

Fidelity National Financial, Inc.  
Form 10-Q  
August 06, 2018  
Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q

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

For the quarterly period ended June 30, 2018

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

Commission File Number 1-32630  
FIDELITY NATIONAL FINANCIAL, INC.

---

(Exact name of registrant as specified in its charter)  
Delaware 16-1725106  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification Number)  
  
601 Riverside Avenue, Jacksonville, Florida 32204  
(Address of principal executive offices) (Zip Code)  
(904) 854-8100

---

(Registrant’s telephone number, including area code)  
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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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. (Check one):  
Large accelerated  Accelerated  Non-accelerated filer  Smaller reporting  Emerging growth  
filer  filer  company  company   
(Do not check if a smaller reporting 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

The number of shares outstanding of the Registrant's common stock as of July 31, 2018 were:

FNF Common Stock 274,903,852

---

FORM 10-Q  
QUARTERLY REPORT  
Quarter Ended June 30, 2018  
TABLE OF CONTENTS

	Page
<u>Part I: FINANCIAL INFORMATION</u>	
<u>Item 1. Condensed Consolidated Financial Statements</u>	
<u>A. Condensed Consolidated Balance Sheets as of June 30, 2018 and December 31, 2017</u>	<u>1</u>
<u>B. Condensed Consolidated Statements of Earnings for the three-month and six-month periods ended June 30, 2018 and 2017</u>	<u>2</u>
<u>C. Condensed Consolidated Statements of Comprehensive Earnings for the three-month and six-month periods ended June 30, 2018 and 2017</u>	<u>3</u>
<u>D. Condensed Consolidated Statements of Equity for the six-month periods ended June 30, 2018 and 2017</u>	<u>4</u>
<u>E. Condensed Consolidated Statements of Cash Flows for the six-month periods ended June 30, 2018 and 2017</u>	<u>5</u>
<u>F. Notes to Condensed Consolidated Financial Statements</u>	<u>6</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>24</u>
<u>Item 3. Quantitative and Qualitative Disclosure About Market Risk</u>	<u>33</u>
<u>Item 4. Controls and Procedures</u>	<u>33</u>
<u>Part II: OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>34</u>
<u>Item 1A. Risk Factors</u>	<u>34</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>34</u>
<u>Item 6. Exhibits</u>	<u>35</u>

Table of Contents

## Part I: FINANCIAL INFORMATION

## Item 1. Condensed Consolidated Financial Statements

## FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions, except share data)

	June 30, December 31, 2018 2017 (Unaudited)	
<b>ASSETS</b>		
Investments:		
Fixed maturity securities available for sale, at fair value, at June 30, 2018 and December 31, 2017 includes pledged fixed maturity securities of \$418 and \$364, respectively, related to secured trust deposits	\$1,781	\$ 1,816
Preferred securities, at fair value	291	319
Equity securities, at fair value	670	681
Investments in unconsolidated affiliates	144	150
Other long-term investments	136	110
Short-term investments, at December 31, 2017 includes short-term investments of \$3 related to secured trust deposits	255	295
Total investments	3,277	3,371
Cash and cash equivalents, at June 30, 2018 and December 31, 2017 includes \$493 and \$475, respectively, of pledged cash related to secured trust deposits	1,320	1,110
Trade and notes receivables, net of allowance of \$18, at June 30, 2018 and December 31, 2017	338	317
Goodwill	2,764	2,746
Prepaid expenses and other assets	416	398
Other intangible assets, net	564	618
Title plants	398	398
Property and equipment, net	177	193
Total assets	\$9,254	\$ 9,151
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$912	\$ 955
Notes payable	734	759
Reserve for title claim losses	1,487	1,490
Secured trust deposits	897	830
Income taxes payable	15	137
Deferred tax liability	236	169
Total liabilities	4,281	4,340
Commitments and Contingencies:		
Redeemable non-controlling interest by 21% minority holder of ServiceLink Holdings, LLC	344	344
Equity:		
FNF common stock, \$0.0001 par value; authorized 487,000,000 shares as of June 30, 2018 and December 31, 2017; outstanding of 274,709,481 and 274,431,737 as of June 30, 2018 and December 31, 2017, respectively, and issued of 287,998,983 and 287,718,304 as of June 30, 2018 and December 31, 2017, respectively	—	—
Preferred stock, \$0.0001 par value; authorized 50,000,000 shares; issued and outstanding, none	—	—

Edgar Filing: Fidelity National Financial, Inc. - Form 10-Q

Additional paid-in capital	4,555	4,587
Retained earnings	529	217
Accumulated other comprehensive (loss) earnings	(13	) 111
Less: Treasury stock, 13,289,502 shares and 13,286,567 shares as of June 30, 2018 and December 31, 2017, respectively, at cost	(468	) (468
Total Fidelity National Financial, Inc. shareholders' equity	4,603	4,447
Non-controlling interests	26	20
Total equity	4,629	4,467
Total liabilities, redeemable non-controlling interest and equity	\$9,254	\$ 9,151
See Notes to Condensed Consolidated Financial Statements		

1

---

Table of Contents

FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS  
 (Dollars in millions, except per share data)

	Three months ended June 30, 2018		Six months ended June 30, 2017	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
Revenues:				
Direct title insurance premiums	\$599	\$575	\$1,071	\$1,040
Agency title insurance premiums	732	726	1,296	1,309
Escrow, title-related and other fees	763	720	1,381	1,291
Interest and investment income	45	33	83	61
Realized gains and losses, net	(16 )	5	(15 )	1
Total revenues	2,123	2,059	3,816	3,702
Expenses:				
Personnel costs	665	626	1,272	1,195
Agent commissions	561			