UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2024

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)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

On April 22, 2024 there were 103,723,643 shares of common stock outstanding.

FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES

INFORMATION INCLUDED IN REPORT

PART I: FINANCIAL INFORMATION

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THIS QUARTERLY REPORT ON FORM 10-Q 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 QUARTERLY REPORT ON FORM 10-Q, INCLUDING UNDER THE CAPTION "RISK FACTORS" IN ITEM 1A OF PART II.*

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: FINANCIAL INFORMATION

Item 1. Financial Statements.

FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES

Condensed Consolidated Balance Sheets
(in millions, except par values)
(unaudited)

	March 31, 2024	December 31, 2023
Assets		
Cash and cash equivalents	$ 1,506.4	$ 3,605.3
Accounts and accrued income receivable, less allowance for credit losses of $20.8 and $21.8	365.7	509.4
Income taxes receivable	71.1	75.7
Investments:		
Deposits with banks	77.1	55.8
Debt securities (amortized cost of $7,859.0 and $7,895.2; pledged of $89.9 and $107.0)	7,054.4	7,157.5
Equity securities	733.0	735.6
	$ 7,864.5	$ 7,948.9
Secured financings receivable	831.4	636.5
Property and equipment, net	765.6	749.6
Operating lease assets	218.4	229.3
Title plants and other indexes	656.2	652.4
Deferred income taxes	50.1	50.1
Goodwill	1,807.3	1,807.5
Other intangible assets, net	147.6	153.8
Other assets	413.5	384.3
	$ 14,697.8	$ 16,802.8
Liabilities and Equity		
Deposits	5,303.2	7,308.0
Accounts payable and accrued liabilities	745.0	879.5
Deferred revenue	183.0	196.8
Reserve for known and incurred but not reported claims	1,261.6	1,282.4
Income taxes payable	15.3	15.9
Deferred income taxes	63.6	63.6
Operating lease liabilities	235.4	246.6
Secured financings payable	688.8	553.3
Notes and contracts payable	1,396.0	1,393.9
	$ 9,891.9	$ 11,940.0
Commitments and contingencies (Note 16)		
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—103.7 shares and 103.1 shares	—	—
Additional paid-in capital	1,806.0	1,793.3
Retained earnings	3,701.6	3,710.6
Accumulated other comprehensive loss	(720.5)	(655.8)
Total stockholders' equity	$ 4,787.1	$ 4,848.1
Noncontrolling interests	18.8	14.7
Total equity	$ 4,805.9	$ 4,862.8
	$ 14,697.8	$ 16,802.8

See notes to condensed consolidated financial statements.

FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES

Condensed Consolidated Statements of Income
(in millions, except per share amounts)
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Revenues		
Direct premiums and escrow fees	$ 500.9	$ 502.2
Agent premiums	563.8	590.4
Information and other	223.0	226.9
Net investment income	127.9	134.0
Net investment gains (losses) (realized of $(3.4) and $(4.5))	9.0	(7.4)
	1,424.6	1,446.1
Expenses		
Personnel costs	484.9	487.6
Premiums retained by agents	447.8	469.0
Other operating expenses	265.8	258.5
Provision for policy losses and other claims	69.5	82.3
Depreciation and amortization	50.1	45.5
Premium taxes	13.9	14.5
Interest	34.3	29.1
	1,366.3	1,386.5
Income before income taxes	58.3	59.6
Income taxes	11.6	13.6
Net income	46.7	46.0
Less: Net income attributable to noncontrolling interests	—	0.1
Net income attributable to the Company	$ 46.7	$ 45.9
Net income per share attributable to the Company's stockholders (Note 10):		
Basic	$ 0.45	$ 0.44
Diluted	$ 0.45	$ 0.44
Cash dividends per share	$ 0.53	$ 0.52
Weighted-average common shares outstanding (Note 10):		
Basic	104.1	104.5
Diluted	104.4	104.8

See notes to condensed consolidated financial statements.

FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES

Condensed Consolidated Statements of Comprehensive Income
(in millions)
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Net income	$ 46.7	$ 46.0
Other comprehensive income (loss), net of tax:		
Unrealized (losses) gains on debt securities	(50.6)	110.1
Foreign currency translation adjustment	(14.5)	2.6
Pension benefit adjustment	0.4	0.3
Total other comprehensive (loss) income, net of tax	(64.7)	113.0
Comprehensive (loss) income	(18.0)	159.0
Less: Comprehensive income attributable to noncontrolling interests	—	0.1
Comprehensive (loss) income attributable to the Company	$ (18.0)	$ 158.9

See notes to condensed consolidated financial statements.

FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES

Condensed Consolidated Statements of Stockholders' Equity
(in millions)
(unaudited)

	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, 2023	103.1	$ —	$ 1,793.3	$ 3,710.6	$ (655.8)	$ 4,848.1	$ 14.7	$ 4,862.8
Net income for three months ended March 31, 2024	—	—	—	46.7	—	46.7	—	46.7
Dividends on common shares	—	—	—	(54.9)	—	(54.9)	—	(54.9)
Repurchases of Company shares	(0.1)	—	(3.5)	—	—	(3.5)	—	(3.5)
Shares issued in connection with share-based compensation	0.7	—	(7.2)	(0.8)	—	(8.0)	—	(8.0)
Share-based compensation	—	—	23.4	—	—	23.4	—	23.4
Net activity related to noncontrolling interests	—	—	—	—	—	—	4.1	4.1
Other comprehensive loss	—	—	—	—	(64.7)	(64.7)	—	(64.7)
Balance at March 31, 2024	103.7	$ —	$ 1,806.0	$ 3,701.6	$ (720.5)	$ 4,787.1	$ 18.8	$ 4,805.9

See notes to condensed consolidated financial statements.

FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES

Condensed Consolidated Statements of Stockholders' Equity – (Continued)
(in millions)
(unaudited)

	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, 2022	103.2	$ —	$ 1,812.4	$ 3,714.3	$ (868.9)	$ 4,657.8	$ 23.4	$ 4,681.2
Net income for three months ended March 31, 2023	—	—	—	45.9	—	45.9	0.1	46.0
Dividends on common shares	—	—	—	(53.8)	—	(53.8)	—	(53.8)
Repurchases of Company shares	(0.6)	—	(30.4)	—	—	(30.4)	—	(30.4)
Shares issued in connection with share-based compensation	0.7	—	(4.9)	(1.1)	—	(6.0)	—	(6.0)
Share-based compensation	—	—	23.0	—	—	23.0	—	23.0
Net activity related to noncontrolling interests	—	—	—	—	—	—	(1.1)	(1.1)
Other comprehensive income	—	—	—	—	113.0	113.0	—	113.0
Balance at March 31, 2023	103.3	$ —	$ 1,800.1	$ 3,705.3	$ (755.9)	$ 4,749.5	$ 22.4	$ 4,771.9

See notes to condensed consolidated financial statements.

FIRST AMERICAN FINANCIAL CORPORATION
AND SUBSIDIARY COMPANIES

Condensed Consolidated Statements of Cash Flows
(in millions)
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net income	$ 46.7	$ 46.0
Adjustments to reconcile net income to cash provided by operating activities:		
Provision for policy losses and other claims	69.5	82.3
Depreciation and amortization	50.1	45.5
Amortization of premiums and accretion of discounts on debt securities, net	2.1	1.6
Net investment (gains) losses	(9.0)	7.4
Share-based compensation	23.4	23.0
Equity in earnings of affiliates, net	(1.1)	(0.5)
Dividends from equity method investments	0.8	1.6
Changes in assets and liabilities excluding effects of acquisitions and noncash transactions:		
Claims paid, including assets acquired, net of recoveries	(91.6)	(95.2)
Net change in income tax accounts	20.9	11.7
Decrease in accounts and accrued income receivable	160.2	12.7
Decrease in accounts payable and accrued liabilities	(143.7)	(202.9)
Decrease in deferred revenue	(13.8)	(12.8)
Other, net	(45.2)	(12.7)
Cash provided by (used for) operating activities	69.3	(92.3)
Cash flows from investing activities:		
Acquisitions/dispositions, net of cash acquired/divested	(3.5)	(4.9)
Net (increase) decrease in deposits with banks	(23.3)	9.3
Purchases of debt securities	(332.5)	(246.3)
Proceeds from sales of debt securities	224.5	715.5
Proceeds from maturities of debt securities	132.8	210.5
Purchases of equity securities	(31.6)	(34.2)
Proceeds from sales of equity securities	44.2	11.1
Net change in other investments	(1.6)	(0.8)
Advances under secured financing agreements	(4,792.6)	(2,778.4)
Collections of secured financings receivable	4,601.0	2,606.0
Capital expenditures	(51.7)	(63.1)
Proceeds from sales of property and equipment	—	0.1
Proceeds from insurance settlement	2.9	2.1
Cash (used for) provided by investing activities	(231.4)	426.9
Cash flows from financing activities:		
Net change in deposits	(2,004.8)	630.2
Borrowings under secured financing agreements	4,732.8	2,749.4
Repayments of secured financings payable	(4,597.3)	(2,612.8)
Repayment of senior unsecured notes	—	(250.0)
Repayments of other notes and contracts payable	(0.6)	(1.8)
Net activity related to noncontrolling interests	4.1	(1.1)
Net payments in connection with share-based compensation	(8.0)	(6.0)
Repurchases of Company shares	(3.5)	(30.4)
Payments of cash dividends	(54.9)	(53.8)
Cash (used for) provided by financing activities	(1,932.2)	423.7
Effect of exchange rate changes on cash	(4.6)	1.6
Net (decrease) increase in cash and cash equivalents	(2,098.9)	759.9
Cash and cash equivalents—Beginning of period	3,605.3	1,223.5
Cash and cash equivalents—End of period	$ 1,506.4	$ 1,983.4
Supplemental information:		
Cash paid (received) during the period for:		
Interest	$ 36.2	$ 25.9
Premium taxes	$ 19.5	$ 30.6
Income taxes paid	$ 3.4	$ 1.9
Income tax refunds	$ (12.7)	$ (0.2)

See notes to condensed consolidated financial statements.

Note 1 – Basis of Condensed Consolidated Financial Statements

Basis of Presentation

The condensed consolidated financial information included in this report has been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and Article 10 of Securities and Exchange Commission Regulation S-X. The principles for condensed interim financial information do not require the inclusion of all the information and footnotes required by GAAP for complete financial statements. Therefore, these financial statements should be read in conjunction with the First American Financial Corporation (the "Company") Annual Report on Form 10-K for the year ended December 31, 2023. The condensed consolidated financial statements included herein are unaudited; however, in the opinion of management, they contain all normal recurring adjustments necessary for a fair statement of the consolidated results for the interim periods. All material intercompany transactions and balances have been eliminated upon consolidation.

Out-of-period adjustment

During the three months ended March 31, 2024, the Company identified certain uncollectible balances related to fees within its title insurance and services segment, which primarily related to reporting periods in 2023 and prior, that should have been previously written off. To correct for this error, the Company recorded an adjustment in the current quarter, which increased other operating expenses and increased accounts payable and accrued liabilities by $6.2 million.

Recently Adopted Accounting Pronouncements

In June 2022, the Financial Accounting Standards Board ("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 clarified 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 were required about the nature of the restrictions and their remaining duration. The updated guidance, which was adopted on January 1, 2024, had no impact on the Company's condensed consolidated financial statements.

Pending Accounting Pronouncements

In December 2023, the 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 additional disclosures 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 condensed consolidated financial statements.

In November 2023, the FASB issued updated guidance intended to improve financial reporting by requiring disclosure of incremental segment information to enable investors to develop more decision-useful financial analyses. The updated guidance improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The updated guidance is effective for annual reporting periods beginning after December 15, 2023 and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments in this update are required to applied retrospectively to all periods presented in the financial statements. Except for the disclosure requirements, the Company does not expect the adoption of this guidance to have a material impact on its condensed 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 condensed consolidated financial statements.

Note 2 –Trust Assets, Escrow and Other Deposits

The Company administers escrow deposits as a service to customers in its direct title operations. Escrow deposits totaled $8.9 billion and $10.6 billion at March 31, 2024 and December 31, 2023, respectively, of which $4.3 billion and $6.3 billion, respectively, were held at First American Trust, FSB ("FA Trust"). The remaining deposits were held at third-party financial institutions. Escrow deposits held at third-party financial institutions are not considered assets of the Company and, therefore, are not included in the accompanying condensed 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.

Trust assets administered by FA Trust totaled $4.6 billion and $4.4 billion at March 31, 2024 and December 31, 2023, respectively, of which $127.4 million and $197.1 million, respectively, were held at FA Trust. The remaining trust assets were held at third-party financial institutions. Trust assets, which are administered by FA Trust and held at third-party institutions, are fiduciary client assets and are not considered assets of the Company and, therefore, are not included in the accompanying condensed consolidated balance sheets. The Company could be held contingently liable if FA Trust were to breach any of its fiduciary duties.

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 condensed 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 $1.7 billion and $1.8 billion at March 31, 2024 and December 31, 2023, 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 condensed 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 $1.0 billion and $830.5 million at March 31, 2024 and December 31, 2023, respectively, of which $623.2 million and $485.7 million, 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 condensed 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 condensed consolidated balance sheets.

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
March 31, 2024				
U.S. Treasury bonds	$ 163.1	$ —	$ (5.9)	$ 157.2
Municipal bonds	1,381.2	7.1	(139.0)	1,249.3
Foreign government bonds	209.9	0.2	(10.7)	199.4
Governmental agency bonds	214.3	—	(13.9)	200.4
Governmental agency mortgage-backed securities	4,316.7	2.2	(573.0)	3,745.9
U.S. corporate debt securities	1,075.4	4.4	(58.6)	1,021.2
Foreign corporate debt securities	498.4	4.0	(21.4)	481.0
	$ 7,859.0	$ 17.9	$ (822.5)	$ 7,054.4
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

Sales of debt securities resulted in realized gains of $0.8 million and $5.5 million, realized losses of $4.2 million and $10.0 million and proceeds of $224.5 million and $715.5 million for the three months ended March 31, 2024 and 2023, respectively.

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

	Less than 12 months		12 months or longer		Total	
(in millions)	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses
March 31, 2024						
U.S. Treasury bonds	$ 101.2	$ (1.3)	$ 50.4	$ (4.6)	$ 151.6	$ (5.9)
Municipal bonds	133.1	(1.5)	970.8	(137.5)	1,103.9	(139.0)
Foreign government bonds	68.3	(0.2)	96.1	(10.5)	164.4	(10.7)
Governmental agency bonds	83.0	(0.6)	117.4	(13.3)	200.4	(13.9)
Governmental agency mortgage-backed securities	490.3	(15.4)	3,103.7	(557.6)	3,594.0	(573.0)
U.S. corporate debt securities	127.1	(1.6)	598.1	(57.0)	725.2	(58.6)
Foreign corporate debt securities	64.8	(0.6)	257.7	(20.8)	322.5	(21.4)
	$ 1,067.8	$ (21.2)	$ 5,194.2	$ (801.3)	$ 6,262.0	$ (822.5)
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)

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 March 31, 2024. As of March 31, 2024, 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 March 31, 2024, 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	$ 5.7	$ 136.9	$ 0.4	$ 20.1	$ 163.1
Estimated fair value	$ 5.7	$ 132.1	$ 0.3	$ 19.1	$ 157.2
Municipal bonds					
Amortized cost	12.6	382.4	478.4	507.8	1,381.2
Estimated fair value	12.5	351.1	413.1	472.6	1,249.3
Foreign government bonds					
Amortized cost	31.2	104.5	67.5	6.7	209.9
Estimated fair value	31.0	103.8	58.6	6.0	199.4
Governmental agency bonds					
Amortized cost	—	166.6	1.6	46.1	214.3
Estimated fair value	—	161.6	1.5	37.3	200.4
U.S. corporate debt securities					
Amortized cost	13.9	732.1	245.6	83.8	1,075.4
Estimated fair value	13.8	693.1	239.8	74.5	1,021.2
Foreign corporate debt securities					
Amortized cost	31.9	313.5	121.2	31.8	498.4
Estimated fair value	31.3	302.6	118.5	28.6	481.0
Total debt securities (excluding mortgage-backed securities)					
Amortized cost	$ 95.3	$ 1,836.0	$ 914.7	$ 696.3	$ 3,542.3
Estimated fair value	$ 94.3	$ 1,744.3	$ 831.8	$ 638.1	$ 3,308.5
Total mortgage-backed securities					
Amortized cost					4,316.7
Estimated fair value					3,745.9
Total debt securities					
Amortized cost					$ 7,859.0
Estimated fair value					$ 7,054.4

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 March 31, 2024, 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	$ 157.2	100.0%	$ —	—%	$ —	—%	$ 157.2
Municipal bonds	1,223.0	97.9	24.6	2.0	1.7	0.1	1,249.3
Foreign government bonds	193.9	97.2	4.7	2.4	0.8	0.4	199.4
Governmental agency bonds	200.4	100.0	—	—	—	—	200.4
Governmental agency mortgage-backed securities	3,745.9	100.0	—	—	—	—	3,745.9
U.S. corporate debt securities	492.0	48.1	380.5	37.3	148.7	14.6	1,021.2
Foreign corporate debt securities	251.9	52.3	193.2	40.2	35.9	7.5	481.0
	$ 6,264.3	88.8%	$ 603.0	8.5%	$ 187.1	2.7%	$ 7,054.4

Included in debt securities at March 31, 2024, were bank loans totaling $122.3 million, of which $109.0 million were non-investment grade; high yield corporate debt securities totaling $71.2 million, all of which were non-investment grade; and emerging market debt securities totaling $39.4 million, of which $5.2 million were non-investment grade.

The composition of the debt securities portfolio in an unrealized loss position at March 31, 2024, 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	$ 151.6	100.0%	$ —	—%	$ —	—%	$ 151.6
Municipal bonds	1,084.3	98.3	19.3	1.7	0.3	—	1,103.9
Foreign government bonds	162.3	98.7	1.3	0.8	0.8	0.5	164.4
Governmental agency bonds	200.4	100.0	—	—	—	—	200.4
Governmental agency mortgage-backed securities	3,594.0	100.0	—	—	—	—	3,594.0
U.S. corporate debt securities	394.5	54.4	273.8	37.8	56.9	7.8	725.2
Foreign corporate debt securities	188.3	58.4	116.2	36.0	18.0	5.6	322.5
	$ 5,775.4	92.2%	$ 410.6	6.6%	$ 76.0	1.2%	$ 6,262.0

Debt securities in an unrealized loss position at March 31, 2024, included bank loans totaling $25.1 million, of which $23.3 million were non-investment grade; high yield corporate debt securities totaling $47.5 million, all of which were non-investment grade; and emerging market debt securities totaling $32.7 million, of which $4.9 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)	March 31, 2024	December 31, 2023
Marketable equity securities	$ 415.0	$ 436.9
Non-marketable equity securities	226.1	224.1
Equity method investments	91.9	74.6
	$ 733.0	$ 735.6

Investments in marketable equity securities are summarized as follows:

(in millions)	Cost	Unrealized losses	Estimated fair value
March 31, 2024			
Common stocks	$ 409.8	$ (8.8)	$ 401.0
Preferred stocks	15.3	(1.3)	14.0
	$ 425.1	$ (10.1)	$ 415.0
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

Net gains of $10.9 million and $12.4 million resulting from changes in the fair values of marketable equity securities were recognized for the three months ended March 31, 2024 and 2023, respectively, which included net unrealized gains of $10.5 million and $11.7 million on securities still held at March 31, 2024 and 2023, respectively. Included in net gains for the three months ended March 31, 2024 were unrealized losses of $11.0 million related to the Company's investment in Offerpad Solutions Inc. ("Offerpad"), a tech-enabled real estate company.

A summary of the changes in the carrying amounts of non-marketable equity securities, which primarily relate to the Company's venture investment portfolio, for the three months ended March 31, 2024 and 2023, is as follows:

	Three Months Ended March 31,	
(in millions)	2024	2023
Carrying amount, beginning of period	$ 224.1	$ 395.8
Net additions	1.8	6.1
Gross unrealized gains	0.2	—
Gross unrealized losses and impairments	—	(17.2)
Carrying amount, end of period	$ 226.1	$ 384.7

Cumulative gross unrealized gains and cumulative gross unrealized losses and impairments related to non-marketable equity securities at March 31, 2024 and December 31, 2023, are as follows:

(in millions)	March 31, 2024	December 31, 2023
Cumulative gross unrealized gains	$ 243.5	$ 243.3
Cumulative gross unrealized losses and impairments	$ 322.4	$ 322.4

Note 5 – Allowance for Credit Losses – Accounts Receivable

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

	Three Months Ended March 31,	
(in millions)	2024	2023
Balance at beginning of period	$ 21.8	$ 21.3
Provision for expected credit losses	0.8	0.7
Write-offs/recoveries	(1.8)	(1.4)
Balance at end of period	$ 20.8	$ 20.6

Note 6 – Goodwill

A summary of the changes in the carrying amount of goodwill, by reportable segment, for the three months ended March 31, 2024, is as follows:

(in millions)	Title Insurance and Services	Home Warranty	Total
Balance at beginning of period	$ 1,766.6	$ 40.9	$ 1,807.5
Acquisitions	1.3	—	1.3
Foreign currency translation	(1.5)	—	(1.5)
Balance at end of period	$ 1,766.4	$ 40.9	$ 1,807.3

Note 7 – Other Intangible Assets

Other intangible assets are summarized as follows:

(in millions)	March 31, 2024	December 31, 2023
Finite-lived intangible assets:		
Customer relationships	$ 192.3	$ 191.4
Noncompete agreements	10.8	28.2
Trademarks	70.6	70.6
Internal-use software licenses	17.2	16.5
Patents	2.8	2.8
	293.7	309.5
Accumulated amortization	(163.0)	(172.6)
	130.7	136.9
Indefinite-lived intangible assets:		
Licenses	16.9	16.9
	$ 147.6	$ 153.8

Amortization expense for finite-lived intangible assets was $12.3 million and $13.5 million for the three months ended March 31, 2024 and 2023, respectively.

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

Year	(in millions)
Remainder of 2024	$ 30.1
2025	$ 28.0
2026	$ 26.4
2027	$ 11.8
2028	$ 7.3
2029	$ 5.3

Note 8 – 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:

	Three Months Ended March 31,	
(in millions)	2024	2023
Balance at beginning of period	$ 1,282.4	$ 1,325.3
Provision related to:		
Current year	77.0	83.1
Prior years	(7.5)	(0.8)
	69.5	82.3
Payments, net of recoveries, related to:		
Current year	30.6	31.1
Prior years	61.0	64.1
	91.6	95.2
Other	1.3	2.1
Balance at end of period	$ 1,261.6	$ 1,314.5

The provision for title insurance losses, expressed as a percentage of title insurance premiums and escrow fees, was 3.0% and 3.5% for the three months ended March 31, 2024 and 2023, respectively.

The 3.0% loss provision rate in the current year reflects an ultimate loss rate of 3.75% for the 2024 policy year and reserve releases of 0.75%, or $7.3 million for prior policy years, all based on title insurance premiums and escrow fees for the three months ended March 31, 2024.

The 3.5% loss provision rate for the three months ended March 31, 2023 reflected an ultimate loss rate of 3.75% for the 2023 policy year and reserve releases of 0.25%, or $2.5 million for prior policy years, all based on title insurance premiums and escrow fees for the three months ended March 31, 2023.

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

(dollars in millions)	March 31, 2024		December 31, 2023	
Known title claims	$ 61.6	4.9%	$ 55.5	4.3%
Incurred but not reported claims	1,162.5	92.1%	1,186.5	92.5%
Total title claims	1,224.1	97.0%	1,242.0	96.8%
Non-title claims	37.5	3.0%	40.4	3.2%
Total loss reserves	$ 1,261.6	100.0%	$ 1,282.4	100.0%

Note 9 – Income Taxes

The Company's effective income tax rates (income tax expense as a percentage of income before income taxes) were 19.9% and 22.8% for the three months ended March 31, 2024 and 2023, 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. The effective income tax rates also reflect the impact on pretax earnings from losses and impairments on equity investments. In addition, the effective income tax rate for 2024 reflects tax credits claimed in the current year and benefits of a state tax matter from prior years.

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 in assessing the likelihood of realization 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. As of March 31, 2024 and December 31, 2023, the Company carried a valuation allowance of $13.7 million. 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 March 31, 2024 and December 31, 2023, the liability for income taxes associated with uncertain tax positions was $13.5 million and $12.4 million, respectively. The net increase in the liability during 2024 was primarily attributable to positions taken on the Company's tax returns for current year. The liabilities as of March 31, 2024 and December 31, 2023 could be reduced by $0.9 million and $0.8 million, 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.

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 were not material as of March 31, 2024 and December 31, 2023.

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, 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 March 31, 2024, 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.

Effective in calendar year 2024, the Company is subject to international anti-base erosion rules that assess a minimum tax rate of 15% in the jurisdictions in which it operates. Commonly known as "Pillar II," these rules apply to large multinational enterprises and are designed to address the tax challenges arising from the globalization and digitalization of the economy. The Company has calculated the minimum tax on a jurisdiction-by-jurisdiction basis and has determined that the resulting tax is immaterial to its financial results.

Note 10 – Earnings Per Share

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

(in millions, except per share amounts)	Three Months Ended March 31, 2024	2023
Numerator		
Net income attributable to the Company	$ 46.7	$ 45.9
Denominator		
Basic weighted-average shares	104.1	104.5
Effect of dilutive restricted stock units ("RSUs") and performance restricted stock units ("PRSUs")	0.3	0.3
Diluted weighted-average shares	104.4	104.8
Net income per share attributable to the Company's stockholders		
Basic	0.45	$ 0.44
Diluted	0.45	$ 0.44

For the three months ended March 31, 2024, 85 thousand RSUs were excluded from diluted weighted-average common shares outstanding due to their antidilutive effect. For the three months ended March 31, 2023, 333 thousand RSUs and 37 thousand PRSUs were excluded from diluted weighted-average common shares outstanding due to their antidilutive effect.

Note 11 – Employee Benefit Plans

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

(in millions)	Three Months Ended March 31, 2024	2023
Expense:		
Interest costs	$ 2.4	$ 2.5
Amortization of net actuarial loss	0.6	0.5
	$ 3.0	$ 3.0

The Company contributed $3.8 million to its unfunded supplemental benefit pension plans during the three months ended March 31, 2024 and expects to contribute an additional $12.4 million during the remainder of 2024.

Note 12 – 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.

The following tables present the fair values of the Company's assets, measured on a recurring basis, as of March 31, 2024 and December 31, 2023:

(in millions)	Total	Level 1	Level 2	Level 3
March 31, 2024				
Debt securities:				
U.S. Treasury bonds	$ 157.2	$ —	$ 157.2	$ —
Municipal bonds	1,249.3	—	1,249.3	—
Foreign government bonds	199.4	—	199.4	—
Governmental agency bonds	200.4	—	200.4	—
Governmental agency mortgage-backed securities	3,745.9	—	3,745.9	—
U.S. corporate debt securities	1,021.2	—	1,021.2	—
Foreign corporate debt securities	481.0	—	481.0	—
	7,054.4	—	7,054.4	—
Equity securities:				
Common stocks	401.0	401.0	—	—
Preferred stocks	14.0	14.0	—	—
	415.0	415.0	—	—
Mortgage loans held for sale	13.0	—	11.7	1.3
Total	$ 7,482.4	$ 415.0	$ 7,066.1	$ 1.3

(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

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments not measured at fair value as of March 31, 2024 and December 31, 2023:

(in millions)	Carrying Amount	Estimated fair value			
		Total	Level 1	Level 2	Level 3
March 31, 2024					
Assets:					
Cash and cash equivalents	$ 1,506.4	$ 1,506.4	$ 1,506.4	$ —	$ —
Deposits with banks	$ 77.1	$ 77.0	$ 20.1	$ 56.9	$ —
Notes receivable, net	$ 23.8	$ 24.6	$ —	$ —	$ 24.6
Secured financings receivable	$ 831.4	$ 831.4	$ —	$ 831.4	$ —
Liabilities:					
Secured financings payable	$ 688.8	$ 688.8	$ —	$ 688.8	$ —
Notes and contracts payable	$ 1,396.0	$ 1,226.3	$ —	$ 1,220.5	$ 5.8

(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

Note 13 – Share-Based Compensation

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

	Three Months Ended March 31,	
(in millions)	2024	2023
Expense:		
RSUs	$ 18.9	$ 19.0
PRSUs	2.4	1.8
Employee stock purchase plan	2.1	2.2
	$ 23.4	$ 23.0

The following table summarizes RSU and PRSU activity for the three months ended March 31, 2024:

(in millions, except weighted-average grant-date fair value)	Shares	Weighted-average grant-date fair value
Unvested at December 31, 2023	1.0	$ 64.19
Granted during 2024	0.6	$ 58.92
Vested during 2024	(0.6)	$ 60.84
Unvested at March 31, 2024	1.0	$ 62.77

Note 14 – Stockholders' Equity

The Company maintains a stock repurchase plan with authorization up to $400.0 million, of which $210.4 million remained as of March 31, 2024. 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 three months ended March 31, 2024, the Company repurchased and retired 59 thousand shares of its common stock for a total purchase price of $3.5 million and, as of March 31, 2024, repurchased and retired 3.6 million shares of its common stock under the current authorization for a total purchase price of $189.6 million.

Note 15 – Accumulated Other Comprehensive Income (Loss) ("AOCI")

The following table presents a summary of the changes in each component of AOCI for the three months ended March 31, 2024:

(in millions)	Unrealized gains (losses) on debt securities	Foreign currency translation adjustment	Pension benefit adjustment	Accumulated other comprehensive income (loss)
Balance at December 31, 2023	$ (553.6)	$ (64.9)	$ (37.3)	$ (655.8)
Change in unrealized losses on debt securities	(66.9)	—	—	(66.9)
Change in foreign currency translation adjustment	—	(14.9)	—	(14.9)
Amortization of net actuarial loss	—	—	0.6	0.6
Tax effect	16.3	0.4	(0.2)	16.5
Balance at March 31, 2024	$ (604.2)	$ (79.4)	$ (36.9)	$ (720.5)

The following table presents the other comprehensive income (loss) reclassification adjustments for the three months ended March 31, 2024 and 2023:

(in millions)	Unrealized gains (losses) on debt securities	Foreign currency translation adjustment	Pension benefit adjustment	Total other comprehensive income (loss)
Three Months Ended March 31, 2024				
Pretax change before reclassifications	$ (70.3)	$ (14.9)	$ —	$ (85.2)
Reclassifications out of AOCI	3.4	—	0.6	4.0
Tax effect	16.3	0.4	(0.2)	16.5
Total other comprehensive (loss) income, net of tax	$ (50.6)	$ (14.5)	$ 0.4	$ (64.7)
Three Months Ended March 31, 2023				
Pretax change before reclassifications	$ 142.0	$ 2.6	$ —	$ 144.6
Reclassifications out of AOCI	4.5	—	0.5	5.0
Tax effect	(36.4)	—	(0.2)	(36.6)
Total other comprehensive income, net of tax	$ 110.1	$ 2.6	$ 0.3	$ 113.0

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

	Three Months Ended March 31,		
(in millions)	2024	2023	Affected line items
Unrealized gains (losses) on debt securities:			
Net realized losses on sales of debt securities	$ (3.4)	$ (4.5)	Net investment gains (losses)
Tax effect	$ 0.8	$ 1.1	
Pension benefit adjustment (1):			
Amortization of net actuarial loss	$ (0.6)	$ (0.5)	Other operating expenses
Tax effect	$ 0.2	$ 0.2	

(1) Amounts are components of net periodic cost. See Note 11 Employee Benefit Plans for additional details.

Note 16 – 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, 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 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 17 – Segment Information

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.

- 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, certain financing facilities and corporate services that support the Company's business operations.

Selected financial information about the Company's operations, by segment, is as follows:

For the three months ended March 31, 2024:

(in millions)	Revenues	Income (loss) before income taxes	Depreciation and amortization	Capital expenditures
Title Insurance and Services	$ 1,319.8	$ 72.7	$ 48.8	$ 59.6
Home Warranty	105.2	20.3	1.3	1.9
Corporate and Eliminations	(0.4)	(34.7)	—	—
	$ 1,424.6	$ 58.3	$ 50.1	$ 61.5

(in millions)	Direct premiums and escrow fees	Agent premiums	Information and other	Net investment income (loss)	Net investment gains (losses)	Total Revenues
Title Insurance and Services	$ 403.2	$ 563.8	$ 217.2	$ 116.7	$ 18.9	$ 1,319.8
Home Warranty	97.7	—	5.9	0.9	0.7	105.2
Corporate and Eliminations	—	—	(0.1)	10.3	(10.6)	(0.4)
	$ 500.9	$ 563.8	$ 223.0	$ 127.9	$ 9.0	$ 1,424.6

For the three months ended March 31, 2023:

(in millions)	Revenues	Income (loss) before income taxes	Depreciation and amortization	Capital expenditures
Title Insurance and Services	$ 1,348.6	$ 88.2	$ 44.2	$ 66.3
Home Warranty	103.7	15.9	1.3	1.2
Corporate and Eliminations	(6.2)	(44.5)	—	—
	$ 1,446.1	$ 59.6	$ 45.5	$ 67.5

(in millions)	Direct premiums and escrow fees	Agent premiums	Information and other	Net investment income (loss)	Net investment losses	Total Revenues
Title Insurance and Services	$ 405.6	$ 590.4	$ 221.5	$ 124.6	$ 6.5	$ 1,348.6
Home Warranty	96.6	—	5.5	1.4	0.2	103.7
Corporate and Eliminations	—	—	(0.1)	8.0	(14.1)	(6.2)
	$ 502.2	$ 590.4	$ 226.9	$ 134.0	$ (7.4)	$ 1,446.1

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

CERTAIN STATEMENTS IN THIS QUARTERLY REPORT ON FORM 10-Q 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 3-4 OF THIS QUARTERLY 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 the financial measure adjusted debt to capitalization ratio that is not presented in accordance with generally accepted accounting principles ("GAAP"), as it excludes the effects of secured financings payable and accumulated other comprehensive loss. The Company is presenting this non-GAAP financial measure because it provides the Company's management and readers of this Quarterly Report on Form 10-Q with additional insight into the financial leverage of the Company. The Company does not intend for this non-GAAP financial measure to be a substitute for any GAAP financial information. In this Quarterly Report on Form 10-Q, this non-GAAP financial measure has been presented with, and reconciled to, the most directly comparable GAAP financial measure. Readers of this Quarterly Report on Form 10-Q should use this non-GAAP financial measure only in conjunction with the comparable GAAP financial measure. 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.

CRITICAL ACCOUNTING ESTIMATES

A summary of the Company's significant accounting policies that it considers to be the most dependent on the application of estimates and assumptions can be found in the Management's Discussion and Analysis section of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Recently Adopted Accounting Pronouncements

See Note 1 Basis of Condensed Consolidated Financial Statements to the condensed consolidated financial statements.

Pending Accounting Pronouncements

See Note 1 Basis of Condensed Consolidated Financial Statements to the condensed consolidated financial statements.

Results of Operations

Summary

(dollars in millions)	Three Months Ended March 31, 2024	2023	$ Change	% Change
Total Revenues by Segment				
Title Insurance and Services	$ 1,319.8	$ 1,348.6	$ (28.8)	(2.1)%
Home Warranty	105.2	103.7	1.5	1.4
Corporate and Eliminations	(0.4)	(6.2)	5.8	93.5
	$ 1,424.6	$ 1,446.1	$ (21.5)	(1.5)%

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 decreased $21.5 million, or 1.5%, in the first quarter of 2024 when compared with the first quarter of 2023. This decrease was primarily attributable to a decline in agent premiums in the title insurance business of $26.6 million, or 4.5%, and a decrease in net investment income of $6.1 million, or 4.6%, partially offset by net investment gains of $9.0 million, an increase of $16.4 million, when compared to $7.4 million in net investment losses recognized in the prior year. In the title insurance and services segment, direct premiums and escrow fees from domestic commercial and residential refinance transactions decreased $5.5 million, or 3.7%, and $2.6 million, or 13.2%, respectively, while direct premiums and escrow fees from domestic residential purchase transactions increased $4.0 million, or 2.1%, in the first quarter of 2024 when compared to the first quarter of 2023.

According to the Mortgage Bankers Association's April 18, 2024 Mortgage Finance Forecast (the "MBA Forecast"), residential mortgage originations in the United States (based on the total dollar value of the transactions) are forecasted to increase 13.2% in the first quarter of 2024 when compared with the first quarter of 2023. According to the MBA Forecast, the dollar amount of purchase originations are forecasted to increase 9.0%. This volume of domestic residential mortgage origination activity contributed to an increase of 2.1% in direct premiums and escrow fees for the Company's direct title operations from domestic residential purchase transactions and a decrease of 13.2% from domestic refinance transactions in the first quarter of 2024 when compared with the first quarter of 2023.

During the first quarter of 2024, the level of domestic title orders opened per day by the Company's direct title operations decreased 9.9% when compared with the first quarter of 2023. Residential refinance opened orders per day decreased 5.0%, while residential purchase and commercial opened orders per day increased 2.7% and 0.8%, respectively, when compared with the first quarter of 2023.

Title Insurance and Services

(dollars in millions)	Three Months Ended March 31, 2024	2023	$ Change	% Change
Revenues				
Direct premiums and escrow fees	$ 403.2	$ 405.6	$ (2.4)	(0.6)%
Agent premiums	563.8	590.4	(26.6)	(4.5)
Information and other	217.2	221.5	(4.3)	(1.9)
Net investment income	116.7	124.6	(7.9)	(6.3)
Net investment gains	18.9	6.5	12.4	190.8
	1,319.8	1,348.6	(28.8)	(2.1)
Expenses				
Personnel costs	452.5	458.8	(6.3)	(1.4)
Premiums retained by agents	447.8	469.0	(21.2)	(4.5)
Other operating expenses	233.7	224.1	9.6	4.3
Provision for policy losses and other claims	29.0	34.9	(5.9)	(16.9)
Depreciation and amortization	48.8	44.2	4.6	10.4
Premium taxes	12.9	13.5	(0.6)	(4.4)
Interest	22.4	15.9	6.5	40.9
	1,247.1	1,260.4	(13.3)	(1.1)
Income before income taxes	$ 72.7	$ 88.2	$ (15.5)	(17.6)%
Pretax margins	5.5%	6.5%	(1.0)%	(15.4)%

Direct premiums and escrow fees were $403.2 million for the three months ended March 31, 2024, a decrease of $2.4 million, or 0.6%, when compared with the same period of the prior year. The decrease was 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. Domestic average revenues per order closed was $3,516 for the three months ended March 31, 2024, an increase of 2.6% when compared with $3,428 for the three months ended March 31, 2023, which was due to a shift in mix from lower premium default transactions to higher premium purchase transactions and an increase in average revenues per order on purchase transactions. The Company's direct title operations closed 102,700 domestic title orders during the three months ended March 31, 2024, a decrease of 3.7% when compared with 106,600 domestic title orders closed during the same period of the prior year, which were generally consistent with the changes in residential mortgage origination activity in the United States as reported in the MBA Forecast. Domestic residential refinance and purchase orders closed per day decreased by 3.2% and increased by 0.3%, respectively, for the three months ended March 31, 2024 when compared to the same period of the prior year.

Agent premiums were $563.8 million for the three months ended March 31, 2024, a decrease of $26.6 million, or 4.5%, when compared with the same period of the prior year. 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, current quarter agent premiums typically reflect prior quarter mortgage origination activity. The decrease in agent premiums for the three months ended March 31, 2024 is generally consistent with the 19.7% decrease in the Company's direct premiums and escrow fees in the fourth quarter of 2023 as compared with the fourth quarter of 2022.

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 were $217.2 million for the three months ended March 31, 2024, a decrease of $4.3 million, or 1.9%, when compared with the same period of the prior year. The decrease was primarily due to the increased capture rate of title premiums from an affiliated title agent, which caused a decrease in information and other revenues and a comparable increase in direct premiums and escrow fees.

Net investment income totaled $116.7 million for the three months ended March 31, 2024, a decrease of $7.9 million, or 6.3%, when compared with the same period of the prior year. The decrease in investment income was primarily driven by declines in the Company's escrow and tax-deferred property exchange balances, partially offset by an increase in interest income from the Company's warehouse lending business.

Net investment gains of $18.9 million and $6.5 million for the three months ended March 31, 2024 and 2023, respectively, were primarily attributable to changes in the fair values of marketable equity securities, partially offset by losses recognized on sales of debt securities.

Personnel costs were $452.5 million for the three months ended March 31, 2024, a decrease of $6.3 million, or 1.4%, when compared with the same period of the prior year. The decrease was primarily attributable to lower salary expense driven by lower headcount and lower temporary labor and severance expense, partially offset by an increase in incentive compensation expense.

Agents retained $447.8 million of title premiums generated by agency operations for the three months ended March 31, 2024, which compares with $469.0 million for the same period of the prior year. The percentage of title premiums retained by agents was 79.4% for the three months ended March 31, 2024 and 2023.

Other operating expenses were $233.7 million for the three months ended March 31, 2024, an increase of $9.6 million, or 4.3%, when compared with the same period of the prior year. The increase was primarily due to an out-of-period adjustment of $6.2 million recorded in the current quarter to write-off certain uncollectible balances related to fees that should have been previously written off. The increase in the current quarter also reflects higher legal expenses.

The provision for policy losses and other claims, expressed as a percentage of title insurance premiums and escrow fees, was 3.0% and 3.5% for the three months ended March 31, 2024 and 2023, respectively. The 3.0% loss provision rate in the current year reflects an ultimate loss rate of 3.75% for the 2024 policy year and reserve releases of 0.75%, or $7.3 million for prior policy years, all based on title insurance premiums and escrow fees for the three months ended March 31, 2024. The 3.5% loss provision rate for the three months ended March 31, 2023 reflected an ultimate loss rate of 3.75% for the 2023 policy year and reserve releases of 0.25%, or $2.5 million for prior policy years, all based on title insurance premiums and escrow fees for the three months ended March 31, 2023.

Depreciation and amortization expense was $48.8 million for the three months ended March 31, 2024, an increase of $4.6 million, or 10.4%, when compared with the same period of the prior year. The increase was primarily due to higher amortization of capitalized software from recently deployed digital settlement products.

Premium taxes were $12.9 million for the three months ended March 31, 2024, a decrease of $0.6 million, or 4.4%, when compared with the same period of the prior year. Premium taxes as a percentage of title insurance premiums and escrow fees were 1.3% and 1.4% for the three months ended March 31, 2024 and 2023, respectively.

Interest expense was $22.4 million for the three months ended March 31, 2024, an increase of $6.5 million, or 40.9%, when compared with the same period of the prior year. The increase was primarily 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 5.5% and 6.5% for the three months ended March 31, 2024 and 2023, respectively.

Home Warranty

(dollars in millions)	Three Months Ended March 31, 2024	2023	$ Change	% Change
Revenues				
Direct premiums	$ 97.7	$ 96.6	$ 1.1	1.1 %
Information and other	5.9	5.5	0.4	7.3
Net investment income	0.9	1.4	(0.5)	(35.7)
Net investment gains	0.7	0.2	0.5	250.0
	105.2	103.7	1.5	1.4
Expenses				
Personnel costs	19.8	19.2	0.6	3.1
Other operating expenses	22.1	20.6	1.5	7.3
Provision for policy losses and other claims	40.7	45.7	(5.0)	(10.9)
Depreciation and amortization	1.3	1.3	—	—
Premium taxes	1.0	1.0	—	—
	84.9	87.8	(2.9)	(3.3)
Income before income taxes	$ 20.3	$ 15.9	$ 4.4	27.7 %
Pretax margins	19.3 %	15.3 %	4.0 %	26.1 %

Direct premiums were $97.7 million for the three months ended March 31, 2024, an increase of $1.1 million, or 1.1%, when compared with the same period of the prior year. The increase was primarily attributable to an increase in policy renewals.

Personnel costs and other operating expenses totaled $41.9 million for the three months ended March 31, 2024, an increase of $2.1 million, or 5.3%, when compared with the same period of the prior year. The increase was primarily attributable to higher advertising, professional services and salary expense.

The provision for home warranty claims, expressed as a percentage of home warranty premiums, was 41.7% and 47.3% for the three months ended March 31, 2024 and 2023, respectively. The decrease in the claims rate was primarily attributable to lower claims volume and 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 the provision for losses, 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 19.3% and 15.3% for the three months ended March 31, 2024 and 2023, respectively.

Corporate

(dollars in millions)	Three Months Ended March 31, 2024	2023	$ Change	% Change
Revenues				
Information and other	$ —	$ 0.1	$ (0.1)	(100.0)
Net investment income	10.7	8.2	2.5	30.5
Net investment losses	(10.6)	(14.2)	3.6	25.4
	0.1	(5.9)	6.0	101.7
Expenses				
Personnel costs	12.5	9.6	2.9	30.2
Other operating expenses	10.0	13.8	(3.8)	(27.5)
Provision for policy losses and other claims	(0.2)	1.8	(2.0)	(111.1)
Interest	12.5	13.4	(0.9)	(6.7)
	34.8	38.6	(3.8)	(9.8)%
Loss before income taxes	$ (34.7)	$ (44.5)	$ 9.8	22.0%

Net investment income totaled $10.7 million and $8.2 million for the three months ended March 31, 2024 and 2023, respectively. The change in net investment income was primarily attributable to fluctuations in earnings on investments associated with the Company's deferred compensation plan.

Net investment losses of $10.6 million for the three months ended March 31, 2024 were primarily related to changes in the fair value of the Company's investment in Offerpad. Net investment losses of $14.2 million for the three months ended March 31, 2023 were primarily related to impairment charges and observable pricing changes on non-marketable equity investments within the Company's venture investment portfolio.

Personnel costs and other operating expenses totaled $22.5 million and $23.4 million for the three months ended March 31, 2024 and 2023, respectively. The decrease was primarily attributable to reinsurance charges in the property and casualty business in the prior year that did not reoccur in the current year, partially offset by higher returns on participant investments within the Company's deferred compensation plan in the current year.

Interest expense totaled $12.5 million and $13.4 million for the three months ended March 31, 2024 and 2023, respectively. The decrease was primarily attributable to the repayment of the Company's $250 million 4.30% senior unsecured notes, upon maturity, in February 2023.

Eliminations

The Company's inter-segment eliminations were not material for the three months ended March 31, 2024 and 2023.

INCOME TAXES

The Company's effective income tax rates (income tax expense as a percentage of income before income taxes) were 19.9% and 22.8% for the three months ended March 31, 2024 and 2023, respectively. The difference in the effective tax rates is primarily due to the impact on state income taxes resulting from the relative proportion of income derived from the Company's insurance and non-insurance businesses. In addition, the effective income tax rate for 2024 reflects tax credits claimed in the current year and benefits of a state tax matter from prior years.

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 in assessing the likelihood of realization include forecasts of future taxable income and available tax planning strategies that could be implemented. The Company's ability or inability to achieve forecasted taxable income in the applicable taxing jurisdictions could affect the ultimate realization of its deferred tax assets. 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.

NET INCOME AND NET INCOME ATTRIBUTABLE TO THE COMPANY

Net income for the three months ended March 31, 2024 and 2023 was $46.7 million and $46.0 million, respectively. Net income attributable to the Company for the three months ended March 31, 2024 and 2023 was $46.7 million, or $0.45 per diluted share, and $45.9 million, or $0.44 per diluted share, respectively.

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 $69.3 million and cash used for operating activities totaled $92.3 million for the three months ended March 31, 2024 and 2023, respectively, after claim payments, net of recoveries, of $91.6 million and $95.2 million, respectively. The principal nonoperating uses of cash and cash equivalents for the three months ended March 31, 2024 and 2023 were advances and repayments related to secured financing transactions, purchases of debt and equity securities, dividends to common stockholders and capital expenditures. Principal nonoperating uses of cash and cash equivalents also included decreases in deposits at the Company's banking operations for the three months ended March 31, 2024 and repurchases of Company shares and repayment of senior unsecured notes for the three months ended March 31, 2023. The principal nonoperating sources of cash and cash equivalents for the three months ended March 31, 2024 and 2023 were borrowings and collections related to secured financing transactions, proceeds from the sales and maturities of debt and equity securities and, for the three months ended March 31, 2023, increases in the deposit balances at the Company's banking operations. The net effect of all activities on cash and cash equivalents was a decrease of $2.1 billion and an increase of $759.9 million for the three months ended March 31, 2024 and 2023, respectively.

The decreases in the Company's cash and deposit liability balances at March 31, 2024 when compared to December 31, 2023, reflect the Company's return to a normal allocation process for managing escrow deposits at its federal savings bank subsidiary in the first quarter of 2024. Due to the cybersecurity incident in late December 2023, the Company maintained a higher proportion of escrow deposits at its federal savings bank 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 March 2024, the Company paid 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 $210.4 million remained as of March 31, 2024. 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 three months ended March 31, 2024, the Company repurchased and retired 59 thousand shares of its common stock for a total purchase price of $3.5 million and, as of March 31, 2024, repurchased and retired 3.6 million shares of its common stock under the current authorization for a total purchase price of $189.6 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 March 31, 2024, under such regulations, the maximum amount available to the holding company from its insurance subsidiaries for the remainder of 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 March 31, 2024, the holding company's sources of liquidity included $104.1 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.

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, borrowings under its credit facility or through the issuance of additional bonds.

Financing. The Company maintains 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. At March 31, 2024, the Company had no outstanding borrowings under the facility.

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 March 31, 2024, outstanding borrowings under these facilities totaled $688.8 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. At March 31, 2024, 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 March 31, 2024, no amounts were outstanding under these facilities.

The Company's debt to capitalization ratios were 30.3% and 28.6% at March 31, 2024 and December 31, 2023, respectively. The Company's adjusted debt to capitalization ratio, excluding secured financings payable of $688.8 million and $553.3 million and accumulated other comprehensive loss of $720.5 million and $655.8 million at March 31, 2024 and December 31, 2023, was 20.2%.

Investment Portfolio. The Company maintains a high quality, liquid investment portfolio that is primarily held at its insurance and banking subsidiaries. As of March 31, 2024, 94% of the Company's investment portfolio consisted of debt securities, of which 64% were either United States government-backed or rated AAA and 97% were either rated or classified as investment grade. 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 March 31, 2024, see Note 3 Debt Securities to the condensed 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 condensed consolidated financial statements.

Off-balance sheet arrangements. The Company administers escrow deposits as a service to customers in its direct title operations. Escrow deposits totaled $8.9 billion and $10.6 billion at March 31, 2024 and December 31, 2023, respectively, of which $4.3 billion and $6.3 billion, respectively, were held at FA Trust. The remaining deposits were held at third-party financial institutions. Escrow deposits held at third-party financial institutions are not considered assets of the Company and, therefore, are not included in the accompanying condensed 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.

Trust assets administered by FA Trust totaled $4.6 billion and $4.4 billion at March 31, 2024 and December 31, 2023, respectively, of which $127.4 million and $197.1 million, respectively, were held at FA Trust. The remaining trust assets were held at third-party financial institutions. Trust assets, which are administered by FA Trust and held at third-party institutions, are fiduciary client assets and are not considered assets of the Company and, therefore, are not included in the accompanying condensed consolidated balance sheets. The Company could be held contingently liable if FA Trust were to breach any of its fiduciary duties.

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 condensed 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 $1.7 billion and $1.8 billion at March 31, 2024 and December 31, 2023, 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 condensed 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 $1.0 billion and $830.5 million at March 31, 2024 and December 31, 2023, respectively, of which $623.2 million and $485.7 million, 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 condensed 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 condensed consolidated balance sheets.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Company's primary exposure to market risk relates to interest rate risk associated with certain financial instruments. Although the Company monitors its risk associated with fluctuations in interest rates, it does not currently use derivative financial instruments on any significant scale to hedge these risks.

There have been no material changes in the Company's market risks since the filing of its Annual Report on Form 10-K for the year ended December 31, 2023.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company's chief executive officer and chief financial officer have concluded that, as of March 31, 2024, the end of the quarterly period covered by this Quarterly Report on Form 10-Q, 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.

Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting during the quarter ended March 31, 2024, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings.

See Note 16 Litigation and Regulatory Contingencies to the condensed consolidated financial statements included in "Item 1. Financial Statements (unaudited)" of Part I of this report, which is incorporated by reference into this Item 1 of Part II.

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 Quarterly Report on Form 10-Q. 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 remain below historical average levels, and, combined with sustained high mortgage interest rates and elevated home prices, which decreased demand, contributed to historically weak residential purchase activity. 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 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, data and assumptions that may be erroneous or inappropriate for the intended or actual use. Flawed models or uses of models, particularly those that rely on artificial intelligence, may result in, among other consequences, erroneous, biased or misleading outputs, imprudent business decisions, inadequate risk management or enhanced regulatory supervision. Heightened regulatory supervision and an evolving regulatory landscape could hinder the pace of the Company's innovation and may require burdensome changes to the Company's existing governance, processes and controls. These risks and uncertainties 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 II, Item 1A of this Quarterly 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 of the Company's Annual Report on Form 10-K for the year ended December 31, 2023), 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, such as the announcement by the Consumer Financial Protection Bureau ("CFPB") that it intends to consider a policy that would prohibit lenders from directly passing the cost of lenders title insurance to consumers; 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 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 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Unregistered Sales of Equity Securities

During the quarter ended March 31, 2024, the Company did not issue any unregistered common stock.

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 March 31, 2024, the Company had repurchased $189.6 million (including commissions) of its shares authorized under the share repurchase program and had the authority to repurchase an additional $210.4 million (including commissions) under that program.

	(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
January 1 to January 31, 2024	13,200	$ 59.59	13,200	$ 213,048,183
February 1 to February 29, 2024	45,400	59.31	45,400	210,355,467
March 1, 2024 to March 31, 2024	—	—	—	210,355,467
Total	58,600	$ 59.37	58,600	$ 210,355,467

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

(a) None.

(b) Not applicable.

(c) During the quarter ended March 31, 2024, no director or Section 16 officer adopted or terminated 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 6. 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 January 19, 2022.	Incorporated by reference herein to Exhibit 3.1 to the Current Report on Form 8-K filed January 21, 2022.
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.
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.

SIGNATURES

Pursuant to the requirements 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)

Date: April 25, 2024

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

Date: April 25, 2024

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

Exhibit 31(a)

CERTIFICATIONS

I, Kenneth D. DeGiorgio, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: April 25, 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 quarterly report on Form 10-Q 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: April 25, 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-Q of First American Financial Corporation (the "Company") for the period ended March 31, 2024, 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: April 25, 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-Q of First American Financial Corporation (the "Company") for the period ended March 31, 2024, 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: April 25, 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.