executive's willful breach of any fiduciary duty to Employer; (iii) Executive's willful failure or refusal to comply with laws or regulations applicable to Employer and its business or the policies of Employer governing the conduct of its employees; (iv) commission by Executive of a felony or of any crime involving moral turpitude, fraud or misrepresentation; (v) Executive's refusal to perform Executive's job duties or to perform reasonable specific directives of Executive's supervisor, supervisor's successor or designee, or the Board of Directors of Employer; or (vi) any gross negligence or willful misconduct of Executive resulting in a loss to Employer or any other Related Company, or damage to the reputation of Employer or any other Related Company; or

(c) Upon the occurrence of any material breach (not covered by any of clauses (i) through (vi) of Section 5.2(b) above) of any of the provisions of this Agreement, it being agreed that for all purposes under this Agreement any violation of any of the provisions of Sections 6, 7, 8, 10 or 11 shall be deemed to be a material breach of this Agreement.

5.3 Termination by Employer without Cause. Employer may terminate the Term (and Executive's employment) by giving two weeks written notice to Executive. A termination made pursuant to this Section 5.3 is a "termination Without Cause." A termination made pursuant to Section 5.2 (and satisfying the notice requirement set forth therein) shall under no circumstance be considered a termination Without Cause.

5.4 Rights and Obligations Upon Termination.

(a) In the event of Employer's termination of the Term (and Executive's employment) pursuant to Section 5.3 (which, for the avoidance of doubt, is a termination Without Cause), Employer shall pay Executive:

(i) Executive's Base Salary through the date of termination, paid within 5 days following the termination date (or earlier if required by law);

(ii) any annual bonus earned for any fiscal year completed before the date of termination that remains unpaid as of the date of termination, paid within 5 days following the termination date (or earlier if required by law); and

(iii) an amount (the "Severance Amount") equal to two (2) times the sum of (A) Executive's Base Salary and (B) the median of the last three (3) annual bonuses paid to Executive (whether earned pursuant to this Agreement or otherwise and whether paid in cash, restricted stock units, stock options or otherwise) (the "Median Bonus"), fifty percent (50%) of which will be paid on the first business day following the 12-month anniversary of the date of termination and fifty percent (50%) of which will be paid in twelve installments equal to $1/24^{th}$ of the Severance Amount, the first payment of which will be made on the 29^{th} day following termination and the remaining eleven payments of which will be made on the first business day of each calendar month thereafter.

For the purpose of determining the Median Bonus, the value of (1) the portion of any annual bonus paid in the form of restricted stock or restricted stock units ("RSUs") shall be determined by multiplying the number of restricted shares or RSUs granted by the closing price of the restricted shares or stock underlying the RSUs on the grant date and (2) the portion of any annual bonus paid in the form of stock options or other equity (excluding restricted stock or RSUs) shall be determined using the methodology utilized by Employer for determining the cost of such stock option or other equity for financial reporting purposes, but without giving effect to the amortization of such stock option or other equity. For the avoidance of doubt, the Median Bonus shall not include any long-term incentive equity awards which would not be included in "Covered Compensation" under the Executive Supplemental Benefit Plan (including any amendment,

modification or successor thereto, the "SERP"). For the avoidance of doubt, "median" means, with respect to a set of three amounts, the middle amount and not the highest or the lowest amount, unless two of the amounts in the set are the same amount, in which case "median" means the amount which occurs twice in the set.

In exchange for Employer's agreement to pay the Severance Amount and as a condition thereto, Executive agrees to execute (within 21 days following the date of termination of employment), deliver and not revoke (within the time period permitted by applicable law) a general release of the Related Companies and their respective officers, directors, employees and owners from any and all claims, obligations and liabilities of any kind whatsoever, including all such claims arising from or in connection with Executive's employment or termination of employment with Employer or this Agreement (including, without limitation, civil rights claims), in such form as is reasonably requested by Employer. Executive's right to receive the Severance Amount is conditioned upon the release described in the preceding sentence becoming irrevocable within the prescribed time period. In addition, Executive's right to receive the Severance Amount shall immediately cease in the event that Executive violates any of the provisions of Sections 7 or 8. Apart from the payments set forth in this Section 5.4(a) and the benefits to which Executive may be entitled under the Employment Arrangements (as defined below), upon such termination Employer shall have no further liability whatsoever to Executive.

(b) In the event of the termination of the Term (and Executive's employment) pursuant to Sections 5.1 or 5.2 or, if Executive's employment does not continue on an at-will basis or pursuant to another agreement, upon the expiration of the Term, Employer shall be obligated to pay Executive (or, in the case of a termination under Section 5.1, Executive's heir or successor) the Base Salary through the date of termination and any annual bonus earned for any fiscal year completed before the date of termination, in each case, that remains unpaid as of the date of termination. Apart from the payments set forth in this Section 5.4(b) and the benefits to which Executive may be entitled under the Employment Arrangements, upon such termination or expiration, as the case may be, Employer shall have no further liability whatsoever to Executive.

(c) If (i) Executive's employment is terminated Without Cause by Employer prior to the expiration of the Term, (ii) as of the date of such termination Executive has not yet reached their "Early Retirement Date", as defined in the SERP and (iii) Executive would have reached their "Early Retirement Date" during the Term had their employment not been earlier terminated, Executive will be deemed to be vested in the SERP on the date Executive would have reached their "Early Retirement Date" and they will begin receiving payments under the SERP on such date as otherwise provided in, and otherwise subject to the provisions of, the SERP; provided, however, that in such circumstance Executive's "Final Average Compensation" (or equivalent) for purposes of the SERP shall be determined as of the date of the termination of their employment.

(d) If it becomes known that Executive's employment will terminate for any reason, Employer may, in its sole discretion and subject to its other obligations under this Agreement, relieve Executive of their duties under this Agreement and assign Executive other reasonable duties and responsibilities to be performed until the termination becomes effective.

(e) In the event that any payment or benefit received or to be received by Executive under this Agreement and all other arrangements or programs, including any

acceleration of vesting of stock options, restricted stock, restricted stock units, deferred compensation, or long-term incentive awards (collectively, the "Payments"), would constitute an excess parachute payment within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), as determined in good faith by Employer's independent auditors, then the portion of the Payments that would be treated as parachute payments under Section 280G of the Code shall be reduced so that the Payments, in the aggregate, are reduced to the Safe Harbor Amount (as defined below). For purposes of this Agreement, the term "Safe Harbor Amount" means the largest portion of the Payments that would result in no portion of the Payments being considered parachute payments under Section 280G of the Code. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. In addition, with regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A of the Code, all such payments shall be made on or before the last day of calendar year following the calendar year in which the expense occurred.

(f) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A of the Code and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." If Executive is deemed on the date of termination to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B) of the Code, then with regard to any payment or the provision of any benefit (whether under this Agreement or otherwise) that is considered deferred compensation under Section 409A of the Code payable on account of a "separation from service," and that is not exempt from Section 409A of the Code as involuntary separation pay or a short-term deferral (or otherwise), such payment or benefit shall be made or provided at the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such "separation from service" of Executive or (ii) the date of Executive's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 5.4(f) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to Executive in a lump sum without interest, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. For purposes of Section 409A of the Code, each payment amount or benefit due under this Agreement will be considered a separate payment and Executive's entitlement to a series of payments or benefits under this Agreement is to be treated as an entitlement to a series of separate payments.

(g) Upon termination of Executive's employment for any reason, Executive hereby resigns from any and all (i) positions with all Related Companies, whether as a director, manager, general partner, officer or otherwise; (ii) committee memberships, fiduciary capacities or similar positions with respect to employee benefit plans sponsored by any Related Company, and (iii) any other positions associated with any Related Company, except to the extent Employer and Executive agree that Executive shall continue to serve in any such capacities following termination.

6. Restrictive Covenants.

6.1 Access to Trade Secrets and Confidential Information. Executive acknowledges and agrees that in the performance of Executive's duties of employment Executive will be brought into frequent contact with existing and potential customers of Employer and the other Related Companies throughout the world. Executive also agrees that trade secrets and confidential information of Employer and the other Related Companies gained by Executive during Executive's association with Employer and the other Related Companies have been developed by Employer and the other Related Companies through substantial expenditures of time, effort and money and constitute valuable and unique property of Employer and the other Related Companies, and Employer and/or the Related Companies will suffer substantial damage and irreparable harm which will be difficult to compute if, during the Term and thereafter, Executive should disclose or improperly use such confidential information and trade secrets in violation of the provisions of this Section 6. Executive further understands and agrees that the foregoing makes it necessary for the protection of the businesses of Employer and the other Related Companies that Executive not compete with Employer or any other Related Company during their employment, as further provided in this Section 6.

6.2 Non-Compete and Non-Solicit. While employed by Employer or any other Related Company, Executive will not, directly or indirectly, engage in or render any service of a business, commercial or professional nature to any other person, entity or organization, whether for compensation or otherwise, that is in competition with Employer or any other Related Company anywhere in the world. In accordance with this restriction, but without limiting its terms, Executive will not:

(a) enter into or engage in any business which competes with the business of Employer or any other Related Company;

(b) solicit customers, business, patronage or orders for, or sell, any products or services in competition with, or for any business that competes with, the business of Employer or any other Related Company;

(c) divert, entice, or take away any customers, business, patronage or orders of Employer or any other Related Company or attempt to do so; or

(d) promote or assist, financially or otherwise, any person, firm, association, partnership, corporation or other entity engaged in any business which competes with the business of Employer or any other Related Company.

6.3 Scope of Restricted Activities. For the purposes of Section 6.2, but without limitation thereof, Executive will be in violation thereof if Executive engages in any or all of the activities set forth therein directly as an individual on Executive's own account, or indirectly as a stockholder, partner, joint venturer, executive, agent, salesperson, consultant, officer and/or director of, or by virtue of the ownership by Executive's spouse, child or parent of any equity interest in, any firm, association, partnership, corporation or other entity engaging in any or all of

such activities; provided, however, Executive's or Executive's spouse's, child's or parent's ownership of less than one percent (1%) of the issued equity interest in any publicly traded corporation shall not alone constitute a violation of this Agreement.

6.4 Scope of Covenants. Employer and Executive acknowledge that the time, scope, geographic area and other provisions of Sections 6 and 7 have been specifically negotiated by sophisticated commercial parties and agree that they consider the restrictions and covenants contained in such Sections to be reasonable and necessary for the protection of the interests of the Related Companies, but if any such restriction or covenant shall be held by any court of competent jurisdiction to be void but would be valid if deleted in part or reduced in application, such restriction or covenant shall apply with such deletion or modification as may be necessary to make it valid and enforceable. The restrictions and covenants contained in each provision of such Sections shall be construed as separate and individual restrictions and covenants and shall each be capable of being severed without prejudice to the other restrictions and covenants or to the remaining provisions of this Agreement.

7. No Solicitation of Employees. Executive will not directly or indirectly, at any time during the Term and the 12-month period after termination of Executive's employment, either for Executive or for any other person or entity, recruit or solicit for hire any employee, officer, director or other personnel of the Employer or any of the Related Companies, or to induce or encourage such a person or entity to terminate their or its relationship, or breach an agreement, with the Employer or one of the Related Companies. Notwithstanding the foregoing, this provision shall not apply to the extent it is inconsistent with or violates any federal or state law or specific government mandate, order, injunction, consent, assurance of discontinuance, or decree.

8. Nondisclosure of Confidential Information. Executive will keep in strict confidence, and will not, directly or indirectly, at any time during or after Executive's employment with Employer, disclose, furnish, disseminate, make available or, except in the course of performing Executive's duties of employment, use any trade secrets or confidential business and technical information of Employer, any other Related Company or any of its respective customers or vendors, without limitation as to when or how Executive may have acquired such information. Such confidential information shall include, without limitation, Employer's and any other Related Company's unique selling and servicing methods and business techniques, business strategies, financial information, training, service and business manuals, promotional materials, training courses and other training and instructional materials, vendor and product information, customer and prospective customer lists, other customer and prospective customer information, processes, inventions, patents, copyrights, trademarks and other intellectual property and intangible rights, and other business information. Executive specifically acknowledges that all such confidential information, whether reduced to writing, maintained on any form of electronic media, or maintained in the mind or memory of Executive and whether compiled by Employer, any other Related Company and/or Executive, derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from its disclosure or use, that reasonable efforts have been made by Employer or another Related Company, as the case may be, to maintain the secrecy of such information, that such information is the sole property of Employer or another Related Company and that any retention and use of such information or rights by Executive during Executive's employment with Employer (except in the course of performing Executive's duties and obligations hereunder) or after the termination

of Executive's employment shall constitute a misappropriation of Employer's or another Related Company's trade secrets, rights or other property. Nothing in this Paragraph or Agreement is meant to override or invalidate other active agreements between Employee and the Company, including, but not limited to, any Confidential Information and Inventions Agreement, restrictive covenants (e.g., non-competition and/or non-solicitation agreements), and arbitration agreements.

9. Legally Authorized Disclosures. Pursuant to Section 7 of the Defend Trade Secrets Act of 2016, Executive is advised that an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (a) is made: (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Also pursuant to Section 7 of the Defend Trade Secrets Act of 2016, Executive is advised that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order. In addition, nothing contained in this Agreement (i) limits Executive's right to communicate or cooperate with any federal, state or local governmental agency or commission ("Government Agencies") or (ii) bars Executive from responding to an order, regulation, rule or subpoena of a court or Government Agency.

10. Return of Company Property. Executive agrees that upon termination of Executive's employment with Employer, for any reason, Executive shall return to Employer, in good condition, all property of Employer and the other Related Companies, including without limitation, the originals and all copies of any materials which contain, reflect, summarize, describe, analyze or refer or relate to any items of information listed in Section 8 of this Agreement. In the event that such items are not so returned, Employer will have the right to charge Executive for all reasonable damages, costs, attorneys' fees and other expenses incurred in searching for, taking, removing and/or recovering such property.

11. Representations and Warranties. Executive hereby represents and warrants that they have the legal capacity to execute and perform this Agreement, that this Agreement is a valid and binding agreement enforceable against them according to its terms, and that the execution and performance of this Agreement by them does not violate the terms of any existing agreement or understanding, written or oral, to which Executive is a party or any judgment or decree to which Executive is subject. In addition, Executive represents and warrants that Executive knows of no reason why they are not physically or legally capable of performing their obligations under this Agreement in accordance with its terms. Executive hereby indemnifies the Related Companies and shall hold harmless the Related Companies from and against all liability, loss, cost, or expense, including, without limitation, reasonable attorneys' fees and expenses, incurred by any Related Company by reason of the inaccuracy of Executive's representations and warranties contained in this Section 11.

12. Survival. Each of the agreements, representations, warranties and covenants set forth in Section 4.5 and Sections 5 through 21 of this Agreement shall survive and

shall continue to be binding upon Employer and Executive notwithstanding the termination of Executive's employment or the expiration of the Term for any reason whatsoever.

13. Breach by Executive. Executive is obligated under this Agreement to render services of a special, unique, unusual, extraordinary, and intellectual character, which give this Agreement particular value. The loss of these services cannot be reasonably or adequately compensated in damages in an action at law. Accordingly, in addition to other remedies provided by law or this Agreement, Employer shall have the right during the Term and any period of non-competition governed by this Agreement, to seek injunctive relief against breach or threatened breach of this Agreement by Executive or the performance of services, or threatened performance of services, by Executive in violation of this Agreement, or both. This Section is not meant to limit the damages the Employer may pursue and is not meant to be an exhaustive list of the relief available to the Employer.

14. Controlling Law. This Agreement shall be controlled, construed and enforced in accordance with the laws of the State of California, without regard to conflicts of laws principles.

15. Notices. Any notice to Employer required or permitted under this Agreement shall be given in writing to Employer, either by personal service or by registered or certified mail, postage prepaid, addressed to the Chief Financial Officer of Employer, or equivalent, with a copy to the Chief Legal Officer of Employer, at Employer's then principal place of business. Any such notice to Executive shall be given in a like manner and, if mailed, shall be addressed to Executive at their home address then shown in Employer's files. For the purpose of determining compliance with any time limit in this Agreement, a notice shall be deemed to have been duly given (a) on the date of service, if served personally on the party to whom notice is to be given, or (b) on the third business day after mailing, if mailed to the party to whom the notice is to be given in the manner provided by this Section.

16. Amendments. This Agreement may be amended only by written agreement signed by each of the parties to this Agreement.

17. Severability. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated; provided that if Executive breaches Section 6 and if Section 6 is finally determined to be unenforceable, the payment obligations of Section 5.4(a)(iii) and Section 5.4(c) shall be deemed void *ab initio*.

18. Assignment. Executive shall not transfer or assign this Agreement or any part thereof. Employer reserves the right to transfer or assign this Agreement to any organization associated with it or any successor organization; provided, however, that Employer may assign this Agreement to any Related Company the stock or other equity of which is distributed to the shareholders of Employer and which, at the time of such distribution, agrees to employ Executive and assume Employer's obligations under this Agreement.

19. Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any party other than Employer, the other Related Companies, Executive and their respective successors and permitted assigns.

20. Integration.

(a) This Agreement; the SERP; any stock option, restricted stock, stock appreciation right or other equity compensation plan of Employer or any other Related Company (including, without limitation, the First American Financial Corporation 2010 and 2020 Incentive Compensation Plans) and any award agreement entered into thereunder; any pension plan and pension restoration plan of Employer or any Related Company; any deferred compensation plan of Employer or any other Related Company; any other employee benefit plan of Employer or any other Related Company; any change-of-control or similar agreement to which Employer and/or any Related Party and Executive are parties; any Confidential Information and Inventions Agreement between Executive and Employer; and any amendment, restatement or successor to any of the foregoing (the foregoing, collectively, the "Employment Arrangements") contain the entire Agreement between the parties and supersedes all prior verbal and written agreements, understandings, commitments and practices between the parties. The benefits conferred upon Executive pursuant to this Agreement shall be in addition to the benefits provided for under the other Employment Arrangements; provided, however, that duplicative benefits shall not be payable pursuant to this Agreement and any other Employment Arrangement and, for the avoidance of doubt, none of the benefits provided in this Agreement shall be payable to the extent they are otherwise payable under the other Employment Arrangements.

(b) In the event (i) Executive is a party to an agreement with a Related Company providing for a severance benefit in the event Executive's employment terminates following a change-in-control (a "Change-in-Control Agreement"), (ii) Executive becomes entitled to such benefit and (iii) Executive becomes entitled to the Severance Amount under Section 5.4(a)(iii), then the severance benefit payable to Executive under the Change-in-Control Agreement shall offset any Severance Amount payable to Executive pursuant to Section 5.4(a)(iii).

21. Counterparts. This Agreement may be executed in any number of counterparts, each of which when executed shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

[Signatures on next page]

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement effective as of the day and year first above written.

"EXECUTIVE"	"EMPLOYER"
/s/ Kenneth D. DeGiorgio	/s/ Mark E. Seaton
Name: Kenneth D. DeGiorgio	Name: Mark E. Seaton
Date: February 20, 2024	Title: EVP, Chief Financial Officer
	Date: February 20, 2024

Exhibit 10.7

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") dated as of February 20, 2024 is made and entered into by and between Mark E. Seaton ("Executive") and First American Financial Corporation ("Employer"). In consideration of the mutual covenants and agreements set forth herein, the parties agree as follows:

1. Employment of Executive. Subject to the terms and conditions of this Agreement, Employer hereby employs Executive, and Executive hereby accepts employment, as Executive Vice President, Chief Financial Officer. Executive shall devote Executive's entire productive time, effort and attention to the business of Employer during the Term (as defined below). Executive will use their best efforts at all times to promote and protect the good name of Employer and Employer's current and future subsidiaries, affiliates and other related companies (together with Employer, each a "Related Company" and, collectively the "Related Companies") as well as that of their respective officers, directors, employees, agents, products and services. Executive shall not directly or indirectly render any service of a business, commercial or professional nature to any other person or organization, whether for compensation or otherwise, without the prior written consent of Employer.

2. Duties To Be Performed. Executive shall perform the duties and have the responsibilities customarily performed and held by a person in a position similar to that set forth in Section 1. Executive shall also perform such other duties as directed by Employer's Board of Directors or the Chief Executive Officer (the "CEO") or their designee. Any modification made by Employer's Board of Directors or the CEO of the Employer or their designee to the duties of Executive shall not constitute a breach of this Agreement.

3. Term of Agreement. This Agreement shall become effective on the date of this Agreement and, unless earlier terminated pursuant to the provisions of the Agreement, shall continue through the close of business on December 31, 2026 (the "Term"). Unless continued on an "at-will" basis by Employer or any other Related Company or pursuant to another agreement, Executive's employment shall terminate upon the termination of this Agreement for any reason.

4. Compensation. In full payment for Executive's services, Employer shall provide to Executive compensation and benefits determined in accordance with this Section 4.

4.1 Salary. During the Term, Employer shall pay Executive a base annual salary (the "Base Salary"), before deducting all applicable withholdings, of $700,000 per year, payable at the times and in the manner dictated by Employer's standard payroll policies, which Base Salary may be increased in the sole and unfettered discretion of the Compensation Committee of the Board of Directors of Employer (the "Compensation Committee") or the Board of Directors of Employer. The Base Salary shall be prorated for any partial pay period that occurs during the Term.

4.2 Performance Bonus; Long-Term Incentive Equity Awards. During the Term, in addition to the Base Salary, Employer may, in the sole and unfettered discretion of

the Compensation Committee, pay to Executive an annual bonus and long-term incentive equity award.

4.3 Benefits. Executive shall, subject to the terms and conditions of any applicable benefits plan documents and applicable law, be entitled to receive all benefits of employment generally available to other similarly situated executives of Employer when and as Executive becomes eligible for them, including medical, dental, life and disability insurance benefits. Employer reserves the right to modify, suspend or discontinue any and all of the above benefit plans, policies, and practices at any time without notice to or recourse by Executive, so long as such action is taken generally with respect to other similarly situated executives of Employer and does not single out Executive.

4.4 Taxes and Withholdings. Employer may deduct from all compensation payable under this Agreement to Executive any taxes or withholdings Employer is required to deduct pursuant to state and federal laws or by mutual agreement between the parties. Executive is solely liable for any and all taxes beyond those specifically withheld by Employer.

4.5 Recoupment. Executive acknowledges and agrees that to the extent provided by any Employment Arrangement (as defined in Section 20(a) below) or any plan or policy, including any clawback policy, in any case reasonably adopted by the Company from time to time, compensation paid to Executive shall be subject to clawback, forfeiture, recoupment or similar requirement.

5. Termination.

5.1 Termination Upon Death. The Term (and Executive's employment) shall automatically terminate with immediate effect upon the death of Executive.

5.2 Termination by Employer. Notwithstanding anything in this Agreement to the contrary, express or implied, the Term (and Executive's employment) may be terminated immediately by Employer (by delivery of written notice specifying that termination is made pursuant to this Section 5.2) as follows:

(a) Whenever Executive is not physically or mentally able (with reasonable accommodation) to perform the essential functions of Executive's job;

(b) For "Cause," which shall be defined as: (i) embezzlement, theft or misappropriation by the Executive of any property of any of the Related Companies; (ii) Executive's willful breach of any fiduciary duty to Employer; (iii) Executive's willful failure or refusal to comply with laws or regulations applicable to Employer and its business or the policies of Employer governing the conduct of its employees; (iv) commission by Executive of a felony or of any crime involving moral turpitude, fraud or misrepresentation; (v) Executive's refusal to perform Executive's job duties or to perform reasonable specific directives of Executive's supervisor, supervisor's successor or designee, or the Board of Directors of Employer; or (vi) any gross negligence or willful misconduct of Executive resulting

in a loss to Employer or any other Related Company, or damage to the reputation of Employer or any other Related Company; or

(c) Upon the occurrence of any material breach (not covered by any of clauses (i) through (vi) of Section 5.2(b) above) of any of the provisions of this Agreement, it being agreed that for all purposes under this Agreement any violation of any of the provisions of Sections 6, 7, 8, 10 or 11 shall be deemed to be a material breach of this Agreement.

5.3 Termination by Employer without Cause. Employer may terminate the Term (and Executive's employment) by giving two weeks written notice to Executive. A termination made pursuant to this Section 5.3 is a "termination Without Cause." A termination made pursuant to Section 5.2 (and satisfying the notice requirement set forth therein) shall under no circumstance be considered a termination Without Cause.

5.4 Rights and Obligations Upon Termination.

(a) In the event of Employer's termination of the Term (and Executive's employment) pursuant to Section 5.3 (which, for the avoidance of doubt, is a termination Without Cause), Employer shall pay Executive:

(i) Executive's Base Salary through the date of termination, paid within 5 days following the termination date (or earlier if required by law);

(ii) any annual bonus earned for any fiscal year completed before the date of termination that remains unpaid as of the date of termination, paid within 5 days following the termination date (or earlier if required by law); and

(iii) an amount (the "Severance Amount") equal to two (2) times the sum of (A) Executive's Base Salary and (B) the median of the last three (3) annual bonuses paid to Executive (whether earned pursuant to this Agreement or otherwise and whether paid in cash, restricted stock units, stock options or otherwise) (the "Median Bonus"), fifty percent (50%) of which will be paid on the first business day following the 12-month anniversary of the date of termination and fifty percent (50%) of which will be paid in twelve installments equal to $1/24^{th}$ of the Severance Amount, the first payment of which will be made on the 29^{th} day following termination and the remaining eleven payments of which will be made on the first business day of each calendar month thereafter.

For the purpose of determining the Median Bonus, the value of (1) the portion of any annual bonus paid in the form of restricted stock or restricted stock units ("RSUs") shall be determined by multiplying the number of restricted shares or RSUs granted by the closing price of the restricted shares or stock underlying the RSUs on the grant date and (2) the portion of any annual bonus paid in the form of stock options or other equity (excluding restricted stock or RSUs) shall be determined using the methodology utilized by Employer for determining the cost of such stock option or other equity for financial reporting purposes, but without giving effect to the amortization of such stock option or other equity. For the avoidance of doubt, the Median Bonus shall not

include any long-term incentive equity awards which would not be included in "Covered Compensation" under the Executive Supplemental Benefit Plan (including any amendment, modification or successor thereto, the "SERP"). For the avoidance of doubt, "median" means, with respect to a set of three amounts, the middle amount and not the highest or the lowest amount, unless two of the amounts in the set are the same amount, in which case "median" means the amount which occurs twice in the set.

In exchange for Employer's agreement to pay the Severance Amount and as a condition thereto, Executive agrees to execute (within 21 days following the date of termination of employment), deliver and not revoke (within the time period permitted by applicable law) a general release of the Related Companies and their respective officers, directors, employees and owners from any and all claims, obligations and liabilities of any kind whatsoever, including all such claims arising from or in connection with Executive's employment or termination of employment with Employer or this Agreement (including, without limitation, civil rights claims), in such form as is reasonably requested by Employer. Executive's right to receive the Severance Amount is conditioned upon the release described in the preceding sentence becoming irrevocable within the prescribed time period. In addition, Executive's right to receive the Severance Amount shall immediately cease in the event that Executive violates any of the provisions of Sections 7 or 8. Apart from the payments set forth in this Section 5.4(a) and the benefits to which Executive may be entitled under the Employment Arrangements (as defined below), upon such termination Employer shall have no further liability whatsoever to Executive.

(b) In the event of the termination of the Term (and Executive's employment) pursuant to Sections 5.1 or 5.2 or, if Executive's employment does not continue on an at-will basis or pursuant to another agreement, upon the expiration of the Term, Employer shall be obligated to pay Executive (or, in the case of a termination under Section 5.1, Executive's heir or successor) the Base Salary through the date of termination and any annual bonus earned for any fiscal year completed before the date of termination, in each case, that remains unpaid as of the date of termination. Apart from the payments set forth in this Section 5.4(b) and the benefits to which Executive may be entitled under the Employment Arrangements, upon such termination or expiration, as the case may be, Employer shall have no further liability whatsoever to Executive.

(c) If it becomes known that Executive's employment will terminate for any reason, Employer may, in its sole discretion and subject to its other obligations under this Agreement, relieve Executive of their duties under this Agreement and assign Executive other reasonable duties and responsibilities to be performed until the termination becomes effective.

(d) In the event that any payment or benefit received or to be received by Executive under this Agreement and all other arrangements or programs, including any acceleration of vesting of stock options, restricted stock, restricted stock units, deferred compensation, or long-term incentive awards (collectively, the "Payments"), would constitute an excess parachute payment within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), as determined in good faith by Employer's independent auditors, then the portion of the Payments that would be treated as parachute payments under Section 280G of the Code shall be reduced so that the Payments, in the aggregate, are reduced to the Safe Harbor Amount (as defined below). For purposes of this Agreement, the term "Safe Harbor Amount" means the largest portion of the Payments that would result in no portion of the Payments being

considered parachute payments under Section 280G of the Code. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. In addition, with regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A of the Code, all such payments shall be made on or before the last day of calendar year following the calendar year in which the expense occurred.

(e) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A of the Code and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." If Executive is deemed on the date of termination to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B) of the Code, then with regard to any payment or the provision of any benefit (whether under this Agreement or otherwise) that is considered deferred compensation under Section 409A of the Code payable on account of a "separation from service," and that is not exempt from Section 409A of the Code as involuntary separation pay or a short-term deferral (or otherwise), such payment or benefit shall be made or provided at the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such "separation from service" of Executive or (ii) the date of Executive's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 5.4(f) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to Executive in a lump sum without interest, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. For purposes of Section 409A of the Code, each payment amount or benefit due under this Agreement will be considered a separate payment and Executive's entitlement to a series of payments or benefits under this Agreement is to be treated as an entitlement to a series of separate payments.

(f) Upon termination of Executive's employment for any reason, Executive hereby resigns from any and all (i) positions with all Related Companies, whether as a director, manager, general partner, officer or otherwise; (ii) committee memberships, fiduciary capacities or similar positions with respect to employee benefit plans sponsored by any Related Company, and (iii) any other positions associated with any Related Company, except to the extent Employer and Executive agree that Executive shall continue to serve in any such capacities following termination.

6. Restrictive Covenants.

6.1 Access to Trade Secrets and Confidential Information. Executive acknowledges and agrees that in the performance of Executive's duties of employment Executive will be brought into frequent contact with existing and potential customers of Employer and the other Related Companies throughout the world. Executive also agrees that trade secrets and confidential information of Employer and the other Related Companies gained by Executive during Executive's association with Employer and the other Related Companies have been

developed by Employer and the other Related Companies through substantial expenditures of time, effort and money and constitute valuable and unique property of Employer and the other Related Companies, and Employer and/or the Related Companies will suffer substantial damage and irreparable harm which will be difficult to compute if, during the Term and thereafter, Executive should disclose or improperly use such confidential information and trade secrets in violation of the provisions of this Section 6. Executive further understands and agrees that the foregoing makes it necessary for the protection of the businesses of Employer and the other Related Companies that Executive not compete with Employer or any other Related Company during their employment, as further provided in this Section 6.

6.2 Non-Compete and Non-Solicit. While employed by Employer or any other Related Company, Executive will not, directly or indirectly, engage in or render any service of a business, commercial or professional nature to any other person, entity or organization, whether for compensation or otherwise, that is in competition with Employer or any other Related Company anywhere in the world. In accordance with this restriction, but without limiting its terms, Executive will not:

(a) enter into or engage in any business which competes with the business of Employer or any other Related Company;

(b) solicit customers, business, patronage or orders for, or sell, any products or services in competition with, or for any business that competes with, the business of Employer or any other Related Company;

(c) divert, entice, or take away any customers, business, patronage or orders of Employer or any other Related Company or attempt to do so; or

(d) promote or assist, financially or otherwise, any person, firm, association, partnership, corporation or other entity engaged in any business which competes with the business of Employer or any other Related Company.

6.3 Scope of Restricted Activities. For the purposes of Section 6.2, but without limitation thereof, Executive will be in violation thereof if Executive engages in any or all of the activities set forth therein directly as an individual on Executive's own account, or indirectly as a stockholder, partner, joint venturer, executive, agent, salesperson, consultant, officer and/or director of, or by virtue of the ownership by Executive's spouse, child or parent of any equity interest in, any firm, association, partnership, corporation or other entity engaging in any or all of such activities; provided, however, Executive's or Executive's spouse's, child's or parent's ownership of less than one percent (1%) of the issued equity interest in any publicly traded corporation shall not alone constitute a violation of this Agreement.

6.4 Scope of Covenants. Employer and Executive acknowledge that the time, scope, geographic area and other provisions of Sections 6 and 7 have been specifically negotiated by sophisticated commercial parties and agree that they consider the restrictions and covenants contained in such Sections to be reasonable and necessary for the protection of the interests of the Related Companies, but if any such restriction or covenant shall be held by any

court of competent jurisdiction to be void but would be valid if deleted in part or reduced in application, such restriction or covenant shall apply with such deletion or modification as may be necessary to make it valid and enforceable. The restrictions and covenants contained in each provision of such Sections shall be construed as separate and individual restrictions and covenants and shall each be capable of being severed without prejudice to the other restrictions and covenants or to the remaining provisions of this Agreement.

7. No Solicitation of Employees. Executive will not directly or indirectly, at any time during the Term and the 12-month period after termination of Executive's employment, either for Executive or for any other person or entity, recruit or solicit for hire any employee, officer, director or other personnel of the Employer or any of the Related Companies, or to induce or encourage such a person or entity to terminate their or its relationship, or breach an agreement, with the Employer or one of the Related Companies. Notwithstanding the foregoing, this provision shall not apply to the extent it is inconsistent with or violates any federal or state law or specific government mandate, order, injunction, consent, assurance of discontinuance, or decree.

8. Nondisclosure of Confidential Information. Executive will keep in strict confidence, and will not, directly or indirectly, at any time during or after Executive's employment with Employer, disclose, furnish, disseminate, make available or, except in the course of performing Executive's duties of employment, use any trade secrets or confidential business and technical information of Employer, any other Related Company or any of its respective customers or vendors, without limitation as to when or how Executive may have acquired such information. Such confidential information shall include, without limitation, Employer's and any other Related Company's unique selling and servicing methods and business techniques, business strategies, financial information, training, service and business manuals, promotional materials, training courses and other training and instructional materials, vendor and product information, customer and prospective customer lists, other customer and prospective customer information, processes, inventions, patents, copyrights, trademarks and other intellectual property and intangible rights, and other business information. Executive specifically acknowledges that all such confidential information, whether reduced to writing, maintained on any form of electronic media, or maintained in the mind or memory of Executive and whether compiled by Employer, any other Related Company and/or Executive, derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from its disclosure or use, that reasonable efforts have been made by Employer or another Related Company, as the case may be, to maintain the secrecy of such information, that such information is the sole property of Employer or another Related Company and that any retention and use of such information or rights by Executive during Executive's employment with Employer (except in the course of performing Executive's duties and obligations hereunder) or after the termination of Executive's employment shall constitute a misappropriation of Employer's or another Related Company's trade secrets, rights or other property. Nothing in this Paragraph or Agreement is meant to override or invalidate other active agreements between Employee and the Company, including, but not limited to, any Confidential Information and Inventions Agreement, restrictive covenants (e.g., non-competition and/or non-solicitation agreements), and arbitration agreements.

9. Legally Authorized Disclosures. Pursuant to Section 7 of the Defend Trade Secrets Act of 2016, Executive is advised that an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (a) is

made: (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Also pursuant to Section 7 of the Defend Trade Secrets Act of 2016, Executive is advised that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order. In addition, nothing contained in this Agreement (i) limits Executive's right to communicate or cooperate with any federal, state or local governmental agency or commission ("Government Agencies") or (ii) bars Executive from responding to an order, regulation, rule or subpoena of a court or Government Agency.

10. Return of Company Property. Executive agrees that upon termination of Executive's employment with Employer, for any reason, Executive shall return to Employer, in good condition, all property of Employer and the other Related Companies, including without limitation, the originals and all copies of any materials which contain, reflect, summarize, describe, analyze or refer or relate to any items of information listed in Section 8 of this Agreement. In the event that such items are not so returned, Employer will have the right to charge Executive for all reasonable damages, costs, attorneys' fees and other expenses incurred in searching for, taking, removing and/or recovering such property.

11. Representations and Warranties. Executive hereby represents and warrants that they have the legal capacity to execute and perform this Agreement, that this Agreement is a valid and binding agreement enforceable against them according to its terms, and that the execution and performance of this Agreement by them does not violate the terms of any existing agreement or understanding, written or oral, to which Executive is a party or any judgment or decree to which Executive is subject. In addition, Executive represents and warrants that Executive knows of no reason why they are not physically or legally capable of performing their obligations under this Agreement in accordance with its terms. Executive hereby indemnifies the Related Companies and shall hold harmless the Related Companies from and against all liability, loss, cost, or expense, including, without limitation, reasonable attorneys' fees and expenses, incurred by any Related Company by reason of the inaccuracy of Executive's representations and warranties contained in this Section 11.

12. Survival. Each of the agreements, representations, warranties and covenants set forth in Section 4.5 and Sections 5 through 21 of this Agreement shall survive and shall continue to be binding upon Employer and Executive notwithstanding the termination of Executive's employment or the expiration of the Term for any reason whatsoever.

13. Breach by Executive. Executive is obligated under this Agreement to render services of a special, unique, unusual, extraordinary, and intellectual character, which give this Agreement particular value. The loss of these services cannot be reasonably or adequately compensated in damages in an action at law. Accordingly, in addition to other remedies provided by law or this Agreement, Employer shall have the right during the Term and any period of non-competition governed by this Agreement, to seek injunctive relief against breach or threatened breach of this Agreement by Executive or the performance of services, or threatened performance

of services, by Executive in violation of this Agreement, or both. This Section is not meant to limit the damages the Employer may pursue and is not meant to be an exhaustive list of the relief available to the Employer.

14. Controlling Law. This Agreement shall be controlled, construed and enforced in accordance with the laws of the State of California, without regard to conflicts of laws principles.

15. Notices. Any notice to Employer required or permitted under this Agreement shall be given in writing to Employer, either by personal service or by registered or certified mail, postage prepaid, addressed to the Chief Executive Officer of Employer, or equivalent, with a copy to the Chief Legal Officer of Employer, at Employer's then principal place of business. Any such notice to Executive shall be given in a like manner and, if mailed, shall be addressed to Executive at their home address then shown in Employer's files. For the purpose of determining compliance with any time limit in this Agreement, a notice shall be deemed to have been duly given (a) on the date of service, if served personally on the party to whom notice is to be given, or (b) on the third business day after mailing, if mailed to the party to whom the notice is to be given in the manner provided by this Section.

16. Amendments. This Agreement may be amended only by written agreement signed by each of the parties to this Agreement.

17. Severability. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated; provided that if Executive breaches Section 6 and if Section 6 is finally determined to be unenforceable, the payment obligations of Section 5.4(a)(iii) shall be deemed void *ab initio*.

18. Assignment. Executive shall not transfer or assign this Agreement or any part thereof. Employer reserves the right to transfer or assign this Agreement to any organization associated with it or any successor organization; provided, however, that Employer may assign this Agreement to any Related Company the stock or other equity of which is distributed to the shareholders of Employer and which, at the time of such distribution, agrees to employ Executive and assume Employer's obligations under this Agreement.

19. Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any party other than Employer, the other Related Companies, Executive and their respective successors and permitted assigns.

20. Integration.

(a) This Agreement; the SERP; any stock option, restricted stock, stock appreciation right or other equity compensation plan of Employer or any other Related Company (including, without limitation, the First American Financial Corporation 2010 and 2020 Incentive Compensation Plans) and any award agreement entered into thereunder; any pension plan and pension restoration plan of Employer or any Related Company; any deferred compensation plan of Employer or any other Related Company; any other employee benefit plan of Employer or any

other Related Company; any change-of-control or similar agreement to which Employer and/or any Related Party and Executive are parties; any Confidential Information and Inventions Agreement between Executive and Employer; and any amendment, restatement or successor to any of the foregoing (the foregoing, collectively, the "Employment Arrangements") contain the entire Agreement between the parties and supersedes all prior verbal and written agreements, understandings, commitments and practices between the parties. The benefits conferred upon Executive pursuant to this Agreement shall be in addition to the benefits provided for under the other Employment Arrangements; provided, however, that duplicative benefits shall not be payable pursuant to this Agreement and any other Employment Arrangement and, for the avoidance of doubt, none of the benefits provided in this Agreement shall be payable to the extent they are otherwise payable under the other Employment Arrangements.

(b) In the event (i) Executive is a party to an agreement with a Related Company providing for a severance benefit in the event Executive's employment terminates following a change-in-control (a "Change-in-Control Agreement"), (ii) Executive becomes entitled to such benefit and (iii) Executive becomes entitled to the Severance Amount under Section 5.4(a)(iii), then the severance benefit payable to Executive under the Change-in-Control Agreement shall offset any Severance Amount payable to Executive pursuant to Section 5.4(a)(iii).

21. Counterparts. This Agreement may be executed in any number of counterparts, each of which when executed shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

[Signatures on next page]

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement effective as of the day and year first above written.

"EXECUTIVE"	"EMPLOYER"
/s/ Mark E. Seaton	/s/ Kenneth D. DeGiorgio
Name: Mark E. Seaton	Name: Kenneth D. DeGiorgio
Date: February 20, 2024	Title: Chief Executive Officer
	Date: February 20, 2024

Exhibit 10.8

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") dated as of February 20, 2024 is made and entered into by and between Lisa W. Cornehl ("Executive") and First American Financial Corporation ("Employer"). In consideration of the mutual covenants and agreements set forth herein, the parties agree as follows:

1. Employment of Executive. Subject to the terms and conditions of this Agreement, Employer hereby employs Executive, and Executive hereby accepts employment, as Senior Vice President, Chief Legal Officer and Secretary. Executive shall devote Executive's entire productive time, effort and attention to the business of Employer during the Term (as defined below). Executive will use their best efforts at all times to promote and protect the good name of Employer and Employer's current and future subsidiaries, affiliates and other related companies (together with Employer, each a "Related Company" and, collectively the "Related Companies") as well as that of their respective officers, directors, employees, agents, products and services. Executive shall not directly or indirectly render any service of a business, commercial or professional nature to any other person or organization, whether for compensation or otherwise, without the prior written consent of Employer.

2. Duties To Be Performed. Executive shall perform the duties and have the responsibilities customarily performed and held by a person in a position similar to that set forth in Section 1. Executive shall also perform such other duties as directed by Employer's Board of Directors or the Chief Executive Officer (the "CEO") or their designee. Any modification made by Employer's Board of Directors or the CEO of the Employer or their designee to the duties of Executive shall not constitute a breach of this Agreement.

3. Term of Agreement. This Agreement shall become effective on the date of this Agreement and, unless earlier terminated pursuant to the provisions of the Agreement, shall continue through the close of business on December 31, 2026 (the "Term"). Unless continued on an "at-will" basis by Employer or any other Related Company or pursuant to another agreement, Executive's employment shall terminate upon the termination of this Agreement for any reason.

4. Compensation. In full payment for Executive's services, Employer shall provide to Executive compensation and benefits determined in accordance with this Section 4.

4.1 Salary. During the Term, Employer shall pay Executive a base annual salary (the "Base Salary"), before deducting all applicable withholdings, of $450,000 per year, payable at the times and in the manner dictated by Employer's standard payroll policies, which Base Salary may be increased in the sole and unfettered discretion of the Compensation Committee of the Board of Directors of Employer (the "Compensation Committee") or the Board of Directors of Employer. The Base Salary shall be prorated for any partial pay period that occurs during the Term.

4.2 Performance Bonus; Long-Term Incentive Equity Awards. During the Term, in addition to the Base Salary, Employer may, in the sole and unfettered discretion of

the Compensation Committee, pay to Executive an annual bonus and long-term incentive equity award.

4.3 Benefits. Executive shall, subject to the terms and conditions of any applicable benefits plan documents and applicable law, be entitled to receive all benefits of employment generally available to other similarly situated executives of Employer when and as Executive becomes eligible for them, including medical, dental, life and disability insurance benefits. Employer reserves the right to modify, suspend or discontinue any and all of the above benefit plans, policies, and practices at any time without notice to or recourse by Executive, so long as such action is taken generally with respect to other similarly situated executives of Employer and does not single out Executive.

4.4 Taxes and Withholdings. Employer may deduct from all compensation payable under this Agreement to Executive any taxes or withholdings Employer is required to deduct pursuant to state and federal laws or by mutual agreement between the parties. Executive is solely liable for any and all taxes beyond those specifically withheld by Employer.

4.5 Recoupment. Executive acknowledges and agrees that to the extent provided by any Employment Arrangement (as defined in Section 20(a) below) or any plan or policy, including any clawback policy, in any case reasonably adopted by the Company from time to time, compensation paid to Executive shall be subject to clawback, forfeiture, recoupment or similar requirement.

5. Termination.

5.1 Termination Upon Death. The Term (and Executive's employment) shall automatically terminate with immediate effect upon the death of Executive.

5.2 Termination by Employer. Notwithstanding anything in this Agreement to the contrary, express or implied, the Term (and Executive's employment) may be terminated immediately by Employer (by delivery of written notice specifying that termination is made pursuant to this Section 5.2) as follows:

(a) Whenever Executive is not physically or mentally able (with reasonable accommodation) to perform the essential functions of Executive's job;

(b) For "Cause," which shall be defined as: (i) embezzlement, theft or misappropriation by the Executive of any property of any of the Related Companies; (ii) Executive's willful breach of any fiduciary duty to Employer; (iii) Executive's willful failure or refusal to comply with laws or regulations applicable to Employer and its business or the policies of Employer governing the conduct of its employees; (iv) commission by Executive of a felony or of any crime involving moral turpitude, fraud or misrepresentation; (v) Executive's refusal to perform Executive's job duties or to perform reasonable specific directives of Executive's supervisor, supervisor's successor or designee, or the Board of Directors of Employer; or (vi) any gross negligence or willful misconduct of Executive resulting

in a loss to Employer or any other Related Company, or damage to the reputation of Employer or any other Related Company; or

(c) Upon the occurrence of any material breach (not covered by any of clauses (i) through (vi) of Section 5.2(b) above) of any of the provisions of this Agreement, it being agreed that for all purposes under this Agreement any violation of any of the provisions of Sections 6, 7, 8, 10 or 11 shall be deemed to be a material breach of this Agreement.

5.3 Termination by Employer without Cause. Employer may terminate the Term (and Executive's employment) by giving two weeks written notice to Executive. A termination made pursuant to this Section 5.3 is a "termination Without Cause." A termination made pursuant to Section 5.2 (and satisfying the notice requirement set forth therein) shall under no circumstance be considered a termination Without Cause.

5.4 Rights and Obligations Upon Termination.

(a) In the event of Employer's termination of the Term (and Executive's employment) pursuant to Section 5.3 (which, for the avoidance of doubt, is a termination Without Cause), Employer shall pay Executive:

(i) Executive's Base Salary through the date of termination, paid within 5 days following the termination date (or earlier if required by law);

(ii) any annual bonus earned for any fiscal year completed before the date of termination that remains unpaid as of the date of termination, paid within 5 days following the termination date (or earlier if required by law); and

(iii) an amount (the "Severance Amount") equal to two (2) times the sum of (A) Executive's Base Salary and (B) the median of the last three (3) annual bonuses paid to Executive (whether earned pursuant to this Agreement or otherwise and whether paid in cash, restricted stock units, stock options or otherwise) (the "Median Bonus"), fifty percent (50%) of which will be paid on the first business day following the 12-month anniversary of the date of termination and fifty percent (50%) of which will be paid in twelve installments equal to $1/24^{th}$ of the Severance Amount, the first payment of which will be made on the 29^{th} day following termination and the remaining eleven payments of which will be made on the first business day of each calendar month thereafter.

For the purpose of determining the Median Bonus, the value of (1) the portion of any annual bonus paid in the form of restricted stock or restricted stock units ("RSUs") shall be determined by multiplying the number of restricted shares or RSUs granted by the closing price of the restricted shares or stock underlying the RSUs on the grant date and (2) the portion of any annual bonus paid in the form of stock options or other equity (excluding restricted stock or RSUs) shall be determined using the methodology utilized by Employer for determining the cost of such stock option or other equity for financial reporting purposes, but without giving effect to the amortization of such stock option or other equity. For the avoidance of doubt, the Median Bonus shall not

include any long-term incentive equity awards which would not be included in "Covered Compensation" under the Executive Supplemental Benefit Plan (including any amendment, modification or successor thereto, the "SERP"). For the avoidance of doubt, "median" means, with respect to a set of three amounts, the middle amount and not the highest or the lowest amount, unless two of the amounts in the set are the same amount, in which case "median" means the amount which occurs twice in the set.

In exchange for Employer's agreement to pay the Severance Amount and as a condition thereto, Executive agrees to execute (within 21 days following the date of termination of employment), deliver and not revoke (within the time period permitted by applicable law) a general release of the Related Companies and their respective officers, directors, employees and owners from any and all claims, obligations and liabilities of any kind whatsoever, including all such claims arising from or in connection with Executive's employment or termination of employment with Employer or this Agreement (including, without limitation, civil rights claims), in such form as is reasonably requested by Employer. Executive's right to receive the Severance Amount is conditioned upon the release described in the preceding sentence becoming irrevocable within the prescribed time period. In addition, Executive's right to receive the Severance Amount shall immediately cease in the event that Executive violates any of the provisions of Sections 7 or 8. Apart from the payments set forth in this Section 5.4(a) and the benefits to which Executive may be entitled under the Employment Arrangements (as defined below), upon such termination Employer shall have no further liability whatsoever to Executive.

(b) In the event of the termination of the Term (and Executive's employment) pursuant to Sections 5.1 or 5.2 or, if Executive's employment does not continue on an at-will basis or pursuant to another agreement, upon the expiration of the Term, Employer shall be obligated to pay Executive (or, in the case of a termination under Section 5.1, Executive's heir or successor) the Base Salary through the date of termination and any annual bonus earned for any fiscal year completed before the date of termination, in each case, that remains unpaid as of the date of termination. Apart from the payments set forth in this Section 5.4(b) and the benefits to which Executive may be entitled under the Employment Arrangements, upon such termination or expiration, as the case may be, Employer shall have no further liability whatsoever to Executive.

(c) If it becomes known that Executive's employment will terminate for any reason, Employer may, in its sole discretion and subject to its other obligations under this Agreement, relieve Executive of their duties under this Agreement and assign Executive other reasonable duties and responsibilities to be performed until the termination becomes effective.

(d) In the event that any payment or benefit received or to be received by Executive under this Agreement and all other arrangements or programs, including any acceleration of vesting of stock options, restricted stock, restricted stock units, deferred compensation, or long-term incentive awards (collectively, the "Payments"), would constitute an excess parachute payment within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), as determined in good faith by Employer's independent auditors, then the portion of the Payments that would be treated as parachute payments under Section 280G of the Code shall be reduced so that the Payments, in the aggregate, are reduced to the Safe Harbor Amount (as defined below). For purposes of this Agreement, the term "Safe Harbor Amount" means the largest portion of the Payments that would result in no portion of the Payments being

considered parachute payments under Section 280G of the Code. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. In addition, with regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A of the Code, all such payments shall be made on or before the last day of calendar year following the calendar year in which the expense occurred.

(e) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A of the Code and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." If Executive is deemed on the date of termination to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B) of the Code, then with regard to any payment or the provision of any benefit (whether under this Agreement or otherwise) that is considered deferred compensation under Section 409A of the Code payable on account of a "separation from service," and that is not exempt from Section 409A of the Code as involuntary separation pay or a short-term deferral (or otherwise), such payment or benefit shall be made or provided at the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such "separation from service" of Executive or (ii) the date of Executive's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 5.4(f) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to Executive in a lump sum without interest, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. For purposes of Section 409A of the Code, each payment amount or benefit due under this Agreement will be considered a separate payment and Executive's entitlement to a series of payments or benefits under this Agreement is to be treated as an entitlement to a series of separate payments.

(f) Upon termination of Executive's employment for any reason, Executive hereby resigns from any and all (i) positions with all Related Companies, whether as a director, manager, general partner, officer or otherwise; (ii) committee memberships, fiduciary capacities or similar positions with respect to employee benefit plans sponsored by any Related Company, and (iii) any other positions associated with any Related Company, except to the extent Employer and Executive agree that Executive shall continue to serve in any such capacities following termination.

6. Restrictive Covenants

6.1 Access to Trade Secrets and Confidential Information. Executive acknowledges and agrees that in the performance of Executive's duties of employment Executive will be brought into frequent contact with existing and potential customers of Employer and the other Related Companies throughout the world. Executive also agrees that trade secrets and confidential information of Employer and the other Related Companies gained by Executive during Executive's association with Employer and the other Related Companies have been

developed by Employer and the other Related Companies through substantial expenditures of time, effort and money and constitute valuable and unique property of Employer and the other Related Companies, and Employer and/or the Related Companies will suffer substantial damage and irreparable harm which will be difficult to compute if, during the Term and thereafter, Executive should disclose or improperly use such confidential information and trade secrets in violation of the provisions of this Section 6. Executive further understands and agrees that the foregoing makes it necessary for the protection of the businesses of Employer and the other Related Companies that Executive not compete with Employer or any other Related Company during their employment, as further provided in this Section 6.

6.2 Non-Compete and Non-Solicit. While employed by Employer or any other Related Company, Executive will not, directly or indirectly, engage in or render any service of a business, commercial or professional nature to any other person, entity or organization, whether for compensation or otherwise, that is in competition with Employer or any other Related Company anywhere in the world. In accordance with this restriction, but without limiting its terms, Executive will not:

(a) enter into or engage in any business which competes with the business of Employer or any other Related Company;

(b) solicit customers, business, patronage or orders for, or sell, any products or services in competition with, or for any business that competes with, the business of Employer or any other Related Company;

(c) divert, entice, or take away any customers, business, patronage or orders of Employer or any other Related Company or attempt to do so; or

(d) promote or assist, financially or otherwise, any person, firm, association, partnership, corporation or other entity engaged in any business which competes with the business of Employer or any other Related Company.

6.3 Scope of Restricted Activities. For the purposes of Section 6.2, but without limitation thereof, Executive will be in violation thereof if Executive engages in any or all of the activities set forth therein directly as an individual on Executive's own account, or indirectly as a stockholder, partner, joint venturer, executive, agent, salesperson, consultant, officer and/or director of, or by virtue of the ownership by Executive's spouse, child or parent of any equity interest in, any firm, association, partnership, corporation or other entity engaging in any or all of such activities; provided, however, Executive's or Executive's spouse's, child's or parent's ownership of less than one percent (1%) of the issued equity interest in any publicly traded corporation shall not alone constitute a violation of this Agreement.

6.4 Scope of Covenants. Employer and Executive acknowledge that the time, scope, geographic area and other provisions of Sections 6 and 7 have been specifically negotiated by sophisticated commercial parties and agree that they consider the restrictions and covenants contained in such Sections to be reasonable and necessary for the protection of the interests of the Related Companies, but if any such restriction or covenant shall be held by any

court of competent jurisdiction to be void but would be valid if deleted in part or reduced in application, such restriction or covenant shall apply with such deletion or modification as may be necessary to make it valid and enforceable. The restrictions and covenants contained in each provision of such Sections shall be construed as separate and individual restrictions and covenants and shall each be capable of being severed without prejudice to the other restrictions and covenants or to the remaining provisions of this Agreement.

7. No Solicitation of Employees. Executive will not directly or indirectly, at any time during the Term and the 12-month period after termination of Executive's employment, either for Executive or for any other person or entity, recruit or solicit for hire any employee, officer, director or other personnel of the Employer or any of the Related Companies, or to induce or encourage such a person or entity to terminate their or its relationship, or breach an agreement, with the Employer or one of the Related Companies. Notwithstanding the foregoing, this provision shall not apply to the extent it is inconsistent with or violates any federal or state law or specific government mandate, order, injunction, consent, assurance of discontinuance, or decree.

8. Nondisclosure of Confidential Information. Executive will keep in strict confidence, and will not, directly or indirectly, at any time during or after Executive's employment with Employer, disclose, furnish, disseminate, make available or, except in the course of performing Executive's duties of employment, use any trade secrets or confidential business and technical information of Employer, any other Related Company or any of its respective customers or vendors, without limitation as to when or how Executive may have acquired such information. Such confidential information shall include, without limitation, Employer's and any other Related Company's unique selling and servicing methods and business techniques, business strategies, financial information, training, service and business manuals, promotional materials, training courses and other training and instructional materials, vendor and product information, customer and prospective customer lists, other customer and prospective customer information, processes, inventions, patents, copyrights, trademarks and other intellectual property and intangible rights, and other business information. Executive specifically acknowledges that all such confidential information, whether reduced to writing, maintained on any form of electronic media, or maintained in the mind or memory of Executive and whether compiled by Employer, any other Related Company and/or Executive, derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from its disclosure or use, that reasonable efforts have been made by Employer or another Related Company, as the case may be, to maintain the secrecy of such information, that such information is the sole property of Employer or another Related Company and that any retention and use of such information or rights by Executive during Executive's employment with Employer (except in the course of performing Executive's duties and obligations hereunder) or after the termination of Executive's employment shall constitute a misappropriation of Employer's or another Related Company's trade secrets, rights or other property. Nothing in this Paragraph or Agreement is meant to override or invalidate other active agreements between Employee and the Company, including, but not limited to, any Confidential Information and Inventions Agreement, restrictive covenants (e.g., non-competition and/or non-solicitation agreements), and arbitration agreements.

9. Legally Authorized Disclosures. Pursuant to Section 7 of the Defend Trade Secrets Act of 2016, Executive is advised that an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (a) is

made: (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Also pursuant to Section 7 of the Defend Trade Secrets Act of 2016, Executive is advised that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order. In addition, nothing contained in this Agreement (i) limits Executive's right to communicate or cooperate with any federal, state or local governmental agency or commission ("Government Agencies") or (ii) bars Executive from responding to an order, regulation, rule or subpoena of a court or Government Agency.

10. Return of Company Property. Executive agrees that upon termination of Executive's employment with Employer, for any reason, Executive shall return to Employer, in good condition, all property of Employer and the other Related Companies, including without limitation, the originals and all copies of any materials which contain, reflect, summarize, describe, analyze or refer or relate to any items of information listed in Section 8 of this Agreement. In the event that such items are not so returned, Employer will have the right to charge Executive for all reasonable damages, costs, attorneys' fees and other expenses incurred in searching for, taking, removing and/or recovering such property.

11. Representations and Warranties. Executive hereby represents and warrants that they have the legal capacity to execute and perform this Agreement, that this Agreement is a valid and binding agreement enforceable against them according to its terms, and that the execution and performance of this Agreement by them does not violate the terms of any existing agreement or understanding, written or oral, to which Executive is a party or any judgment or decree to which Executive is subject. In addition, Executive represents and warrants that Executive knows of no reason why they are not physically or legally capable of performing their obligations under this Agreement in accordance with its terms. Executive hereby indemnifies the Related Companies and shall hold harmless the Related Companies from and against all liability, loss, cost, or expense, including, without limitation, reasonable attorneys' fees and expenses, incurred by any Related Company by reason of the inaccuracy of Executive's representations and warranties contained in this Section 11.

12. Survival. Each of the agreements, representations, warranties and covenants set forth in Section 4.5 and Sections 5 through 21 of this Agreement shall survive and shall continue to be binding upon Employer and Executive notwithstanding the termination of Executive's employment or the expiration of the Term for any reason whatsoever.

13. Breach by Executive. Executive is obligated under this Agreement to render services of a special, unique, unusual, extraordinary, and intellectual character, which give this Agreement particular value. The loss of these services cannot be reasonably or adequately compensated in damages in an action at law. Accordingly, in addition to other remedies provided by law or this Agreement, Employer shall have the right during the Term and any period of non-competition governed by this Agreement, to seek injunctive relief against breach or threatened breach of this Agreement by Executive or the performance of services, or threatened performance

of services, by Executive in violation of this Agreement, or both. This Section is not meant to limit the damages the Employer may pursue and is not meant to be an exhaustive list of the relief available to the Employer.

14. Controlling Law. This Agreement shall be controlled, construed and enforced in accordance with the laws of the State of California, without regard to conflicts of laws principles.

15. Notices. Any notice to Employer required or permitted under this Agreement shall be given in writing to Employer, either by personal service or by registered or certified mail, postage prepaid, addressed to the Chief Executive Officer of Employer, or equivalent, with a copy to the Chief Financial Officer of Employer, at Employer's then principal place of business. Any such notice to Executive shall be given in a like manner and, if mailed, shall be addressed to Executive at their home address then shown in Employer's files. For the purpose of determining compliance with any time limit in this Agreement, a notice shall be deemed to have been duly given (a) on the date of service, if served personally on the party to whom notice is to be given, or (b) on the third business day after mailing, if mailed to the party to whom the notice is to be given in the manner provided by this Section.

16. Amendments. This Agreement may be amended only by written agreement signed by each of the parties to this Agreement.

17. Severability. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated; provided that if Executive breaches Section 6 and if Section 6 is finally determined to be unenforceable, the payment obligations of Section 5.4(a)(iii) shall be deemed void *ab initio*.

18. Assignment. Executive shall not transfer or assign this Agreement or any part thereof. Employer reserves the right to transfer or assign this Agreement to any organization associated with it or any successor organization; provided, however, that Employer may assign this Agreement to any Related Company the stock or other equity of which is distributed to the shareholders of Employer and which, at the time of such distribution, agrees to employ Executive and assume Employer's obligations under this Agreement.

19. Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any party other than Employer, the other Related Companies, Executive and their respective successors and permitted assigns.

20. Integration.

(a) This Agreement; the SERP; any stock option, restricted stock, stock appreciation right or other equity compensation plan of Employer or any other Related Company (including, without limitation, the First American Financial Corporation 2010 and 2020 Incentive Compensation Plans) and any award agreement entered into thereunder; any pension plan and pension restoration plan of Employer or any Related Company; any deferred compensation plan of Employer or any other Related Company; any other employee benefit plan of Employer or any

other Related Company; any change-of-control or similar agreement to which Employer and/or any Related Party and Executive are parties; any Confidential Information and Inventions Agreement between Executive and Employer; and any amendment, restatement or successor to any of the foregoing (the foregoing, collectively, the "Employment Arrangements") contain the entire Agreement between the parties and supersedes all prior verbal and written agreements, understandings, commitments and practices between the parties. The benefits conferred upon Executive pursuant to this Agreement shall be in addition to the benefits provided for under the other Employment Arrangements; provided, however, that duplicative benefits shall not be payable pursuant to this Agreement and any other Employment Arrangement and, for the avoidance of doubt, none of the benefits provided in this Agreement shall be payable to the extent they are otherwise payable under the other Employment Arrangements.

(b) In the event (i) Executive is a party to an agreement with a Related Company providing for a severance benefit in the event Executive's employment terminates following a change-in-control (a "Change-in-Control Agreement"), (ii) Executive becomes entitled to such benefit and (iii) Executive becomes entitled to the Severance Amount under Section 5.4(a)(iii), then the severance benefit payable to Executive under the Change-in-Control Agreement shall offset any Severance Amount payable to Executive pursuant to Section 5.4(a)(iii).

21. Counterparts. This Agreement may be executed in any number of counterparts, each of which when executed shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

[Signatures on next page]

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement effective as of the day and year first above written.

"EXECUTIVE"	"EMPLOYER"
/s/ Lisa W. Cornehl	/s/ Kenneth D. DeGiorgio
Name: Lisa W. Cornehl	Name: Kenneth D. DeGiorgio
Date: February 20, 2024	Title: Chief Executive Officer
	Date: February 20, 2024

Exhibit 10.5.7

[Non-Employee Director]
Notice of Restricted Stock Unit Grant

Participant:	[Participant Name]
Company:	First American Financial Corporation
Notice:	You have been granted the following Restricted Stock Units in accordance with the terms of the Plan and the Restricted Stock Unit Award Agreement attached hereto.
Type of Award:	Restricted Stock Units
Plan:	First American Financial Corporation 2020 Incentive Compensation Plan
Grant:	Date of Grant: [Grant Date] Number of Shares Underlying Restricted Stock Units: [Number of Shares Granted]
Period of Restriction:	Subject to the terms of the Plan and this Agreement, the Period of Restriction applicable to the Restricted Stock Units shall commence on the Date of Grant and shall lapse one year after the Date of Grant.
Rejection:	If you wishto accept this Restricted Stock Unit Award, please access Fidelity NetBenefits® at www.netbenefits.com/firstamerican and follow the steps outlined under the "Accept Grant" link at any time within forty-five (45) days after the Date of Grant. If you do not accept your grant via Fidelity NetBenefits® within forty-five (45) days after the Date of Grant, you will have rejected this Restricted Stock Unit Award.

[Non-Employee Director]
Restricted Stock Unit Award Agreement

This Restricted Stock Unit Award Agreement (this "Agreement"), dated as of the Date of Grant set forth in the Notice of Restricted Stock Unit Grant attached hereto (the "Grant Notice"), is made between First American Financial Corporation (the "Company") and the Participant set forth in the Grant Notice. The Grant Notice is included in and made part of this Agreement.

1. Definitions.

Capitalized terms used but not defined in this Agreement (including the Grant Notice) have the meaning set forth in the Plan.

2. Grant of the Restricted Stock Units.

Subject to the provisions of this Agreement and the provisions of the Plan, the Company hereby grants to the Participant, pursuant to the Plan, a contingent right to receive the number of shares of common stock of the Company, par value $.00001 per share ("Shares"), set forth in the Grant Notice (the "Restricted Stock Units").

3. Dividend Equivalents.

Each Restricted Stock Unit shall accrue Dividend Equivalents with respect to dividends that would otherwise be paid on the Share underlying such Restricted Stock Unit during the period from the Date of Grant to the date such Share is delivered in accordance with Section 6. Any such Dividend Equivalent shall be deemed reinvested in additional Shares underlying the Restricted Stock Units immediately upon the related dividend's payment date, based on the then-current Fair Market Value (rounded down to the nearest whole number), and shall be subject to the Period of Restriction applicable to the Restricted Stock Unit on which such Dividend Equivalent is paid. Any such conversion of Dividend Equivalents shall be conclusively determined by the Committee. The Shares underlying Restricted Stock Units into which Dividend Equivalents are so converted shall be delivered in accordance with Section 6.

4. Period of Restriction; Termination.

The Period of Restriction with respect to the Restricted Stock Units shall be as set forth in the Grant Notice. Subject to the terms of the Plan and the remaining provisions of this Section 4, all Restricted Stock Units for which the Period of Restriction had not lapsed prior to the date of the Participant's Termination shall be immediately forfeited. Notwithstanding the foregoing to the contrary:

1. In the event of the Participant's Termination due to his or her death or Disability, the Period of Restriction as to all Restricted Stock Units shall immediately lapse in its entirety.

2. In the event of the Participant's Termination due to his or her retirement from the Board, irrespective of length of service prior to such retirement, the Period of Restriction as to all Restricted Stock Units shall immediately lapse in its entirety.

5. Change of Control.

Except for a Change of Control that has been approved by the Company's Incumbent Board prior to the occurrence of such Change of Control, the provisions of Section 15.1 of the Plan shall apply to the Restricted Stock Units.

6. Delivery of Shares.

Unless delivery is deferred for reasons set forth in Section 11, as soon as reasonably practicable following the lapse of the applicable portion of the Period of Restriction, but in no event later than 60 days following the date of such lapse, the Company shall cause to be delivered to the Participant the full number of Shares underlying the Restricted Stock Units as to which such portion of the Period of Restriction has so lapsed, together with Shares comprising all accrued Dividend Equivalents with respect to such Restricted Stock Units, subject to the satisfaction of applicable Tax-Related Items with respect thereto pursuant to Article XVII of the Plan. Restricted Stock Units may only be settled by delivery of Shares and not by any cash payment. No fractional Share will be issued pursuant to an award granted hereunder. The number of Shares issuable upon the settlement of the Restricted Stock Units will be rounded down to the nearest whole number of Shares. No payment or other adjustment will be made with respect to the fractional shares so disregarded.

7. No Ownership Rights Prior to Issuance of Shares.

Restricted Stock Units shall not be considered Shares and neither the Participant nor any other person shall become the beneficial owner of the Shares underlying the Restricted Stock Units, nor have any rights to dividends or other rights as a shareholder with respect to any such Shares, until and after such Shares have been actually issued to the Participant and transferred on the books and records of the Company or its agent in accordance with the terms of the Plan and this Agreement.

8. Detrimental Activity.

(a) Notwithstanding any other provisions of this Agreement to the contrary, if at any time prior to the earlier of the delivery of Shares with respect to the Restricted Stock Units or, if applicable, the date on which such Shares would have been delivered but for a deferral pursuant to a deferred compensation arrangement made available by the Company, the Participant engages in Detrimental Activity, such Restricted Stock Units shall be cancelled and rescinded without any payment or consideration therefor. The determination of whether the Participant has engaged in Detrimental Activity shall be made by the Committee in its good faith discretion, and lapse of the Period of Restriction and delivery of Shares with respect to the Restricted Stock Units shall be suspended pending resolution to the Committee's satisfaction of any investigation of the matter.

(b) For purposes of this Agreement, "Detrimental Activity" means at any time (i) using information received during the Participant's membership on the Board relating to the business affairs of the Company or any of its Subsidiaries or Affiliates, in breach of the Participant's express or implied undertaking to keep such information confidential; (ii) directly or indirectly persuading or attempting to persuade, by any means, any employee of the Company or any of its Subsidiaries or Affiliates to breach any of the terms of his or her employment with the Company, its Subsidiaries or its Affiliates; (iii) directly or indirectly making any statement that is, or could be, disparaging of the Company or any of its Subsidiaries or Affiliates, or any of their respective employees (except to the extent necessary to respond truthfully to any inquiry from applicable regulatory authorities or to provide information pursuant to legal process); (iv) directly or indirectly engaging in any illegal, unethical or otherwise wrongful activity that is, or could be, substantially injurious to the financial condition, reputation or goodwill of the Company or any of its Subsidiaries or Affiliates; or (v) directly or indirectly engaging in an act of misconduct such as, embezzlement, fraud, dishonesty, nonpayment of any obligation owed to the Company or any of its Subsidiaries or Affiliates, breach of fiduciary duty or disregard or violation of rules, policies or procedures of the Company or any of its Subsidiaries or Affiliates, an unauthorized disclosure of any trade secret or confidential information of the Company or any of its Subsidiaries or Affiliates, any conduct constituting unfair competition, or inducing any customer to breach a contract with the Company or any of its Subsidiaries or Affiliates, in each case as determined by the Committee in its good faith discretion. Nothing in this Agreement prevents the Participant, however, from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Participant has reason to believe is unlawful.

9. Responsibility for Taxes.

The Participant acknowledges that, regardless of any action taken by the Company, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items") is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company. The Participant further acknowledges that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Plan, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends and/or Dividend Equivalents; and (ii) does not commit to and is under no obligation to structure the terms of the grant of Restricted Stock Units or any aspect of the Plan to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

10. The Plan.

In consideration for this grant, the Participant agrees to comply with the terms of the Plan and this Agreement. This Agreement is subject to all the terms, provisions and conditions of the Plan, which are incorporated herein by reference, and to such regulations as may from time to time be adopted by the Committee. In the event of any conflict between the provisions of the Plan and this Agreement, the provisions of the Plan shall control, and this Agreement shall be deemed to be modified accordingly. The Plan and the prospectus describing the Plan can be found on Fidelity NetBenefits® at www.netbenefits.com/firstamerican under Plan Information and Documents. A paper copy of the Plan and the prospectus shall be provided to the Participant upon the Participant's written request to the Company at First American Financial Corporation, 1 First American Way, Santa Ana, California 92707, Attention: Incentive Compensation Plan Administrator, or such other address as the Company may from time to time specify.

11. Compliance with Laws and Regulations.

(a) Notwithstanding any other provision of the Plan or this Agreement, the Restricted Stock Units and the obligation of the Company to sell and deliver Shares hereunder shall be subject in all respects to (i) all applicable Federal and state laws, rules and regulations and (ii) any registration, qualification, approvals or other requirements imposed by any government or regulatory agency or body which the Committee shall, in its discretion, determine to be necessary or applicable. Moreover, the Company shall not deliver any certificates for Shares to the Participant or any other person pursuant to this Agreement if doing so would be contrary to applicable law. If at any time the Company determines, in its discretion, that the listing, registration or qualification of Shares upon any securities exchange or under any state or Federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable, the Company shall not be required to deliver any certificates for Shares to the Participant or any other person pursuant to this Agreement unless and until such listing, registration, qualification, consent or approval has been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Company.

(b) It is intended that the Shares received in respect of the Restricted Stock Units shall have been registered under the Securities Act. If the Participant is an "affiliate" of the Company, as that term is defined in Rule 144 under the Securities Act ("Rule 144"), the Participant may not sell the Shares received except in compliance with Rule 144. Certificates representing Shares issued to an "affiliate" of the Company may bear a legend setting forth such restrictions on the disposition or transfer of the Shares as the Company deems appropriate to comply with Federal and state securities laws.

(c) If, at any time, the Shares are not registered under the Securities Act, and/or there is no current prospectus in effect under the Securities Act with respect to the Shares, the Participant shall execute, prior to the delivery of any Shares to the Participant by the Company pursuant to this Agreement, an agreement (in such form as the Company may specify) in which the Participant represents and warrants that the Participant is purchasing or acquiring the Shares acquired under this Agreement for the Participant's own account, for investment only and not with a view to the resale or distribution thereof, and represents and agrees that any subsequent offer for sale or distribution of any kind of such Shares shall be made only pursuant to either (i) a registration statement on an appropriate form under the Securities Act, which registration statement has become effective and is current with regard to the Shares being offered or sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption the Participant shall, prior to any offer for sale of such Shares, obtain a prior favorable written opinion, in form and substance satisfactory to the Company, from counsel for or approved by the Company, as to the applicability of such exemption thereto.

12. Notices.

All notices by the Participant or the Participant's assignees shall be addressed to First American Financial Corporation, 1 First American Way, Santa Ana, California 92707, Attention: Incentive Compensation Plan Administrator, or such other address as the Company may from time to time specify. All notices to the Participant shall be addressed to the Participant at the Participant's address in the Company's records.

13. Severability.

In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Agreement, and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

14. Waiver.

The Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

15. Electronic Delivery.

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

[Signatures on next page]

FIRST AMERICAN FINANCIAL CORPORATION

By:_____
Name:
Title:

Date: [Grant Date]

Acknowledged and agreed as of the Date of Grant:

Printed Name: [Participant Name]

Date: [Acceptance Date]

[NOTE: GRANT WILL BE ACCEPTED ELECTRONICALLY]

Exhibit 10.5.8

[Employee]
Notice of Restricted Stock Unit Grant

Participant:	**[Participant Name]**
Company:	First American Financial Corporation
Notice:	You have been granted the following Restricted Stock Units in accordance with the terms of the Plan and the Restricted Stock Unit Award Agreement attached hereto.
Type of Award:	Restricted Stock Units
Plan:	First American Financial Corporation 2020 Incentive Compensation Plan
Grant:	Date of Grant: **[Grant Date]** Number of Shares Underlying Bonus Restricted Stock Units: **[Number of shares Granted]** Number of Shares Underlying Other Restricted Stock Units: **[Number of shares Granted]**
Period of Restriction:	The Restricted Stock Units shall be subject to a Period of Restriction. Subject to the terms of the Plan and this Agreement, the Period of Restriction shall commence on the Date of Grant and shall lapse on the date listed in the "Lapse Date" column below. Such a lapse of the Period of Restriction shall apply to that percentage of Shares underlying the Restricted Stock Units set forth below opposite each such Lapse Date.

Lapse Date	Percentage of Shares as to Which Period of Restriction Lapses
Date of Grant + 1 year	33.333%
Date of Grant + 2 years	33.333%
Date of Grant + 3 years	33.334%

Rejection:	If you wishto accept this Restricted Stock Unit Award, please access Fidelity NetBenefits® at www.netbenefits.com/firstamerican and follow the steps outlined under the "Accept Grant" link at any time within forty-five (45) days after the Date of Grant. If you do not accept your grant via Fidelity NetBenefits® within forty-five (45) days after the Date of Grant, you will have rejected this Restricted Stock Unit Award.

[Employee]
Restricted Stock Unit Award Agreement

This Restricted Stock Unit Award Agreement (this "Agreement"), dated as of the Date of Grant set forth in the Notice of Restricted Stock Unit Grant attached hereto (the "Grant Notice"), is made between First American Financial Corporation (the "Company") and the Participant set forth in the Grant Notice. The Grant Notice is included in and made part of this Agreement.

1. Definitions.

Capitalized terms used but not defined in this Agreement (including the Grant Notice) have the meaning set forth in the Plan.
For purposes of this Agreement, "Cause," shall be defined as: (i) embezzlement, theft or misappropriation by the Participant of any property of any of the Company, its Subsidiaries or its Affiliates; (ii) the Participant's willful breach of any fiduciary duty to the Company, its Subsidiaries or its Affiliates; (iii) the Participant's willful failure or refusal to comply with laws or regulations applicable to the Company, its Subsidiaries or its Affiliates and their businesses or the policies of the Company, its Subsidiaries and its Affiliates governing the conduct of its employees or directors; (iv) commission by the Participant of a felony or of any crime involving moral turpitude, fraud or misrepresentation; (v) the Participant's refusal to perform the Participant's job duties or to perform reasonable specific directives of the Participant's supervisor or designee, or the senior officers or Board of Directors of the Company; or (vi) any gross negligence or willful misconduct of the Participant resulting in loss to the Company, its Subsidiaries or its Affiliates, or damage to the reputation of the Company, its Subsidiaries or its Affiliates.

2. Grant of the Restricted Stock Units.

Subject to the provisions of this Agreement and the provisions of the Plan, the Company hereby grants to the Participant, pursuant to the Plan, a contingent right to receive the number of shares of common stock of the Company, par value $.00001 per share ("Shares"), set forth in the Grant Notice (the "Restricted Stock Units").

3. Dividend Equivalents.

Each Restricted Stock Unit shall accrue Dividend Equivalents with respect to dividends that would otherwise be paid on the Share underlying such Restricted Stock Unit during the period from the Date of Grant to the date such Share is delivered in accordance with Section 6. Any such Dividend Equivalent shall be deemed reinvested in additional Shares underlying the Restricted Stock Units immediately upon the related dividend's payment date, based on the then-current Fair Market Value (rounded down to the nearest whole number), and shall be subject to the Period of Restriction applicable to the Restricted Stock Unit on which such Dividend Equivalent is paid. Any such conversion of Dividend Equivalents shall be conclusively determined by the Committee. The Shares underlying Restricted Stock Units into which Dividend Equivalents are so converted shall be delivered in accordance with Section 6.

4. Period of Restriction; Termination.

The Period of Restriction with respect to the Restricted Stock Units shall be as set forth in the Grant Notice. Subject to the terms of the Plan and the remaining provisions of this Section 4, all Restricted Stock Units for which the Period of Restriction had not lapsed prior to the date of the Participant's Termination shall be immediately forfeited. Notwithstanding the foregoing to the contrary, but subject to subsection 4(f):

1. In the event of the Participant's Termination due to his or her death, the Period of Restriction as to all Restricted Stock Units shall immediately lapse in its entirety.

2. In the event of the Participant's Termination due to his or her Disability, the Period of Restriction as to all Restricted Stock Units shall lapse in its entirety, provided that the Participant shall have signed a separation agreement in the form established by the Company (within the period specified by the Company and in no event later than the last day of the period within which Shares are required to be delivered pursuant to Section 6).

3. In the event of the Participant's Termination due to his or her Normal Retirement, the Period of Restriction as to all Restricted Stock Units shall continue in effect until, and lapse on, the first anniversary of the date of such Normal Retirement, provided that the Participant shall have signed a separation agreement in the form established by the Company (within the period specified by the Company and in no event later than the last day of the period within which Shares are required to be delivered pursuant to Section 6).

(d) In the event of Participant's Termination due to his or her Early Retirement,the outstanding Period of Restriction applicable to all Bonus Restricted Stock Units (but not any Other Restricted Stock Units) shall continue in effect until, and lapse on, the first anniversary of the date of such Early Retirement, provided that the Participant shall have signed a separation agreement in the form established by the Company (within the period specified by the Company and in no event later than the last day of the period within which Shares are required to be delivered pursuant to Section 6).

(e) In the event of the Participant's involuntary Termination by the Company, a Subsidiary or an Affiliate without Cause, the outstanding Period of Restriction applicable to all Restricted Stock Units shall continue in effect until, and lapse on, the first anniversary of the date of such Termination, provided that the Participant shall have signed a separation agreement in the form established by the Company (within the period specified by the Company and in no event later than the last day of the period within which Shares are required to be delivered pursuant to Section 6).

(f) Restricted Stock Units may be subject to applicable tax withholding obligations pursuant to Article XVII of the Plan and applicable law (e.g., at Termination or retirement eligibility), regardless of when the Period of Restriction lapses with respect to such Restricted Stock Units.

For purposes of this Agreement, "Normal Retirement" means Termination of the Participant, other than for Cause, after the Participant has reached 60 years of age and "Early Retirement" means Termination of the Participant, other than for Cause, after the Participant has reached 55 years of age (but prior to having reached 60 years of age) and been employed by the Company, a Subsidiary and/or an Affiliate for more than 10 years.

5. Change of Control.

Except for a Change of Control that has been approved by the Company's Incumbent Board prior to the occurrence of such Change of Control, the provisions of Section 15.1 of the Plan shall apply to the Restricted Stock Units.

6. Delivery of Shares.

Unless delivery is deferred pursuant to a deferred compensation arrangement made available by the Company, or for reasons set forth in Section 12, as soon as reasonably practicable following the lapse of the applicable portion of the Period of Restriction, but in no event later than 60 days following the date of such lapse, the Company shall cause to be delivered to the Participant the full number of Shares underlying the Restricted Stock Units as to which such portion of the Period of Restriction has so lapsed, together with Shares comprising all accrued Dividend Equivalents with respect to such Restricted Stock Units, subject to the satisfaction of applicable Tax-Related Items with respect thereto pursuant to Article XVII of the Plan. In the event that the obligation to deliver Shares arises under Sections 4(b), (c), (d) or (e) and the period within which to satisfy the condition to sign a separation agreement commences in one calendar year and ends in the next calendar year, the Shares shall be delivered in the next calendar year. Restricted Stock Units may only be settled by delivery of Shares and not by any cash payment. No fractional Share will be issued pursuant to an award granted hereunder. The number of Shares issuable upon the settlement of the Restricted Stock Units will be rounded down to the nearest whole number of Shares. No payment or other adjustment will be made with respect to the fractional shares so disregarded. Notwithstanding the foregoing, if the Participant is a "specified employee" (as such term is defined in Section 409A(a)(2)(B)(i) of the Code) and if necessary to avoid the imposition of taxes on the Participant pursuant to Section 409A of the Code, such delivery of Shares shall be delayed until the earlier of the date which is six months from the date of such Participant's Termination for any reason other than death, or the date of the Participant's death.

7. No Ownership Rights Prior to Issuance of Shares.

Restricted Stock Units shall not be considered Shares and neither the Participant nor any other person shall become the beneficial owner of the Shares underlying the Restricted Stock Units, nor have any rights to dividends or other rights as a shareholder with respect to any such Shares, until and after such Shares have been actually issued to the Participant and transferred on the books and records of the Company or its agent in accordance with the terms of the Plan and this Agreement.

8. Detrimental Activity.

(a) Notwithstanding any other provisions of this Agreement to the contrary, if at any time prior to the earlier of the delivery of Shares with respect to the Restricted Stock Units or, if applicable, the date on which such Shares would have been delivered but for a deferral pursuant to a deferred compensation arrangement made available by the Company, the Participant engages in Detrimental Activity, such Restricted Stock Units shall be cancelled and rescinded without any payment or consideration therefor. The determination of whether the Participant has engaged in Detrimental Activity shall be made by the Committee in its good faith discretion, and lapse of the Period of Restriction and delivery of Shares with respect to the Restricted Stock Units shall be suspended pending resolution to the Committee's satisfaction of any investigation of the matter.

(b) For purposes of this Agreement, "Detrimental Activity" means at any time (i) using information received during the Participant's employment with the Company and/or its Subsidiaries and Affiliates relating to the business affairs of the Company or any such Subsidiaries or Affiliates, in breach of the Participant's express or implied undertaking to keep such information confidential; (ii) directly or indirectly persuading or attempting to persuade, by any means, any employee of the Company or any of its Subsidiaries or Affiliates to breach any of the terms of his or her employment with the Company, its Subsidiaries or its Affiliates; (iii) directly or indirectly making any statement that is, or could be, disparaging of the Company or any of its Subsidiaries or Affiliates, or any of their respective employees (except to the extent necessary to respond truthfully to any inquiry from applicable regulatory authorities or to provide information pursuant to legal process); (iv) directly or indirectly engaging in any illegal, unethical or otherwise wrongful activity that is, or could be, substantially injurious to the financial condition, reputation or goodwill of the Company or any of its Subsidiaries or Affiliates; or (v) directly or indirectly engaging in an act of misconduct such as, embezzlement, fraud, dishonesty, nonpayment of any obligation owed to the Company or any of its Subsidiaries or Affiliates, breach of fiduciary duty or disregard or violation of rules, policies or procedures of the Company or any of its Subsidiaries or Affiliates, an unauthorized disclosure of any trade secret or confidential information of the Company or any of its Subsidiaries or Affiliates, any conduct constituting unfair competition, or inducing any customer to breach a contract with the Company or any of its Subsidiaries or Affiliates, in each case as determined by the Committee in its good faith discretion. Nothing in this Agreement prevents the Participant, however, from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Participant has reason to believe is unlawful.

9. Responsibility for Taxes.

The Participant acknowledges that, regardless of any action taken by the Company or, if different, the Participant's employer (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items") is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Plan, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends and/or Dividend Equivalents; and (ii) do not commit to and are under no obligation to structure the terms of the grant of Restricted Stock Units or any aspect of the Plan to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or the Employer or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or the Employer; (ii) withholding from proceeds of the sale of Shares acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company on the Participant's behalf pursuant to this authorization without further consent; (iii) withholding in Shares to be issued upon settlement of the Restricted Stock Units; or (iv) any other method permitted by the Company.

Notwithstanding the foregoing, if the Participant is an officer of the Company who is subject to Section 16 of the Exchange Act, then the Company must satisfy any withholding obligations arising upon the occurrence of a taxable or tax withholding event, as applicable, by withholding in Shares to be issued upon settlement of the Restricted Stock Units pursuant to method (iii), unless the Board or the Committee determines in its discretion that the obligation for Tax-Related Items must be satisfied by one or a combination of methods (i), (ii), (iii), and (iv) above.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. The Participant acknowledges that, if the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant may be deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

The Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

Notwithstanding anything in this Section 9 to the contrary, to avoid a prohibited acceleration under U.S. Code Section 409A, if Shares subject to Restricted Stock Units will be withheld (or sold on the Participant's behalf) to satisfy any Tax Related Items arising prior to the date of settlement of the Restricted Stock Units for any portion of the Restricted Stock Units that is considered nonqualified deferred compensation subject to U.S. Code Section 409A, then the number of Shares withheld (or sold on the Participant's behalf) shall not exceed the number of Shares that equals the liability for Tax-Related Items.

10. No Right to Continued Employment.

None of the Restricted Stock Units nor any terms contained in this Agreement shall confer upon the Participant any express or implied right to be retained in the employ of the Company or any Subsidiary or Affiliate for any period, nor restrict in any way the right of the Company or any Subsidiary or any Affiliate, which right is hereby expressly reserved, to terminate the Participant's employment at any time for any reason. For the avoidance of doubt, this Section 10 is not intended to amend or modify any other agreement, including any employment agreement, that may be in existence between the Participant and the Company or any Subsidiary or Affiliate.

11. The Plan.

In consideration for this grant, the Participant agrees to comply with the terms of the Plan and this Agreement. This Agreement is subject to all the terms, provisions and conditions of the Plan, which are incorporated herein by reference, and to such regulations as may from time to time be adopted by the Committee. In the event of any conflict between the provisions of the Plan and this Agreement, the provisions of the Plan shall control, and this Agreement shall be deemed to be modified accordingly. The Plan and the prospectus describing the Plan can be found on Fidelity NetBenefits® at www.netbenefits.com/firstamericanunder Plan Information and Documents. A paper copy of the Plan and the prospectus shall be provided to the Participant upon the Participant's written request to the Company at First American Financial Corporation, 1 First American Way, Santa Ana, California 92707, Attention: Incentive Compensation Plan Administrator, or such other address as the Company may from time to time specify.

12. Compliance with Laws and Regulations; Recoupment.

(a) Notwithstanding any other provision of the Plan or this Agreement, the Restricted Stock Units and the obligation of the Company to sell and deliver Shares hereunder shall be subject in all respects to (i) all applicable Federal and state laws, rules and regulations and (ii) any registration, qualification, approvals or other requirements imposed by any government or regulatory agency or body which the Committee shall, in its discretion, determine to be necessary or applicable. Moreover, the Company shall not deliver any certificates for Shares to the Participant or any other person pursuant to this Agreement if doing so would be contrary to applicable law. If at any time the Company determines, in its discretion, that the listing, registration or qualification of Shares upon any securities exchange or under any state or Federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable, the Company shall not be required to deliver any certificates for Shares to the Participant or any other person pursuant to this Agreement unless and until such listing, registration, qualification, consent or approval has been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Company.

(b) It is intended that the Shares received in respect of the Restricted Stock Units shall have been registered under the Securities Act. If the Participant is an "affiliate" of the Company, as that term is defined in Rule 144 under the Securities Act ("Rule 144"), the Participant may not sell the Shares received except in compliance with Rule 144. Certificates representing Shares issued to an "affiliate" of the Company may bear a legend setting forth such restrictions on the disposition or transfer of the Shares as the Company deems appropriate to comply with Federal and state securities laws.

(c) If, at any time, the Shares are not registered under the Securities Act, and/or there is no current prospectus in effect under the Securities Act with respect to the Shares, the Participant shall execute, prior to the delivery of any Shares to the Participant by the Company pursuant to this Agreement, an agreement (in such form as the Company may specify) in which the Participant represents and warrants that the Participant is purchasing or acquiring the Shares acquired under this Agreement for the Participant's own account, for investment only and not with a view to the resale or distribution thereof, and represents and agrees that any subsequent offer for sale or distribution of any kind of such Shares shall be made only pursuant to either (i) a registration statement on an appropriate form under the Securities Act, which registration statement has become effective and is current with regard to the Shares being offered or sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption the Participant shall, prior to any offer for sale of such Shares, obtain a prior favorable written opinion, in form and substance satisfactory to the Company, from counsel for or approved by the Company, as to the applicability of such exemption thereto.

(d) To the extent provided by the First American Financial Corporation Policy Governing the Recovery of Certain Incentive Compensation (the "Clawback Policy"), any Company Arrangement or any plan or policy, including any other clawback policy, in any case reasonably adopted by the Company from time to time, Shares or Restricted Stock Units awarded under this Agreement shall be subject to clawback, forfeiture, recoupment or similar requirement. For purposes of this Section, "Company Arrangement" shall mean any employment agreement with the Company or any of its current or future subsidiaries, affiliates or other related companies (each a "Related Company"); the Company's Executive Supplemental Benefit Plan and Management Supplemental Benefit Plan; any stock option, restricted stock, stock appreciation right or other equity compensation plan of the Company or any Related Company (including, without limitation, the Plan); any pension plan and pension restoration plan of the Company or any Related Company; any deferred compensation plan of the Company or any Related Company; any other employee benefit plan of the Company or any Related Company; any change-of-control or similar agreement to which the Company and/or any Related Party and the Participant are parties; any Confidential Information and Inventions Agreement between the Company and the Participant; and any amendment, restatement or successor to any of the foregoing.

13. Notices.

All notices by the Participant or the Participant's assignees shall be addressed to First American Financial Corporation, 1 First American Way, Santa Ana, California 92707, Attention: Incentive Compensation Plan Administrator, or such other address as the Company may from time to time specify. All notices to the Participant shall be addressed to the Participant at the Participant's address in the Company's records.

14. Severability.

In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Agreement, and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

15. Waiver.

The Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

16. Other Plans.

The Participant acknowledges that any income derived from the Restricted Stock Units shall not affect the Participant's participation in, or benefits under, any other benefit plan or other contract or arrangement maintained by the Company or any Subsidiary or Affiliate. Dividend Equivalents paid on either Bonus Restricted Stock Units or Other Restricted Stock Units shall not be deemed to be "Covered Compensation" under such plans.

17. Electronic Delivery.

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

18. Imposition of Other Requirements.

The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

[19. Vesting of RSUs Contingent on Company Performance.

Notwithstanding any other provisions in this Agreement, except in the event of a Change of Control or a Participant's Termination due to his or her death or Disability, the Participant's entitlement to the receipt of any Shares hereunder is contingent upon the Company's achievement of net income (as defined in accordance with generally acceptable accounting principles) for 2024 of $25 million or more. Net income shall be determined without regard to (a) asset write-downs, (b) litigation or claim judgments or settlements, (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results, (d) any reorganization and restructuring programs, (e) extraordinary, unusual and/or nonrecurring items of gain or loss, and (f) foreign exchange gains and losses.][NOTE: PARAGRAPH 19 APPLIES ONLY TO EXECUTIVE OFFICER VERSION.]

FIRST AMERICAN FINANCIAL CORPORATION

By:_____
Name:
Title:

Date: **[Grant Date]**

Acknowledged and agreed as of the Date of Grant:

Printed Name: **[Participant Name]**

Date: **[Acceptance Date]**

[NOTE: GRANT WILL BE ACCEPTED ELECTRONICALLY]

Exhibit 10.5.9

[Employee]
Notice of Performance Restricted Stock Unit Grant

Participant: **[Participant Name]**

Company: First American Financial Corporation

Notice: You have been granted the following performance Restricted Stock Units (this "Award") in accordance with the terms of the Plan and the Performance Restricted Stock Unit Award Agreement attached hereto.

Type of Award: Performance Restricted Stock Units ("PRSUs")

Plan: First American Financial Corporation 2020 Incentive Compensation Plan

Grant: Date of Grant: **[Grant Date]**
Number of Shares Underlying Target Performance Restricted Stock Units: **[Number of target shares Granted]** (the "Target PRSUs")

The Award represents the right to receive shares of common stock of the Company, par value $.00001 per share ("Shares"), in an amount from 0% to 200% of the Target PRSUs. Your right to receive settlement of the Award shall vest and become earned and nonforfeitable upon (i) your satisfaction of the Service Requirement (as defined below) and (ii) the level of achievement of the Performance Goal (as defined below). Target PRSUs that become earned upon satisfaction of the Service Requirement and the Performance Goal are referred to herein as "Earned PRSUs."

Performance Period: January 1, 2024 – December 31, 2026

Service Requirement: Except as otherwise provided in the Performance Restricted Stock Unit Award Agreement, you must not experience a Termination prior to the third anniversary of the Date of Grant.

Performance Goal: The "Performance Goal" for the Performance Period shall be the Company's Total Shareholder Return (as defined below) ranking as of the end of the Performance Period relative to the Total Shareholder Return rankings as of the end of the Performance Period of the companies in the S&P MidCap 400 Index (the "Index"), with the number of Earned PRSUs equal to the number of Target PRSUs multiplied by the applicable percentage set forth in the following table:

Performance Level	**rTSR Rank[(1)]**	**Payout[(2)]**
Below Threshold	<25th Percentile	0%
Threshold	25th Percentile	50%
Target	50th Percentile	100%
Maximum	75th Percentile	200%

Rejection: If you wish to accept this Performance Restricted Stock Unit Award, please access Fidelity NetBenefits® at www.netbenefits.com/firstamerican and follow the steps outlined under the "Accept Grant" link at any time within forty-five (45) days after the Date of Grant. If you do not accept your grant via Fidelity NetBenefits® within forty-five (45) days after the Date of Grant, you will have rejected this Performance Restricted Stock Unit Award.

[Employee]
Performance Restricted Stock Unit Award Agreement

This Performance Restricted Stock Unit Award Agreement (this "Agreement"), dated as of the Date of Grant set forth in the Notice of Performance Restricted Stock Unit Grant attached hereto (the "Grant Notice"), is made between First American Financial Corporation (the "Company") and the Participant set forth in the Grant Notice. The Grant Notice is included in and made part of this Agreement.

1. Definitions.

Capitalized terms used but not defined in this Agreement (including the Grant Notice) have the meaning set forth in the Plan.

For purposes of this Agreement, "Cause," shall be defined as: (i) embezzlement, theft or misappropriation by the Participant of any property of any of the Company, its Subsidiaries or its Affiliates; (ii) the Participant's willful breach of any fiduciary duty to the Company, its Subsidiaries or its Affiliates; (iii) the Participant's willful failure or refusal to comply with laws or regulations applicable to the Company, its Subsidiaries or its Affiliates and their businesses or the policies of the Company, its Subsidiaries and its Affiliates governing the conduct of its employees or directors; (iv) commission by the Participant of a felony or of any crime involving moral turpitude, fraud or misrepresentation; (v) the Participant's refusal to perform the Participant's job duties or to perform reasonable specific directives of the Participant's supervisor or designee, or the senior officers or Board of Directors of the Company; or (vi) any gross negligence or willful misconduct of the Participant resulting in loss to the Company, its Subsidiaries or its Affiliates, or damage to the reputation of the Company, its Subsidiaries or its Affiliates.

For purposes of this Agreement, "Normal Retirement" means Termination of the Participant, other than for Cause, after the Participant has reached 60 years of age.

2. Grant of the Performance Restricted Stock Units.

Subject to the provisions of this Agreement and the provisions of the Plan, the Company hereby grants to the Participant, pursuant to the Plan, a contingent right to receive the number of shares of common stock of the Company, par value $.00001 per share ("Shares"), in an amount from 0% to 200% of the Target PRSUs set forth in the Grant Notice.

3. Dividend Equivalents.

Each Target PRSU shall accrue Dividend Equivalents with respect to dividends that would otherwise be paid on the Share underlying such Target PRSU during the period from the Date of Grant to the date such Share, if any, is delivered in accordance with Section 6. Any such Dividend Equivalent shall be deemed reinvested in additional Target PRSUs immediately upon the related dividend's payment date, based on the then-current Fair Market Value (rounded down to the nearest whole number), and shall be subject to the Service Requirement and the Performance Goal applicable to the Target PRSU on which such Dividend Equivalent is paid. Any such conversion of Dividend Equivalents shall be conclusively determined by the Committee. The Shares underlying the Target PRSUs into which Dividend Equivalents are so converted shall be delivered in accordance with Section 6 to the extent they become Earned PRSUs.

4. Termination.

Subject to the terms of the Plan and the remaining provisions of this Section 4, all PRSUs for which the Service Requirement has not been satisfied prior to the date of the Participant's Termination shall be immediately forfeited. Notwithstanding the foregoing to the contrary:

(a) In the event of the Participant's Termination due to his or her death, the Target PRSUs shall become Earned PRSUs as of the date of the Participant's Termination; provided, however, that if such Termination occurs following the end of the Performance Period, the Service Requirement will be deemed satisfied and the Earned PRSUs will be settled in accordance with Section 6(a).

(b) In the event of the Participant's Termination due to his or her Disability, the Target PRSUs shall become Earned PRSUs as of the date of the Participant's Termination, provided that the Participant shall have signed a separation agreement in the form established by the Company (within the period specified by the Company and in no event later than the last day of the period within which Shares are required to be delivered pursuant to Section 6(b)); provided, however, that if such Termination occurs following the end of the Performance Period, the Service Requirement will be deemed satisfied and the Earned PRSUs will be settled in accordance with Section 6(a).

(c) In the event of the Participant's Termination due to his or her Normal Retirement, the Service Requirement shall be deemed satisfied and the Target PRSUs shall remain outstanding and become Earned PRSUs subject to satisfaction of the Performance Goal, provided that the Participant shall have signed a separation agreement in the form established by the Company (within the period specified by the Company and in no event later than the last day of the period within which Shares are required to be delivered pursuant to Section 6).

(d) [**NOTE: FOR NON-EXECUTIVE OFFICERS, USE THIS BRACKETED SECTION 4(d) AND DELETE THE EXEUCTIVE ALTERNATIVE BELOW:][**In the event of the Participant's involuntary Termination by the Company, a Subsidiary or an Affiliate without Cause, the Service Requirement shall be deemed satisfied and the Target PRSUs shall remain outstanding and become Earned PRSUs subject to satisfaction of the Performance Goal, provided that the Participant shall have signed a separation agreement in the form established by the Company (within the period specified by the Company and in no event later than the last day of the period within which Shares are required to be delivered pursuant to Section 6).**][NOTE: FOR EXECUTIVE OFFICERS, USE THIS BRACKETED SECTION 4(d) AND DELETE THE NON-EXEUCTIVE ALTERNATIVE ABOVE:][**In the event of the Participant's involuntary Termination by the Company, a Subsidiary or an Affiliate without Cause, the Service Requirement with respect to the Pro-Rata Portion shall be deemed satisfied and the Pro-Rata Portion shall remain outstanding and become Earned PRSUs subject to satisfaction of the Performance Goal, provided that the Participant shall have signed a separation agreement in the form established by the Company (within the period specified by the Company and in no event later than the last day of the period within which Shares are required to be delivered pursuant to Section 6). As used herein, "Pro-Rata Portion" means (i) the Target PRSUs (including any additional Target PRSUs resulting from Dividend Equivalents), *multiplied by* (ii) a fraction, the numerator of which is the number of days that have elapsed since the Date of Grant and the denominator of which is 1,096.**]**

5. Change of Control.

(a) In the event of a Change of Control that has been approved by the Company's Incumbent Board prior to the occurrence of such Change of Control: (i) the Performance Period will be deemed to end as of the date of such Change of Control; (ii) the Performance Goal will be measured based on actual performance through the date of such Change of Control, with the Final Price based on the stock price immediately prior to the consummation of such Change of Control; and (iii) the Earned PRSUs will remain outstanding subject to satisfaction of the Service Requirement.

(b) In the event of a Change of Control that has not been approved by the Company's Incumbent Board prior to the occurrence of such Change of Control: (i) the Performance Period will be deemed to end as of the date of such Change of Control; (ii) the Performance Goal will be measured based on actual performance through the date of such Change of Control, with the Final Price based on the stock price immediately prior to the consummation of such Change of Control; (iii) so long as the Participant has not experienced a Termination prior to the date of such Change of Control, the Service Requirement will be deemed satisfied as of the date of such Change of Control; and (iv) any Earned PRSUs will be settled in accordance with Section 6(a).

6. Delivery of Shares.

(a) Subject to Section 6(b), unless delivery is deferred pursuant to a deferred compensation arrangement made available by the Company, or for reasons set forth in Section 12, as soon as reasonably practicable following (i) the later of (A) the end of the Performance Period or (B) the satisfaction of the Service Requirement and (ii) certification of the achievement of the Performance Goal by the Committee, but in no event later than March 15 of the calendar year following the calendar year in which the Performance Period ends (or the Service Requirement is satisfied, if later), the Company shall cause to be delivered to the Participant the full

number of Shares underlying the Earned PRSUs (including all Earned PRSUs resulting from Dividend Equivalents), subject to the satisfaction of applicable Tax-Related Items with respect thereto pursuant to Article XVII of the Plan.

(b) With respect to Target PRSUs that become Earned PRSUs pursuant to Sections 4(a) or 4(b) prior to the end of the Performance Period, unless delivery is deferred pursuant to a deferred compensation arrangement made available by the Company, or for reasons set forth in Section 12, as soon as reasonably practicable following the date of the Participant's Termination, but in no event later than March 15 of the calendar year following the calendar year in which such Termination occurs, the Company shall cause to be delivered to the Participant the full number of Shares underlying the Earned PRSUs (including all Earned PRSUs resulting from Dividend Equivalents), subject to the satisfaction of applicable Tax-Related Items with respect thereto pursuant to Article XVII of the Plan.

(c) In the event that the obligation to deliver Shares arises under Sections 4(b), (c) or (d) and the period within which to satisfy the condition to sign a separation agreement commences in one calendar year and ends in the next calendar year, the Shares shall be delivered in the next calendar year.

(d) Earned PRSUs may only be settled by delivery of Shares and not by any cash payment. No fractional Share will be issued pursuant to this Award. The number of Shares issuable upon the settlement of the Earned PRSUs will be rounded down to the nearest whole number of Shares. No payment or other adjustment will be made with respect to the fractional shares so disregarded.

(e) Notwithstanding the foregoing, if the Participant is a "specified employee" (as such term is defined in Section 409A(a)(2)(B)(i) of the Code) and if necessary to avoid the imposition of taxes on the Participant pursuant to Section 409A of the Code, such delivery of Shares shall be delayed until the earlier of the date which is six months from the date of such Participant's Termination for any reason other than death, or the date of the Participant's death.

7. No Ownership Rights Prior to Issuance of Shares.

PRSUs shall not be considered Shares and neither the Participant nor any other person shall become the beneficial owner of the Shares underlying the PRSUs, nor have any rights to dividends or other rights as a shareholder with respect to any such Shares, until and after such Shares have been actually issued to the Participant and transferred on the books and records of the Company or its agent in accordance with the terms of the Plan and this Agreement.

8. Detrimental Activity.

(a) Notwithstanding any other provisions of this Agreement to the contrary, if at any time prior to the earlier of the delivery of Shares with respect to the PRSUs or, if applicable, the date on which such Shares would have been delivered but for a deferral pursuant to a deferred compensation arrangement made available by the Company, the Participant engages in Detrimental Activity, such PRSUs shall be cancelled and rescinded without any payment or consideration therefor. The determination of whether the Participant has engaged in Detrimental Activity shall be made by the Committee in its good faith discretion, and the earning of Earned PRSUs and delivery of Shares with respect to Earned PRSUs shall be suspended pending resolution to the Committee's satisfaction of any investigation of the matter.

(b) For purposes of this Agreement, "Detrimental Activity" means at any time (i) using information received during the Participant's employment with the Company and/or its Subsidiaries and Affiliates relating to the business affairs of the Company or any such Subsidiaries or Affiliates, in breach of the Participant's express or implied undertaking to keep such information confidential; (ii) directly or indirectly persuading or attempting to persuade, by any means, any employee of the Company or any of its Subsidiaries or Affiliates to breach any of the terms of his or her employment with the Company, its Subsidiaries or its Affiliates; (iii) directly or indirectly making any statement that is, or could be, disparaging of the Company or any of its Subsidiaries or Affiliates, or any of their respective employees (except to the extent necessary to respond truthfully to any inquiry from applicable regulatory authorities or to provide information pursuant to legal process); (iv) directly or indirectly engaging in any illegal, unethical or otherwise wrongful activity that is, or could be, substantially injurious to the financial condition, reputation or goodwill of the Company or any of its Subsidiaries or Affiliates; or (v) directly or

indirectly engaging in an act of misconduct such as, embezzlement, fraud, dishonesty, nonpayment of any obligation owed to the Company or any of its Subsidiaries or Affiliates, breach of fiduciary duty or disregard or violation of rules, policies or procedures of the Company or any of its Subsidiaries or Affiliates, an unauthorized disclosure of any trade secret or confidential information of the Company or any of its Subsidiaries or Affiliates, any conduct constituting unfair competition, or inducing any customer to breach a contract with the Company or any of its Subsidiaries or Affiliates, in each case as determined by the Committee in its good faith discretion. Nothing in this Agreement prevents the Participant, however, from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Participant has reason to believe is unlawful.

9. Responsibility for Taxes.

The Participant acknowledges that, regardless of any action taken by the Company or, if different, the Participant's employer (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items") is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Plan, including, but not limited to, the grant, vesting or settlement of the PRSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends and/or Dividend Equivalents; and (ii) do not commit to and are under no obligation to structure the terms of this Award or any aspect of the Plan to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or the Employer or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or the Employer; (ii) withholding from proceeds of the sale of Shares acquired upon settlement of the Earned PRSUs either through a voluntary sale or through a mandatory sale arranged by the Company on the Participant's behalf pursuant to this authorization without further consent; (iii) withholding in Shares to be issued upon settlement of the Earned PRSUs; or (iv) any other method permitted by the Company.

Notwithstanding the foregoing, if the Participant is an officer of the Company who is subject to Section 16 of the Exchange Act, then the Company must satisfy any withholding obligations arising upon the occurrence of a taxable or tax withholding event, as applicable, by withholding in Shares to be issued upon settlement of the Earned PRSUs pursuant to method (iii), unless the Board or the Committee determines in its discretion that the obligation for Tax-Related Items must be satisfied by one or a combination of methods (i), (ii), (iii), and (iv) above.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. The Participant acknowledges that, if the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant may be deemed to have been issued the full number of Shares subject to the Earned PRSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

The Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

Notwithstanding anything in this Section 9 to the contrary, to avoid a prohibited acceleration under U.S. Code Section 409A, if Shares subject to Earned PRSUs will be withheld (or sold on the Participant's behalf) to satisfy any Tax Related Items arising prior to the date of settlement of the Earned PRSUs for any portion of the Earned PRSUs that is considered nonqualified deferred compensation subject to U.S. Code Section 409A, then the number of Shares withheld (or sold on the Participant's behalf) shall not exceed the number of Shares that equals the liability for Tax-Related Items.

10. No Right to Continued Employment.

None of the PRSUs nor any terms contained in this Agreement shall confer upon the Participant any express or implied right to be retained in the employ of the Company or any Subsidiary or Affiliate for any period, nor restrict in any way the right of the Company or any Subsidiary or any Affiliate, which right is hereby expressly reserved, to terminate the Participant's employment at any time for any reason. For the avoidance of doubt, this Section 10 is not intended to amend or modify any other agreement, including any employment agreement, that may be in existence between the Participant and the Company or any Subsidiary or Affiliate.

11. The Plan.

In consideration for this Award, the Participant agrees to comply with the terms of the Plan and this Agreement. This Agreement is subject to all the terms, provisions and conditions of the Plan, which are incorporated herein by reference, and to such regulations as may from time to time be adopted by the Committee. In the event of any conflict between the provisions of the Plan and this Agreement, the provisions of the Plan shall control, and this Agreement shall be deemed to be modified accordingly. The Plan and the prospectus describing the Plan can be found on Fidelity NetBenefits® at www.netbenefits.com/firstamerican under Plan Information and Documents. A paper copy of the Plan and the prospectus shall be provided to the Participant upon the Participant's written request to the Company at First American Financial Corporation, 1 First American Way, Santa Ana, California 92707, Attention: Incentive Compensation Plan Administrator, or such other address as the Company may from time to time specify.

12. Compliance with Laws and Regulations; Recoupment.

(a) Notwithstanding any other provision of the Plan or this Agreement, the PRSUs and the obligation of the Company to sell and deliver Shares hereunder shall be subject in all respects to (i) all applicable Federal and state laws, rules and regulations and (ii) any registration, qualification, approvals or other requirements imposed by any government or regulatory agency or body which the Committee shall, in its discretion, determine to be necessary or applicable. Moreover, the Company shall not deliver any certificates for Shares to the Participant or any other person pursuant to this Agreement if doing so would be contrary to applicable law. If at any time the Company determines, in its discretion, that the listing, registration or qualification of Shares upon any securities exchange or under any state or Federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable, the Company shall not be required to deliver any certificates for Shares to the Participant or any other person pursuant to this Agreement unless and until such listing, registration, qualification, consent or approval has been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Company.

(b) It is intended that the Shares received in respect of Earned PRSUs shall have been registered under the Securities Act. If the Participant is an "affiliate" of the Company, as that term is defined in Rule 144 under the Securities Act ("Rule 144"), the Participant may not sell the Shares received except in compliance with Rule 144. Certificates representing Shares issued to an "affiliate" of the Company may bear a legend setting forth such restrictions on the disposition or transfer of the Shares as the Company deems appropriate to comply with Federal and state securities laws.

(c) If, at any time, the Shares are not registered under the Securities Act, and/or there is no current prospectus in effect under the Securities Act with respect to the Shares, the Participant shall execute, prior to the delivery of any Shares to the Participant by the Company pursuant to this Agreement, an agreement (in such form as the Company may specify) in which the Participant represents and warrants that the Participant is purchasing or acquiring the Shares acquired under this Agreement for the Participant's own account, for investment only and not with a view to the resale or distribution thereof, and represents and agrees that any subsequent offer for sale or

distribution of any kind of such Shares shall be made only pursuant to either (i) a registration statement on an appropriate form under the Securities Act, which registration statement has become effective and is current with regard to the Shares being offered or sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption the Participant shall, prior to any offer for sale of such Shares, obtain a prior favorable written opinion, in form and substance satisfactory to the Company, from counsel for or approved by the Company, as to the applicability of such exemption thereto.

(d) To the extent provided by the First American Financial Corporation Policy Governing the Recovery of Certain Incentive Compensation (the "Clawback Policy"), any Company Arrangement or any plan or policy, including any other clawback policy, in any case reasonably adopted by the Company from time to time, Shares or PRSUs awarded under this Agreement shall be subject to clawback, forfeiture, recoupment or similar requirement. For purposes of this Section, "Company Arrangement" shall mean any employment agreement with the Company or any of its current or future subsidiaries, affiliates or other related companies (each a "Related Company"); the Company's Executive Supplemental Benefit Plan and Management Supplemental Benefit Plan; any stock option, restricted stock, stock appreciation right or other equity compensation plan of the Company or any Related Company (including, without limitation, the Plan); any pension plan and pension restoration plan of the Company or any Related Company; any deferred compensation plan of the Company or any Related Company; any other employee benefit plan of the Company or any Related Company; any change-of-control or similar agreement to which the Company and/or any Related Party and the Participant are parties; any Confidential Information and Inventions Agreement between the Company and the Participant; and any amendment, restatement or successor to any of the foregoing.

13. Notices.

All notices by the Participant or the Participant's assignees shall be addressed to First American Financial Corporation, 1 First American Way, Santa Ana, California 92707, Attention: Incentive Compensation Plan Administrator, or such other address as the Company may from time to time specify. All notices to the Participant shall be addressed to the Participant at the Participant's address in the Company's records.

14. Severability.

In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Agreement, and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

15. Waiver.

The Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

16. Other Plans.

The Participant acknowledges that any income derived from the PRSUs shall not affect the Participant's participation in, or benefits under, any other benefit plan or other contract or arrangement maintained by the Company or any Subsidiary or Affiliate. Dividend Equivalents paid on Earned PRSUs shall not be deemed to be "Covered Compensation" under such plans.

17. Electronic Delivery.

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

18. Imposition of Other Requirements.

The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the PRSUs and on any Shares acquired under the Plan, to the extent the Company

determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

FIRST AMERICAN FINANCIAL CORPORATION

By:_____
Name:
Title:

Date: **[Grant Date]**

Acknowledged and agreed as of the Date of Grant:

Printed Name: **[Participant Name]**

Date: **[Acceptance Date]**

[NOTE: GRANT WILL BE ACCEPTED ELECTRONICALLY]

Exhibit 21

Subsidiaries of the Registrant

The following is a list of subsidiaries of the Company as of December 31, 2023, omitting certain subsidiaries which, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Name of Subsidiary:	State or Country Under Laws of Which Organized
Data Trace Information Services LLC	Delaware
FATCO Holdings, LLC	Delaware
FCT Holdings Company Ltd.	Canada
FCT Insurance Company Ltd.	Canada
First American Data Co., LLC	Delaware
First American Data Tree LLC	Delaware
First American Exchange Company, LLC	Delaware
First American Home Warranty Corporation	California
First American Property & Casualty Insurance Company	California
First American ServiceMac Holdings, LLC	Delaware
First American Specialty Insurance Company	California
First American Title Company	California
First American Title Company, Inc.	Hawaii
First American Title Company, LLC	Delaware
First American Title Guaranty Company	Texas
First American Title Insurance Company	Nebraska
First American Title Insurance Company of Australia Pty Limited	Australia
First American Title Insurance Company of Louisiana	Louisiana
First American Trust, F.S.B.	United States
First European Title Insurance Company Limited	Malta
First Title Insurance plc	United Kingdom
Ohio Bar Title Insurance Company	Ohio
Republic Title of Texas, Inc.	Texas
Mother Lode Holding Co	California

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3ASR (No. 333-263184) and S-8 (Nos. 333-167228, 333-190133, 333-238062, 333-265519, and 333-275189) of First American Financial Corporation of our report dated February 20, 2024 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
February 20, 2024

Exhibit 31(a)

CERTIFICATIONS

I, Kenneth D. DeGiorgio, certify that:

1. I have reviewed this annual report on Form 10-K of First American Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2024

/s/ KENNETH D. DEGIORGIO

Kenneth D. DeGiorgio
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31(b)

CERTIFICATIONS

I, Mark E. Seaton, certify that:

1. I have reviewed this annual report on Form 10-K of First American Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2024

/s/ Mark E. Seaton

Mark E. Seaton
Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

Exhibit 32(a)

Certification pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Form 10-K of First American Financial Corporation (the "***Company***") for the period ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "***Report***"), I, Kenneth D. DeGiorgio, chief executive officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ KENNETH D. DEGIORGIO

Kenneth D. DeGiorgio
Chief Executive Officer
Date: February 20, 2024

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32(b)

Certification pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Form 10-K of First American Financial Corporation (the "***Company***") for the period ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "***Report***"), I, Mark E. Seaton, chief financial officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Mark E. Seaton

Mark E. Seaton
Executive Vice President, Chief Financial Officer
Date: February 20, 2024

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 97

FIRST AMERICAN FINANCIAL CORPORATION

POLICY GOVERNING THE RECOVERY OF CERTAIN INCENTIVE COMPENSATION

Policy Objective

The objective of this policy is to support accurate financial reporting and disclosure, and to provide the Company with a mechanism for recouping certain incentive-based compensation in the event that the Company is required to prepare a Restatement (as defined below).

This policy is intended to comply with, and to be administered and interpreted consistent with, and subject to the exceptions set forth in, Listing Standard 303A.14 adopted by the New York Stock Exchange to implement Rule 10D-1 under the Securities Exchange Act of 1934, as amended (collectively, "Rule 10D-1").

This policy shall operate in addition to any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any other policy, employment agreement or plan or award terms, and any other legal remedies available to the Company under applicable law.

Policy Definition

Compensation Recovery

If there has been a Restatement, the Board of Directors will review the cash bonus and equity-based incentive awards made to the Covered Individuals (as defined below) that were paid, earned or vested based on having met or exceeded specific performance targets in bonuses, grants or awards made after the effective date of this policy during the three full fiscal years prior to the date that the Company is required to prepare the Restatement, and any "transition period" as prescribed under Rule 10D-1. If such payments, grants and/or vesting would not have been made or would have been reduced had they been calculated based on the Restatement, the Board of Directors will seek to recoup for the benefit of the Company such payments to and/or such equity awards held by the Covered Individuals, and the Covered Individuals will return such payments and/or such equity awards to the Company, on a reasonably prompt basis. The Company may effect any recovery pursuant to this policy by requiring payment of such amount(s) to the Company by set-off, by reducing future compensation, or by such other means or combination of means as the Company determines to be appropriate. For the avoidance of doubt, any taxes that the Covered Individual may have paid or may owe will not be subtracted from the gross

value to be repaid, but any exercise or purchase price paid by the Covered Individual will be so subtracted.

Covered Individuals

For purposes of this policy, "Covered Individual" means the Company's current and former "executive officers" as defined under Rule 10D-1, which includes current and former executive officers (within the meaning of Rule 3b-7 of the Securities Exchange Act of 1934, as amended) of the Company who served in such role at the time the applicable compensation was paid, earned, awarded or vested.

Compensation Covered

The repayment and other obligations of a Covered Individual described in this policy apply to any cash bonus or equity-based incentive award granted, earned or vested on the basis of having met or exceeded performance targets, if and only if such bonus opportunity or equity award was granted on or after the effective date of New York Stock Exchange Listing Standard 303A.14, which shall be the effective date of this policy.

Administration

This policy is administered by the Company's Board of Directors, who may delegate some or all of its authority hereunder to the Compensation Committee. If the Board of the Directors delegates any such authority, reference to the Company's Board of Directors shall include the Compensation Committee.

Other Terms

Any determinations made by the Board of Directors under this policy shall be final and binding on all Covered Individuals. The Company shall be able to enforce the repayment obligation described in this policy by all legal means available. The Company shall not indemnify any Covered Individual against the loss of any compensation covered by this policy.

Restatement

For purposes of this policy, "Restatement" means an accounting restatement of the Company's financial statements (including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period

or left uncorrected in the current period) due to material non-compliance with any financial reporting requirement under the federal securities laws.

Policy History

This policy was approved by the Compensation Committee on March 5, 2012.

This policy was amended by the Compensation Committee on February 4, 2019.

This policy was amended by the Compensation Committee on June 6, 2023.