

Fidelity National Financial, Inc.  
Form 10-K  
February 27, 2017

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form 10-K  
(Mark  
One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934  
For the Fiscal Year Ended December 31, 2016

or  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934  
Commission File No. 1-32630

\_\_\_\_\_  
Fidelity National Financial, Inc.  
(Exact name of registrant as specified in its charter)  
Delaware  
(State or other jurisdiction of incorporation or organization)

16-1725106  
(I.R.S. Employer Identification No.)

601 Riverside Avenue  
Jacksonville, Florida 32204  
(Address of principal executive offices, including zip code)

(904) 854-8100  
(Registrant's telephone number,  
including area code)

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

Title of Each Class	Name of Each Exchange on Which Registered
FNF Group Common Stock, \$0.0001 par value	New York Stock Exchange
FNFV Group Common Stock, \$0.0001 par value	New York Stock Exchange

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K, or any amendment to this Form 10-K.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>
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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the shares of the FNF Group and FNFV Group common stock held by non-affiliates of the registrant as of June 30, 2016 was \$9,755,504,475 and \$728,715,733, respectively, based on the closing price of \$37.50 and \$11.47, respectively, as reported by The New York Stock Exchange.

As of January 31, 2017 there were 272,212,935 of FNF Group common stock outstanding and 66,416,822 shares of FNFV Group common stock outstanding.

The information in Part III hereof for the fiscal year ended December 31, 2016, will be filed within 120 days after the close of the fiscal year that is the subject of this Report.

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FIDELITY NATIONAL FINANCIAL, INC.  
 FORM 10-K  
 TABLE OF CONTENTS

	Page Number
<u>PART I</u>	
<u>Item 1. Business</u>	<u>1</u>
<u>Item 1A. Risk Factors</u>	<u>15</u>
<u>Item 1B. Unresolved Staff Comments</u>	<u>28</u>
<u>Item 2. Properties</u>	<u>28</u>
<u>Item 3. Legal Proceedings</u>	<u>28</u>
<u>PART II</u>	
<u>Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>29</u>
<u>Item 6. Selected Financial Data</u>	<u>34</u>
<u>Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>37</u>
<u>Item 7A. Quantitative and Qualitative Disclosure About Market Risk</u>	<u>57</u>
<u>Item 8. Financial Statements and Supplementary Data</u>	<u>60</u>
<u>Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>	<u>115</u>
<u>Item 9A. Controls and Procedures</u>	<u>115</u>
<u>Item 9B. Other Information</u>	<u>115</u>
<u>PART III</u>	
<u>Item 10. Directors and Executive Officers of the Registrant</u>	<u>116</u>
<u>Item 11. Executive Compensation</u>	<u>116</u>
<u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>116</u>
<u>Item 13. Certain Relationships and Related Transactions, and Director Independence</u>	<u>116</u>
<u>Item 14. Principal Accounting Fees and Services</u>	<u>116</u>
<u>PART IV</u>	
<u>Item 15. Exhibits, Financial Statement Schedules</u>	<u>117</u>



Table of Contents

PART I

Item 1. Business

Introductory Note

The following describes the business of Fidelity National Financial, Inc. and its subsidiaries. Except where otherwise noted, all references to “we,” “us,” “our,” or “FNF” are to Fidelity National Financial, Inc. and its subsidiaries, taken together.

Overview

We have organized our business into two groups, FNF Group and FNF Ventures ("FNFV").

Through FNF Group, we are a leading provider of (i) title insurance, escrow and other title-related services, including trust activities, trustee sales guarantees, recordings and reconveyances and home warranty products and (ii) technology and transaction services to the real estate and mortgage industries. FNF Group is the nation’s largest title insurance company operating through its title insurance underwriters - Fidelity National Title Insurance Company, Chicago Title Insurance Company, Commonwealth Land Title Insurance Company, Alamo Title Insurance and National Title Insurance of New York Inc. - which collectively issue more title insurance policies than any other title company in the United States. Through our subsidiary ServiceLink Holdings, LLC ("ServiceLink"), we provide mortgage transaction services including title-related services and facilitation of production and management of mortgage loans. FNF Group also provides industry-leading mortgage technology solutions, including MSP®, the leading residential mortgage servicing technology platform in the U.S., through its majority-owned subsidiary, Black Knight Financial Services, Inc. ("Black Knight"). On December 7, 2016, we announced that our Board of Directors has approved a tax-free plan whereby we intend to distribute all 83.3 million shares of Black Knight common stock that we currently own to holders of our FNF Group common stock. See further discussion in Item 7 Management Discussion and Analysis.

Through FNFV group, our diversified investment holding company, we own majority and minority equity investment stakes in a number of entities, including American Blue Ribbon Holdings, LLC ("ABRH"), Ceridian HCM, Inc. ("Ceridian"), and Digital Insurance, Inc. ("OneDigital"). On December 7, 2016, we announced that our Board of Directors has approved a tax-free plan whereby we intend to redeem all outstanding shares of our FNFV Group common stock in exchange for shares of common stock of FNFV. Following the distribution, FNF and FNFV will each be independent, fully-distributed, publicly-traded common stocks, with FNF and FNFV no longer being tracking stocks. See further discussion in Item 7 Management Discussion and Analysis.

As of December 31, 2016, we had the following reporting segments:

FNF Group

Title. This segment consists of the operations of our title insurance underwriters and related businesses. This segment provides core title insurance and escrow and other title-related services including trust activities, trustee sales guarantees, recordings and reconveyances, and home warranty products. This segment also includes our transaction services business, which includes other title-related services used in the production and management of mortgage loans, including mortgage loans that experience default.

Black Knight. This segment consists of the operations of Black Knight, which, through leading software systems and information solutions, provides mission critical technology and data and analytics services that facilitate and automate many of the business processes across the life cycle of a mortgage.

- FNF Group Corporate and Other. This segment consists of the operations of the parent holding company, certain other unallocated corporate overhead expenses, and other real estate operations.

FNFV

Restaurant Group. This segment consists of the operations of ABRH, in which we have a 55% ownership interest. ABRH and its affiliates are the owners and operators of the O'Charley's, Ninety Nine Restaurants, Village Inn, Bakers Square, and Legendary Baking restaurant and food service concepts. This segment also included the results of operations of J. Alexander's, Inc. ("J. Alexander's") through the date which it was distributed to FNFV shareholders, September 28, 2015, and the Max & Erma's concept, which was sold pursuant to an Asset Purchase Agreement on January 25, 2016.

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FNFV Corporate and Other. This segment primarily consists of our share in the operations of certain equity investments, including Ceridian, as well as consolidated investments, including OneDigital, in which we own 96%, and other smaller investments which are not title-related.

1

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## Table of Contents

### Competitive Strengths

We believe that our competitive strengths include the following:

Corporate principles. A cornerstone of our management philosophy and operating success is the six fundamental precepts upon which we were founded, which are:

- Autonomy and entrepreneurship;
- Bias for action;
- Customer-oriented and motivated;
- Minimize bureaucracy;
- Employee ownership; and
- Highest standard of conduct.

These six precepts are emphasized to our employees from the first day of employment and are integral to many of our strategies described below.

Competitive cost structure. We have been able to maintain competitive operating margins in part by monitoring our businesses in a disciplined manner through continual evaluation of title order activity and management of our cost structure. When compared to our industry competitors, we also believe that our structure is more efficiently designed, which allows us to operate with lower overhead costs.

We believe that our competitive strengths position us well to take advantage of future changes to the real estate market.

### Title

Leading title insurance company. We are the largest title insurance company in the United States and a leading provider of title insurance and escrow and other title-related services for real estate transactions. Through the third quarter of 2016, our insurance companies had a 33.3% share of the U.S. title insurance market, according to the American Land Title Association ("ALTA").

Established relationships with our customers. We have strong relationships with the customers who use our title services. Our distribution network, which includes approximately 1,300 direct residential title offices and more than 5,000 agents, is among the largest in the United States. We also benefit from strong brand recognition in our multiple title brands that allows us to access a broader client base than if we operated under a single consolidated brand and provides our customers with a choice among brands.

Strong value proposition for our customers. We provide our customers with title insurance and escrow and other title-related services that support their ability to effectively close real estate transactions. We help make the real estate closing more efficient for our customers by offering a single point of access to a broad platform of title-related products and resources necessary to close real estate transactions.

Proven management team. The managers of our operating businesses have successfully built our title business over an extended period of time, resulting in our business attaining the size, scope and presence in the industry that it has today. Our managers have demonstrated their leadership ability during numerous acquisitions through which we have grown and throughout a number of business cycles and significant periods of industry change.

Commercial title insurance. While residential title insurance comprises the majority of our business, we are also a significant provider of commercial real estate title insurance in the United States. Our network of agents, attorneys, underwriters and closers that service the commercial real estate markets is one of the largest in the industry. Our commercial network combined with our financial strength makes our title insurance operations attractive to large national lenders that require the underwriting and issuing of larger commercial title policies.

### Black Knight

Market leadership with comprehensive and integrated solutions. Black Knight is a leading provider of comprehensive and integrated solutions to the mortgage industry. One or more of Black Knight's solutions are utilized by 23 of the top 25 servicers and 22 of the top 25 originators in the United States according to Inside Mortgage Finance as of December 31, 2016. Its solutions are utilized to service approximately 61% of all U.S. first lien mortgages as of December 31, 2016, according to the Black Knight Mortgage Monitor Report, and to operate one of the industry's largest exchanges connecting originators, agents, settlement services providers and investors. We believe Black Knight's leadership position is, in part, the result of its unique expertise and insight developed from over 50 years

serving the needs of customers in the mortgage industry. Black Knight has used this insight to develop an integrated and comprehensive suite of proprietary technology, data and analytics solutions to automate many of the mission-critical business processes across the entire mortgage loan life cycle. These integrated solutions are designed to reduce manual processes, assist in improving organizational compliance and mitigating risk, and to ultimately deliver significant cost savings to our clients.

2

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## Table of Contents

Broad and deep client relationships with significant recurring revenues. Black Knight has long-standing relationships with its largest clients. Black Knight frequently enters into long-term contracts with its mortgage servicing and loan origination clients that contain volume minimums and provide for annual increases. Its products are typically embedded within its clients' mission-critical workflow and decision making processes across various parts of their organizations.

Extensive data assets and analytics capabilities. Black Knight develops and maintains large, accurate and comprehensive data sets on the mortgage and housing industry that we believe are competitively differentiated. Its unique data sets provide a combination of public and proprietary data in real-time and each of Black Knight's data records features a large number of attributes. Black Knight's data scientists utilize its data sets, subject to any applicable use restrictions, and comprehensive analytical capabilities to create highly customized reports, including models of customer behavior for originators and servicers, portfolio analytics for capital markets and government agencies and proprietary market insights for real estate agencies. Black Knight's data and analytics capabilities are also embedded into its technology platform and workflow products, providing its clients with integrated and comprehensive solutions.

Scalable and cost-effective operating model. We believe Black Knight has a highly attractive and scalable operating model derived from its market leadership, hosted technology platforms and the large number of clients it serves across the mortgage industry. Black Knight's scalable operating model provides it with significant benefits. Black Knight's scale and operating leverage allows it to add incremental clients to its existing platforms with limited incremental cost. As a result, Black Knight's operating model drives attractive margins and generates significant cash flow. Also, by leveraging its scale and leading market position, Black Knight is able to make cost-effective investments in its technology platform to meet evolving regulatory and compliance requirements, further increasing its value proposition to clients.

World class management team with depth of experience and track record of success. Black Knight's management team has an average of over 20 years of experience in the banking technology and mortgage processing industries and a proven track record of strong execution capabilities. Following our acquisition of Lender Processing Services, Inc. ("LPS") in 2014, Black Knight has significantly improved its operations and enhanced its go-to-market strategy, further integrated its technology platforms, expanded its data and analytics capabilities and introduced several new innovative products. Black Knight has executed all of these projects while delivering attractive revenues growth and strong profitability.

### FNFV

Proven management team. Our executive management team has a proven track record of investment identification and management. Our executive management's breadth of knowledge of capital markets allows us to identify companies and strategic assets with attractive value propositions, to structure investments to maximize their value, and to return the value created to shareholders.

### Strategy

#### Title

Our strategy in the title business is to maximize operating profits by increasing our market share and managing operating expenses throughout the real estate business cycle. To accomplish our goals, we intend to do the following: Continue to operate multiple title brands independently. We believe that in order to maintain and strengthen our title insurance customer base, we must operate our strongest brands in a given marketplace independently of each other. Our national and regional brands include Fidelity National Title, Chicago Title, Commonwealth Land Title, Lawyers Title, Ticor Title, Alamo Title, and National Title of New York. In our largest markets, we operate multiple brands. This approach allows us to continue to attract customers who identify with a particular brand and allows us to utilize a broader base of local agents and local operations than we would have with a single consolidated brand.

Consistently deliver superior customer service. We believe customer service and consistent product delivery are the most important factors in attracting and retaining customers. Our ability to provide superior customer service and consistent product delivery requires continued focus on providing high quality service and products at competitive prices. Our goal is to continue to improve the experience of our customers, in all aspects of our business.

Manage our operations successfully through business cycles. We operate in a cyclical industry and our ability to diversify our revenue base within our core title insurance business and manage the duration of our investments may allow us to better operate in this cyclical business. Maintaining a broad geographic revenue base, utilizing both direct and independent agency operations and pursuing both residential and commercial title insurance business help diversify our title insurance revenues. We continue to monitor, evaluate and execute upon the consolidation of administrative functions, legal entity structure, and office consolidation, as necessary, to respond to the continually changing marketplace. We maintain shorter durations on our investment portfolio to mitigate our interest rate risk. A more detailed discussion of our investment strategies is included in “Investment Policies and Investment Portfolio.”

Table of Contents

Continue to improve our products and technology. As a national provider of real estate transaction products and services, we participate in an industry that is subject to significant change, frequent new product and service introductions and evolving industry standards. We believe that our future success will depend in part on our ability to anticipate industry changes and offer products and services that meet evolving industry standards. In connection with our service offerings, we are continuing to deploy new information system technologies to our direct and agency operations. We expect to improve the process of ordering title and escrow services and improve the delivery of our products to our customers.

Maintain values supporting our strategy. We believe that our continued focus on and support of our long-established corporate culture will reinforce and support our business strategy. Our goal is to foster and support a corporate culture where our employees and agents seek to operate independently and maintain profitability at the local level while forming close customer relationships by meeting customer needs and improving customer service. Utilizing a relatively flat managerial structure and providing our employees with a sense of individual ownership support this goal.

Effectively manage costs based on economic factors. We believe that our focus on our operating margins is essential to our continued success in the title insurance business. Regardless of the business cycle in which we may be operating, we seek to continue to evaluate and manage our cost structure and make appropriate adjustments where economic conditions dictate. This continual focus on our cost structure helps us to better maintain our operating margins.

**Black Knight**

Black Knight's comprehensive and integrated technology platforms, robust data and analytic capabilities, differentiated business model, broad and deep client relationships and other competitive strengths enable us to pursue multiple growth opportunities. Black Knight intends to continue to expand its business and grow through the following key strategies:

Further penetration of its solutions with existing clients. We believe Black Knight's established client base presents a substantial opportunity for growth. Black Knight seeks to capitalize on the trend of standardization and increased adoption of leading third party solutions and increase the number of solutions provided to its existing client base.

Black Knight intends to broaden and deepen its client relationships by cross-selling its suite of end-to-end technology solutions, as well as its robust data and analytics. By helping its clients understand the full extent of its comprehensive solutions and the value of leveraging the multiple solutions Black Knight offers, we believe Black Knight can expand its existing relationships by allowing its clients to focus on their core businesses and their customers.

Win new clients in existing markets. Black Knight intends to attract new clients by leveraging the value proposition provided by its technology platform and comprehensive solutions offering. In particular, we believe there is a significant opportunity to penetrate the mid-tier mortgage originators and servicers market. We believe these institutions can benefit from Black Knight's proven solutions suite in order to address complex regulatory requirements and compete more effectively in the evolving mortgage market. Black Knight intends to continue to pursue this channel and benefit from the low incremental cost of adding new customers to its scaled technology infrastructure.

Continue to innovate and introduce new solutions. Black Knight's long-term vision is to be the industry-leading provider for participants of the mortgage industry for their platform, data and analytic needs. Black Knight intends to enhance what we believe is a leadership position in the industry by continuing to innovate its solutions and refine the insight Black Knight provides to its clients. Black Knight has a strong track record of introducing and developing new solutions that span the mortgage loan life cycle, are tailored to specific industry trends and enhance its clients' core operating functions. By working in partnership with key clients, Black Knight has been able to develop and market new and advanced solutions to its client base that meet the evolving demands of the mortgage industry. In addition, Black Knight will continue to develop and leverage insights from its large public and proprietary data assets to further improve its customer value proposition.

Selectively pursue strategic acquisitions. The core focus of its strategy is to grow organically. However, Black Knight may selectively evaluate strategic acquisition opportunities that would allow it to expand its footprint, broaden its client base and deepen its product and service offerings. We believe that there are meaningful synergies that result

from acquiring small companies that provide best-of-breed single point solutions. Integrating and cross-selling these point solutions into Black Knight's broader client base and integrating acquisitions into its efficient operating environment would potentially result in revenue and cost synergies.

FNFV

Through FNFV we actively manage a group of companies and investments with a net asset value of approximately \$916 million as of December 31, 2016. The businesses within FNFV primarily consist of our majority ownership positions in ABRH and OneDigital and our 33% minority investment in Ceridian. Our strategy for the Group is to continue our activities with respect to such business investments to achieve superior financial performance, maximize and ultimately monetize the value of those assets and to continue to pursue similar investments in businesses and to grow and achieve superior financial performance with respect to such newly acquired businesses.

## Table of Contents

### Restaurant Group

Our restaurant operations are focused in the family dining and casual dining segments. The Restaurant Group's strategy is to achieve long-term profit growth and drive increases in same store sales and guest counts. We have a highly experienced management team that is focused on enhancing the guest experience at our restaurants and building team member engagement. We also utilize a shared service platform that takes advantage of the combined back-office synergies of our operating companies. We expect to continue to maintain a strong balance sheet for our Restaurant Group to provide stability in all operating environments.

### Acquisitions, Dispositions, Minority Owned Operating Subsidiaries and Financings

Acquisitions have been an important part of our growth strategy. Dispositions have been an important aspect of our strategy of returning value to shareholders. On an ongoing basis, with assistance from our advisors, we actively evaluate possible transactions, such as acquisitions and dispositions of business units and operating assets and business combination transactions.

In the future, we may seek to sell certain investments or other assets to increase our liquidity. Further, our management has stated that we may make acquisitions in lines of business that are not directly tied to, or synergistic with, our core operating segments. In the past we have obtained majority and minority investments in entities and securities where we see the potential to achieve above market returns. Fundamentally our goal is to acquire quality companies that are well-positioned in their respective industries, run by best in class management teams in industries that have attractive organic and acquired growth opportunities. We leverage our operational expertise and track record of growing industry leading companies and also our active interaction with the acquired company's management directly or through our board of directors, to ultimately provide value for our shareholders.

There can be no assurance that any suitable opportunities will arise or that any particular transaction will be completed. We have made a number of acquisitions and dispositions over the past several years to strengthen and expand our service offerings and customer base in our various businesses, to expand into other businesses or where we otherwise saw value, and to monetize investments in assets and businesses.

### Title Insurance

Market for title insurance. According to Demotech Performance of Title Insurance Companies 2016 Edition, an annual compilation of financial information from the title insurance industry that is published by Demotech Inc., an independent firm ("Demotech"), total operating income for the entire U.S. title insurance industry has increased over the last five years from approximately \$10.3 billion in 2011 to \$13.7 billion in 2015, which is a \$1.5 billion increase from 2014. The size of the industry is closely tied to various macroeconomic factors, including, but not limited to, growth in the gross domestic product, inflation, unemployment, the availability of credit, consumer confidence, interest rates, and sales volumes and prices for new and existing homes, as well as the volume of refinancing of previously issued mortgages.

Most real estate transactions consummated in the U.S. require the use of title insurance by a lending institution before the transaction can be completed. Generally, revenues from title insurance policies are directly correlated with the value of the property underlying the title policy, and appreciation or depreciation in the overall value of the real estate market are major factors in total industry revenues. Industry revenues are also driven by factors affecting the volume of real estate closings, such as the state of the economy, the availability of mortgage funding, and changes in interest rates, which affect demand for new mortgage loans and refinancing transactions.

The U.S. title insurance industry is concentrated among a handful of industry participants. According to Demotech, the top four title insurance groups accounted for 87% of net premiums written in 2015. Approximately 32 independent title insurance companies accounted for the remaining 13% of net premiums written in 2015. Consolidation has created opportunities for increased financial and operating efficiencies for the industry's largest participants and should continue to drive profitability and market share in the industry.

Our Title segment revenue is closely related to the level of real estate activity which includes sales, mortgage financing and mortgage refinancing. For further discussion of current trends in real estate activity in the United States, see discussion under the Business Trends and Conditions included in Item 7 of Part II of this Report, which is incorporated by reference into this Part I, Item 1.

Title Insurance Policies. Generally, real estate buyers and mortgage lenders purchase title insurance to insure good and marketable title to real estate and priority of lien. A brief generalized description of the process of issuing a title insurance policy is as follows:

The customer, typically a real estate salesperson or broker, escrow agent, attorney or lender, places an order for a title policy.

Company personnel note the specifics of the title policy order and place a request with the title company or its agents for a preliminary report or commitment.

After the relevant historical data on the property is compiled, the title officer prepares a preliminary report that documents the current status of title to the property, any exclusions, exceptions and/or limitations that the title company might include

## Table of Contents

in the policy, and specific issues that need to be addressed and resolved by the parties to the transaction before the title policy will be issued.

• The preliminary report is circulated to all the parties for satisfaction of any specific issues.

• After the specific issues identified in the preliminary report are satisfied, an escrow agent closes the transaction in accordance with the instructions of the parties and the title company's conditions.

• Once the transaction is closed and all monies have been released, the title company issues a title insurance policy.

In real estate transactions financed with a mortgage, virtually all real property mortgage lenders require their borrowers to obtain a title insurance policy at the time a mortgage loan is made. This lender's policy insures the lender against any defect affecting the priority of the mortgage in an amount equal to the outstanding balance of the related mortgage loan. An owner's policy is typically also issued, insuring the buyer against defects in title in an amount equal to the purchase price. In a refinancing transaction, only a lender's policy is generally purchased because ownership of the property has not changed. In the case of an all-cash real estate purchase, no lender's policy is issued but typically an owner's title policy is issued.

Title insurance premiums paid in connection with a title insurance policy are based on (and typically are a percentage of) either the amount of the mortgage loan or the purchase price of the property insured. Applicable state insurance regulations or regulatory practices may limit the maximum, or in some cases the minimum, premium that can be charged on a policy. Title insurance premiums are due in full at the closing of the real estate transaction. A lender's policy generally terminates upon the refinancing or resale of the property.

The amount of the insured risk or "face amount" of insurance under a title insurance policy is generally equal to either the amount of the loan secured by the property or the purchase price of the property. The title insurer is also responsible for the cost of defending the insured title against covered claims. The insurer's actual exposure at any given time, however, generally is less than the total face amount of policies outstanding because the coverage of a lender's policy is reduced and eventually terminated as a result of payments on the mortgage loan. A title insurer also generally does not know when a property has been sold or refinanced except when it issues the replacement coverage. Because of these factors, the total liability of a title underwriter on outstanding policies cannot be precisely determined.

Title insurance companies typically issue title insurance policies directly through branch offices or through affiliated title agencies, or indirectly through independent third party agencies unaffiliated with the title insurance company. Where the policy is issued through a branch or wholly-owned subsidiary agency operation, the title insurance company typically performs or directs the title search, and the premiums collected are retained by the title company. Where the policy is issued through an independent agent, the agent generally performs the title search (in some areas searches are performed by approved attorneys), examines the title, collects the premium and retains a majority of the premium. The remainder of the premium is remitted to the title insurance company as compensation, part of which is for bearing the risk of loss in the event a claim is made under the policy. The percentage of the premium retained by an agent varies from region to region and is sometimes regulated by the states. The title insurance company is obligated to pay title claims in accordance with the terms of its policies, regardless of whether the title insurance company issues policies through its direct operations or through independent agents.

Prior to issuing policies, title insurers and their agents attempt to reduce the risk of future claim losses by accurately performing title searches and examinations. A title insurance company's predominant expense relates to such searches and examinations, the preparation of preliminary title reports, policies or commitments, the maintenance of "title plants," which are indexed compilations of public records, maps and other relevant historical documents, and the facilitation and closing of real estate transactions. Claim losses generally result from errors made in the title search and examination process, from hidden defects such as fraud, forgery, incapacity, or missing heirs of the property, and from closing related errors.

Residential real estate business results from the construction, sale, resale and refinancing of residential properties, while commercial real estate business results from similar activities with respect to properties with a business or commercial use. Commercial real estate title insurance policies insure title to commercial real property, and generally involve higher coverage amounts and yield higher premiums. Residential real estate transaction volume is primarily affected by macroeconomic and seasonal factors while commercial real estate transaction volume is affected primarily

by fluctuations in local supply and demand conditions for commercial space.

**Direct and Agency Operations.** We provide title insurance services through our direct operations and through independent title insurance agents who issue title policies on behalf of our title insurance companies. Our title insurance companies determine the terms and conditions upon which they will insure title to the real property according to our underwriting standards, policies and procedures.

**Direct Operations.** In our direct operations, the title insurer issues the title insurance policy and retains the entire premium paid in connection with the transaction. Our direct operations provide the following benefits:

- higher margins because we retain the entire premium from each transaction instead of paying a commission to an independent agent;
- continuity of service levels to a broad range of customers; and

Table of Contents

Additional sources of income through escrow and closing services.

We have approximately 1,300 offices throughout the U.S. primarily providing residential real estate title insurance. We continuously monitor the number of direct offices to make sure that it remains in line with our strategy and the current economic environment. Our commercial real estate title insurance business is operated almost exclusively through our direct operations. We maintain direct operations for our commercial title insurance business in all the major real estate markets including Atlanta, Boston, Chicago, Dallas, Houston, Los Angeles, New York, Philadelphia, Phoenix, Seattle and Washington D.C.

**Agency Operations.** In our agency operations, the search and examination function is performed by an independent agent or the agent may purchase the search product from us. In either case, the agent is responsible to ensure that the search and examination is completed. The agent thus retains the majority of the title premium collected, with the balance remitted to the title underwriter for bearing the risk of loss in the event that a claim is made under the title insurance policy. Independent agents may select among several title underwriters based upon their relationship with the underwriter, the amount of the premium “split” offered by the underwriter, the overall terms and conditions of the agency agreement and the scope of services offered to the agent. Premium splits vary by geographic region, and in some states are fixed by insurance regulatory requirements. Our relationship with each agent is governed by an agency agreement defining how the agent issues a title insurance policy on our behalf. The agency agreement also sets forth the agent’s liability to us for policy losses attributable to the agent’s errors. An agency agreement is usually terminable without cause upon 30 days notice or immediately for cause. In determining whether to engage or retain an independent agent, we consider the agent’s experience, financial condition and loss history. For each agent with whom we enter into an agency agreement, we maintain financial and loss experience records. We also conduct periodic audits of our agents and strategically manage the number of agents with which we transact business in an effort to reduce future expenses and manage risks. As of December 31, 2016, we transact business with more than 5,000 agents.

**Fees and Premiums.** One method of analyzing our business is to examine the level of premiums generated by direct and agency operations.

The following table presents the percentages of our title insurance premiums generated by direct and agency operations:

	Year Ended December 31,					
	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
	(Dollars in millions)					
Direct	\$2,097	44.4 %	\$2,009	46.9 %	\$1,727	47.0 %
Agency	2,626	55.6	2,277	53.1	1,944	53.0
Total title insurance premiums	\$4,723	100.0%	\$4,286	100.0%	\$3,671	100.0%

The premium for title insurance is due in full when the real estate transaction is closed. We recognize title insurance premium revenues from direct operations upon the closing of the transaction, whereas premium revenues from agency operations include an accrual based on estimates of the volume of transactions that have closed in a particular period for which premiums have not yet been reported to us. The accrual for agency premiums is necessary because of the lag between the closing of these transactions and the reporting of these policies to us by the agent, and is based on estimates utilizing historical information.

**Escrow, Title-Related and Other Fees.** In addition to fees for underwriting title insurance policies, we derive a significant amount of our revenues from escrow and other title-related services including collection and trust activities, trustee sales guarantees, recordings and reconveyances, and home warranty products. The escrow and other services provided by us include all of those typically required in connection with residential and commercial real estate purchases and refinance activities. Escrow, title-related and other fees included in our Title segment represented approximately 30.5%, 31.2%, and 32.8% of total title segment revenues in 2016, 2015, and 2014, respectively.

**Sales and Marketing.** We market and distribute our title and escrow products and services to customers in the residential and commercial market sectors of the real estate industry through customer solicitation by sales personnel. Although in many instances the individual homeowner is the beneficiary of a title insurance policy, we do not focus

our marketing efforts on the homeowner. We actively encourage our sales personnel to develop new business relationships with persons in the real estate community, such as real estate sales agents and brokers, financial institutions, independent escrow companies and title agents, real estate developers, mortgage brokers and attorneys who order title insurance policies for their clients. While our smaller, local clients remain important, large customers, such as national residential mortgage lenders, real estate investment trusts and developers are an important part of our business. The buying criteria of locally based clients differ from those of large, geographically diverse customers in that the former tend to emphasize personal relationships and ease of transaction execution, while the latter generally place more emphasis on consistent product delivery across diverse geographical regions and the ability of service providers to meet their information systems requirements for electronic product delivery.

7

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## Table of Contents

Claims. An important part of our operations is the handling of title and escrow claims. We employ a large staff of attorneys in our claims department. Our claims processing centers are located in Omaha, Nebraska and Jacksonville, Florida. In-house claims counsel are also located in other parts of the country.

Claims result from a wide range of causes. These causes generally include, but are not limited to, search and exam errors, forgeries, incorrect legal descriptions, signature and notary errors, unrecorded liens, mechanics' liens, the failure to pay off existing liens, mortgage lending fraud, mishandling or theft of settlement funds (including independent agency theft), and mistakes in the escrow process. Under our policies, we are required to defend insureds when covered claims are filed against their interest in the property. Some claimants seek damages in excess of policy limits. Those claims are based on various legal theories, including in some cases allegations of negligence or an intentional tort. We occasionally incur losses in excess of policy limits. Experience shows that most policy claims and claim payments are made in the first five years after the policy has been issued, although claims may also be reported and paid many years later.

Title losses due to independent agency defalcations typically occur when the independent agency misappropriates funds from escrow accounts under its control. Such losses are usually discovered when the independent agency fails to pay off an outstanding mortgage loan at closing (or immediately thereafter) from the proceeds of the new loan. Once the previous lender determines that its loan has not been paid off timely, it will file a claim against the title insurer. Claims can be complex, vary greatly in dollar amounts and are affected by economic and market conditions and the legal environment existing at the time claims are processed. In our commercial title business, we may issue policies with face amounts well in excess of \$100 million, and from time to time claims are submitted with respect to large policies. We believe we are appropriately reserved with respect to all claims (large and small) that we currently face. Occasionally we experience large losses from title policies that have been issued or from our escrow operations, or overall worsening loss payment experience, which require us to increase our title loss reserves. These events are unpredictable and adversely affect our earnings. Claims can result in litigation in which we may represent our insured and/or ourselves. We consider this type of litigation to be an ordinary course aspect of the conduct of our business. Reinsurance and Coinsurance. We limit our maximum loss exposure by reinsuring risks with other insurers under excess of loss and case-by-case ("facultative") reinsurance agreements. Reinsurance agreements generally provide that the reinsurer is liable for loss and loss adjustment expense payments exceeding the amount retained by the ceding company. However, the ceding company remains primarily liable to the insured whether or not the reinsurer is able to meet its contractual obligations. Facultative reinsurance agreements are entered into with other title insurers when the transaction to be insured will exceed state statutory or self-imposed limits. Excess of loss reinsurance coverage protects us from a large loss from a single loss occurrence. Our excess of loss reinsurance coverage is split into two contracts. The first excess of loss reinsurance contract provides coverage for residential and commercial transactions up to \$100 million per loss occurrence, subject to a \$20 million retention per loss occurrence. The second excess of loss reinsurance contract provides additional coverage for commercial transactions in excess of \$100 million of loss per occurrence up to \$300 million per loss occurrence, with the Company participating at approximately 5%.

In addition to reinsurance, we carry errors and omissions insurance and fidelity bond coverage, each of which can provide protection to us in the event of certain types of losses that can occur in our businesses.

Our policy is to be selective in choosing our reinsurers, seeking only those companies that we consider to be financially stable and adequately capitalized. In an effort to minimize exposure to the insolvency of a reinsurer, we periodically review the financial condition of our reinsurers.

We also use coinsurance in our commercial title business to provide coverage in amounts greater than we would be willing or able to provide individually. In coinsurance transactions, each individual underwriting company issues a separate policy and assumes a portion of the overall total risk. As a coinsurer we are only liable for the portion of the risk we assume.

We also earn a small amount of additional income, which is reflected in our direct premiums, by assuming reinsurance for certain risks of other title insurers.

Competition. Competition in the title insurance industry is based primarily on expertise, service and price. In addition, the financial strength of the insurer has become an increasingly important factor in decisions relating to the purchase of title insurance, particularly in multi-state transactions and in situations involving real estate-related

investment vehicles such as real estate investment trusts and real estate mortgage investment conduits. The number and size of competing companies varies in the different geographic areas in which we conduct our business. In our principal markets, competitors include other major title underwriters such as First American Financial Corporation, Old Republic International Corporation and Stewart Information Services Corporation, as well as numerous smaller title insurance companies, underwritten title companies and independent agency operations at the regional and local level. The addition or removal of regulatory barriers might result in changes to competition in the title insurance business. New competitors may include diversified financial services companies that have greater financial resources than we do and possess other competitive advantages. Competition among the major title insurance companies, expansion by smaller regional companies and any new entrants with alternative products could affect our business operations and financial condition.

## Table of Contents

Regulation. Our insurance subsidiaries, including title insurers, underwritten title companies and insurance agencies, are subject to extensive regulation under applicable state laws. Each of the insurers is subject to a holding company act in its state of domicile, which regulates, among other matters, the ability to pay dividends and enter into transactions with affiliates. The laws of most states in which we transact business establish supervisory agencies with broad administrative powers relating to issuing and revoking licenses to transact business, regulating trade practices, licensing agents, approving policy forms, accounting practices, financial practices, establishing reserve and capital and surplus as regards policyholders (“capital and surplus”) requirements, defining suitable investments for reserves and capital and surplus and approving rate schedules. The process of state regulation of changes in rates ranges from states which set rates, to states where individual companies or associations of companies prepare rate filings which are submitted for approval, to a few states in which rate changes do not need to be filed for approval.

Since we are governed by both state and federal governments and the applicable insurance laws and regulations are constantly subject to change, it is not possible to predict the potential effects on our insurance operations of any laws or regulations that may become more restrictive in the future or if new restrictive laws will be enacted.

Pursuant to statutory accounting requirements of the various states in which our title insurers are domiciled, these insurers must defer a portion of premiums as an unearned premium reserve for the protection of policyholders (in addition to their reserves for known claims) and must maintain qualified assets in an amount equal to the statutory requirements. The level of unearned premium reserve required to be maintained at any time is determined by a statutory formula based upon either the age, number of policies, and dollar amount of policy liabilities underwritten, or the age and dollar amount of statutory premiums written. As of December 31, 2016, the combined statutory unearned premium reserve required and reported for our title insurers was \$1,750 million. In addition to statutory unearned premium reserves and reserves for known claims, each of our insurers maintains surplus funds for policyholder protection and business operations.

Each of our insurance subsidiaries is regulated by the insurance regulatory authority in its respective state of domicile, as well as that of each state in which it is licensed. The insurance commissioners of their respective states of domicile are the primary regulators of our insurance subsidiaries. Each of the insurers is subject to periodic regulatory financial examination by regulatory authorities.

Under the statutes governing insurance holding companies in most states, insurers may not enter into certain transactions, including sales, reinsurance agreements and service or management contracts, with their affiliates unless the regulatory authority of the insurer’s state of domicile has received notice at least 30 days prior to the intended effective date of such transaction and has not objected to, or has approved, the transaction within the 30-day period. In addition to state-level regulation, segments of our FNF Group businesses are subject to regulation by federal agencies, including the Consumer Financial Protection Bureau (“CFPB”). The CFPB was established under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank”) which also included regulation over financial services and other lending related businesses including Black Knight. The CFPB has broad authority to regulate, among other areas, the mortgage and real estate markets in matters pertaining to consumers. This authority includes the enforcement of the Truth-in-Lending Act (“TILA”) and the Real Estate Settlement Procedures Act (individually, “RESPA”, and together, “TILA-RESPA Integrated Disclosure” or “TRID”) formerly placed with the Department of Housing and Urban Development.

As a holding company with no significant business operations of our own, we depend on dividends or other distributions from our subsidiaries as the principal source of cash to meet our obligations, including the payment of interest on and repayment of principal of any debt obligations, and to pay any dividends to our shareholders. The payment of dividends or other distributions to us by our insurers is regulated by the insurance laws and regulations of their respective states of domicile. In general, an insurance company subsidiary may not pay an “extraordinary” dividend or distribution unless the applicable insurance regulator has received notice of the intended payment at least 30 days prior to payment and has not objected to or has approved the payment within the 30-day period. In general, an “extraordinary” dividend or distribution is statutorily defined as a dividend or distribution that, together with other dividends and distributions made within the preceding 12 months, exceeds the greater of:

- 10% of the insurer’s statutory surplus as of the immediately prior year end; or
- the statutory net income of the insurer during the prior calendar year.

The laws and regulations of some jurisdictions also prohibit an insurer from declaring or paying a dividend except out of its earned surplus or require the insurer to obtain prior regulatory approval. During 2017, our directly owned title insurers can pay dividends or make distributions to us of approximately \$372 million; however, insurance regulators have the authority to prohibit the payment of ordinary dividends or other payments by our title insurers to us (such as a payment under a tax sharing agreement or for other services) if they determine that such payment could be adverse to our policyholders. There are no restrictions on our retained earnings regarding our ability to pay dividends to shareholders.

Three of the Company's title insurance underwriters, Fidelity National Title Insurance Company, Chicago Title Insurance Company and Commonwealth Land Title Insurance Company, have filed applications to redomesticate from their existing states of domicile to a new state of domicile. The anticipated redomestications are subject to prior regulatory approval, which may be received in 1Q 2017. If the anticipated redomestications are approved, the Company may receive a special dividend from the title

## Table of Contents

insurance underwriters in 2017 related to such redomestication. This special dividend would be due in part to differences in the laws among the states of domicile.

The combined statutory capital and surplus of our title insurers was approximately \$1,469 million and \$1,412 million as of December 31, 2016 and 2015, respectively. The combined statutory earnings of our title insurers were \$541 million, \$381 million, and \$276 million for the years ended December 31, 2016, 2015, and 2014, respectively. As a condition to continued authority to underwrite policies in the states in which our insurers conduct their business, they are required to pay certain fees and file information regarding their officers, directors and financial condition.

Pursuant to statutory requirements of the various states in which our insurers are domiciled, such insurers must maintain certain levels of minimum capital and surplus. Required levels of minimum capital and surplus are not significant to the insurers individually or in the aggregate. Each of our insurers has complied with the minimum statutory requirements as of December 31, 2016.

Our underwritten title companies are also subject to certain regulation by insurance regulatory or banking authorities, primarily relating to minimum net worth. Minimum net worth requirements for each underwritten title company is less than \$1 million. These companies were in compliance with their respective minimum net worth requirements at December 31, 2016.

From time to time we receive inquiries and requests for information from state insurance departments, attorneys general and other regulatory agencies about various matters relating to our business. Sometimes these take the form of civil investigative demands or subpoenas. We cooperate with all such inquiries and we have responded to or are currently responding to inquiries from multiple governmental agencies. Also, regulators and courts have been dealing with issues arising from foreclosures and related processes and documentation. Various governmental entities are studying the title insurance product, market, pricing, and business practices, and potential regulatory and legislative changes, which may materially affect our business and operations. From time to time, we are assessed fines for violations of regulations or other matters or enter into settlements with such authorities which may require us to pay fines or claims or take other actions. For further discussion, see item 3, Legal Proceedings.

Before a person can acquire control of a U.S. insurance company, prior written approval must be obtained from the insurance commissioner of the state in which the insurer is domiciled. Prior to granting approval of an application to acquire control of a domestic insurer, the state insurance commissioner will consider such factors as the financial strength of the applicant, the integrity and management of the applicant's Board of Directors and executive officers, the acquirer's plans for the insurer's Board of Directors and executive officers, the acquirer's plans for the future operations of the domestic insurer and any anti-competitive results that may arise from the consummation of the acquisition of control. Generally, state statutes provide that control over a domestic insurer is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing 10% or more of the voting securities of the domestic insurer. Because a person acquiring 10% or more of our common shares would indirectly control the same percentage of the stock of our insurers, the insurance change of control laws would likely apply to such a transaction.

The National Association of Insurance Commissioners ("NAIC") has adopted an instruction requiring an annual certification of reserve adequacy by a qualified actuary. Because all of the states in which our title insurers are domiciled require adherence to NAIC filing procedures, each such insurer, unless it qualifies for an exemption, must file an actuarial opinion with respect to the adequacy of its reserves.

### Title Insurance Ratings

Our title insurance underwriters are regularly assigned ratings by independent agencies designed to indicate their financial condition and/or claims paying ability. The rating agencies determine ratings by quantitatively and qualitatively analyzing financial data and other information. Our title subsidiaries include Alamo Title, Chicago Title, Commonwealth Land Title, Fidelity National Title and National Title of New York. Standard & Poor's Ratings Group ("S&P") and Moody's Investors Service ("Moody's") provide ratings for the entire FNF family of companies as a whole as follows:

	S&P	Moody's
FNF family of companies	A	A3

The relative position of each of our ratings among the ratings scale assigned by each rating agency is as follows:

An S&P "A" rating is the third highest rating of 10 ratings for S&P. According to S&P, an "A" rating represents an investment grade company that, in its opinion, has strong capacity to meet financial commitments, but is somewhat susceptible to adverse economic conditions.

A Moody's "A3" rating is the third highest rating of 9 ratings for Moody's. Moody's states that companies rated "A3" are judged to be upper-medium grade and are subject to low credit risk.

Table of Contents

Demotech provides financial strength/stability ratings for each of our principal title insurance underwriters individually, as follows:

Alamo Title Insurance	A'
Chicago Title Insurance Company	A"
Commonwealth Land Title Insurance Company	A'
Fidelity National Title Insurance Company	A'
National Title Insurance of New York	A'

Demotech states that its ratings of "A"(A double prime)" and "A' (A prime)" reflect its opinion that, regardless of the severity of a general economic downturn or deterioration in the insurance cycle, the insurers assigned either of those ratings possess "Unsurpassed" financial stability related to maintaining positive surplus as regards policyholders. The A" and A' ratings are the two highest ratings of Demotech's six ratings.

The ratings of S&P, Moody's, and Demotech described above are not designed to be, and do not serve as, measures of protection or valuation offered to investors. These financial strength ratings should not be relied on with respect to making an investment in our securities. See "Item 1A. Risk Factors — If the rating agencies downgrade our Company, our results of operations and competitive position in the title insurance industry may suffer" for further information.

**Black Knight**

Black Knight's business is organized into technology and data and analytics divisions. Through its technology division, Black Knight offers software and hosting solutions that support loan servicing, loan origination and settlement services. Through its data and analytics division, Black Knight offers data and analytics solutions to the mortgage, real estate and capital markets industries. These solutions include property ownership data, lien data, servicing data, automated valuation models, collateral risk scores, prepayment and default models, lead generation and other data solutions.

The U.S. mortgage market has seen significant change over the past few years and is expected to continue to evolve going forward. Key regulatory actions arising from the recent financial crisis, such as the Dodd-Frank Act and the establishment of the CFPB impose new and evolving standards for market participants. These regulatory changes have spurred lenders and servicers to seek technology solutions that facilitate the meeting of compliance obligations in the face of a changing regulatory environment while remaining efficient and profitable.

Current trends in the mortgage industry affecting our Black Knight segment include:

**Evolving regulation.** Most U.S. mortgage market participants have become subject to increasing regulatory oversight and regulatory requirements as federal and state governments have enacted various new laws, rules and regulations. One example of such legislation is the Dodd-Frank Act, which contains broad changes for many sectors of the financial services and lending industries and established the CFPB, a new federal regulatory agency responsible for regulating consumer financial protection within the United States. It is Black Knight's experience that mortgage lenders have become more focused on minimizing the risk of non-compliance with these evolving regulations and are looking toward technologies and solutions that help them to comply with the increased regulatory oversight and requirements.

**Lenders increasingly focused on core operations.** As a result of greater regulatory scrutiny and the higher cost of doing business, we believe lenders have become more focused on their core operations and customers. We believe lenders are increasingly shifting from in-house technologies to solutions with third-party providers who can provide better technology and services more efficiently. Lenders require these vendors to provide best-in-class technology and deep domain expertise and to assist them in maintaining regulatory compliance.

**Growing role of technology in the U.S. mortgage industry.** Banks and other lenders and servicers have become increasingly focused on technology automation and workflow management to operate more efficiently and meet their regulatory guidelines. We believe vendors must be able to support the complexity of the market, display extensive industry knowledge and possess the financial resources to make the necessary investments in technology to support lenders.

**Increased demand for enhanced transparency and analytic insight.** As U.S. mortgage market participants work to minimize the risk in lending, servicing and capital markets, they rely on the integration of data and analytics with technologies that enhance the decision making process. These industry participants rely on large comprehensive third

party databases coupled with enhanced analytics to achieve these goals.

FNF Ventures

Restaurant Industry. The restaurant industry is highly competitive and is often affected by changes in consumer tastes and discretionary spending patterns; changes in general economic conditions; public safety conditions or concerns; demographic trends; weather conditions; the cost of food products, labor, energy and other operating costs; and governmental regulations. The restaurant

11

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## Table of Contents

industry is also characterized by high capital investments for new restaurants and relatively high fixed or semi-variable restaurant operating expenses. Because of the high fixed and semi-variable expenses, changes in sales in existing restaurants are generally expected to significantly affect restaurant profitability because many restaurant costs and expenses are not expected to change at the same rate as sales. Restaurant profitability can also be negatively affected by inflationary and regulatory increases in operating costs and other factors. The most significant commodities that may affect our cost of food and beverage are beef, seafood, poultry, and dairy, which accounted for approximately half of our overall cost of food and beverage in the past. Generally, temporary increases in these costs are not passed on to guests; however, in the past, we have adjusted menu prices to compensate for increased costs of a more permanent nature.

### Intellectual Property

We rely on a combination of contractual restrictions, internal security practices, and copyright and trade secret law to establish and protect our software, technology, and expertise across our businesses. Further, we have developed a number of brands that have accumulated substantial goodwill in the marketplace, and we rely on trademark law to protect our rights in that area. We intend to continue our policy of taking all measures we deem necessary to protect our copyright, trade secret, and trademark rights. These legal protections and arrangements afford only limited protection of our proprietary rights, and there is no assurance that our competitors will not independently develop or license products, services, or capabilities that are substantially equivalent or superior to ours.

### Technology and Research and Development

#### Title

As a national provider of real estate transaction products and services, we participate in an industry that is subject to significant regulatory requirements, frequent new product and service introductions, and evolving industry standards. We believe that our future success depends in part on our ability to anticipate industry changes and offer products and services that meet evolving industry standards. In connection with our title segment service offerings, we are continuing to deploy new information system technologies to our direct and agency operations. We continue to improve the process of ordering title and escrow services and improve the delivery of our products to our customers. In order to meet new regulatory requirements, we also continue to expand our data collection and reporting abilities.

#### Black Knight

Black Knight's research and development activities relate primarily to the design, development and enhancement of its processing systems and related software applications. Black Knight expects to continue its practice of investing an appropriate level of resources to maintain, enhance and extend the functionality of its proprietary systems and existing software applications, to develop new and innovative software applications and systems in response to the needs of its clients and to enhance the capabilities surrounding its infrastructure. Black Knight works with its clients to determine the appropriate timing and approach to introducing technology or infrastructure changes to our applications and services.

### Investment Policies and Investment Portfolio

Our investment policy is designed to maximize total return through investment income and capital appreciation consistent with moderate risk of principal, while providing adequate liquidity. Our insurance subsidiaries, including title insurers, underwritten title companies and insurance agencies, are subject to extensive regulation under applicable state laws. The various states in which we operate our underwriters regulate the types of assets that qualify for purposes of capital, surplus, and statutory unearned premium reserves. Our investment policy specifically limits duration and non-investment grade allocations in the FNF core fixed-income portfolio. Maintaining shorter durations on the investment portfolio allows for the mitigation of interest rate risk. Equity securities and preferred stock are utilized to take advantage of perceived value or for strategic purposes. Due to the magnitude of the investment portfolio in relation to our claims loss reserves, durations of investments are not specifically matched to the cash outflows required to pay claims.

As of December 31, 2016 and 2015, the carrying amount of total investments, which approximates the fair value, excluding investments in unconsolidated affiliates, was \$3.7 billion and \$4.3 billion, respectively.

We purchase investment grade fixed maturity securities, selected non-investment grade fixed maturity securities, preferred stock and equity securities. The securities in our portfolio are subject to economic conditions and normal market risks and uncertainties.

Table of Contents

The following table presents certain information regarding the investment ratings of our fixed maturity securities and preferred stock portfolio at December 31, 2016 and 2015:

Rating(1)	December 31, 2016				2015			
	Amortized Cost	% of Total	Fair Value	% of Total	Amortized Cost	% of Total	Fair Value	% of Total
	(Dollars in millions)							
Aaa/AAA	\$418	15.3 %	\$412	15.0 %	\$439	15.4 %	\$430	15.1 %
Aa/AA	519	19.0	525	19.1	553	19.4	565	19.9
A	849	31.1	856	31.2	930	32.6	943	33.1
Baa/BBB	723	26.4	728	26.5	744	26.1	744	26.1
Ba/BB/B	98	3.6	97	3.5	84	3.0	80	2.8
Lower	53	1.9	55	2.0	58	2.0	39	1.4
Other (2)	73	2.7	74	2.7	44	1.5	46	1.6
	\$2,733	100.0 %	\$2,747	100.0 %	\$2,852	100.0 %	\$2,847	100.0 %

(1) Ratings as assigned by Moody's Investors Service or Standard & Poor's Ratings Group if a Moody's rating is unavailable.

(2) This category is composed of unrated securities.

The following table presents certain information regarding contractual maturities of our fixed maturity securities:

Maturity	December 31, 2016			
	Amortized Cost	% of Total	Fair Value	% of Total
	(Dollars in millions)			
One year or less	\$663	27.4 %	\$661	27.2 %
After one year through five years	1,524	63.0	1,533	63.0
After five years through ten years	158	6.5	160	6.6
After ten years	20	0.8	20	0.8
Mortgage-backed/asset-backed securities	56	2.3	58	2.4
	\$2,421	100 %	\$2,432	100 %

At December 31, 2016, all of our mortgage-backed and asset-backed securities are rated Aaa by Moody's. The mortgage-backed and asset-backed securities are made up of \$37 million of agency-backed mortgage-backed securities, \$7 million of agency-backed collateralized mortgage obligations, and \$14 million in asset-backed securities.

Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Because of the potential for prepayment on mortgage-backed and asset-backed securities, they are not categorized by contractual maturity.

Our equity securities at December 31, 2016 and 2015 consisted of investments with a cost basis of \$323 million and \$276 million, respectively, and fair value of \$438 million and \$345 million, respectively.

At December 31, 2016 and 2015, we also held \$558 million and \$521 million, respectively, in investments that are accounted for using the equity method of accounting, principally our ownership interests in Ceridian.

As of December 31, 2016 and 2015, other long-term investments were \$54 million and \$106 million, respectively. Other long term investments include investments accounted for using the cost method of accounting, land held for investment accounted for at cost and company-owned life insurance policies carried at cash surrender value.

Short-term investments, which consist primarily of commercial paper and money market instruments which have an original maturity of one year or less, are carried at amortized cost, which approximates fair value. As of December 31, 2016 and 2015, short-term investments amounted to \$487 million and \$1,034 million, respectively.



Table of Contents

Our investment results for the years ended December 31, 2016, 2015 and 2014 were as follows:

	December 31,		
	2016	2015	2014
	(Dollars in millions)		
Net investment income (1)	\$141	\$137	\$139
Average invested assets	\$3,936	\$4,020	\$3,819
Effective return on average invested assets	3.6 %	3.4 %	3.6 %

(1) Net investment income as reported in our Consolidated Statements of Earnings has been adjusted in the presentation above to provide the tax equivalent yield on tax exempt investments.

**Loss Reserves**

For information about our loss reserves, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates.

**Geographic Operations**

Our direct title operations are divided into approximately 180 profit centers. Each profit center processes title insurance transactions within its geographical area, which is usually identified by a county, a group of counties forming a region, or a state, depending on the management structure in that part of the country. We also transact title insurance business through a network of more than 5,000 agents, primarily in those areas in which agents are the more prevalent title insurance provider. Substantially all of our revenues are generated in the United States.

The following table sets forth the approximate dollar and percentage volumes of our title insurance premium revenue by state:

	Year Ended December 31,		2015		2014	
	2016	Amount%	Amount%	Amount%	Amount%	
	(Dollars in millions)					
California	\$690	14.6 %	\$649	15.1 %	\$552	15.0 %
Texas	670	14.2	616	14.4	567	15.4
New York	336	7.1	349	8.1	289	7.9
Florida	364	7.7	349	8.1	286	7.8
Illinois	267	5.7	243	5.7	214	5.8
All others	2,396	50.7	2,080	48.6	1,763	48.1
Totals	\$4,723	100.0%	\$4,286	100.0%	\$3,671	100.0%

Our Restaurant Group operates and franchises restaurants in 40 states throughout the United States. Substantially all of our Restaurant Group's revenues are generated in those states.

**Employees**

As of January 20, 2017, we had 55,219 full-time equivalent employees, which includes 23,382 in our Title segment, 26,119 in our Restaurant Group segment, 4,240 in the Black Knight segment and 1,478 in our remaining businesses. We monitor our staffing levels based on current economic activity. None of our employees are subject to collective bargaining agreements. We believe that our relations with employees are generally good.

**Financial Information by Operating Segment**

For financial information by operating segment, see Note R of the Notes to Consolidated Financial Statements.

**Statement Regarding Forward-Looking Information**

The statements contained in this Form 10-K or in our other documents or in oral presentations or other statements made by our management that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements regarding our expectations, hopes, intentions, or strategies regarding the future. These statements relate to, among other things, future financial and operating results of the Company. In many cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," or "continue," or the negative of these terms and other



## Table of Contents

comparable terminology. Actual results could differ materially from those anticipated in these statements as a result of a number of factors, including, but not limited to the following:

- changes in general economic, business, and political conditions, including changes in the financial markets;
- the severity of our title insurance claims;
- downgrade of our credit rating by rating agencies;
- adverse changes in the level of real estate activity, which may be caused by, among other things, high or increasing interest rates, a limited supply of mortgage funding, increased mortgage defaults, or a weak U.S. economy;
- compliance with extensive government regulation of our operating subsidiaries and adverse changes in applicable laws or regulations or in their application by regulators;
- regulatory investigations of the title insurance industry;
- loss of key personnel that could negatively affect our financial results and impair our operating abilities;
- our business concentration in the States of California and Texas are the source of approximately 14.6% and 14.2%, respectively, of our title insurance premiums;
- our potential inability to find suitable acquisition candidates, as well as the risks associated with acquisitions in lines of business that will not necessarily be limited to our traditional areas of focus, or difficulties integrating acquisitions;
- our dependence on distributions from our title insurance underwriters as our main source of cash flow;
- competition from other title insurance companies;
- our ability to successfully redomesticate our insurance underwriters to a new state of domicile;
- our ability to successfully execute the proposed plan to distribute shares of Black Knight and redeem all FNFV tracking stock; and
- other risks detailed in "Risk Factors" below and elsewhere in this document and in our other filings with the SEC.

We are not under any obligation (and expressly disclaim any such obligation) to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise. You should carefully consider the possibility that actual results may differ materially from our forward-looking statements.

### Additional Information

Our website address is [www.fnf.com](http://www.fnf.com). We make available free of charge on or through our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. However, the information found on our website is not part of this or any other report.

### Item 1A. Risk Factors

In addition to the normal risks of business, we are subject to significant risks and uncertainties, including those listed below and others described elsewhere in this Annual Report on Form 10-K. Any of the risks described herein could result in a significant or material adverse effect on our results of operations or financial condition.

#### General

We have recorded goodwill as a result of prior acquisitions, and an economic downturn could cause these balances to become impaired, requiring write-downs that would reduce our operating income.

Goodwill aggregated approximately \$5,065 million, or 35.0% of our total assets, as of December 31, 2016. Current accounting rules require that goodwill be assessed for impairment at least annually or whenever changes in circumstances indicate that the carrying amount may not be recoverable from estimated future cash flows. Factors that may be considered a change in circumstance indicating the carrying value of our intangible assets, including goodwill, may not be recoverable include, but are not limited to, significant underperformance relative to historical or projected future operating results, a significant decline in our stock price and market capitalization, and negative industry or economic trends. No goodwill impairment charge was recorded in the years ended December 31, 2016, 2015, or 2014. However, if there is an economic downturn in the future, the carrying amount of our goodwill may no longer be recoverable, and we may be required to record an impairment charge, which would have a negative impact on our results of operations and financial condition. We will continue to monitor our market capitalization and the impact of the economy to determine if there is an impairment of goodwill in future periods.

Our management has articulated a willingness to seek growth through acquisitions, both in our current lines of business as well as in lines of business outside of our traditional areas of focus or geographic areas. This expansion of our business subjects us to associated risks, such as risks and uncertainties associated with new companies, the diversion of management's attention and lack of experience in operating unrelated businesses, and may affect our credit and ability to repay our debt.

Our management has stated that we may make acquisitions, both in our current lines of business, as well as lines of business that are not directly tied to or synergistic with our core operations. Accordingly, we have in the past acquired, and may in the future acquire, businesses in industries or geographic areas with which management is less familiar than we are with our core businesses.

Table of Contents

These activities involve risks that could adversely affect our operating results, due to uncertainties involved with new companies, diversion of management's attention and lack of substantial experience in operating such businesses. There can be no guarantee that we will not enter into transactions or make acquisitions that will cause us to incur additional debt, increase our exposure to market and other risks and cause our credit or financial strength ratings to decline.

We are a holding company and depend on distributions from our subsidiaries for cash.

We are a holding company whose primary assets are the securities of our operating subsidiaries. Our ability to pay interest on our outstanding debt and our other obligations and to pay dividends is dependent on the ability of our subsidiaries to pay dividends or make other distributions or payments to us. If our operating subsidiaries are not able to pay dividends to us, we may not be able to meet our obligations or pay dividends on our common stock.

Our title insurance subsidiaries must comply with state laws which require them to maintain minimum amounts of working capital, surplus and reserves, and place restrictions on the amount of dividends that they can distribute to us. Compliance with these laws will limit the amounts our regulated subsidiaries can dividend to us. During 2017, our title insurers may pay dividends or make distributions to us of approximately \$372 million; however, insurance regulators have the authority to prohibit the payment of ordinary dividends or other payments by our title insurers to us if they determine that such payment could be adverse to our policyholders.

Three of the Company's title insurance underwriters, Fidelity National Title Insurance Company, Chicago Title Insurance Company and Commonwealth Land Title Insurance Company, have filed applications to redomesticate from their existing states of domicile to a new state of domicile. The anticipated redomestications are subject to prior regulatory approval, which may be received in the first quarter of 2017. If the anticipated redomestications are approved, the Company may receive a special dividend from the title insurance underwriters in 2017 related to such redomestication. This special dividend would be due in part to differences in the laws among the states of domicile. The maximum dividend permitted by law is not necessarily indicative of an insurer's actual ability to pay dividends, which may be constrained by business and regulatory considerations, such as the impact of dividends on surplus, which could affect an insurer's ratings or competitive position, the amount of premiums that can be written and the ability to pay future dividends. Further, depending on business and regulatory conditions, we may in the future need to retain cash in our underwriters or even contribute cash to one or more of them in order to maintain their ratings or their statutory capital position. Such a requirement could be the result of investment losses, reserve charges, adverse operating conditions in the current economic environment or changes in interpretation of statutory accounting requirements by regulators.

The loss of key personnel could negatively affect our financial results and impair our operating abilities.

Our success substantially depends on our ability to attract and retain key members of our senior management team and officers. If we lose one or more of these key employees, our operating results and in turn the value of our common stock could be materially adversely affected. Although we have employment agreements with many of our officers, there can be no assurance that the entire term of the employment agreement will be served or that the employment agreement will be renewed upon expiration.

Failure of our information security systems or processes could result in a loss or disclosure of confidential information, damage to our reputation, monetary losses, additional costs and impairment of our ability to conduct business effectively.

Our operations are highly dependent upon the effective operation of our computer systems. We use our computer systems to receive, process, store and transmit sensitive personal consumer data (such as names and addresses, social security numbers, driver's license numbers, credit cards and bank account information) and important business information of our customers. We also electronically manage substantial cash, investment asset and escrow account balances on behalf of ourselves and our customers, as well as financial information about our businesses generally. The integrity of our computer systems and the protection of the information that resides on such systems are important to our successful operation. If we fail to maintain an adequate security infrastructure, adapt to emerging security threats or follow our internal business processes with respect to security, the information or assets we hold could be compromised. Further, even if we, or third parties to which we outsource certain information technology services, maintain a reasonable, industry-standard information security infrastructure to mitigate these risks, the inherent risk that unauthorized access to information or assets remains. This risk is increased by transmittal of information over the

internet and the increased threat and sophistication of cyber criminals. While, to date, we believe that we have not experienced a material breach of our computer systems, the occurrence or scope of such events is not always apparent. If additional information regarding an event previously considered immaterial is discovered, or a new event were to occur, it could potentially have a material adverse effect on our operations or financial condition. In addition, some laws and certain of our contracts require notification of various parties, including regulators, consumers or customers, in the event that confidential or personal information has or may have been taken or accessed by unauthorized parties. Such notifications can potentially result, among other things, in adverse publicity, diversion of management and other resources, the attention of regulatory authorities, the imposition of fines, and disruptions in business operations, the effects of which may be material. Any inability to prevent security or privacy breaches, or the perception that such breaches may occur, could inhibit our ability to retain or attract new clients and/or result in financial losses, litigation, increased costs, negative publicity, or other adverse consequences to our business.

Table of Contents

Further, our financial institution clients have obligations to safeguard their information technology systems and the confidentiality of consumer customer information. In certain of our businesses, we are bound contractually and/or by regulation to comply with the same requirements. If we fail to comply with these regulations and requirements, we could be exposed to suits for breach of contract, governmental proceedings or the imposition of fines. In addition, future adoption of more restrictive privacy laws, rules or industry security requirements by federal or state regulatory bodies or by a specific industry in which we do business could have an adverse impact on us through increased costs or restrictions on business processes.

If economic and credit market conditions deteriorate, it could have a material adverse impact on our investment portfolio.

Our investment portfolio is exposed to economic and financial market risks, including changes in interest rates, credit markets and prices of marketable equity and fixed-income securities. Our investment policy is designed to maximize total return through investment income and capital appreciation consistent with moderate risk of principal, while providing adequate liquidity and complying with internal and regulatory guidelines. To achieve this objective, our marketable debt investments are primarily investment grade, liquid, fixed-income securities and money market instruments denominated in U.S. dollars. We make investments in certain equity securities and preferred stock in order to take advantage of perceived value and for strategic purposes. In the past, economic and credit market conditions have adversely affected the ability of some issuers of investment securities to repay their obligations and have affected the values of investment securities. If the carrying value of our investments exceeds the fair value, and the decline in fair value is deemed to be other-than-temporary, we will be required to write down the value of our investments, which could have a material negative impact on our results of operations and financial condition.

Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our obligations under our indebtedness.

As of December 31, 2016, our outstanding debt was \$2,746 million, including \$1,338 million in variable rate debt. Our high degree of leverage could have important consequences, including the following: (i) a substantial portion of our cash flow from operations is dedicated to the payment of principal and interest on indebtedness, thereby reducing the funds available for operations, future business opportunities and capital expenditures; (ii) our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate purposes in the future may be limited; (iii) certain of the borrowings are at variable rates of interest, which will increase our vulnerability to increases in interest rates; (iv) we may be unable to adjust rapidly to changing market conditions; (v) the debt service requirements of our other indebtedness could make it more difficult for us to satisfy our financial obligations; and (vi) we may be vulnerable in a downturn in general economic conditions or in our business and we may be unable to carry out activities that are important to our growth.

Our ability to make scheduled payments of the principal of, or to pay interest on, or to refinance indebtedness depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors beyond our control. If we are unable to generate sufficient cash flow to service our debt or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt, which could cause us to default on our obligations and impair our liquidity. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more stringent covenants that could further restrict our business operations. We from time to time may increase the amount of our indebtedness, modify the terms of our financing arrangements, issue dividends, make capital expenditures and take other actions that may substantially increase our leverage.

Failure of our enterprise-wide risk management processes could result in unexpected monetary losses, damage to our reputation, additional costs or impairment of our ability to conduct business effectively.

As a large insurance entity and a publicly traded company, the Company has always had risk management functions, policies and procedures throughout its operations and management. These functions include but are not limited to departments dedicated to enterprise risk management and information technology risk management, information security, business continuity, lender strategy and development, and vendor risk management. These policies and procedures have evolved over the years as we continually reassess our processes both internally and to comply with

changes in the regulatory environment. Due to limitations inherent in any internal process, if the Company's risk management processes prove unsuccessful at identifying and responding to risks, we could incur unexpected monetary losses, damage to our reputation, additional costs or impairment of our ability to conduct business effectively.

We are the subject of various legal proceedings that could have a material adverse effect on our results of operations. We are involved from time to time in various legal proceedings, including in some cases class-action lawsuits and regulatory inquiries, investigations or other proceedings. If we are unsuccessful in our defense of litigation matters or regulatory proceedings, we may be forced to pay damages, fines or penalties and/or change our business practices, any of which could have a material adverse effect on our business and results of operations. See Note M to the Consolidated Financial Statements included in Item 8 of this Report for further discussion of pending litigation and regulatory matters and our related accrual.

## Table of Contents

Our proposed plan to distribute shares of Black Knight Financial Services and redeem all FNFV tracking stock is subject to inherent risks.

Under the Plan, (1) we intend to distribute all 83.3 million shares of Black Knight Financial Services, Inc. common stock that we currently own to FNF Group shareholders and (2) we intend to redeem all FNFV tracking stock shares in exchange for shares of common stock of FNFV. The Plan is subject to the receipt of private letter rulings from the Internal Revenue Service approving the distribution of Black Knight and FNFV shares, filing and acceptance of a registration statement for both the Black Knight and FNFV transactions with the Securities and Exchange Commission, the refinancing of Black Knight's senior notes, which are subject to the FNF guarantee, on reasonable terms, Black Knight and FNFV shareholder approvals and other customary closing conditions. No assurance can be given that any of the foregoing conditions will be met. The Plan is subject to inherent risks and uncertainties including, among others: risks that the Plan as a whole will not be consummated or that either of the Black Knight distribution or the redemption of the FNFV tracking stock shares will not be consummated; increased demands on our management team to accomplish the Plan; and significant transaction costs and risks from changes in the results of operations of our reportable segments. In addition, no assurance can be given that we will realize the potential strategic and financial benefits from the Plan in the near term or at all, and no assurance can be given that the market will react favorably to the Plan or any of the transactions contemplated thereby.

### Title

If adverse changes in the levels of real estate activity occur, our revenues may decline.

Title insurance revenue is closely related to the level of real estate activity which includes sales, mortgage financing and mortgage refinancing. The levels of real estate activity are primarily affected by the average price of real estate sales, the availability of funds to finance purchases and mortgage interest rates.

We have found that residential real estate activity generally decreases in the following situations:

- when mortgage interest rates are high or increasing;
- when the mortgage funding supply is limited; and
- when the United States economy is weak, including high unemployment levels.

Declines in the level of real estate activity or the average price of real estate sales are likely to adversely affect our title insurance revenues. The Mortgage Bankers Association's ("MBA") Mortgage Finance Forecast as of February 15, 2017 estimates an approximately \$1.6 trillion mortgage origination market for 2017, which would be a decrease of 15.8% from 2016. The MBA forecasts that the 15.8% decrease will result from a decrease in refinance activity, offset by a slight increase in forecast purchase transactions. Our revenues in future periods will continue to be subject to these and other factors which are beyond our control and, as a result, are likely to fluctuate.

If financial institutions at which we hold escrow funds fail, it could have a material adverse impact on our company.

We hold customers' assets in escrow at various financial institutions, pending completion of real estate transactions.

These assets are maintained in segregated bank accounts and have not been included in the accompanying Consolidated Balance Sheets. We have a contingent liability relating to proper disposition of these balances for our customers, which amounted to \$14 billion at December 31, 2016. Failure of one or more of these financial institutions may lead us to become liable for the funds owed to third parties and there is no guarantee that we would recover the funds deposited, whether through Federal Deposit Insurance Corporation coverage or otherwise.

If we experience changes in the rate or severity of title insurance claims, it may be necessary for us to record additional charges to our claim loss reserve. This may result in lower net earnings and the potential for earnings volatility.

By their nature, claims are often complex, vary greatly in dollar amounts and are affected by economic and market conditions and the legal environment existing at the time of settlement of the claims. Estimating future title loss payments is difficult because of the complex nature of title claims, the long periods of time over which claims are paid, significantly varying dollar amounts of individual claims and other factors. From time to time, we experience large losses or an overall worsening of our loss payment experience in regard to the frequency or severity of claims that require us to record additional charges to our claims loss reserve. There are currently pending several large claims which we believe can be defended successfully without material loss payments. However, if unanticipated material payments are required to settle these claims, it could result in or contribute to additional charges to our claim loss

reserves. These loss events are unpredictable and adversely affect our earnings.

At each quarter end, our recorded reserve for claim losses is initially the result of taking the prior recorded reserve for claim losses, adding the current provision to that balance and subtracting actual paid claims from that balance, resulting in an amount that management then compares to our actuary's central estimate provided in the actuarial calculation. Due to the uncertainty and judgment used by both management and our actuary, our ultimate liability may be greater or less than our current reserves and/or our actuary's calculation. If the recorded amount is within a reasonable range of the actuary's central estimate, but not at the central estimate, management assesses other factors in order to determine our best estimate. These factors, which are both qualitative and quantitative, can change from period to period and include items such as current trends in the real estate industry (which management

## Table of Contents

can assess, but for which there is a time lag in the development of the data used by our actuary), any adjustments from the actuarial estimates needed for the effects of unusually large or small claims, improvements in our claims management processes, and other cost saving measures. Depending upon our assessment of these factors, we may or may not adjust the recorded reserve. If the recorded amount is not within a reasonable range of the actuary's central estimate, we would record a charge or credit and reassess the provision rate on a go forward basis.

Our subsidiaries must comply with extensive regulations. These regulations may increase our costs or impede or impose burdensome conditions on actions that we might seek to take to increase the revenues of those subsidiaries. Our insurance businesses are subject to extensive regulation by state insurance authorities in each state in which they operate. These agencies have broad administrative and supervisory power relating to the following, among other matters:

- licensing requirements;
- trade and marketing practices;
- accounting and financing practices;
- disclosure requirements on key terms of mortgage loans;
- capital and surplus requirements;
- the amount of dividends and other payments made by insurance subsidiaries;
- investment practices;
- rate schedules;
- deposits of securities for the benefit of policyholders;
- establishing reserves; and
- regulation of reinsurance.

Most states also regulate insurance holding companies like us with respect to acquisitions, changes of control and the terms of transactions with our affiliates. State regulations may impede or impose burdensome conditions on our ability to increase or maintain rate levels or on other actions that we may want to take to enhance our operating results. In addition, we may incur significant costs in the course of complying with regulatory requirements. Further, various state legislatures have in the past considered offering a public alternative to the title industry in their states, as a means to increase state government revenues. Although we think this situation is unlikely, if one or more such takeovers were to occur they could adversely affect our business. We cannot be assured that future legislative or regulatory changes will not adversely affect our business operations. See "Item 1. Business — Regulation" for further discussion of the current regulatory environment.

Our ServiceLink subsidiary provides mortgage transaction services including title-related services and facilitation of production and management of mortgage loans. Certain of these businesses are subject federal and state regulatory oversight. For example, ServiceLink's LoanCare business services and subservices mortgage loans secured primarily by residential real estate throughout the United States. LoanCare is subject to extensive federal, state and local regulatory oversight, including federal and state regulatory examinations, information gathering requests, inquiries, and investigations by governmental and regulatory agencies, including the CFPB. In connection with formal and informal inquiries by those agencies, LoanCare receives numerous requests, subpoenas, and orders for documents, testimony and information in connection with various aspects of its or its clients' regulated activities. The ongoing implementation of the Dodd Frank Act, including the implementation of the originations and servicing rules by the CFPB and the CFPB's continuing examinations of our business, could increase our regulatory compliance burden and associated costs and place restrictions on our ability to operate the LoanCare business.

LoanCare is also required to maintain a variety of licenses, both federal and state. License requirements are in a frequent state of renewal and reexamination as regulations change or are reinterpreted. In addition, federal and state statutes establish specific guidelines and procedures that debt collectors must follow when collecting consumer accounts. LoanCare's failure to comply with any of these laws, should the states take an opposing interpretation, could have an adverse effect on LoanCare in the event and to the extent that they apply to some or all of its servicing activities.

State regulation of the rates we charge for title insurance could adversely affect our results of operations.

Our title insurance subsidiaries are subject to extensive rate regulation by the applicable state agencies in the jurisdictions in which they operate. Title insurance rates are regulated differently in various states, with some states requiring the subsidiaries to file and receive approval of rates before such rates become effective and some states promulgating the rates that can be charged. In general, premium rates are determined on the basis of historical data for claim frequency and severity as well as related production costs and other expenses. In all states in which our title subsidiaries operate, our rates must not be excessive, inadequate or unfairly discriminatory. Premium rates are likely to prove insufficient when ultimate claims and expenses exceed historically projected levels. Premium rate inadequacy may not become evident quickly and may take time to correct, and could adversely affect the Company's business operating results and financial conditions.

## Table of Contents

Regulatory investigations of the insurance industry may lead to fines, settlements, new regulation or legal uncertainty, which could negatively affect our results of operations.

From time to time we receive inquiries and requests for information from state insurance departments, attorneys general and other regulatory agencies about various matters relating to our business. Sometimes these take the form of civil investigative demands or subpoenas. We cooperate with all such inquiries and we have responded to or are currently responding to inquiries from multiple governmental agencies. Also, regulators and courts have been dealing with issues arising from foreclosures and related processes and documentation. Various governmental entities are studying the title insurance product, market, pricing, and business practices, and potential regulatory and legislative changes, which may materially affect our business and operations. From time to time, we are assessed fines for violations of regulations or other matters or enter into settlements with such authorities which may require us to pay fines or claims or take other actions.

Because we are dependent upon California and Texas for approximately 14.6% and 14.2% and of our title insurance premiums, respectively, our business may be adversely affected by regulatory conditions in Texas and/or California. California and Texas are the two largest sources of revenue for our title segment and, in 2016, California-based premiums accounted for 29.2% of premiums earned by our direct operations and 0.7% of our agency premium revenues. Texas-based premiums accounted for 17.8% of premiums earned by our direct operations and 10.8% of our agency premium revenues. In the aggregate, California and Texas accounted for approximately 14.6% and 14.2%, respectively, of our total title insurance premiums for 2016. A significant part of our revenues and profitability are therefore subject to our operations in California and Texas and to the prevailing regulatory conditions in California and Texas. Adverse regulatory developments in Texas and California, which could include reductions in the maximum rates permitted to be charged, inadequate rate increases or more fundamental changes in the design or implementation of the Texas and California title insurance regulatory framework, could have a material adverse effect on our results of operations and financial condition.

If the rating agencies downgrade our insurance companies, our results of operations and competitive position in the title insurance industry may suffer.

Ratings have always been an important factor in establishing the competitive position of insurance companies. Our title insurance subsidiaries are rated by S&P, Moody's, and Demotech. Ratings reflect the opinion of a rating agency with regard to an insurance company's or insurance holding company's financial strength, operating performance and ability to meet its obligations to policyholders and are not evaluations directed to investors. Our ratings are subject to continued periodic review by rating agencies and the continued retention of those ratings cannot be assured. If our ratings are reduced from their current levels by those entities, our results of operations could be adversely affected. If the Company's claim loss prevention procedures fail, we could incur significant claim losses.

In the ordinary course of our title insurance business, we assume risks related to insuring clear title to residential and commercial properties. The Company has established procedures to mitigate the risk of loss from title claims, including extensive underwriting and risk assessment procedures. We also mitigate the risk of large claim losses by reinsuring risks with other insurers under excess of loss and case-by-case ("facultative") reinsurance agreements. Reinsurance agreements generally provide that the reinsurer is liable for loss and loss adjustment expense payments exceeding the amount retained by the ceding company. However, the ceding company remains primarily liable to the insured whether or not the reinsurer is able to meet its contractual obligations. If inherent limitations cause our claim loss risk mitigation procedures to fail, we could incur substantial losses having an adverse effect on our results of operations or financial condition.

The Company's use of independent agents for a significant amount of our title insurance policies could adversely impact the frequency and severity of title claims.

In the Company's agency operations, an independent agent performs the search and examination function or the agent may purchase a search product from the Company. In either case, the agent is responsible for ensuring that the search and examination is completed. The agent thus retains the majority of the title premium collected, with the balance remitted to the title underwriter for bearing the risk of loss in the event that a claim is made under the title insurance policy. The Company's relationship with each agent is governed by an agency agreement defining how the agent issues a title insurance policy on the Company's behalf. The agency agreement also sets forth the agent's liability to the

Company for policy losses attributable to the agent's errors. For each agent with whom the Company enters into an agency agreement, financial and loss experience records are maintained. Periodic audits of our agents are also conducted and the number of agents with which the Company transacts business is strategically managed in an effort to reduce future expenses and manage risks. Despite efforts to monitor the independent agents with which we transact business, there is no guarantee that an agent will comply with their contractual obligations to the Company. Furthermore, we cannot be certain that, due to changes in the regulatory environment and litigation trends, the Company will not be held liable for errors and omissions by agents. Accordingly, our use of independent agents could adversely impact the frequency and severity of title claims.

## Table of Contents

### Black Knight

Black Knight's clients and Black Knight are subject to various governmental regulations, and a failure to comply with government regulations or changes in these regulations, including changes that may result from changes in the political landscape, could result in penalties, restrict or limit it or its clients' operations or make it more burdensome to conduct such operations, any of which could have a material adverse effect on its business, financial condition and results of operations.

Many of Black Knight's clients' and its businesses are subject to various federal, state, local and foreign laws and regulations. Black Knight's failure to comply with applicable laws and regulations could restrict its ability to provide certain services or result in imposition of civil fines and criminal penalties, substantial regulatory and compliance costs, litigation expense, adverse publicity and loss of revenues.

As a provider of electronic data processing to financial institutions, such as banks and credit unions, Black Knight is subject to regulatory oversight and examination by the FFIEC. Black Knight also may be subject to possible review by state agencies that regulate banks in each state in which it conducts our electronic processing activities.

In addition, Black Knight's businesses are subject to an increased degree of compliance oversight by regulators and by its clients. Specifically, the CFPB has authority to write rules affecting the business of, supervise, conduct examinations of, and enforce compliance as to federal consumer financial protection laws and regulations with respect to certain "non-depository covered persons" determined by the CFPB to be "larger participants" that offer consumer financial products and services. The CFPB and the prudential financial institution regulators such as the OCC also have the authority to examine Black Knight in its role as a service provider to large financial institutions, although it is yet unclear how broadly they will apply this authority going forward. In addition, we believe some of Black Knight's largest bank clients' regulators are requiring the banks to exercise greater oversight and perform more rigorous audits of their key vendors such as Black Knight.

The RESPA and related regulations generally prohibit the payment or receipt of fees or any other item of value for the referral of real estate-related settlement services. RESPA also prohibits fee shares or splits or unearned fees in connection with the provision of residential real estate settlement services, such as mortgage brokerage and real estate brokerage. Notwithstanding these prohibitions, RESPA permits payments for goods furnished or for services actually performed, so long as those payments bear a reasonable relationship to the market value of the goods or services provided. RESPA and related regulations may to some extent restrict our real estate-related businesses from entering into certain preferred alliance arrangements. The CFPB is responsible for enforcing RESPA.

Changes to laws and regulations and regulatory oversight of our clients and us, including those that may result from changes in the political landscape, may cause us to increase our prices in certain situations or decrease our prices in other situations, may restrict our ability to implement price increases or otherwise limit the manner in which we conduct our business. We may also incur additional expense in keeping our technology services up to date as laws and regulations change, and we may not be able to pass those additional costs on to our clients. In addition, in response to increased regulatory oversight, participants in the mortgage lending industry may develop policies pursuant to which they limit the extent to which they can rely on any one vendor or service provider. Conversely, in an environment with less stringent regulatory oversight, prospective clients may choose to retain their in-house platforms, or current service providers, or seek alternative service providers who provide services that are less compliance and quality oriented at a lower price point. If we are unable to adapt our products and services to conform to the new laws and regulations, or if these laws and regulations have a negative affect on our clients, we may experience client losses or increased operating costs, which could have a material adverse effect on our business, financial condition and results of operations.

Black Knight relies on its top clients for a significant portion of its revenue and profit, which makes it susceptible to the same macro-economic and regulatory factors that impact its clients. If these clients are negatively impacted by current economic or regulatory conditions or otherwise experience financial hardship or stress, or if the terms of its relationships with these clients change, it could have a material adverse effect on its business, financial condition and results of operations.

Black Knight operates in a consolidated industry and as a result, a small number of its clients have accounted for a significant portion of its revenues. We expect that a limited number of Black Knight's clients will continue to

represent a significant portion of its revenues for the foreseeable future. The significant portion of our revenues that a limited number of our clients currently represent may increase in the future. During the year ended December 31, 2016, Black Knight's largest client, Wells Fargo, N.A., or Wells Fargo, accounted for approximately 12% of its consolidated revenues. During the year ended December 31, 2016, Black Knight's five largest clients accounted for approximately 36% of its consolidated revenues.

Black Knight's clients face continued pressure in the current economic and regulatory climate. Many of Black Knight's relationships with these clients are long-standing and are important to its business and results of operations, but there is no guarantee that Black Knight will be able to retain or renew existing agreements or maintain its relationships on acceptable terms or at all. Additionally, Black Knight relies on cross-selling its products and services to its existing clients as a source of growth. The deterioration in or termination of any of these relationships could significantly reduce its revenue and could have a material adverse effect on its business, financial condition and results of operations. As a result, Black Knight may be disproportionately affected

Table of Contents

by declining revenue from, or loss of, a significant Black Knight client. In addition, by virtue of their significant relationships with us, these clients may be able to exert pressure on Black Knight with respect to the pricing of their services.

There may be consolidation in Black Knight's end client market, which would reduce the use of its services by its clients and could have a material adverse effect on its business, financial condition and results of operations.

Mergers or consolidations among existing or potential clients could reduce the number of Black Knight's clients and potential clients. If Black Knight's clients merge with or are acquired by other entities that are not Black Knight's clients, or that use fewer of Black Knight's services, they may discontinue or reduce their use of Black Knight's services. In addition, if potential clients merge, Black Knight's ability to increase its client base may be adversely affected and the ability of Black Knight's customers to exert pressure on Black Knight's pricing may increase. Any of these developments could have a material adverse effect on Black Knight's business, financial condition and results of operations.

If Black Knight fails to adapt its solutions to technological changes or evolving industry standards, or if Black Knight's ongoing efforts to upgrade its technology are not successful, Black Knight could lose clients and have difficulty attracting new clients for its solutions, which could have a material adverse effect on its business, financial condition and results of operations.

The markets for Black Knight's solutions are characterized by constant technological changes, frequent introductions of new products and services and evolving industry standards. Black Knight's future success will be significantly affected by Black Knight's ability to successfully enhance Black Knight's current solutions, and develop and introduce new solutions and services that address the increasingly sophisticated needs of Black Knight's clients and their customers. These initiatives carry the risks associated with any new product or service development effort, including cost overruns, delays in delivery and performance issues. There can be no assurance that Black Knight will be successful in developing, marketing and selling new solutions and services that meet these changing demands, that Black Knight will not experience difficulties that could delay or prevent the successful development, introduction, and marketing of these solutions and services, or that Black Knight's new solutions and services and their enhancements will adequately meet the demands of the marketplace and achieve market acceptance. If Black Knight's efforts are unsuccessful, it could have a material adverse effect on Black Knight's business, financial condition and results of operations.

Black Knight operates in a competitive business environment and, if Black Knight is unable to compete effectively, it could have a material adverse effect on its business, financial condition and results of operations.

The markets for Black Knight's solutions are intensely competitive. Black Knight's competitors vary in size and in the scope and breadth of the services they offer. Some of Black Knight's competitors have substantial resources. In addition, Black Knight expects that the markets in which Black Knight competes will continue to attract new competitors and new technologies. There can be no assurance that Black Knight will be able to compete successfully against current or future competitors or that competitive pressures Black Knight faces in the markets in which Black Knight operates will not have a material adverse effect on its business, financial condition and results of operations. Further, because many of Black Knight's larger potential clients have historically developed their key processing applications in-house and therefore view their system requirements from a make-versus-buy perspective, Black Knight often competes against Black Knight's potential clients' in-house capacities. There can be no assurance that Black Knight's strategies for overcoming potential clients' reluctance to change will be successful, and if Black Knight is unsuccessful, it could have a material adverse effect on Black Knight's business, financial condition and results of operations.

Black Knight relies on proprietary technology and information rights, and if Black Knight is unable to protect its rights, it could have a material adverse effect on Black Knight's business, financial condition and results of operations. Black Knight's success depends, in part, upon its intellectual property rights. Black Knight relies primarily on a combination of patents, copyrights, trade secrets, and trademark laws and nondisclosure and other contractual restrictions on copying, distribution and creation of derivative products to protect Black Knight's proprietary technology and information. This protection is limited, and Black Knight's intellectual property could be used by others without their consent. In addition, patents may not be issued with respect to Black Knight's pending or future

patent applications, and Black Knight's patents may not be upheld as valid or may not prevent the development of competitive products. Any infringement, disclosure, loss, invalidity of, or failure to protect Black Knight's intellectual property could have a material adverse effect on its business, financial condition and results of operations. Moreover, litigation may be necessary to enforce or protect its intellectual property rights, to protect its trade secrets, or to determine the validity and scope of the proprietary rights of others. Such litigation could be time-consuming, result in substantial costs and diversion of resources and could have a material adverse effect on its business, financial condition and results of operations.

Because Black Knight's revenue from clients in the mortgage lending industry is affected by the strength of the economy and the housing market generally, including the volume of real estate transactions, a change in any of these conditions could have a material adverse effect on its business, financial condition and results of operations.

Black Knight's revenue is primarily generated from technology, data and analytics Black Knight provides to the mortgage lending industry and, as a result, a weak economy or housing market may have a material adverse effect on Black Knight's business,

Table of Contents

financial condition and results of operations. The volume of mortgage origination and residential real estate transactions is highly variable and reductions in these transaction volumes could have a direct impact on the revenues Black Knight generates.

The revenues Black Knight generates from its servicing technology depend upon the total number of mortgage loans processed on its MSP platform, which tends to be comparatively consistent regardless of economic conditions. However, in the event that a difficult economy or other factors lead to a decline in levels of home ownership and a reduction in the number of mortgage loans outstanding and Black Knight is not able to counter the impact of those events with increased market share or higher fees, Black Knight's mortgage processing revenues could be adversely affected. Moreover, negative economic conditions, including increased unemployment or interest rates or a downturn in other general economic factors, among other things, could adversely affect the performance and financial condition of some of Black Knight's clients in many of its businesses, which may have a material adverse effect on its business, financial condition and results of operations if these clients exit certain businesses.

A weaker economy and housing market tend to increase the volume of consumer mortgage defaults, which can increase revenues from Black Knight's applications focused on supporting default management functions. However, government regulation of the mortgage industry in general, and the default and foreclosure process in particular, has greatly slowed the processing of defaulted mortgages in recent years and has changed the way many of its clients address mortgage loans in default. A downturn in the origination market and a concurrent slowdown or change in the way mortgage loans in default are addressed could have a material adverse effect on its business, financial condition and results of operations.

**FNFV**

Our financial condition or results of operations could be adversely affected by the results of our acquired companies due to the risks inherent to those businesses.

Our acquired restaurant companies face certain risks that could negatively impact their results of operations. These risks include such things as the risks of unfavorable economic conditions, changing consumer preferences, unfavorable publicity, increasing food and labor costs, effectiveness of marketing campaigns, and the ability to compete successfully with other restaurants. In addition, risks related to supply chain, food quality, and protecting guests' personal information are inherent to the restaurant business. These companies are also subject to compliance with extensive government laws and regulations related to employment practices and policies and the manufacture, preparation, and sale of food and alcohol. If our restaurant companies are not able to respond effectively to one or more of these risks, it could have a material adverse impact on the results of operations of those businesses.

We own a minority interest in Ceridian, a leading provider of global human capital management and payment solutions. If the fair value of this company were to decline below book value, we would be required to write down the value of our investment, which could have a material negative impact on our results of operations and financial condition. If Ceridian were to experience significant negative volatility in its results of operations it would have a material adverse effect on our own results of operations due to our inclusion of our portion of its earnings in our results of operations.

**Risks Relating to the Ownership of Our FNFV Group Common Stock due to our Tracking Stock Capitalization**  
Holders of FNF Group common stock and FNFV Group common stock are common shareholders of FNF and are, therefore, subject to risks associated with an investment in FNF as a whole, even if a holder does not own shares of common stock of both of our groups.

Even though we have attributed, for financial reporting purposes, all of our consolidated assets, liabilities, revenue and expenses to either the FNF Group or the FNFV Group in order to prepare separate financial results for each of these groups included herein, we retain legal title to all of our assets and our capitalization does not limit our legal responsibility, or that of our subsidiaries, for the liabilities included in any disclosed financial results. Holders of FNF Group common stock and FNFV Group common stock do not have any legal rights related to specific assets attributed to the FNF Group or the FNFV Group and, in any liquidation, holders of FNF Group common stock and holders of FNFV Group common stock will be entitled to receive a pro rata share of our available net assets based on their respective numbers of liquidation units as specified in our certificate of incorporation (our "Corporate Charter").

Our Board of Directors' ability to reattribute businesses, assets and expenses between tracking stock groups may make it difficult to assess the future prospects of either tracking stock group based on its past performance.

Our Board of Directors is vested with discretion to reattribute businesses, assets and liabilities that are attributed to one tracking stock group to the other tracking stock group, without the approval of any of our shareholders, in accordance with our management and allocation policies and our Corporate Charter. Any such reattribution made by our Board of Directors, as well as the existence of the right in and of itself to effect a reattribution, may impact the ability of investors to assess the future prospects of either tracking stock group, including its liquidity and capital resource needs, based on its past performance. Shareholders may also have difficulty evaluating the liquidity and capital resources of each group based on past performance, as our Board of Directors may use one group's liquidity to fund the other group's liquidity and capital expenditure requirements through the use of inter-group loans and inter-group interests.

Table of Contents

We could be required to use assets attributed to one group to pay liabilities attributed to the other group.

The assets attributed to one group are potentially subject to the liabilities attributed to the other group, even if those liabilities arise from lawsuits, contracts or indebtedness that are attributed to such other group. While our current management and allocation policies provide that reattributions of assets between groups will result in the creation of an inter-group loan or an inter-group interest or an offsetting reattribution of cash or other assets, no provision of our Corporate Charter prevents us from satisfying liabilities of one group with assets of the other group, and our creditors will not in any way be limited by our tracking stock capitalization from proceeding against any assets they could have proceeded against if we did not have a tracking stock capitalization.

The market price of FNF Group common stock and FNFV Group common stock may not reflect the performance of the FNF Group and the FNFV Group, respectively, as we intend.

We cannot assure you that the market price of the common stock of a group will, in fact, reflect the performance of the group of businesses, assets and liabilities attributed to that group. Holders of FNF Group common stock and FNFV Group common stock are common shareholders of FNF as a whole and, as such, will be subject to all risks associated with an investment in FNF and all of our businesses, assets and liabilities. As a result, the market price of each class of stock of a group may simply reflect the performance of FNF as a whole or may more independently reflect the performance of some or all of the group of assets attributed to such group. In addition, investors may discount the value of the stock of a group because it is part of a common enterprise rather than a stand-alone entity.

The market price of FNF Group common stock and FNFV Group common stock may be volatile, could fluctuate substantially and could be affected by factors that do not affect traditional common stock.

To the extent the market prices of FNF Group common stock and FNFV Group common stock track the performance of more focused groups of businesses, assets and liabilities than the historic FNF Class A common stock did, the market prices of these new tracking stocks may be more volatile than the market price of FNF Class A common stock was historically. The market prices of FNF Group common stock and FNFV Group common stock may be materially affected by, among other things:

- actual or anticipated fluctuations in a group's operating results or in the operating results of particular companies attributable to such group;
- potential acquisition activity by FNF or the companies in which we invest;
- issuances of debt or equity securities to raise capital by FNF or the companies in which we invest and the manner in which that debt or the proceeds of an equity issuance are attributed to each of the groups;
- changes in financial estimates by securities analysts regarding FNF Group common stock or FNFV Group common stock or the companies attributable to either of our tracking stock groups;
- the complex nature and the potential difficulties investors may have in understanding the terms of both of our tracking stocks, as well as concerns regarding the possible effect of certain of those terms on an investment in our stock; and
- general market conditions.

The market value of FNF Group common stock and FNFV Group common stock could be adversely affected by events involving the assets and businesses attributed to either of the groups.

Because we are the issuer of FNF Group common stock and FNFV Group common stock, an adverse market reaction to events relating to the assets and businesses attributed to either of our groups, such as earnings announcements or announcements of new products or services, acquisitions or dispositions that the market does not view favorably, may cause an adverse reaction to the common stock of the other group. This could occur even if the triggering event is not material to us as a whole. A certain triggering event may also have a greater impact on one group than the same triggering event would have on the other group due to the asset composition of the affected group. In addition, the incurrence of significant indebtedness by us or any of our subsidiaries on behalf of one group, including indebtedness incurred or assumed in connection with acquisitions of or investments in businesses, could affect our credit rating and that of our subsidiaries and, therefore, could increase the borrowing costs of businesses attributable to our other group or the borrowing costs of FNF as a whole.

We may not pay dividends equally or at all on FNF Group common stock or FNFV Group common stock.

FNF has historically paid quarterly dividends to its shareholders. We have the right to pay dividends on the shares of common stock of each group in equal or unequal amounts, and we may pay dividends on the shares of common stock of one group and not pay dividends on shares of common stock of the other group. In addition, any dividends or distributions on, or repurchases of, shares relating to either group will reduce our assets legally available to be paid as dividends on the shares relating to the other group.

## Table of Contents

Our tracking stock capital structure could create conflicts of interest, and our Board of Directors may make decisions that could adversely affect only some holders of our common stock.

Our tracking stock capital structure could give rise to occasions when the interests of holders of stock of one group might diverge or appear to diverge from the interests of holders of stock of the other group. In addition, given the nature of their businesses, there may be inherent conflicts of interests between the FNF Group and the FNFV Group. Our tracking stock groups are not separate entities and thus holders of FNF Group common stock and FNFV Group common stock do not have the right to elect separate Boards of Directors. As a result, our officers and directors owe fiduciary duties to FNF as a whole and all of our shareholders as opposed to only holders of a particular group.

Decisions deemed to be in the best interest of our Company and all of our shareholders may not be in the best interest of a particular group when considered independently. Examples include:

- decisions as to the terms of any business relationships that may be created between the FNF Group and the FNFV Group or the terms of any reattributions of assets between the groups;

- decisions as to the allocation of consideration among the holders of FNF Group common stock and FNFV Group common stock to be received in connection with a merger involving FNF;

- decisions as to the allocation of corporate opportunities between the groups, especially where the opportunities might meet the strategic business objectives of both groups;

- decisions as to operational and financial matters that could be considered detrimental to one group but beneficial to the other;

- decisions as to the conversion of shares of common stock of one group into shares of common stock of the other, which the Board of Directors may make in its sole discretion, so long as the shares are converted (other than in connection with the disposition of all or substantially all of a group's assets) at a ratio that provides the shareholders of the converted stock with a premium based on the following requirements:

- (i) a 10% premium to such stock's market price for the first year following the recapitalization,

- (ii) an 8% premium to such stock's market price for the second year following the recapitalization,

- (iii) a 6% premium to such stock's market price for the third year following the recapitalization,

- (iv) a 4% premium to such stock's market price for fourth year following the recapitalization,

- (v) a 2% premium to such stock's market price for the fifth year following the recapitalization, and

- (vi) no premium to such stock's market price thereafter, with such premium to be based on, in each case, the market price of such stock over the 10 day trading period preceding the date on the which the Board of Directors determines to effect any such conversion; no conversion premium is available for a conversion in connection with the disposition of all or substantially all of the assets of either group;

- decisions regarding the creation of, and, if created, the subsequent increase or decrease of any intergroup interest that one group may own in the other group;

- decisions as to the internal or external financing attributable to businesses or assets attributed to either of our groups;

- decisions as to the dispositions of assets of either of our groups; and

- decisions as to the payment of dividends on the stock relating to either of our groups.

Our directors' or officers' ownership of FNF Group common stock and FNFV Group common stock may create or appear to create conflicts of interest.

If directors or officers own disproportionate interests (in percentage or value terms) in FNF Group common stock or FNFV Group common stock, that disparity could create or appear to create conflicts of interest when they are faced with decisions that could have different implications for the holders of FNF Group common stock or FNFV Group common stock.

We have not adopted any specific procedures for consideration of matters involving a divergence of interests among holders of shares of stock relating to our two groups.

Rather than develop additional specific procedures in advance, our Board of Directors intends to exercise its judgment from time to time, depending on the circumstances, as to how best to:

- obtain information regarding the divergence (or potential divergence) of interests;

- determine under what circumstances to seek the assistance of outside advisers;

-

determine whether a committee of our Board of Directors should be appointed to address a specific matter and the appropriate members of that committee; and

assess what is in our best interest and the best interest of all of our shareholders.

Our Board of Directors believes the advantage of retaining flexibility in determining how to fulfill its responsibilities in any such circumstances as they may arise outweighs any perceived advantages of adopting additional specific procedures in advance.

Table of Contents

Our Board of Directors may change the management and allocation policies following their implementation to the detriment of either group without shareholder approval.

Our Board of Directors intends to adopt certain management and allocation policies as guidelines in making decisions regarding the relationships between the FNF Group and the FNFV Group with respect to matters such as tax liabilities and benefits, inter-group loans, inter-group interests, attribution of assets, financing alternatives, corporate opportunities and similar items. These policies also set forth the initial focuses and strategies of these groups and the initial attribution of our businesses, assets and liabilities between them. Our Board of Directors may at any time change or make exceptions to these policies. Because these policies relate to matters concerning the day-to-day management of FNF as opposed to significant corporate actions, such as a merger involving FNF or a sale of substantially all of our assets, no shareholder approval is required with respect to policy adoption or amendment. A decision to change, or make exceptions to, these policies or adopt additional policies could disadvantage one group while advantaging the other.

Holders of shares of stock relating to a particular group may not have any remedies if any action by our directors or officers has an adverse effect on only that stock.

Principles of Delaware law and the provisions of our Corporate Charter may protect decisions of our Board of Directors that have a disparate impact upon holders of shares of stock relating to a particular group. Under Delaware law, the Board of Directors has a duty to act with due care and in the best interests of all shareholders, regardless of the stock held. Principles of Delaware law established in cases involving differing treatment of multiple classes or series of stock provide that a Board of Directors owes an equal duty to all shareholders and does not have separate or additional duties to any subset of shareholders. Judicial opinions in Delaware involving tracking stocks have established that decisions by directors or officers involving differing treatment of holders of tracking stocks may be judged under the business judgment rule. In some circumstances, our directors or officers may be required to make a decision that is viewed as adverse to the holders of shares relating to a particular group. Under the principles of Delaware law and the business judgment rule referred to above, you may not be able to successfully challenge decisions that you believe have a disparate impact upon the shareholders of one of our groups if a majority of our Board of Directors is disinterested and independent with respect to the action taken, is adequately informed with respect to the action taken and acts in good faith and in the honest belief that the Board of Directors is acting in the best interest of FNF and our shareholders as a whole.

Shareholders will not vote on how to attribute consideration received in connection with a merger involving FNF among holders of FNF Group common stock and FNFV Group common stock.

Our Corporate Charter does not contain any provisions governing how consideration received in connection with a merger or consolidation involving FNF is to be attributed to the holders of FNF Group common stock and holders of FNFV Group common stock, and none of the holders of FNF Group common stock or FNFV Group common stock will have a separate class vote in the event of such a merger or consolidation. Consistent with applicable principles of Delaware law, our Board of Directors will seek to divide the type and amount of consideration received in a merger or consolidation involving FNF among holders of FNF Group common stock and FNFV Group common stock in a fair manner. As the different ways our Board of Directors may divide the consideration between holders of stock relating to the different groups might have materially different results, the consideration to be received by holders of FNF Group common stock and FNFV Group common stock in any such merger or consolidation may be materially less valuable than the consideration they would have received if they had a separate class vote on such merger or consolidation.

We may dispose of assets of the FNF Group or the FNFV Group without your approval.

Delaware law requires shareholder approval only for a sale or other disposition of all or substantially all of the assets of FNF taken as a whole, and our Corporate Charter does not require a separate class vote in the case of a sale of a significant amount of assets of any of our groups. As long as the assets attributed to the FNF Group or the FNFV Group proposed to be disposed of represent less than substantially all of our assets, we may approve sales and other dispositions of any amount of the assets of such group without any shareholder approval. If we dispose of all or substantially all of the assets attributed to any group (which means, for this purpose, assets representing 80% of the fair market value of the total assets of the disposing group, as determined by our Board of Directors), we would be

required, if the disposition is not an exempt disposition under the terms of our Corporate Charter, to choose one or more of the following three alternatives:

• declare and pay a dividend on the disposing group's common stock;

• redeem shares of the disposing group's common stock in exchange for cash, securities or other property; and/or

• convert all or a portion of the disposing group's outstanding common stock into common stock of the other group.

In this type of a transaction, holders of the disposing group's common stock may receive less value than the value that a third-party buyer might pay for all or substantially all of the assets of the disposing group. Our Board of Directors will decide, in its sole discretion, how to proceed and is not required to select the option that would result in the highest value to holders of any group of our common stock.

## Table of Contents

Holders of FNF Group common stock or FNFV Group common stock may receive less consideration upon a sale of the assets attributed to that group than if that group were a separate company.

If the FNF Group or the FNFV Group were a separate, independent company and its shares were acquired by another person, certain costs of that sale, including corporate level taxes, might not be payable in connection with that acquisition. As a result, shareholders of a separate, independent company with the same assets might receive a greater amount of proceeds than the holders of FNF Group common stock or FNFV Group common stock would receive upon a sale of all or substantially all of the assets of the group to which their shares relate. In addition, we cannot assure you that in the event of such a sale the per share consideration to be paid to holders of FNF Group common stock or FNFV Group common stock, as the case may be, will be equal to or more than the per share value of that share of stock prior to or after the announcement of a sale of all or substantially all of the assets of the applicable group. Further, there is no requirement that the consideration paid be tax-free to the holders of the shares of common stock of that group. Accordingly, if we sell all or substantially all of the assets attributed to the FNF Group or the FNFV Group, our shareholders could suffer a loss in the value of their investment in FNF.

In the event of a liquidation of FNF, holders of FNF Group common stock and FNFV Group common stock will not have a priority with respect to the assets attributed to the related tracking stock group remaining for distribution to shareholders.

Under the Corporate Charter, upon FNF's liquidation, dissolution or winding up, holders of the FNF Group common stock and the FNFV Group common stock will be entitled to receive, in respect of their shares of such stock, their proportionate interest in all of FNF's assets, if any, remaining for distribution to holders of common stock in proportion to their respective number of "liquidation units" per share. Relative liquidation units will be based on the volume weighted average prices of the FNF Group common stock and the FNFV Group common stock over the 10 trading day period commencing shortly after the initial filing of the Corporate Charter. Hence, the assets to be distributed to a holder of either tracking stock upon a liquidation, dissolution or winding up of FNF will have nothing to do with the value of the assets attributed to the related tracking stock group or to changes in the relative value of the FNF Group common stock and the FNFV Group common stock over time.

Our Board of Directors may in its sole discretion elect to convert the common stock relating to one group into common stock relating to the other group, thereby changing the nature of your investment and possibly diluting your economic interest in FNF, which could result in a loss in value to you.

Our Corporate Charter permits our Board of Directors, in its sole discretion, to convert all of the outstanding shares of common stock relating to either of our groups into shares of common stock of the other group so long as the shares are converted at a ratio that provides the shareholders of the converted stock with the applicable Conversion Premium (if any) to which they are entitled. A conversion would preclude the holders of stock in each group involved in such conversion from retaining their investment in a security that is intended to reflect separately the performance of the relevant group. We cannot predict the impact on the market value of our stock of (1) our Board of Directors' ability to effect any such conversion or (2) the exercise of this conversion right by FNF. In addition, our Board of Directors may effect such a conversion at a time when the market value of our stock could cause the shareholders of one group to be disadvantaged.

Holders of FNF Group common stock and FNFV Group common stock vote together and have limited separate voting rights.

Holders of FNF Group common stock and FNFV Group common stock vote together as a single class, except in certain limited circumstances prescribed by our Corporate Charter and under Delaware law. Each share of common stock of each group has one vote per share. When holders of FNF Group common stock and FNFV Group common stock vote together as a single class, holders having a majority of the votes are in a position to control the outcome of the vote even if the matter involves a conflict of interest among our shareholders or has a greater impact on one group than the other.

Our capital structure, as well as the fact that the FNF Group and the FNFV Group are not independent companies may inhibit or prevent acquisition bids for the FNF Group or the FNFV Group and may make it difficult for a third party to acquire us, even if doing so may be beneficial to our shareholders.

If the FNF Group and the FNFV Group were separate independent companies, any person interested in acquiring the FNF Group or the FNFV Group without negotiating with management could seek control of that group by obtaining control of its outstanding voting stock, by means of a tender offer, or by means of a proxy contest. Although we intend FNF Group common stock and FNFV Group common stock to reflect the separate economic performance of the FNF Group and the FNFV Group, respectively, those groups are not separate entities and a person interested in acquiring only one group without negotiation with our management could obtain control of that group only by obtaining control of a majority in voting power of all of the outstanding shares of common stock of FNF. The existence of shares of common stock relating to different groups could present complexities and in certain circumstances pose obstacles, financial and otherwise, to an acquiring person that are not present in companies that do not have capital structures similar to ours. Certain provisions of our Corporate Charter and bylaws may discourage, delay or prevent a change in control of FNF that a shareholder may consider favorable. These provisions include:

- classifying our Board of Directors with staggered three-year terms, which may lengthen the time required to gain control of our Board of Directors;

Table of Contents

limiting who may call special meetings of shareholders;  
establishing advance notice requirements for nominations of candidates for election to our board of directors; and  
the existence of authorized and unissued stock, including “blank check” preferred stock, which could be issued by our  
Board of Directors to persons friendly to our then current management, thereby protecting the continuity of our  
management, or which could be used to dilute the stock ownership of persons seeking to obtain control of FNF.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our corporate headquarters are on our campus in Jacksonville, Florida in owned facilities.

Title

The majority of our branch offices are leased from third parties. See Note M to the Notes to Consolidated Financial Statements included in Item 8 of Part II of this report for further information on our outstanding leases. Our subsidiaries conduct their business operations primarily in leased office space in 44 states, Washington, DC, Puerto Rico, Canada and India.

Black Knight

Black Knight is headquartered in Jacksonville, Florida in an owned facility. It also owns one facility in Sharon, Pennsylvania, and leases office space in 15 states and India.

Restaurant Group

The Restaurant Group's headquarters are located in Nashville, Tennessee with other office locations in Woburn, Massachusetts and Denver, Colorado. The majority of the restaurants are leased from third parties, and are located in 40 states and Guam.

Item 3. Legal Proceedings

For a description of our legal proceedings see discussion of Legal and Regulatory Contingencies in Note M to the Consolidated Financial Statements included in Item 8 of Part II of this Report, which is incorporated by reference into this Part I, Item 3.

Table of Contents

## PART II

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

Both FNF Group and FNFV Group classes of our stock trade on the New York Stock Exchange under the trading symbols "FNF" and "FNFV", respectively. The following tables provide the high and low closing sales prices of each class of our common stock and cash dividends declared per share of common stock for each quarter during 2016 and 2015.

FNF Group	Stock Price High	Stock Price Low	Cash Dividends Declared
Year ended December 31, 2016			
First quarter	\$33.73	\$29.04	\$ 0.21
Second quarter	37.29	31.37	0.21
Third quarter	38.22	36.07	0.21
Fourth quarter	36.77	31.56	0.25

Year ended December 31, 2015			
First quarter	\$38.41	\$34.29	\$ 0.19
Second quarter	38.50	35.91	0.19
Third quarter	39.99	34.75	0.21
Fourth quarter	36.99	32.49	0.21

FNFV Group	Stock Price High	Stock Price Low	Cash Dividends Declared
Year ended December 31, 2016			
First quarter	\$11.60	\$8.59	\$ —
Second quarter	12.35	10.07	—
Third quarter	13.24	11.38	—
Fourth quarter	14.40	11.05	—

Year ended December 31, 2015			
First quarter	\$15.04	\$11.61	\$ —
Second quarter	15.80	14.17	—
Third quarter	15.62	11.66	—
Fourth quarter	12.06	9.88	—

Information concerning securities authorized for issuance under our equity compensation plans will be included in Item 12 of Part III of this report.

Table of Contents

PERFORMANCE GRAPH

Set forth below is a graph comparing cumulative total shareholder return on our FNF Group common stock against the cumulative total return on the S&P 500 Index and against the cumulative total return of a peer group index consisting of certain companies in the primary industry in which we compete (SIC code 6361 — Title Insurance) for the period ending December 31, 2016. This peer group consists of the following companies: First American Financial Corporation and Stewart Information Services Corp. The peer group comparison has been weighted based on their stock market capitalization. The graph assumes an initial investment of \$100.00 on December 31, 2011, with dividends reinvested over the periods indicated.

	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016
Fidelity National Financial, Inc.	100.00	152.20	215.20	284.56	292.87	294.35
S&P 500	100.00	116.00	153.58	174.60	177.01	198.18
Peer Group	100.00	198.06	238.14	290.80	313.07	341.58

Table of Contents

Set forth below is a graph comparing cumulative total shareholder return on our FNFV Group common stock against the cumulative total return on the S&P 500 Index and against the cumulative total return of a peer group index consisting of certain companies against which we compete for the period ending December 31, 2016. The peer group comparison has been weighted based on their stock market capitalization. The graph assumes an initial investment of \$100.00 on July 1, 2014, the date which FNFV began trading.

7/1/2014 12/31/2014 12/31/2015 12/31/2016

Fidelity National Financial Ventures	100.00	81.60	89.06	108.64
S&P 500	100.00	106.12	107.58	120.45
Peer Group (1)	100.00	105.86	97.08	104.74

(1) This peer group consists of the following companies: American Capital, Ltd., Apollo Global Management, LLC, BlackRock, Inc., The Blackstone Group L.P., The Carlyle Group, Compass Diversified Holdings, Fortress Investment Group, LLC, KKR & Co. L.P., Leucadia National Corporation, Liberty Interactive Corporation, and Liberty Media Corporation.

On January 31, 2017, the last reported sale price of our FNF Group common stock and FNFV Group common stock on the New York Stock Exchange was \$35.36 and \$13.00 per share, respectively. We had approximately 7,100 shareholders of record of FNF Group common stock and 5,400 shareholders of record of FNFV Group common stock. On February 1, 2017, our Board of Directors formally declared a \$0.25 per FNF Group share cash dividend that is payable on March 31, 2017 to FNF Group shareholders of record as of March 17, 2017. No dividends were declared on our FNFV Group common stock.

Table of Contents

Our current FNF Group dividend policy anticipates the payment of quarterly dividends in the future. The declaration and payment of dividends will be at the discretion of our Board of Directors and will be dependent upon our future earnings, financial condition and capital requirements. There are no restrictions on our retained earnings regarding our ability to pay dividends to shareholders, although there are limits on the ability of certain subsidiaries to pay dividends to us, as described below. Our ability to declare dividends is subject to restrictions under our existing credit agreement. We do not believe the restrictions contained in our credit agreement will, in the foreseeable future, adversely affect our ability to pay cash dividends at the current dividend rate.

Since we are a holding company, our ability to pay dividends will depend largely on the ability of our subsidiaries to pay dividends to us, and the ability of our title insurance subsidiaries to do so is subject to, among other factors, their compliance with applicable insurance regulations. As of December 31, 2016, \$2,149 million of our net assets are restricted from dividend payments without prior approval from the Departments of Insurance in the states where our title insurance subsidiaries are domiciled. During 2017, our directly owned title insurance subsidiaries can pay dividends or make distributions to us of approximately \$372 million without prior approval. The limits placed on such subsidiaries' abilities to pay dividends affect our ability to pay dividends.

Three of the Company's title insurance underwriters, Fidelity National Title Insurance Company, Chicago Title Insurance Company and Commonwealth Land Title Insurance Company, have filed applications to redomesticate from their existing states of domicile to a new state of domicile. The anticipated redomestications are subject to prior regulatory approval, which may be received in the first quarter of 2017. If the anticipated redomestications are approved, the Company may receive a special dividend from the title insurance underwriters in 2017 related to such redomestication. This special dividend would be due in part to differences in the laws among the states of domicile. We have not paid any dividends on our FNFV Group common stock, and our current FNFV Group dividend policy does not presently anticipate the payment of dividends. Payment of dividends, if any, in the future will be determined by our Board of Directors in light of our earnings, financial condition and other relevant considerations.

On October 28, 2014, our Board of Directors approved a three-year stock purchase program, effective November 6, 2014, under which we can repurchase up to 10 million shares of our FNFV Group common stock through November 30, 2017. We exhausted all available repurchases under this program during February 2016. On February 18, 2016, our Board of Directors approved a new FNFV Group three-year stock repurchase program, effective March 1, 2016, under which we may repurchase up to 15 million shares of FNFV Group common stock through February 28, 2019. We may make repurchases from time to time in the open market, in block purchases or in privately negotiated transactions, depending on market conditions and other factors. In the year ended December 31, 2016, we repurchased a total of 5,651,518 shares for \$62 million, or an average of \$10.94 per share under these programs. Since the original commencement of the plan adopted February 18, 2016, we have repurchased a total of 3,955,000 shares for \$45 million, or an average of \$11.40 per share, and there are 11,045,000 shares available to be repurchased under this program.

On July 20, 2015, our Board of Directors approved a new three-year stock repurchase program under which we can purchase up to 25 million shares of our FNF Group common stock through July 30, 2018. We may make repurchases from time to time in the open market, in block purchases or in privately negotiated transactions, depending on market conditions and other factors. In the year ended December 31, 2016, we repurchased a total of 6,014,000 FNF Group shares under this program for \$206 million, or an average price of \$34.26 per share. Since the original commencement of the plan, we have repurchased a total of 10,589,000 FNF Group common shares for \$372 million, or an average of \$35.10 per share, and there are 14,411,000 shares available to be repurchased under this program.

Table of Contents

The following table summarizes repurchases of equity securities by FNF Group during the year ending December 31, 2016:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
1/1/2016 - 1/31/2016	250,000	\$ 33.56	250,000	20,175,000
2/1/2016 - 2/29/2016	550,000	32.86	550,000	19,625,000
3/1/2016 - 3/31/2016	1,100,000	32.43	1,100,000	18,525,000
4/1/2016 - 4/30/2016	300,000	33.27	300,000	18,225,000
5/1/2016 - 5/31/2016	1,064,000	33.57	1,064,000	17,161,000
6/1/2016 - 6/30/2016	1,100,000	35.22	1,100,000	16,061,000
7/1/2016 - 7/31/2016	150,000	37.02	150,000	15,911,000
8/1/2016 - 8/31/2016	425,000	37.03	425,000	15,486,000
9/1/2016 - 9/30/2016	525,000	37.42	525,000	14,961,000
10/1/2016 - 10/31/2016	75,000	36.78	75,000	14,886,000
11/1/2016 - 11/30/2016	450,000	33.21	450,000	14,436,000
12/1/2016 - 12/31/2016	25,000	31.92	25,000	14,411,000
Total	6,014,000	\$ 34.26	6,014,000	

On July 20, 2015, our Board of Directors approved a three-year stock repurchase program. Under the stock (1) repurchase program, we may repurchase up to 25 million shares of our FNF Group common stock through July 30, 2018.

(2) As of the last day of the applicable month.

The following table summarizes repurchases of equity securities by FNFV during the year ending December 31, 2016:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
1/1/2016 - 1/31/2016	375,000	\$ 10.52	375,000	1,321,518
2/1/2016 - 2/29/2016	1,321,518	9.70	1,321,518	15,000,000
3/1/2016 - 3/31/2016	1,505,000	10.79	1,505,000	13,495,000
4/1/2016 - 4/30/2016	300,000	10.60	300,000	13,195,000
5/1/2016 - 5/31/2016	925,000	11.65	925,000	12,270,000
6/1/2016 - 6/30/2016	550,000	11.79	550,000	11,720,000
7/1/2016 - 7/31/2016	75,000	11.53	75,000	11,645,000
8/1/2016 - 8/31/2016	170,000	12.48	170,000	11,475,000

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9/1/2016 - 9/30/2016	210,000	12.76	210,000	11,265,000
10/1/2016 - 10/31/2016	30,000	12.55	30,000	11,235,000
11/1/2016 - 11/30/2016	180,000	12.38	180,000	11,055,000
12/1/2016 - 12/31/2016	10,000	13.25	10,000	11,045,000
Total	5,651,518	\$ 10.94	5,651,518	

(1) On February 18, 2016, our Board of Directors approved a new FNFV Group three-year stock repurchase program, effective March 1, 2016, under which we may repurchase up to 15 million shares of FNFV Group common stock.

(2) As of the last day of the applicable month.

Table of Contents

## Item 6. Selected Financial Data

The information set forth below should be read in conjunction with the consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Form 10-K. Certain reclassifications have been made to the prior year amounts to conform with the 2016 presentation.

On September 28, 2015, we completed the distribution of J. Alexander's to FNFV shareholders. The results of J. Alexander's operations are included through the distribution date.

On December 31, 2014, we completed the distribution of Remy International, Inc. to our FNFV shareholders. The operations of Remy are included in discontinued operations for the years ended December 31, 2014, 2013, and 2012.

On January 2, 2014, we completed the purchase of LPS and consolidated the operations of LPS beginning on January 3, 2014.

On April 9, 2012, we successfully closed a tender offer for the outstanding common stock of O'Charley's Inc. We have consolidated the results of O'Charley's as of April 9, 2012. On May 11, 2012, we merged O'Charley's with our investment in ABRH in exchange for an increase in our ownership position in ABRH from 45% to 55%. We have consolidated the operations of ABRH with the O'Charley's group of companies, beginning on May 11, 2012.

	Year Ended December 31,				
	2016	2015	2014	2013	2012
	(Dollars in millions, except share data)				
Operating Data:					
Revenue	\$9,554	\$9,132	\$8,024	\$7,440	\$6,668
Expenses:					
Personnel costs	2,832	2,671	2,540	2,061	1,834
Agent commissions	1,998	1,731	1,471	1,789	1,600
Other operating expenses	1,944	1,881	1,643	1,273	1,269
Cost of restaurant revenues	984	1,195	1,220	1,204	773
Depreciation and amortization	431	410	403	133	103
Provision for title claim losses	157	246	228	291	279
Interest expense	136	131	127	73	64
	8,482	8,265	7,632	6,824	5,922
Earnings before income taxes, equity in (loss) earnings of unconsolidated affiliates, and noncontrolling interest	1,072	867	392	616	746
Income tax expense	372	290	312	195	242
Earnings before equity in (loss) earnings of unconsolidated affiliates	700	577	80	421	504
Equity in (loss) earnings of unconsolidated affiliates	(8	) (16	) 432	(26	) 10
Earnings from continuing operations, net of tax	692	561	512	395	514
Earnings from discontinued operations, net of tax	—	—	7	16	98
Net earnings	692	561	519	411	612
Less: net earnings (loss) attributable to noncontrolling interests	42	34	(64	) 17	5
Net earnings attributable to FNF common shareholders	\$650	\$527	\$583	\$394	\$607

Table of Contents

	Year Ended December 31,					
	2016	2015	2014	2013	2012	
	(Dollars in millions, except share data)					
Per Share Data:						
Basic net earnings per share attributable to Old FNF common shareholders			\$0.33	\$1.71	\$2.75	
Basic net earnings per share attributable to FNF Group common shareholders	\$2.40	\$1.95	\$0.77			
Basic net (loss) earnings per share attributable to FNFV Group common shareholders	\$(0.06)	\$(0.16)	\$3.04			
Weighted average shares outstanding Old FNF, basic basis (1)			138	230	221	
Weighted average shares outstanding FNF Group, basic basis (1)	272	277	138			
Weighted average shares outstanding FNFV Group, basic basis (1)	67	79	46			
Diluted net earnings per share attributable to Old FNF common shareholders			\$0.32	\$1.68	\$2.69	
Diluted net earnings per share attributable to FNF Group common shareholders	\$2.34	\$1.89	\$0.75			
Diluted net (loss) earnings per share attributable to FNFV Group common shareholders	\$(0.06)	\$(0.16)	\$3.01			
Weighted average shares outstanding Old FNF, diluted basis (1)			142	235	226	
Weighted average shares outstanding FNF Group, diluted basis (1)	280	286	142			
Weighted average shares outstanding FNFV Group, diluted basis (1)	70	82	47			
Dividends declared per share of Old FNF common stock			\$0.36	\$0.66	\$0.58	
Dividends declared per share of FNF Group common stock	\$0.88	\$0.80	\$0.37			
Balance Sheet Data:						
Investments (2)	\$4,284	\$4,853	\$4,669	\$3,791	\$4,053	
Cash and cash equivalents (3)	1,323	780	700	1,969	1,132	
Total assets	14,463	13,931	13,845	10,508	9,886	
Notes payable	2,746	2,793	2,803	1,303	1,327	
Reserve for title claim losses	1,487	1,583	1,621	1,636	1,748	
Redeemable NCI	344	344	715	—	—	
Equity	6,898	6,588	6,073	5,535	4,749	
Book value per share Old FNF				\$22.14	\$20.78	
Book value per share FNF Group (4)	\$22.81	\$21.21	\$18.87			
Book value per share FNFV Group (4)	\$15.54	\$15.05	\$16.31			
Other Data:						
Orders opened by direct title operations (in 000's)	2,184	2,092	1,914	2,181	2,702	
Orders closed by direct title operations (in 000's)	1,575	1,472	1,319	1,708	1,867	
Provision for title insurance claim losses as a percent of title insurance premiums (5)	3.3	% 5.7	% 6.2	% 7.0	% 7.0	%
Title related revenue (6):						
Percentage direct operations	68.2	% 70.1	% 70.0	% 60.1	% 61.9	%
Percentage agency operations	31.8	% 29.9	% 30.0	% 39.9	% 38.1	%

(1) Weighted average shares outstanding as of December 31, 2014 includes 25,920,078 FNF shares that were issued as part of the acquisition of LPS on January 2, 2014 and 91,711,237 FNFV shares that were issued as part of the recapitalization completed on June 30, 2014. Weighted average shares outstanding as of December 31, 2013 includes 19,837,500 shares that were issued as part of an equity offering by FNF on October 31, 2013.



Table of Contents

- (2) Investments as of December 31, 2016, 2015, 2014, 2013, and 2012, include securities pledged to secured trust deposits of \$544 million, \$608 million, \$499 million, \$261 million, and \$278 million, respectively.
- (3) Cash and cash equivalents as of December 31, 2016, 2015, 2014, 2013, and 2012 include cash pledged to secured trust deposits of \$331 million, \$108 million, \$136 million, \$339 million, and \$266 million, respectively.
- (4) Book value per share is calculated as equity at December 31 of each year presented divided by actual shares outstanding at December 31 of each year presented.
- (5) Includes the effects of the release of \$97 million of excess reserves in the quarter ended December 31, 2016.
- (6) Includes title insurance premiums and escrow, title-related and other fees.

## Selected Quarterly Financial Data (Unaudited)

Selected quarterly financial data is as follows:

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
	(Dollars in millions, except per share data)			
2016				
Revenue	\$2,048	\$2,482	\$2,517	\$2,507
Earnings from continuing operations before income taxes, equity in (loss) earnings of unconsolidated affiliates, and noncontrolling interest	131	308	271	362
Net earnings attributable to FNF Group common shareholders	73	187	163	231
Net earnings (loss) attributable to FNFV Group common shareholders	1	10	(7)	(8)
Basic earnings per share attributable to FNF Group common shareholders	0.27	0.69	0.60	0.85
Basic earnings (loss) per share attributable to FNFV Group common shareholders	0.01	0.15	(0.11)	(0.12)
Diluted earnings per share attributable to FNF Group common shareholders	0.26	0.67	0.58	0.83
Diluted earnings (loss) per share attributable to FNFV Group common shareholders	0.01	0.14	(0.11)	(0.12)
Dividends paid per share FNF Group common stock	0.21	0.21	0.21	0.25
2015				
Revenue	\$2,061	\$2,395	\$2,392	\$2,284
Earnings from continuing operations before income taxes, equity in (loss) earnings of unconsolidated affiliates, and noncontrolling interest	151	254	238	224
Net earnings attributable to FNF Group common shareholders	86	160	150	144
Net earnings (loss) attributable to FNFV Group common shareholders	—	10	(18)	(5)
Basic earnings per share attributable to FNF Group common shareholders	0.31	0.57	0.54	0.52
Basic earnings (loss) per share attributable to FNFV Group common shareholders	—	0.12	(0.24)	(0.07)
Diluted earnings per share attributable to FNF Group common shareholders	0.30	0.56	0.53	0.51
Diluted earnings (loss) per share attributable to FNFV Group common shareholders	—	0.12	(0.24)	(0.07)
Dividends paid per share FNF Group common stock	0.19	0.19	0.21	0.21

Table of Contents

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

The following discussion should be read in conjunction with the Consolidated Financial Statements and the Notes thereto and Selected Financial Data included elsewhere in this Form 10-K.

Overview

For a description of our business, including descriptions of segments, see the discussion under Business in Item 1 of Part I of this Report, which is incorporated by reference into this Part II, Item 7 of this Report.

Recent Developments

On February 27, 2017, Black Knight announced that it has completed the repricing of its existing Term B Facility under its senior secured credit facility (the "Repricing"). The Term B Facility was repriced from 300 basis points to 225 basis points over LIBOR. The LIBOR floor remains at 75 basis points. The repriced loans continue to be due in full on May 27, 2022. See Note J to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report for further discussion of the terms of the Black Knight Term B Facility. In conjunction with the Repricing, Black Knight's lenders consented to the previously announced tax-free distribution in which we intend to distribute all 83.3 million shares of Black Knight Financial Services, Inc. common stock that we currently own to FNF Group shareholders.

On February 1, 2017, our Board of Directors adopted a resolution to increase the size of the of our Board of Directors to twelve and elected Raymond R. Quirk to serve on our Board of Directors. Mr. Quirk is the Chief Executive Officer of FNF and has served in that capacity since December 2013. Previously, he served as the President of FNF beginning in April 2008. Since joining FNF in 1985, Mr. Quirk has served in numerous other executive and management positions, including Executive Vice President, Co-Chief Operating Officer, Division Manager and Regional Manager, with responsibilities for managing direct and agency title operations nationally.

On January 31, 2017, Black Knight's Board of Directors authorized a three-year share repurchase program, effective February 3, 2017, under which Black Knight may repurchase up to 10 million shares of its Class A common stock. The timing and volume of share repurchases will be determined by Black Knight's management based on its ongoing assessments of the capital needs of the business, the market price of its common stock and general market conditions. The repurchase program authorizes Black Knight to purchase its common stock from time to time through February 2, 2020, through open market purchases, negotiated transactions or other means, in accordance with applicable securities laws and other restrictions.

Effective January 1, 2017, Property Insight ("PI"), a Black Knight subsidiary that provides information used by title insurance underwriters, title agents and closing attorneys to source and underwrite title insurance for real property sales and transfers, realigned its commercial relationship with us. In connection with the realignment, responsibility for title plant posting and maintenance, as well as the related Property Insight employees, are now managed by us. Black Knight will continue to own the title plant technology and retain sales responsibility for third parties. The realignment will not have a material impact on our financial condition or results of operations.

On December 7, 2016, we announced that our Board of Directors approved a tax-free plan (the "Plan") whereby (1) we intend to distribute all 83.3 million shares of Black Knight Financial Services Inc. common stock that we currently own to FNF Group shareholders and (2) we intend to redeem all FNFV shares in exchange for shares of common stock of FNFV. Following the distributions, FNF, FNFV and Black Knight will each be independent, fully-distributed, publicly-traded common stocks, with FNF and FNFV no longer being tracking stocks. The Plan is subject to the receipt of private letter rulings from the Internal Revenue Service approving the distribution of Black Knight and FNFV shares, filing and acceptance of a registration statement for both the Black Knight and FNFV transactions with the Securities and Exchange Commission, the refinancing of Black Knight's senior notes, which are subject to the FNF guarantee, on reasonable terms, Black Knight and FNFV shareholder approvals and other customary closing conditions. The closing of the tax-free distributions of Black Knight and FNFV are not dependent on one another and will occur separately when the aforementioned closing conditions are met. The closing of the distributions is expected by the end of the third quarter of 2017.

On August 23, 2016, FNF Group completed its acquisition of Commissions, Inc. ("CINC"), a leading provider of web-based real estate marketing and customer relationship management software for elite Realtors® and agent teams

across North America, for \$229 million. CINC's product offerings include software, marketing and services designed to enhance the productivity and sales results of elite Realtors® and agent teams through lead generation and proactive lead management. See discussion in Acquisitions in Note B to the Consolidated Financial Statements included in Part II, Item 8 of this Report for further discussion.

During the second quarter of 2016 we invested \$30 million in CF Corporation ("CF Corp", NYSE: CFCOU), a blank check company co-founded by William P. Foley, the Chairman of our Board of Directors. Mr. Foley also serves as the Co-Executive Chairman of CF Corp. As of December 31, 2016, our investment in CF Corp has a fair value of \$31 million and is included in Equity securities available for sale on the corresponding Condensed Consolidated Balance Sheet.

On May 16, 2016, Black Knight completed its acquisition of eLynx Holdings, Inc. ("eLynx"), a leading lending document and data delivery platform, for \$115 million. eLynx helps clients in the financial services and real estate industries electronically

Table of Contents

capture and manage documents and associated data throughout the document lifecycle. This acquisition positions Black Knight to electronically support the full mortgage origination process. See discussion in Acquisitions in Note B to the Consolidated Financial Statements included in Part II, Item 8 of this Report for further discussion.

On May 2, 2016, we purchased certain shares of common and preferred stock of Ceridian Holding, LLC, the ultimate parent of Ceridian, from third-party minority interest holders for \$17 million. As a result of this purchase, our ownership of Ceridian increased from 32% to 33%.

On April 29, 2016, pursuant to the terms of a certain "synthetic lease" agreement, dated as of June 29, 2004, as amended on June 27, 2011, we exercised our option to purchase the land and various real property improvements associated with our corporate campus and headquarters in Jacksonville, Florida from SunTrust Bank for \$71 million.

On March 30, 2016, Ceridian HCM Holding, Inc., a wholly-owned subsidiary of Ceridian, completed its offering (the "Offering") of senior convertible preferred shares for aggregate proceeds of \$150 million. As part of the Offering, FNF purchased a number of shares equal to its pro-rata ownership in Ceridian for \$47 million. FNF's ownership percentage in Ceridian did not change as a result of the transaction.

On February 18, 2016, our Board of Directors approved a new FNFV Group three-year stock repurchase program, effective March 1, 2016, under which we may repurchase up to 15 million shares of FNFV Group common stock. Purchases may be made from time to time by us in the open market at prevailing market prices or in privately negotiated transactions through February 28, 2019.

**Discontinued Operations**

On December 31, 2014, we completed the distribution (the "Remy Spin-off") of all of the outstanding shares of common stock of our previously owned subsidiary Remy International, Inc. ("New Remy"), a manufacturer and distributor of auto parts, to FNFV shareholders. We've had no continuing involvement in New Remy since the Remy Spin-off. As a result of the Remy Spin-off, the results of New Remy are reflected in the Consolidated Statements of Earnings as discontinued operations for the year ended December 31, 2014. Total revenue included in discontinued operations was \$1,173 million for the year ended December 31, 2014. Pre-tax earnings included in discontinued operations was \$6 million for the year ended December 31, 2014.

**Business Trends and Conditions****Title**

Our Title segment revenue is closely related to the level of real estate activity which includes sales, mortgage financing and mortgage refinancing. Declines in the level of real estate activity or the average price of real estate sales will adversely affect our title insurance revenues.

We have found that residential real estate activity is generally dependent on the following factors:

- mortgage interest rates;
- mortgage funding supply; and
- strength of the United States economy, including employment levels.

As of February 15, 2017, the Mortgage Banker's Association ("MBA") estimated the size of the U.S. mortgage originations market as shown in the following table for 2015 - 2019 in its "Mortgage Finance Forecast" (in trillions):

	2019	2018	2017	2016	2015
Purchase transactions	\$1.2	\$1.2	\$1.1	\$1.0	\$0.9
Refinance transactions	0.4	0.4	0.5	0.9	0.8
Total U.S. mortgage originations	\$1.6	\$1.6	\$1.6	\$1.9	\$1.7

In 2015 and 2016, total originations were reflective of a generally improving residential real estate market driven by increasing home prices and historically low mortgage interest rates. Over the same period, existing home sales increased and there was a decline in total housing inventory. In 2017 and beyond, increased mortgage interest rates driven by gradual increases in the target federal funds rate are expected to adversely impact mortgage originations. In a rising interest rate environment, refinance transactions are expected to decline. The MBA predicts overall mortgage originations in 2017 through 2019 will decrease compared to the 2015 and 2016 periods due to a decrease in refinance transactions, offset by a slight increase in purchase transactions. Purchase transactions involve the issuance of both a lender's policy and an owner's policy, resulting in higher fees, whereas refinance transactions only require a lender's policy, resulting in lower fees.

While projected increases in mortgage interest rates present a potential headwind for mortgage originations, other economic indicators used to measure the health of the United States economy, including the unemployment rate and consumer confidence, have improved in recent years. According to the United States Department of Labor's Bureau of Labor, the unemployment rate has dropped from 7.4% in 2013 to 4.9% in 2016. Additionally, the Conference Board's monthly Consumer Confidence Index has

38

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## Table of Contents

risen sharply at the end of 2016 and into 2017. We believe that improvements in both of these economic indicators, among other indicators which support a generally improving United States economy, present potential tailwinds for mortgage originations and support recent home prices trends.

We cannot be certain how, if at all, the positive effects of a change in mix of purchase to refinance transactions and of a generally improving United States economy and the negative effects of projected decreases in overall originations will impact our future results of operations. We continually monitor origination trends and believe that, based on our ability to produce industry leading operating margins through all economic cycles, we are well positioned to adjust our operations for adverse changes in real estate activity.

Because commercial real estate transactions tend to be driven by supply and demand for commercial space and occupancy rates in a particular area rather than by interest rate fluctuations, we believe that our commercial real estate title insurance business is less dependent on the industry cycles discussed above than our residential real estate title business. Commercial real estate transaction volume is also often linked to the availability of financing. For several years through 2015, we experienced continual year-over-year increases in the fee per file of commercial transactions. In 2016, we experienced a slight decrease in the volume and fee per file of commercial transactions as compared to 2015. However, as 2015 was a record setting year for our commercial real estate title insurance business, our current year results continue to indicate strong commercial markets.

Historically, real estate transactions have produced seasonal revenue fluctuations in the real estate industry including for title insurers. The first calendar quarter is typically the weakest quarter in terms of revenue due to the generally low volume of home sales during January and February. The third calendar quarter is typically the strongest quarter in terms of revenue, primarily due to a higher volume of home sales in the summer months. The fourth quarter is typically also strong due to the desire of commercial entities to complete transactions by year-end. We have noted short-term fluctuations through recent years in resale and refinance transactions as a result of changes in interest rates.

### Black Knight

The U.S. mortgage market is large, and the loan life cycle is complex and consists of several stages. The mortgage loan life cycle includes origination, servicing and default. Mortgages are originated through home purchases or refinancings of existing mortgages. Once a mortgage is originated, it is serviced on a periodic basis by mortgage servicers, which may not be the lenders that originated the mortgage. Furthermore, if a mortgage experiences default, it triggers a set of multifaceted processes with an assortment of potential outcomes depending on a mix of variables. Underlying the three major components of the mortgage loan life cycle is the technology, data and analytics support behind each process, which has become increasingly critical to industry participants due to the complexity of regulatory requirements. As the industry has grown in complexity, participants have responded by outsourcing to large scale specialty providers, automating manual processes and seeking end-to-end solutions that support the processes required to manage the entire mortgage loan life cycle.

Black Knight's various businesses are affected differently by the level of mortgage originations, including refinancing transactions. Black Knight's mortgage servicing platform is less affected by varying levels of mortgage originations because it earns revenues based on the total number of mortgage loans it processes, which tend to stay more constant than the market for originations. Black Knight's origination technology and some of its data businesses are directly affected by the volume of real estate transactions and mortgage originations, but many of Black Knight's client contracts for origination technology contain minimum charges.

Black Knight's various businesses are also affected by general economic conditions. For example, in the event that a difficult economy or other factors lead to a decline in levels of home ownership and a reduction in the number of mortgage loans outstanding and we are not able to counter the effect of those events with increased market share or higher fees, it could have a material adverse effect on Black Knight's mortgage processing revenues. In contrast, we believe that a weaker economy tends to increase the volume of consumer mortgage defaults, which can increase the revenues in Black Knight's specialty servicing technology business that is used to service residential mortgage loans in default. Also, interest rates tend to decline in a weaker economy driving higher than normal refinance transactions that provide potential volume increases to Black Knight's origination technology offerings, most specifically its Exchange platform.

FNFV

Restaurant Group

The restaurant industry is highly competitive and is often affected by changes in consumer tastes and discretionary spending patterns; changes in general economic conditions; public safety conditions or concerns; demographic trends; weather conditions; the cost of food products, labor, energy and other operating costs; and governmental regulations. The restaurant industry is also characterized by high capital investments for new restaurants and relatively high fixed or semi-variable restaurant operating expenses. Because of the high fixed and semi-variable expenses, changes in sales in existing restaurants are generally expected to significantly affect restaurant profitability because many restaurant costs and expenses are not expected to change at the same

Table of Contents

rate as sales. Restaurant profitability can also be negatively affected by inflationary and regulatory increases in operating costs and other factors. The most significant commodities that may affect our cost of food and beverage are beef, seafood, poultry, and dairy, which accounted for approximately half of our overall cost of food and beverage in the past. Generally, temporary increases in these costs are not passed on to guests; however, in the past, we have adjusted menu prices to compensate for increased costs of a more permanent nature.

Average weekly sales per restaurant are typically higher in the first and fourth quarters than in other quarters, and we typically generate a disproportionate share of our earnings from operations in the first and fourth quarters. Holidays, severe weather and other disruptive conditions may impact sales volumes seasonally in some operating regions. Our revenues in future periods will continue to be subject to these and other factors that are beyond our control and, as a result, are likely to fluctuate.

**Critical Accounting Estimates**

The accounting estimates described below are those we consider critical in preparing our Consolidated Financial Statements. Management is required to make estimates and assumptions that can affect the reported amounts of assets and liabilities and disclosures with respect to contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates. See Note A of Notes to the Consolidated Financial Statements for additional description of the significant accounting policies that have been followed in preparing our Consolidated Financial Statements.

**Reserve for Title Claim Losses.** Title companies issue two types of policies, owner's and lender's policies, since both the new owner and the lender in real estate transactions want to know that their interest in the property is insured against certain title defects outlined in the policy. An owner's policy insures the buyer against such defects for as long as he or she owns the property (as well as against warranty claims arising out of the sale of the property by such owner). A lender's policy insures the priority of the lender's security interest over the claims that other parties may have in the property. The maximum amount of liability under a title insurance policy is generally the face amount of the policy plus the cost of defending the insured's title against an adverse claim; however, occasionally we do incur losses in excess of policy limits. While most non-title forms of insurance, including property and casualty, provide for the assumption of risk of loss arising out of unforeseen future events, title insurance serves to protect the policyholder from risk of loss for events that predate the issuance of the policy.

Unlike many other forms of insurance, title insurance requires only a one-time premium for continuous coverage until another policy is warranted due to changes in property circumstances arising from refinance, resale, additional liens, or other events. Unless we issue the subsequent policy, we receive no notice that our exposure under our policy has ended and, as a result, we are unable to track the actual terminations of our exposures.

Our reserve for title claim losses includes reserves for known claims as well as for losses that have been incurred but not yet reported to us ("IBNR"), net of recoupments. We reserve for each known claim based on our review of the estimated amount of the claim and the costs required to settle the claim. Reserves for IBNR claims are estimates that are established at the time the premium revenue is recognized and are based upon historical experience and other factors, including industry trends, claim loss history, legal environment, geographic considerations, and the types of policies written. We also reserve for losses arising from closing and disbursement functions due to fraud or operational error.

The table below summarizes our reserves for known claims and incurred but not reported claims related to title insurance:

	December 31, 2016		December 31, 2015	
	\$	%	\$	%
	(in millions)			
Known claims	\$ 166	11.2 %	\$ 202	12.8 %
IBNR	1,321	88.8	1,381	87.2
Total Reserve for Title Claim Losses	\$ 1,487	100.0 %	\$ 1,583	100.0 %

Although claims against title insurance policies can be reported relatively soon after the policy has been issued, claims may be reported many years later. Historically, approximately 60% of claims are paid within approximately five years of the policy being written. By their nature, claims are often complex, vary greatly in dollar amounts and are affected

by economic and market conditions, as well as the legal environment existing at the time of settlement of the claims. Estimating future title loss payments is difficult because of the complex nature of title claims, the long periods of time over which claims are paid, significantly varying dollar amounts of individual claims and other factors.

Our process for recording our reserves for title claim losses begins with analysis of our loss provision rate. We forecast ultimate losses for each policy year based upon historical policy year loss emergence and development patterns and adjust these to reflect policy year and policy type differences which affect the timing, frequency and severity of claims. We also use a technique that relies on historical loss emergence and on a premium-based exposure measurement. The latter technique is particularly applicable

Table of Contents

to the most recent policy years, which have few reported claims relative to an expected ultimate claim volume. After considering historical claim losses, reporting patterns and current market information, and analyzing quantitative and qualitative data provided by our legal, claims and underwriting departments, we determine a loss provision rate, which is recorded as a percentage of current title premiums. This loss provision rate is set to provide for losses on current year policies, but due to development of prior years and our long claim duration, it periodically includes amounts of estimated adverse or positive development on prior years' policies. Any significant adjustments to strengthen or release loss reserves resulting from the comparison with our actuarial analysis are made in addition to this loss provision rate. At each quarter end, our recorded reserve for claim losses is initially the result of taking the prior recorded reserve for claim losses, adding the current provision and subtracting actual paid claims, resulting in an amount that management then compares to the range of reasonable estimates provided by the actuarial calculation. We recorded our loss provision rate at 5.5% for the nine months ended September 30, 2016 and at 5.0% for the three months ended December 31, 2016. Together with a \$97 million adjustment to reduce our prior claims reserves, our average loss provision rate was 3.3% for the year-ended December 31, 2016. Our average loss provision rate was 5.7% and 6.2% for the years ended December 31, 2015 and 2014, respectively. Of such annual amounts, 5.0%, 5.2% and 5.5% related to losses on policies written in the current year, and the remainder related to developments on prior year policies. The decrease in the loss provision rate during 2015 and 2016 was primarily driven by continued positive development in the more recent policy years. In 2016, favorable development of prior year losses of \$79 million or 1.7% was accounted for in the provision rate. In 2015 and 2014 adverse development of prior year losses of \$22 million or 0.5% of 2015 premium and \$26 million or 0.7% of 2014 premium was accounted for in the loss provision rate. See Note L to the Consolidated Financial Statements included in Item 8, Part II of this report for further discussion of the adjustment for prior year loss development made in the current year.

Due to the uncertainty inherent in the process and due to the judgment used by both management and our actuary, our ultimate liability may be greater or less than our carried reserves. If the recorded amount is within the actuarial range but not at the central estimate, we assess the position within the actuarial range by analysis of other factors in order to determine that the recorded amount is our best estimate. These factors, which are both qualitative and quantitative, can change from period to period, and include items such as current trends in the real estate industry (which we can assess, but for which there is a time lag in the development of the data), any adjustments from the actuarial estimates needed for the effects of unusually large or small claims, improvements in our claims management processes, and other cost saving measures. If the recorded amount is not within a reasonable range of our actuary's central estimate, we may have to record a charge or credit and reassess the loss provision rate on a go forward basis. We will continue to reassess the provision to be recorded in future periods consistent with this methodology.

During the quarter ended December 31, 2016, we released excess title reserves of \$97 million in addition to reducing the current quarter to a 5.0% provision for claims losses. The release of excess reserves was due to analysis of historical ultimate loss ratios, the reduced volatility of development of those historical ultimate loss ratios and lower policy year loss ratios in recent years. Due to the recent reduction in volatility of prior year ultimate loss ratios, we felt that actual results were more in line with our actuarial analysis and released excess reserves to bring our recorded position in line with current actuarial projections.

The table below presents our title insurance loss development experience for the past three years:

	2016	2015	2014
	(In millions)		
Beginning balance	\$1,583	\$1,621	\$1,636
Reserve assumed, net (1)	—	—	52
Change in reinsurance recoverable	(8	) 1	7
Claims loss provision related to:			
Current year	236	224	202
Prior years (2)	(79	) 22	26
Total title claims loss provision	157	246	228
Claims paid, net of recoupments related to:			

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Current year	(10 )	(7 )	(5 )
Prior years	(235 )	(278 )	(297 )
Total title claims paid, net of recoupments	(245 )	(285 )	(302 )
Ending balance	\$1,487	\$1,583	\$1,621
Title premiums	\$4,723	\$4,286	\$3,671

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(1) Reserve of \$54 million was recorded as part of the acquisition of LPS on January 2, 2014, and a reserve of \$2 million was released as part of the sale of a small title operation.

Table of Contents

(2) Reserve of \$97 million released in 2016 related to improving development on prior year claim trends.

	2016	2015	2014
Provision for claim losses as a percentage of title insurance premiums:			
Current year	5.0 %	5.2%	5.5%
Prior years	(1.7)	0.5	0.7
Total provision	3.3 %	5.7%	6.2%

Actual claims payments are made up of loss payments and claims management expenses offset by recoupments and were as follows (in millions):

	Loss Payments	Claims Management Expenses	Recoupments	Net Loss Payments
Year ended December 31, 2016	\$ 179	\$ 121	\$ (55 )	\$ 245
Year ended December 31, 2015	211	137	(63 )	285
Year ended December 31, 2014	207	151	(56 )	302

As of December 31, 2016 and 2015, our recorded reserves were \$1,487 million and \$1,583 million, respectively, which we determined were reasonable and represented our best estimate and these recorded amounts were within a reasonable range of the central estimates provided by our actuaries. Our recorded reserves were equal to the mid-point of the provided range of our actuarial estimates of \$1.3 billion and \$1.7 billion as of December 31, 2016. Our recorded reserves were \$86 million above the mid-point of the range of our actuarial estimates as of December 31, 2015.

During 2016 and 2015, payment patterns were consistent with our actuaries' and management's expectations. Also, compared to prior years we have seen a leveling off of the ultimate loss ratios in more mature policy years, particularly 2005-2008. While we still see claims opened on these policy years, the proportion of our claims inventory represented by these policy years has continued to decrease. Additionally, we continued to see positive development relating to the 2009 through 2015 policy years, which we believe is indicative of more stringent underwriting standards by us and the lending industry. Further, we have seen significant positive development in residential owner's policies due to increased payments on residential lender's policies which inherently limit the potential loss on the related owner's policy to the differential in coverage amount between the amount insured under the owner's policy and the amount paid under the residential lender's policy. Also, any residential lender 's policy claim paid relating to a property that is in foreclosure negates any potential loss under an owner's policy previously issued on the property as the owner has no equity in the property. Along with the positive development on claims management expenses, our ending open claim inventory decreased from approximately 17,000 claims at December 31, 2015 to approximately 15,000 claims at December 31, 2016. If actual claims loss development varies from what is currently expected and is not offset by other factors, it is possible that our recorded reserves may fall outside a reasonable range of our actuaries' central estimate, which may require additional reserve adjustments in future periods.

An approximate \$47 million increase (decrease) in our annualized provision for title claim losses would occur if our loss provision rate were 1% higher (lower), based on 2016 title premiums of \$4,723 million. A 10% increase (decrease) in our reserve for title claim losses, as of December 31, 2016, would result in an increase (decrease) in our provision for title claim losses of approximately \$149 million.

**Valuation of Investments.** We regularly review our investment portfolio for factors that may indicate that a decline in fair value of an investment is other-than-temporary. Some factors considered in evaluating whether or not a decline in fair value is other-than-temporary include: (i) our intent and need to sell the investment prior to a period of time sufficient to allow for a recovery in value; (ii) the duration and extent to which the fair value has been less than cost; and (iii) the financial condition and prospects of the issuer. Such reviews are inherently uncertain and the value of the investment may not fully recover or may decline in future periods resulting in a realized loss. Investments are selected for analysis whenever an unrealized loss is greater than a certain threshold that we determine based on the size of our portfolio or by using other qualitative factors. Fixed maturity investments that have unrealized losses caused by interest rate movements are not at risk as we do not anticipate having the need or intent to sell prior to maturity. Unrealized losses on investments in equity securities, preferred stock and fixed maturity instruments that are susceptible to credit related declines are evaluated based on the aforementioned factors. Currently available market

data is considered and estimates are made as to the duration and prospects for recovery, and the intent or ability to retain the investment until such recovery takes place. These estimates are revisited quarterly and any material degradation in the prospect for recovery will be considered in the other-than-temporary impairment analysis. We believe that our monitoring and analysis has provided for the proper recognition of other-than-temporary impairments over the past three-year period. Any change in estimate in this area will have an impact on the results of operations of the period in which a charge is taken.

Table of Contents

The fair value hierarchy established by the standard on fair value includes three levels, which are based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

In accordance with the standard on fair value, our financial assets and liabilities that are recorded in the Consolidated Balance Sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1. Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that we have the ability to access.

Level 2. Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3. Financial assets and liabilities whose values are based on model inputs that are unobservable.

The following table presents our fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 and 2015, respectively:

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Assets:				
Fixed-maturity securities available for sale:				
U.S. government and agencies	\$—	\$117	\$—	—\$117
State and political subdivisions	—	615	—	615
Corporate debt securities	—	1,533	—	1,533
Foreign government bonds	—	109	—	109
Mortgage-backed/asset-backed securities	—	58	—	58
Preferred stock available for sale	32	283	—	315
Equity securities available for sale	438	—	—	438
Total assets	\$470	\$2,715	\$—	—\$3,185
	December 31, 2015			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Assets:				
Fixed-maturity securities available for sale:				
U.S. government and agencies	\$—	\$117	\$—	—\$117
State and political subdivisions	—	768	—	768
Corporate debt securities	—	1,495	—	1,495
Foreign government bonds	—	107	—	107
Mortgage-backed/asset-backed securities	—	71	—	71
Preferred stock available for sale	42	247	—	289
Equity securities available for sale	334	11	—	345
Total assets	\$376	\$2,816	\$—	—\$3,192

Our Level 2 fair value measures for fixed-maturities available for sale are provided by third-party pricing services. We utilize one firm for our taxable bond and preferred stock portfolios and another for our tax-exempt bond portfolio. These pricing services are leading global providers of financial market data, analytics and related services to financial institutions. We rely on one price for each instrument to determine the carrying amount of the assets on our balance sheet. The inputs utilized in these pricing methodologies include observable measures such as benchmark yields, reported trades, broker dealer quotes, issuer spreads, two sided markets, benchmark securities, bids, offers and

reference data including market research publications. We review the pricing methodologies for all of our Level 2 securities by obtaining an understanding of the valuation models and assumptions used by

43

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Table of Contents

the third-party as well as independently comparing the resulting prices to other publicly available measures of fair value and internally developed models. The pricing methodologies used by the relevant third party pricing services are as follows:

U.S. government and agencies: These securities are valued based on data obtained for similar securities in active markets and from inter-dealer brokers.

State and political subdivisions: These securities are valued based on data obtained for similar securities in active markets and from inter-dealer brokers. Factors considered include relevant trade information, dealer quotes and other relevant market data.

Corporate debt securities: These securities are valued based on dealer quotes and related market trading activity. Factors considered include the bond's yield, its terms and conditions, and any other feature which may influence its risk and thus marketability, as well as relative credit information and relevant sector news.

Foreign government bonds: These securities are valued based on a discounted cash flow model incorporating observable market inputs such as available broker quotes and yields of comparable securities.

Mortgage-backed/asset-backed securities: These securities are comprised of agency mortgage-backed securities, collateralized mortgage obligations, and asset-backed securities. They are valued based on available trade information, dealer quotes, cash flows, relevant indices and market data for similar assets in active markets.

Preferred stocks: Preferred stocks are valued by calculating the appropriate spread over a comparable U.S. Treasury security. Inputs include benchmark quotes and other relevant market data.

Equity securities available for sale: This security is valued using a blending of two models, a discounted cash flow model and a comparable company model utilizing earnings and multiples of similar publicly-traded companies.

As of December 31, 2016 and December 31, 2015 we held no assets nor liabilities measured at fair value using Level 3 inputs.

During the years ended December 31, 2016, 2015 and 2014, we incurred impairment charges relating to investments that were determined to be other-than-temporarily impaired of \$19 million, \$14 million, and \$6 million, respectively. Refer to Note D to the Consolidated Financial Statements included in Item 8, Part II of this Report for further discussion.

Included in our Investments as of December 31, 2016 are various holdings in foreign securities as follows (in millions):

	Carrying Value	Cost Basis	Unrealized Gains	Unrealized Losses	Market Value
	(In millions)				
Available for sale securities:					
Australia	\$22	\$22	—	\$ —	\$ 22
Belgium	41	40	1	—	41
Canada	46	50	1	(5 )	46
China	8	8	—	—	8
France	19	19	—	—	19
Germany	46	46	—	—	46
Ireland	39	39	—	—	39
Japan	67	67	—	—	67
South Korea	8	8	—	—	8
Netherlands	5	5	—	—	5
Norway	10	10	—	—	10
New Zealand	74	78	—	(4 )	74
Switzerland	9	9	—	—	9
United Kingdom	68	68	—	—	68
Total	\$462	\$469	\$ 2	\$ (9 )	\$ 462

We have reviewed all of these securities as of December 31, 2016 and do not believe that there is a risk of significant credit loss as these securities are in a gross unrealized gain position of \$2 million and a gross unrealized loss position of \$9 million. We held no European sovereign debt at December 31, 2016.

Goodwill. We have made acquisitions that have resulted in a significant amount of goodwill. As of December 31, 2016 and 2015, goodwill aggregated was \$5,065 million and \$4,756 million, respectively. The majority of our goodwill as of December 31, 2016 relates to goodwill recorded in connection with the LPS acquisition on January 2, 2014, as well as the Chicago Title merger

Table of Contents

in 2000. Refer to Note F to the Consolidated Financial Statements included in Item 8, Part II of this Report for a summary of recent changes in our Goodwill balance.

In evaluating the recoverability of goodwill, we perform a qualitative analysis to determine whether it is more likely than not that our fair value exceeds our carrying value. Based on the results of this analysis, an annual goodwill impairment test may be completed based on an analysis of the discounted future cash flows generated by the underlying assets. The process of determining whether or not goodwill is impaired or recoverable relies on projections of future cash flows, operating results and market conditions. Future cash flow estimates are based partly on projections of market conditions such as the volume and mix of refinance and purchase transactions and interest rates, which are beyond our control and are likely to fluctuate. While we believe that our estimates of future cash flows are reasonable, these estimates are not guarantees of future performance and are subject to risks and uncertainties that may cause actual results to differ from what is assumed in our impairment tests. Such analyses are particularly sensitive to changes in estimates of future cash flows and discount rates. Changes to these estimates might result in material changes in fair value and determination of the recoverability of goodwill, which may result in charges against earnings and a reduction in the carrying value of our goodwill in the future. We have completed our annual goodwill impairment analysis in each of the past three years and as a result, no impairment charges were recorded to goodwill in 2016, 2015, or 2014. As of December 31, 2016, we have determined that our goodwill has a fair value which substantially exceeds our carrying value.

**Other Intangible Assets.** We have other intangible assets, not including goodwill, which consist primarily of customer relationships and contracts and trademarks which are generally recorded in connection with acquisitions at their fair value. Intangible assets with estimable lives are amortized over their respective estimated useful lives to their estimated residual values and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In general, customer relationships are amortized over their estimated useful lives using an accelerated method which takes into consideration expected customer attrition rates. Contractual relationships are generally amortized over their contractual life. Trademarks are generally considered intangible assets with indefinite lives and are reviewed for impairment at least annually.

We recorded \$1 million and \$11 million in impairment expense to other intangible assets during the years ended December 31, 2016 and 2014. The impairment in 2016 was for customer relationships and tradenames at our real estate subsidiaries in our Core Corporate & Other segment. The impairment in 2014 was to tradenames in our Restaurant Group. We recorded no impairment expense related to other intangible assets in the year ended December 31, 2015.

**Title Revenue Recognition.** Our direct title insurance premiums and escrow, title-related and other fees are recognized as revenue at the time of closing of the related transaction as the earnings process is then considered complete.

Premium revenues from agency operations and agency commissions include an accrual based on estimates using historical information of the volume of transactions that have closed in a particular period for which premiums have not yet been reported to us. The accrual for agency premiums is necessary because of the lag between the closing of these transactions and the reporting of these policies to us by the agent. Historically, the time lag between the closing of these transactions by our agents and the reporting of these policies, or premiums, to us has been up to 15 months, with 86 - 91% reported within three months following closing, an additional 9 - 11% reported within the next three months and the remainder within seven to fifteen months. In addition to accruing these earned but unreported agency premiums, we also accrue agent commission expense, which was 76.1%, of agent premiums earned in 2016, 76.0% of agent premiums earned in 2015 and 75.7% of agent premiums earned in 2014. We also record a provision for claim losses at our average provision rate at the time we record the accrual for the premiums, which was 5.4%, excluding the release of excess reserves relating to prior years of \$97 million, for 2016, 5.7% for 2015 and 6.2% for 2014, and accruals for premium taxes and other expenses relating to our premium accrual. The resulting impact to pretax earnings in any period is approximately 11% of the accrued premium amount. The impact of the change in the accrual for agency premiums and related expenses on our pretax earnings was an increase of \$4 million for the year ended December 31, 2016, a decrease of \$5 million for the year ended 2015 and a decrease of \$9 million for the year ended 2014. The amount due from our agents relating to this accrual, i.e., the agent premium less their contractual retained

commission, was approximately \$53 million and \$45 million at December 31, 2016 and 2015, respectively, which represents agency premiums of approximately \$267 million and \$230 million at December 31, 2016 and 2015, respectively, and agent commissions of \$214 million and \$185 million at December 31, 2016 and 2015, respectively. We may have changes in our accrual for agency revenue in the future if additional relevant information becomes available.

**Black Knight Revenue Recognition.** In our Black Knight segment, we recognize revenues in accordance with Financial Accounting Standards Board ("FASB"), Accounting Standards Codification ("ASC") Topic 605, Revenue Recognition ("ASC 605"). Recording revenues requires judgment, including determining whether an arrangement includes multiple elements, whether any of the elements are essential to the functionality of any other elements and the allocation of the consideration based on each element's relative selling price. Clients receive certain contract elements over time and changes to the elements in an arrangement or, in our determination, to the relative selling price for these elements, could materially affect the amount of earned and unearned revenues reflected in our financial statements.

The primary judgments relating to revenue recognition include determining whether (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the seller's price to the buyer is fixed or determinable; and

Table of Contents

(iv) collectability is reasonably assured. Judgment is also required to determine whether an arrangement involving more than one deliverable contains more than one unit of accounting and how the arrangement consideration should be measured and allocated to the separate units of accounting.

If the deliverables under a contract are software related, Black Knight determines the appropriate units of accounting and how the arrangement consideration should be measured and allocated to the separate units. This determination, as well as management's ability to establish vendor specific objective evidence ("VSOE") of the fair value for the individual deliverables, can affect both the amount and the timing of revenue recognition under these agreements. The inability to establish VSOE of the fair value for each contract deliverable results in having to record deferred revenues and/or applying the residual method. For arrangements where we determine VSOE of the fair value for software maintenance using a stated renewal rate within the contract, Black Knight uses judgment to determine whether the renewal rate represents fair value for that element as if it had been sold on a stand-alone basis. For a small percentage of revenues, Black Knight uses contract accounting when the arrangement with the client includes significant customization, modification or production of software. For elements accounted for under contract accounting, revenues are recognized using the percentage-of-completion method since reasonably dependable estimates of revenues and contract hours applicable to various elements of a contract can be made.

Black Knight is often party to multiple concurrent contracts with the same client. These situations require judgment to determine whether the individual contracts should be aggregated or evaluated separately for purposes of revenue recognition. In making this determination Black Knight considers the timing of negotiating and executing the contracts, whether the different elements of the contracts are interdependent and whether any of the payment terms of the contracts are interrelated.

Due to the large number, broad nature and average size of individual contracts Black Knight is a party to, the effect of judgments and assumptions applied in recognizing revenues for any single contract is not likely to have a material effect on our Black Knight segment or our consolidated operations. However, the broader accounting policy assumptions that Black Knight applies across similar arrangements or classes of clients could significantly influence the timing and amount of revenues recognized in our results of operations.

Accounting for Income Taxes. As part of the process of preparing the consolidated financial statements, we are required to determine income taxes in each of the jurisdictions in which we operate. This process involves estimating actual current tax expense together with assessing temporary differences resulting from differing recognition of items for income tax and accounting purposes. These differences result in deferred income tax assets and liabilities, which are included within the Consolidated Balance Sheets. We must then assess the likelihood that deferred income tax assets will be recovered from future taxable income and, to the extent we believe that recovery is not likely, establish a valuation allowance. To the extent we establish a valuation allowance or increase this allowance in a period, we must reflect this increase as expense within Income tax expense in the Consolidated Statement of Earnings.

Determination of income tax expense requires estimates and can involve complex issues that may require an extended period to resolve. Further, the estimated level of annual pre-tax income can cause the overall effective income tax rate to vary from period to period. We believe that our tax positions comply with applicable tax law and that we adequately provide for any known tax contingencies. We believe the estimates and assumptions used to support our evaluation of tax benefit realization are reasonable. Final determination of prior-year tax liabilities, either by settlement with tax authorities or expiration of statutes of limitations, could be materially different than estimates reflected in assets and liabilities and historical income tax provisions. The outcome of these final determinations could have a material effect on our income tax provision, net income or cash flows in the period that determination is made.

Capitalized Software. Capitalized software includes the fair value of software acquired in business combinations, purchased software and capitalized software development costs. Purchased software is recorded at cost and amortized using the straight-line method over its estimated useful life. Software acquired in business combinations is recorded at its fair value and amortized using straight-line or accelerated methods over its estimated useful life, ranging from 5 to 10 years. In our Black Knight segment we have significant internally developed software. These costs are amortized using the straight-line or an accelerated method over the estimated useful life. Useful lives of computer software range from 3 to 10 years. For software products to be sold, leased, or otherwise marketed, all costs incurred to establish the technological feasibility are research and development costs, and are expensed as they are incurred. Costs incurred

subsequent to establishing technological feasibility, such as programmers' salaries and related payroll costs and costs of independent contractors, are capitalized and amortized on a product by product basis commencing on the date of general release to customers. We do not capitalize any costs once the product is available for general release to customers. For internal-use computer software products, internal and external costs incurred during the preliminary project stage are expensed as they are incurred. Internal and external costs incurred during the application development stage are capitalized and amortized on a product by product basis commencing on the date the software is ready for its intended use. We do not capitalize any costs once the software is ready for its intended use. We also assess the recorded value of computer software for impairment on a regular basis by comparing the carrying value to the estimated future cash flows to be generated by the underlying software asset. There is an inherent uncertainty in determining the expected useful life of or cash flows to be generated from computer software. We did not record any impairments for software

Table of Contents

in the year ended December 31, 2016. We recorded impairment charges of \$1 million and \$5 million in the years ended December 31, 2015 and 2014, respectively, for abandoned software development projects.

Certain Factors Affecting Comparability

Year ended December 31, 2015. On September 28, 2015 we distributed all of our shares of J. Alexander's to the holders of FNFV Group Common Stock. As a result of this distribution, the results of operations for the year ended December 31, 2015 include the results from J. Alexander's through the date of the distribution.

Year ended December 31, 2014. On January 2, 2014, we completed the purchase of LPS. As a result of this acquisition we began to consolidate the results of LPS effective January 3, 2014. On December 31, 2014, we distributed all of our shares in Remy to the holders of FNFV Group Common Stock. As a result of this distribution, the operations for Remy are presented as discontinued operations for all periods presented.

Table of Contents

## Results of Operations

## Consolidated Results of Operations

Net earnings. The following table presents certain financial data for the years indicated:

	Year Ended December 31,		
	2016	2015	2014
	(Dollars in millions)		
Revenue:			
Direct title insurance premiums	\$2,097	\$2,009	\$1,727
Agency title insurance premiums	2,626	2,277	1,944
Escrow, title-related and other fees	3,546	3,324	2,804
Restaurant revenue	1,158	1,412	1,436
Interest and investment income	129	123	126
Realized gains and losses, net	(2 )	(13 )	(13 )
Total revenue	9,554	9,132	8,024
Expenses:			
Personnel costs	2,832	2,671	2,540
Agent commissions	1,998	1,731	1,471
Other operating expenses	1,944	1,881	1,643
Cost of restaurant revenue	984	1,195	1,220
Depreciation and amortization	431	410	403
Provision for title claim losses	157	246	228
Interest expense	136	131	127
Total expenses	8,482	8,265	7,632
Earnings from continuing operations before income taxes and equity in (loss) earnings of unconsolidated affiliates	1,072	867	392
Income tax expense	372	290	312
Equity in (loss) earnings of unconsolidated affiliates	(8 )	(16 )	432
Net earnings from continuing operations	\$692	\$561	\$512

## Revenues.

Total revenue in 2016 increased \$422 million compared to 2015, primarily due to an increase in closed order volumes in our direct title business, increases in agent remittances, increased revenue in our Black Knight segment, and increased revenue associated with growth and acquisitions at OneDigital. Total revenue in 2015 increased \$1,108 million compared to 2014, primarily due to an increase in closed order volumes in our direct title business, increases in agent remittances, an increase in revenue in our Black Knight segment, and increases related to businesses acquired in 2015 and late 2014.

Total net earnings from continuing operations increased \$131 million in the year ended December 31, 2016, compared to the 2015 period. The increase consisted of a \$138 million increase at FNF Group and a \$7 million decrease at FNFV. Total net earnings from continuing operations increased \$49 million in the year ended December 31, 2015, compared to the 2014 period. The increase consisted of a \$310 million increase at FNF Group and a \$261 million decrease at FNFV.

The change in revenue and net earnings is discussed in further detail at the segment level below.

Interest and investment income levels are primarily a function of securities markets, interest rates and the amount of cash available for investment. Interest and investment income was \$129 million, \$123 million, and \$126 million for the years ended December 31, 2016, 2015, and 2014, respectively. The increase in 2016 as compared to 2015 is primarily attributable to increased yield on our fixed maturity holdings and increased dividend income on our equity and preferred securities, offset by a decrease in average invested assets. The decrease in 2015 as compared to 2014 is due to decreased bond yields and a change in portfolio mix. The effective return on average invested assets, excluding realized gains and losses, was 3.6%, 3.4%, and 3.6% for the years ended December 31, 2016, 2015, and 2014, respectively.

Net realized losses totaled \$2 million, \$13 million, and \$13 million for the years ended December 31, 2016, 2015, and 2014, respectively. The net realized losses for the year ended December 31, 2016 included a realized gain of \$15 million related to the disposition of an other long term investment, \$12 million for gains on sales of available for sale investments, and a gain of \$2 million related to the favorable outcome of litigation. The gains were more than offset by losses of \$13 million on impairments of available for sale investments, \$3 million for impairment of an equity method investment, losses of \$6 million related to

Table of Contents

impairments of other assets at our Restaurant Group, \$4 million for losses on disposal of fixed assets, a loss of \$3 million on the impairment of an other long-term investment, a \$1 million loss related to the impairment of an other intangible asset, and \$1 million in realized losses related to other individually insignificant items. The net realized loss for the year ended December 31, 2015 included a net realized gain of \$1 million on our investment portfolio, net realized gains of \$16 million due to favorable settlement of litigation, net realized losses of \$19 million due to impairment of long-lived assets at our Restaurant Group, net realized losses of \$5 million on early redemption of Black Knight corporate bonds, and \$6 million of miscellaneous other net realized losses. The net realized loss for the year ended December 31, 2014 includes net realized gains of \$9 million on the sales of various investments and gains of \$11 million on consolidation of previously owned minority interests. These gains were offset by a \$6 million impairment write down on bonds, asset impairments of \$25 million, and \$2 million in losses on other individually insignificant items.

## Expenses.

Our operating expenses consist primarily of personnel costs; other operating expenses, which in our title business are incurred as orders are received and processed and at Black Knight are incurred for data processing; agent commissions, which are incurred as revenue is recognized; and cost of restaurant revenue. Title insurance premiums, escrow and title-related fees are generally recognized as income at the time the underlying transaction closes or other service is provided. Direct title operations revenue often lags approximately 45-60 days behind expenses and therefore gross margins may fluctuate. The changes in the market environment, mix of business between direct and agency operations and the contributions from our various business units have historically impacted margins and net earnings. We have implemented programs and have taken necessary actions to maintain expense levels consistent with revenue streams. However, a short time lag exists in reducing variable costs and certain fixed costs are incurred regardless of revenue levels.

Personnel costs include base salaries, commissions, benefits, stock-based compensation and bonuses paid to employees, and are one of our most significant operating expenses. Personnel costs that are directly attributable to the operations of the Restaurant Group are included in Cost of restaurant revenue.

Agent commissions represent the portion of premiums retained by our third-party agents pursuant to the terms of their respective agency contracts.

Other operating expenses consist primarily of facilities expenses, title plant maintenance, premium taxes (which insurance underwriters are required to pay on title premiums in lieu of franchise and other state taxes), appraisal fees and other cost of sales on ServiceLink product offerings and other title related products, postage and courier services, computer services, professional services, travel expenses, general insurance, and bad debt expense on our trade and notes receivable.

Cost of restaurant revenue includes cost of food and beverage, primarily the costs of beef, groceries, produce, seafood, poultry and alcoholic and non-alcoholic beverages, net of vendor discounts and rebates, payroll and related costs and expenses directly relating to restaurant level activities, and restaurant operating costs including occupancy and other operating expenses at the restaurant level.

The provision for title claim losses includes an estimate of anticipated title and title-related claims, and escrow losses. The change in expenses from the FNF Core segments and FNFV segments is discussed in further detail at the segment level below.

Income tax expense was \$372 million, \$290 million, and \$312 million for the years ended December 31, 2016, 2015, and 2014, respectively. Income tax expense as a percentage of earnings from continuing operations before income taxes for the years ended December 31, 2016, 2015, and 2014 was 34.7%, 33.4%, and 79.6%, respectively. The increase in the effective tax rate in 2016 from 2015 is primarily related to lower tax exempt interest income, tax credits and an increase in non-deductible expenses. The decrease in the effective tax rate in 2015 from 2014 is primarily related to reduced taxes associated with the reduction in Equity in (loss) earnings of unconsolidated affiliates. The fluctuation in income tax expense as a percentage of earnings from continuing operations before income taxes is attributable to our estimate of ultimate income tax liability and changes in the characteristics of net earnings year to year, such as the weighting of operating income versus investment income.

Equity in (loss) earnings of unconsolidated affiliates was \$(8) million, \$(16) million, and \$432 million for the years ended December 31, 2016, 2015, and 2014, respectively, and consisted of our equity in the net (loss) earnings of Ceridian and other investments in unconsolidated affiliates. The decrease in equity in losses in 2016 from 2015 is primarily related to lower net losses at Ceridian and increased earnings for various other of our equity method investments. The decrease in equity in earnings in 2015 from in 2014 is primarily due to our \$495 million portion of the Ceridian gain on the sale of Comdata to Fleetcor in 2014.

Table of Contents

## Segment Results of Operations

## FNF Core Operations

## Title

The following table presents the results of our Title segment for the years indicated:

	Year Ended December 31,		
	2016	2015	2014
	(In millions)		
<b>Revenues:</b>			
Direct title insurance premiums	\$2,097	\$2,009	\$1,727
Agency title insurance premiums	2,626	2,277	1,944
Escrow, title-related and other fees	2,128	2,005	1,855
Interest and investment income	127	123	122
Realized gains and losses, net	—	14	(4)
<b>Total revenue</b>	<b>6,978</b>	<b>6,428</b>	<b>5,644</b>
<b>Expenses:</b>			
Personnel costs	2,214	2,090	1,896
Other operating expenses	1,436	1,381	1,370
Agent commissions	1,998	1,731	1,471
Depreciation and amortization	148	144	145
Provision for title claim losses	157	246	228
<b>Total expenses</b>	<b>5,953</b>	<b>5,592</b>	<b>5,110</b>
Earnings before income taxes	\$1,025	\$836	\$534
Orders opened by direct title operations (in 000's)	2,184	2,092	1,914
Orders closed by direct title operations (in 000's)	1,575	1,472	1,319

Total revenues in 2016 increased \$550 million or 9% compared to 2015. Total revenues in 2015 increased \$784 million or 14% compared to 2014. The increase in the years ended December 31, 2016 and 2015 is primarily attributable to improvements in the overall real estate markets driving increases in closed order volumes, increased remittances from agents, and revenue associated with acquisitions.

The following table presents the percentages of title insurance premiums generated by our direct and agency operations:

	Year Ended December 31,					
	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
	(Dollars in millions)					
Title premiums from direct operations	\$2,097	44.4 %	\$2,009	46.9 %	\$1,727	47.0 %
Title premiums from agency operations	2,626	55.6	2,277	53.1	1,944	53.0
<b>Total title premiums</b>	<b>\$4,723</b>	<b>100.0%</b>	<b>\$4,286</b>	<b>100.0%</b>	<b>\$3,671</b>	<b>100.0%</b>

Title premiums increased 10% in the year ended December 31, 2016 as compared to the 2015 period. The increase was made up of an increase in premiums from direct operations of \$88 million, or 4% and an increase in premiums from agency operations of \$349 million, or 15%. Title premiums increased 16.8% in the year ended December 31, 2015 as compared to the 2014 period. The increase was made up of an increase in premiums from direct operations of \$282 million or 16%, and an increase in premiums from agency operations of \$333 million, or 17%.

Table of Contents

The following table presents the percentages of opened and closed title insurance orders generated by purchase and refinance transactions by our direct operations:

	Year ended December 31,		
	2016	2015	2014
Opened title insurance orders from purchase transactions (1)	53.5 %	54.0 %	57.4 %
Opened title insurance orders from refinance transactions (1)	46.5	46.0	42.6
	100.0%	100.0%	100.0%
Closed title insurance orders from purchase transactions (1)	54.1 %	54.5 %	58.6 %
Closed title insurance orders from refinance transactions (1)	45.9	45.5	41.4
	100.0%	100.0%	100.0%

(1) Percentages exclude consideration of an immaterial number of non-purchase and non-refinance orders. Title premiums from direct operations increased in 2016, primarily due to an increase in closed order volumes as compared to the prior year. Closed order volumes were 1,575,000 in the year ended December 31, 2016 compared with 1,472,000 in the year ended December 31, 2015. This represented an increase of 7%. The increase in closed order volumes was primarily related to an increase in purchase and refinance transactions in the year ended December 31, 2016 compared to the 2015 period.

The average fee per file in our direct operations was \$2,065 in both the years ended December 31, 2016 and 2015. The flat average fee per file year over year reflects a stable average fee per file in both commercial and residential transactions driven by a consistent proportion of refinance to purchase transactions. The fee per file tends to change as the mix of refinance and purchase transactions changes, because purchase transactions involve the issuance of both a lender's policy and an owner's policy, resulting in higher fees, whereas refinance transactions only require a lender's policy, resulting in lower fees.

The increase in title premiums from agency operations is primarily the result of an increase in overall mortgage origination trends, an increase in remitted agency premiums due to strength in agency driven real estate markets and an increase in the number of independent agents with which we transacted business period over period.

Escrow, title related and other fees increased by \$123 million, or 6%, in the year ended December 31, 2016 from the 2015 period. Escrow fees, which are more directly related to our direct operations, increased \$102 million, or 15%, in the year ended December 31, 2016 compared to the 2015 period. The increase is primarily driven by the related increase in direct title premiums. Other fees in the Title segment, excluding escrow fees, increased \$21 million, or 1%, in the year ended December 31, 2016 compared to the 2015 period. The increase in other fees was primarily attributable to revenue growth associated with our home warranty businesses as well as acquisitions made in the current year. Escrow, title related and other fees increased by \$150 million, or 8%, in the year ended December 31, 2015 from the 2014 period. Escrow fees, which are more directly related to our direct operations, increased \$111 million, or 19%, in the year ended December 31, 2015 compared to the 2014 period. The increase is consistent with the increase in direct title premiums. Other fees in the Title segment, excluding escrow fees, increased \$39 million, or 3%, in the year ended December 31, 2015 compared to the 2014 period. The increase in other fees was primarily attributable to revenue associated with Buyers Protection Group, acquired in 2015.

Interest and investment income levels are primarily a function of securities markets, interest rates and the amount of cash available for investment. Interest and investment income increased \$4 million in the year ended December 31, 2016 compared to the 2015 period and increased \$1 million in the year ended December 31, 2015 compared to the 2014 period.

Personnel costs include base salaries, commissions, benefits, stock-based compensation and bonuses paid to employees, and are one of our most significant operating expenses. The \$124 million, or 6% increase in the year ended December 31, 2016 compared to the 2015 period is primarily related to additional expense associated with the increased order volumes and acquisitions in the current year. The \$194 million, or 10% increase in the year

ended December 31, 2015 compared to the 2014 period is primarily related to additional expense associated with the increased order volumes, acquisitions in the 2015 period, and increased costs associated with the implementation of TRID. Personnel costs as a percentage of total revenues from direct title premiums and escrow, title-related and other fees was 52% for both years ended December 31, 2016 and 2015. Average employee count in the Title segment was 21,999 and 20,819 in the years ended December 31, 2016 and 2015, respectively.

Other operating expenses increased \$55 million, or 4% in the year ended December 31, 2016 from the 2015 period.

Other operating expenses increased consistently with the increase in direct title premiums and escrow, title-related and other fee income offset by other miscellaneous cost reductions. Other operating expenses increased \$11 million, or 1% in the year

Table of Contents

ended December 31, 2015 from the 2014 period. Other operating expenses increased consistently with the increase in direct title premiums and escrow, title-related and other fee income offset by other miscellaneous cost reductions. Agent commissions represent the portion of premiums retained by agents pursuant to the terms of their respective agency contracts. Agent commissions and the resulting percentage of agent premiums we retain vary according to regional differences in real estate closing practices and state regulations.

The following table illustrates the relationship of agent title premiums and agent commissions:

	Year Ended December 31,					
	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
	(Dollars in millions)					
Agent title premiums	\$2,626	100.0%	\$2,277	100.0%	\$1,944	100.0%
Agent commissions	1,998	76.1	1,731	76.0	1,471	75.7
Net retained agent premiums	\$628	23.9 %	\$546	24.0 %	\$473	24.3 %

Net margin from agency title insurance premiums retained as a percentage of total agency premiums in the year ended December 31, 2016 remained consistent with the 2015 and 2014 periods.

The provision for title claim losses includes an estimate of anticipated title and title-related claims and escrow losses. The estimate of anticipated title and title-related claims is accrued as a percentage of title premium revenue based on our historical loss experience and other relevant factors. Any significant adjustments to strengthen or release loss reserves resulting from the comparison with our actuarial analysis are made in addition to this loss provision rate. After considering historical claim losses, reporting patterns and current market information, and analyzing quantitative and qualitative data provided by our legal, claims and underwriting departments, we determine a loss provision rate, which is recorded as a percentage of current title premiums. This loss provision rate is set to provide for losses on current year policies, but due to development of prior years and our long claim duration, it periodically includes amounts of estimated adverse or positive development on prior years' policies. Effective July 1, 2015, we revised our loss provision rate to 5.5% from 6% and effective October 1, 2016, we revised our loss provision rate to 5.0% from 5.5% primarily due to favorable development on more recent policy year claims.

The claim loss provision for title insurance was \$157 million, \$246 million, and \$228 million for the years ended December 31, 2016, 2015, and 2014, respectively. These amounts reflected average claim loss provision rates of 3.3% for 2016, 5.7% for 2015, and 6.2% of title premiums for 2014. The decrease in the provision in 2016 reflects the release of excess title reserves of \$97 million as well as a reduction in the loss provision rate from 5.5% to 5.0% in the fourth quarter of 2016. The release of excess reserves and change in provision rate was due to analysis of historical ultimate loss ratios, the reduced volatility of development of those historical ultimate loss ratios and lower policy year loss ratios in recent years. We will continue to monitor and evaluate our loss provision level, actual claims paid, and the loss reserve position each quarter.

**Black Knight**

The following table presents the results of our Black Knight segment for the years indicated:

	Year Ended		
	December 31,		
	2016	2015	2014
Revenues:			
Escrow, title related and other fees	\$1,026	\$931	\$852
Realized gains and losses, net	—	(5)	—
Total revenues	1,026	926	852
Expenses:			
Personnel costs	396	382	449
Other operating expenses	197	161	199
Depreciation and amortization	208	194	188
Interest expense	64	50	31
Total expenses	865	787	867

Earnings (loss) from continuing operations before income taxes \$161 \$139 \$(15 )

Total revenues for the Black Knight segment increased \$100 million in the year ended December 31, 2016 compared to the 2015 period. The increase was primarily driven by higher average loan volumes on its mortgage servicing platform, price increases and new client wins in its servicing technology business; by prior year client implementations, higher transaction volumes, and

52

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Table of Contents

the acquisition of eLynx, offset by lower professional services revenue in its origination technology business; and by current year acquisitions offset by lower upfront revenues from long-term strategic license deals in its data and analytics business. Total revenues for the Black Knight segment increased \$74 million in the year ended 2015 compared to the 2014 period. The increase was driven by higher loan counts as well as increased usage and communication fees in its servicing technology business; by increased professional services and processing revenues from loan origination systems clients and revenues from Closing Insight clients in its origination technology business; and by additional revenue from long-term strategic license deals in its data and analytics segment.

Personnel costs increased by \$14 million, or 4% in the year ended December 31, 2016 compared to the 2015 period. The increase was primarily driven by current period acquisitions and by higher compensation and employee-related costs as it expanded certain corporate functions in 2016 to support continued growth. Personnel costs decreased by \$67 million, or 15% in the year ended December 31, 2015 compared to the 2014 period. The decrease was primarily driven by increased costs in the 2014 period associated with the acquisition and integration of LPS.

Other operating expenses increased by \$36 million, or 22%, in the year ended December 31, 2016 compared to the 2015 period. The increase was primarily driven by current period acquisitions and lower capitalized software development and deferred implementation costs. Other operating expenses decreased by \$38 million, or 19%, in the year ended December 31, 2015 compared to the 2014 period. The decrease was primarily driven by increased costs in the 2014 period associated with the acquisition and integration of LPS.

Depreciation and amortization increased by \$14 million, or 7%, in the year ended December 31, 2016 compared to the 2015 period. The increase was primarily driven by the amortization of deferred contract costs relating to client implementations, including accelerated amortization related to certain deferred implementation costs, the amortization from new software development, offset by lower amortization of customer relationship assets.

Interest expense increased \$14 million in the year ended December 31, 2016 compared to the 2015 period. Interest expense increased \$19 million in the year ended December 31, 2015 compared to the 2014 period. The increase in both periods is attributable to new third party debt issued in connection with Black Knight's initial public offering in May 2015.

Earnings from continuing operations before income taxes increased \$22 million in the year ended December 31, 2016 compared to the 2015 period. The increase is primarily attributable to the increased revenue discussed above. Earnings from continuing operations before income taxes increased \$154 million in the year ended December 31, 2015 compared to the 2014 period. The increase is primarily attributable to the increased revenue and decreased expenses discussed above.

**FNF Core Corporate and Other**

The FNF Core Corporate and Other segment consists of the operations of the parent holding company, certain other unallocated corporate overhead expenses, and other real estate operations. This segment also includes the operations of CINC acquired in the third quarter of 2016. Also included in this segment are eliminations of revenues and expenses between our other core segments.

The FNF Core Corporate and Other segment generated revenues of \$215 million, \$180 million and \$(6) million for the years ended December 31, 2016, 2015 and 2014, respectively. The increase in the year ended December 31, 2016 is primarily driven by growth at our real estate companies and current period acquisitions. The increase in the year ended December 31, 2015 from the 2014 period was primarily driven by revenue of \$183 million from Pacific Union, a luxury real estate broker based in California in which we acquired a controlling stake in December 2014.

Other operating expenses in the FNF Core Corporate and Other segment were \$204 million, \$172 million and \$(12) million for the years ended December 31, 2016, 2015 and 2014, respectively. The increase in the 2016 period from 2015 is due to growth of our real estate subsidiaries and current period acquisitions. The increase in the 2015 period from 2014 is primarily due to expenses of \$162 million from Pacific Union.

Interest expense was \$62 million, \$72 million and \$91 million for the years ended December 31, 2016, 2015 and 2014, respectively. The decrease in all periods is attributable to the payoff of the the FNF term loan in May 2015 upon the initial public offering of Black Knight.

This segment generated pretax losses of \$122 million, \$113 million and \$113 million for the years ended December 31, 2016, 2015 and 2014, respectively.



Table of Contents

## FNFV

## Restaurant Group

The results of operations for the Restaurant Group for the year ended December 31, 2015 include the results of J. Alexander's through September 28, 2015, the date it was distributed to common shareholders of FNFV and of the Max & Erma's concept, which was sold pursuant to an Asset Purchase Agreement on January 25, 2016.

The following table presents the results from operations of our Restaurant Group segment:

	Year Ended December 31,		
	2016	2015	2014
	(In millions)		
Revenues:			
Restaurant revenue	\$1,158	\$1,412	\$1,436
Realized gains and losses, net	(6 )	(19 )	(13 )
Total revenues	1,152	1,393	1,423
Expenses:			
Personnel costs	53	65	69
Cost of restaurant revenue	984	1,195	1,220
Other operating expenses	67	71	61
Depreciation and amortization	42	49	52
Interest expense	5	6	8
Total expenses	1,151	1,386	1,410
Earnings from continuing operations before income taxes	\$1	\$7	\$13

Total revenues for the Restaurant group segment decreased \$241 million, or 17% in the year ended December 31, 2016 from the 2015 period and are primarily attributable to our distribution of J. Alexander's to shareholders in September 2015 and the sale of Max and Erma's in January 2016. Total revenues for the Restaurant group segment decreased \$30 million, or 2% in the year ended December 31, 2015 from the 2014 period primarily due to the inclusion of the results of J. Alexander's through September 28, 2015 compared to the full calendar year 2014.

Cost of restaurant revenue decreased \$211 million or 18% in the year ended December 31, 2016 from the 2015 period. Cost of restaurant revenue decreased \$25 million or 2% in the year ended December 31, 2015 from the 2014 period.

The change in both periods is consistent with the change in total revenue.

Earnings from continuing operations before income taxes decreased \$6 million in the year ended December 31, 2016 from the 2015 period and in the year ended December 31, 2015 from the 2014 period.

## FNFV Corporate and Other

The FNFV Corporate and Other segment consists of the operations of the parent holding company including OneDigital, operations of our unconsolidated investment in Ceridian, certain other unallocated corporate overhead expenses, and other smaller investments.

The FNFV Corporate and Other segment generated revenues of \$183 million, \$205 million, and \$111 million for the years ended December 31, 2016, 2015, and 2014, respectively. Revenues decreased \$22 million in 2016 compared to 2015 primarily due the inclusion of revenue related to the sale of Cascade Timberlands in the 2015, offset by revenue growth at OneDigital and acquisitions in 2016. Revenues increased in the 2015 period compared to 2014 primarily due to \$85 million of revenue recorded related to the sale of Cascade Timberlands in January 2015 and increased revenue at OneDigital resulting from 2015 acquisitions.

Personnel costs were \$111 million, \$92 million, and \$101 million in the years ended December 31, 2016, 2015, and 2014, respectively. The increase in the 2016 period of \$19 million is primarily attributable to acquisitions and growth at OneDigital. The decrease of \$9 million in the 2015 period from 2014 is primarily due to the inclusion of \$19 million of expense related to our Investment Success Incentive Program in the 2014 period, offset by increased costs related to 2015 acquisitions.

Other operating expenses for the FNFV Corporate and Other segment were \$40 million, \$96 million, and \$25 million in the years ended December 31, 2016, 2015, and 2014, respectively. The decrease in the 2016 period from 2015 and the increase in the 2015 period from 2014 is primarily attributable to \$73 million in expense recorded in 2015 related

to the sale of Cascade Timberlands. The decrease in the 2016 period was offset by increased expenses related to current period acquisitions.

54

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## Table of Contents

This segment generated pretax earnings (losses) of \$7 million, \$(2) million, and \$(27) million for the years ended December 31, 2016, 2015, and 2014, respectively. The increase each period is attributable to the aforementioned changes in revenues and other operating expenses.

### Liquidity and Capital Resources

**Cash Requirements.** Our current cash requirements include personnel costs, operating expenses, claim payments, taxes, payments of interest and principal on our debt, capital expenditures, business acquisitions, stock repurchases and dividends on our common stock. We paid dividends of \$0.88 per share during 2016, or approximately \$239 million. On February 1, 2017, our Board of Directors formally declared a \$0.25 per share cash dividend that is payable on March 31, 2017 to FNF Group shareholders of record as of March 17, 2017. There are no restrictions on our retained earnings regarding our ability to pay dividends to shareholders, although there are limits on the ability of certain subsidiaries to pay dividends to us, as described below. The declaration of any future dividends is at the discretion of our Board of Directors. Additional uses of cash flow are expected to include stock repurchases, acquisitions, and debt repayments.

We continually assess our capital allocation strategy, including decisions relating to the amount of our dividend, reducing debt, repurchasing our stock, and/or conserving cash. We believe that all anticipated cash requirements for current operations will be met from internally generated funds, through cash dividends from subsidiaries, cash generated by investment securities, potential sales of non-strategic assets, and borrowings on existing credit facilities. Our short-term and long-term liquidity requirements are monitored regularly to ensure that we can meet our cash requirements. We forecast the needs of all of our subsidiaries and periodically review 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.

Our insurance subsidiaries generate cash from premiums earned and their respective investment portfolios and these funds are adequate to satisfy the payments of claims and other liabilities. Due to the magnitude of our investment portfolio in relation to our claims loss reserves, we do not specifically match durations of our investments to the cash outflows required to pay claims, but do manage outflows on a shorter time frame.

Our two significant sources of internally generated funds are dividends and other payments from our subsidiaries. As a holding company, we receive cash from our subsidiaries in the form of dividends and as reimbursement for operating and other administrative expenses we incur. The reimbursements are paid within the guidelines of management agreements among us and our subsidiaries. Our insurance subsidiaries are restricted by state regulation in their ability to pay dividends and make distributions. Each state of domicile regulates the extent to which our title underwriters can pay dividends or make distributions. As of December 31, 2016, \$2,149 million of our net assets were restricted from dividend payments without prior approval from the relevant departments of insurance. During 2017, our title insurance subsidiaries can pay or make distributions to us of approximately \$372 million. Our underwritten title companies and non-title insurance subsidiaries collect revenue and pay operating expenses. However, they are not regulated to the same extent as our insurance subsidiaries.

Three of the Company's title insurance underwriters, Fidelity National Title Insurance Company, Chicago Title Insurance Company and Commonwealth Land Title Insurance Company, have filed applications to redomesticate from their existing states of domicile to a new state of domicile. The anticipated redomestications are subject to prior regulatory approval, which may be received in the first quarter of 2017. If the anticipated redomestications are approved, the Company may receive a special dividend from the title insurance underwriters in 2017 related to such redomestication. This special dividend would be due in part to differences in the laws among the states of domicile. The maximum dividend permitted by law is not necessarily indicative of an insurer's actual ability to pay dividends, which may be constrained by business and regulatory considerations, such as the impact of dividends on surplus, which could affect an insurer's ratings or competitive position, the amount of premiums that can be written and the ability to pay future dividends. Further, depending on business and regulatory conditions, we may in the future need to retain cash in our underwriters or even contribute cash to one or more of them in order to maintain their ratings or their statutory capital position. Such a requirement could be the result of investment losses, reserve charges, adverse operating conditions in the current economic environment or changes in interpretation of statutory accounting

requirements by regulators.

Cash flow from FNF's core operations is expected to be used for general corporate purposes including to reinvest in core operations, repay debt, pay dividends, repurchase stock, other strategic initiatives or conserving cash.

We are focused on evaluating our FNFV assets and investments as potential vehicles for creating liquidity. Our intent is to use that liquidity for general corporate purposes, including potentially reducing debt, repurchasing shares of our stock, other strategic initiatives and/or conserving cash.

55

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Table of Contents

Our cash flows provided by operations for the years ended December 31, 2016, 2015, and 2014 were \$1,162 million, \$951 million and \$594 million, respectively. The increase in cash provided by operations of \$211 million from 2016 to 2015 is primarily attributable to increased earnings from operations before equity in earnings of unconsolidated affiliates of \$123 million, lower claims payments of \$40 million, and lower payments in the 2016 period under our executive investment success bonus program of \$27 million, offset by increased payments for income taxes in 2016 compared to 2015 of \$118 million. The remaining change in the 2016 period from the 2015 period is attributable to timing of receivables and payables. The change in 2015 from 2014 is primarily due to increased earnings from operations before equity in earnings of unconsolidated affiliates of \$497 million and lower claims payments of \$17 million, offset by increased payments for income taxes in 2015 compared to 2014 of \$175 million. The remaining change in the 2015 period from the 2014 period is attributable to timing of receivables and payables.

**Capital Expenditures.** Total capital expenditures for property and equipment and capitalized software were \$290 million, \$241 million and \$210 million for the years ended December 31, 2016, 2015, and 2014, respectively. The 2016 period consists of capital expenditures of \$147 million in our Title segment, \$80 million in our Black Knight segment, \$50 million in our Restaurant Group segment, and \$13 million in other FNFV Group expenditures. The increase in the 2016 period from the 2015 period is primarily due to the purchase of our corporate headquarters for \$71 million in the second quarter of 2016, offset by miscellaneous reductions in spending on capital expenditures in our Title and Black Knight segments. The increase in the 2015 period from the 2014 period is primarily attributable to increased investments in property and equipment in our Title segment and increased expenditures on property and equipment and software at Black Knight.

**Financing.** For a description of our financing arrangements see Note J to the Consolidated Financial Statements included in Item 8 of Part II of this Report, which is incorporated by reference into this Part II, Item 7.

**Seasonality.** Historically, real estate transactions have produced seasonal revenue levels for the real estate industry including title insurers. The first calendar quarter is typically the weakest quarter in terms of revenue due to the generally low volume of home sales during January and February. The third calendar quarter has been typically the strongest in terms of revenue primarily due to a higher volume of home sales in the summer months and the fourth quarter is usually also strong due to commercial entities desiring to complete transactions by year-end. We have noted short term fluctuations through recent years in resale and refinance transactions as a result of changes in interest rates. In our Restaurant Group, average weekly sales per restaurant are typically higher in the first and fourth quarters, and we typically generate a disproportionate share of our earnings from operations in the first and fourth quarters. Holidays, severe weather and other disruptive conditions may impact sales volumes seasonally in some operating regions.

**Contractual Obligations.** Our long term contractual obligations generally include our loss reserves, our credit agreements and other debt facilities, operating lease payments on certain of our premises and equipment and purchase obligations of the Restaurant Group.

As of December 31, 2016, our required annual payments relating to these contractual obligations were as follows:

	2017	2018	2019	2020	2021	Thereafter	Total
	(In millions)						
Notes payable	\$377	\$392	\$180	\$686	\$4	\$ 1,127	\$2,766
Operating lease payments	206	175	144	110	78	209	922
Pension and other benefit payments	18	17	16	15	14	100	180
Title claim losses	221	212	173	147	95	639	1,487
Unconditional purchase obligations	228	78	17	9	1	—	333
Interest on fixed rate notes payable	64	53	45	45	45	44	296
Total	\$1,114	\$927	\$575	\$1,012	\$237	\$ 2,119	\$5,984

As of December 31, 2016, we had title insurance reserves of \$1,487 million. The amounts and timing of these obligations are estimated and are not set contractually. While we believe that historical loss payments are a reasonable source for projecting future claim payments, there is significant inherent uncertainty in this payment pattern estimate because of the potential impact of changes in:

-

future mortgage interest rates, which will affect the number of real estate and refinancing transactions and, therefore, the rate at which title insurance claims will emerge;

- the legal environment whereby court decisions and reinterpretations of title insurance policy language to broaden coverage could increase total obligations and influence claim payout patterns;

## Table of Contents

events such as fraud, escrow theft, multiple property title defects, foreclosure rates and individual large loss events that can substantially and unexpectedly cause increases in both the amount and timing of estimated title insurance loss payments; and

- loss cost trends whereby increases or decreases in inflationary factors (including the value of real estate) will influence the ultimate amount of title insurance loss payments.

Based on historical title insurance claim experience, we anticipate the above payment patterns. The uncertainty and variation in the timing and amount of claim payments could have a material impact on our cash flows from operations in a particular period.

The Restaurant Group has unconditional purchase obligations with various vendors. These purchase obligations are primarily food and beverage obligations with fixed commitments in regards to the time period of the contract and the quantities purchased with annual price adjustments that can fluctuate. We used both historical and projected volume and pricing as of December 31, 2016 to determine the amount of the obligations.

Black Knight has data processing and maintenance commitments with various vendors. We used current outstanding contracts with the vendors to determine the amount of the obligations.

We sponsor multiple pension plans and other post-retirement benefit plans. See Note O of the Notes to Consolidated Financial Statements included in Item 8 of Part II of this Report for further information.

**Capital Stock Transactions.** On October 28, 2014, our Board of Directors approved a three-year stock purchase program, effective November 6, 2014, under which we can repurchase up to 10 million shares of our FNFV Group common stock through November 30, 2017. We exhausted all available repurchases under this program during February 2016. On February 18, 2016, our Board of Directors approved a new FNFV Group three-year stock repurchase program, effective March 1, 2016, under which we may repurchase up to 15 million shares of FNFV Group common stock through February 28, 2019. We may make repurchases from time to time in the open market, in block purchases or in privately negotiated transactions, depending on market conditions and other factors. In the year ended December 31, 2016, we repurchased a total of 5,651,518 shares for \$62 million, or an average of \$10.94 per share under these programs. Since the original commencement of the plan adopted February 18, 2016, we have repurchased a total of 3,955,000 shares for \$45 million, or an average of \$11.40 per share, and there are 11,045,000 shares available to be repurchased under this program.

On July 20, 2015, our Board of Directors approved a new three-year stock repurchase program under which we can purchase up to 25 million shares of our FNF Group common stock through July 30, 2018. We may make repurchases from time to time in the open market, in block purchases or in privately negotiated transactions, depending on market conditions and other factors. In the year ended December 31, 2016, we repurchased a total 6,014,000 FNF Group shares under this program for \$206 million, or an average price of \$34.26 per share. Since the original commencement of the plan, we have repurchased a total of 10,589,000 FNF Group common shares for \$372 million, or an average of \$35.10 per share, and there are 14,411,000 shares available to be repurchased under this program.

**Equity Security and Preferred Stock Investments.** Our equity security and preferred stock investments may be subject to significant volatility. Should the fair value of these investments fall below our cost basis and/or the financial condition or prospects of these companies deteriorate, we may determine in a future period that this decline in fair value is other-than-temporary, requiring that an impairment loss be recognized in the period such a determination is made.

**Off-Balance Sheet Arrangements.** We do not engage in off-balance sheet activities other than our escrow operations.

In conducting our operations, we routinely hold customers' assets in escrow, pending completion of real estate transactions. Certain of these amounts are maintained in segregated bank accounts and have not been included in the accompanying Consolidated Balance Sheets, consistent with Generally Accepted Accounting Principles and industry practice. We have a contingent liability relating to proper disposition of these balances for our customers, which amounted to \$14.0 billion and \$14.3 billion at December 31, 2016 and 2015, respectively. As a result of holding these customers' assets in escrow, we have ongoing programs for realizing economic benefits during the year through favorable borrowing and vendor arrangements with various banks.

**Recent Accounting Pronouncements**

For a description of recent accounting pronouncements, see Note S of Notes to Consolidated Financial Statements included in Item 8 of Part II of this report.

**Item 7A. Quantitative and Qualitative Disclosure about Market Risk**

In the normal course of business, we are routinely subject to a variety of risks, as described in Item 1A. Risk Factors of this Annual Report on Form 10-K and in our other filings with the Securities and Exchange Commission. For example, we are exposed to the risk that decreased real estate activity, which depends in part on the level of interest rates, may reduce our Core revenues.

## Table of Contents

The risks related to our business also include certain market risks that may affect our debt and other financial instruments. At present, we face the market risks associated with our marketable equity securities subject to equity price volatility and with interest rate movements on our outstanding debt and fixed income investments.

We regularly assess these market risks and have established policies and business practices designed to protect against the adverse effects of these exposures.

At December 31, 2016, we had \$2,746 million in long-term debt, of which \$1,338 million bears interest at a floating rate. Our fixed maturity investments, certain preferred stocks and our floating rate debt are subject to an element of market risk from changes in interest rates. Increases and decreases in prevailing interest rates generally translate into decreases and increases in fair values of those instruments. Additionally, fair values of interest rate sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument and other general market conditions. We manage interest rate risk through a variety of measures. We monitor our interest rate risk and make investment decisions to manage the perceived risk. On January 20, 2016, Black Knight entered into two interest rate swap agreements to hedge forecasted monthly interest rate payments on \$400 million of its floating rate debt (\$200 million notional value each) (the "Swap Agreements"). The Swap Agreements were designated as cash flow hedging instruments. Under the terms of the Swap Agreements, Black Knight receives payments based on the 1-month LIBOR rate and pays a weighted average fixed rate of 1.01%. A portion of the amount included in Accumulated other comprehensive loss is reclassified into Interest expense as a yield adjustment as interest payments are made on the term and revolving loans. In accordance with the authoritative guidance for fair value measurements, the inputs used to determine the estimated fair value of Black Knight's interest rate swaps are Level 2-type measurements. Black Knight considered its own credit risk and the credit risk of the counterparties when determining the fair value of its interest rate swaps. The effective term for the Swap Agreements is February 1, 2016 through January 31, 2019.

Equity price risk is the risk that we will incur economic losses due to adverse changes in equity prices. In the past, our exposure to changes in equity prices primarily resulted from our holdings of equity securities. At December 31, 2016, we held \$438 million in marketable equity securities (not including our investments in preferred stock of \$315 million at December 31, 2016 and our Investments in unconsolidated affiliates, which amounted to \$558 million at December 31, 2016). The carrying values of investments subject to equity price risks are based on quoted market prices as of the balance sheet date. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amounts realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Financial instruments, which potentially subject us to concentrations of credit risk, consist primarily of cash equivalents, short-term investments, and trade receivables. We require placement of cash in financial institutions evaluated as highly creditworthy.

For purposes of this Annual Report on Form 10-K, we perform a sensitivity analysis to determine the effects that market risk exposures may have on the fair values of our debt and other financial instruments.

The financial instruments that are included in the sensitivity analysis with respect to interest rate risk include fixed maturity investments, preferred stock and notes payable. The financial instruments that are included in the sensitivity analysis with respect to equity price risk include marketable equity securities. With the exception of our equity method investments, it is not anticipated that there would be a significant change in the fair value of other long-term investments or short-term investments if there were a change in market conditions, based on the nature and duration of the financial instruments involved.

To perform the sensitivity analysis, we assess the risk of loss in fair values from the effect of hypothetical changes in interest rates and equity prices on market-sensitive instruments. The changes in fair values for interest rate risks are determined by estimating the present value of future cash flows using various models, primarily duration modeling. The changes in fair values for equity price risk are determined by comparing the market price of investments against their reported values as of the balance sheet date.

Information provided by the sensitivity analysis does not necessarily represent the actual changes in fair value that we would incur under normal market conditions because, due to practical limitations, all variables other than the specific market risk factor are held constant. For example, our reserve for title claim losses (representing 20.6% of total liabilities at December 31, 2016) is not included in the hypothetical effects.

We have no market risk sensitive instruments entered into for trading purposes; therefore, all of our market risk sensitive instruments were entered into for purposes other than trading. The results of the sensitivity analysis at December 31, 2016 and December 31, 2015, are as follows:

Interest Rate Risk

At December 31, 2016, an increase (decrease) in the levels of interest rates of 100 basis points, with all other variables held constant, would result in a (decrease) increase in the fair value of our fixed maturity securities and certain of our investments in

Table of Contents

preferred stock which are tied to interest rates of \$59 million as compared with a (decrease) increase of \$72 million at December 31, 2015.

For the years ended December 31, 2016 and 2015, a decrease of 100 basis points in the levels of interest rates, with all other variables held constant, would result in a decrease in the interest expense on our outstanding floating rate debt of \$11 million, as the current LIBOR rate is less than 1%. An increase of 100 basis points in the levels of interest rates, with all other variables held constant, would result in an increase in the interest expense on our outstanding floating rate debt of \$14 million for the year ended December 31, 2016. See Note J of the Notes to Consolidated Financial Statements included in Item 8 of Part II of this report for further details of our notes payable.

Equity Price Risk

At December 31, 2016, a 20% increase (decrease) in market prices, with all other variables held constant, would result in an increase (decrease) in the fair value of our equity securities portfolio of \$88 million, as compared with an increase (decrease) of \$69 million at December 31, 2015.

Table of Contents

Item 8. Financial Statements and Supplementary Data

FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES  
INDEX TO FINANCIAL INFORMATION

	Page Number
<u>Report of Independent Registered Public Accounting Firm on Effectiveness of Internal Control over Financial Reporting</u>	<u>61</u>
<u>Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements</u>	<u>62</u>
<u>Consolidated Balance Sheets as of December 31, 2016 and 2015</u>	<u>63</u>
<u>Consolidated Statements of Earnings for the years ended December 31, 2016, 2015, and 2014</u>	<u>64</u>
<u>Consolidated Statements of Comprehensive Earnings for the years ended December 31, 2016, 2015, and 2014</u>	<u>66</u>
<u>Consolidated Statements of Equity for the years ended December 31, 2016, 2015, and 2014</u>	<u>67</u>
<u>Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015, and 2014</u>	<u>69</u>
<u>Notes to Consolidated Financial Statements</u>	<u>70</u>

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders  
Fidelity National Financial, Inc.:

We have audited Fidelity National Financial, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Fidelity National Financial, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

In our opinion, Fidelity National Financial, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Consolidated Balance Sheets of Fidelity National Financial, Inc. and subsidiaries as of December 31, 2016 and 2015, and the related Consolidated Statements of Earnings, Comprehensive Earnings, Equity and Cash Flows for each of the years in the three-year period ended December 31, 2016, and our report dated February 27, 2017 expressed an unqualified opinion on those Consolidated Financial Statements.

/s/ KPMG LLP  
Jacksonville, Florida  
February 27, 2017  
Certified Public Accountants



Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders  
Fidelity National Financial, Inc.:

We have audited the accompanying Consolidated Balance Sheets of Fidelity National Financial, Inc. and subsidiaries as of December 31, 2016 and 2015, and the related Consolidated Statements of Earnings, Comprehensive Earnings, Equity and Cash Flows for each of the years in the three-year period ended December 31, 2016. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the financial position of Fidelity National Financial, Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Fidelity National Financial, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 27, 2017 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

////s/ KPMG LLP

Jacksonville, Florida  
February 27, 2017  
Certified Public Accountants

Table of ContentsFIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	December 31, 2016      2015 (In millions, except share data)	
<b>ASSETS</b>		
Investments:		
Fixed maturities available for sale, at fair value, at December 31, 2016 and 2015, includes pledged fixed maturities of \$332 and \$342, respectively, related to secured trust deposits	\$2,432	\$2,558
Preferred stock available for sale, at fair value	315	289
Equity securities available for sale, at fair value	438	345
Investments in unconsolidated affiliates	558	521
Other long-term investments	54	106
Short-term investments, includes pledged short term investments of \$212 and \$266 at December 31, 2016 and 2015, respectively, related to secured trust deposits	487	1,034
Total investments	4,284	4,853
Cash and cash equivalents, at December 31, 2016 and 2015, includes pledged cash of \$331 and \$108, respectively, related to secured trust deposits	1,323	780
Trade and notes receivables, net of allowance of \$26 and \$32 at December 31, 2016 and 2015, respectively	531	500
Goodwill	5,065	4,756
Prepaid expenses and other assets	639	615
Capitalized software, net	580	553
Other intangible assets, net	1,030	969
Title plants	395	395
Property and equipment, net	616	510
Total assets	\$14,463	\$13,931
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Accounts payable and other accrued liabilities	\$1,434	\$1,283
Income taxes payable	65	45
Notes payable	2,746	2,793
Reserve for title claim losses	1,487	1,583
Secured trust deposits	860	701
Deferred tax liability	629	594
Total liabilities	7,221	6,999
Commitments and Contingencies:		
Redeemable non-controlling interest by 21% minority holder of ServiceLink Holdings, LLC	344	344
Equity:		
FNF Group common stock, \$0.0001 par value; authorized 487,000,000 shares as of December 31, 2016 and 2015; outstanding of 272,205,261 and 275,781,160 as of December 31, 2016 and 2015, respectively; and issued of 285,041,900 and 282,394,970 as of December 31, 2016 and 2015, respectively	—	—
FNFV Group common stock, \$0.0001 par value; authorized 113,000,000 shares as of December 31, 2016 and 2015; outstanding of 66,416,822 and 72,217,882 as of December 31, 2016 and 2015, respectively; and issued of 80,581,675 and 80,581,466 as of December 31, 2016 and 2015,	—	—

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respectively

Preferred stock, \$0.0001 par value; authorized, 50,000,000 shares; issued and outstanding, none	—	—
Additional paid-in capital	4,848	4,795
Retained earnings	1,784	1,374
Accumulated other comprehensive loss	(13	) (69 )
Less: Treasury stock, 27,001,492 shares and 14,977,394 shares as of December 31, 2016 and 2015, respectively, at cost	(623	) (346 )
Total Fidelity National Financial, Inc. shareholders' equity	5,996	5,754
Noncontrolling interests	902	834
Total equity	6,898	6,588
Total liabilities, redeemable non-controlling interest and equity	\$14,463	\$13,931

See Notes to Consolidated Financial Statements.

Table of ContentsFIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF EARNINGS

	Year Ended December 31,		
	2016	2015	2014
	(In millions, except share data)		
Revenues:			
Direct title insurance premiums	\$2,097	\$2,009	\$1,727
Agency title insurance premiums	2,626	2,277	1,944
Escrow, title-related and other fees	3,546	3,324	2,804
Restaurant revenue	1,158	1,412	1,436
Interest and investment income	129	123	126
Realized gains and losses, net	(2 )	(13 )	(13 )
Total revenues	9,554	9,132	8,024
Expenses:			
Personnel costs	2,832	2,671	2,540
Agent commissions	1,998	1,731	1,471
Other operating expenses	1,944	1,881	1,643
Cost of restaurant revenue	984	1,195	1,220
Depreciation and amortization	431	410	403
Provision for title claim losses	157	246	228
Interest expense	136	131	127
Total expenses	8,482	8,265	7,632
Earnings from continuing operations before income taxes and equity in (loss) earnings of unconsolidated affiliates	1,072	867	392
Income tax expense on continuing operations	372	290	312
Earnings from continuing operations before equity in (loss) earnings of unconsolidated affiliates	700	577	80
Equity in (loss) earnings of unconsolidated affiliates	(8 )	(16 )	432
Net earnings from continuing operations	692	561	512
Earnings from discontinued operations, net of tax	—	—	7
Net earnings	692	561	519
Less: Net earnings (loss) attributable to non-controlling interests	42	34	(64 )
Net earnings attributable to Fidelity National Financial, Inc. common shareholders	\$650	\$527	\$583
Amounts attributable to Fidelity National Financial, Inc., common shareholders:			
Net earnings from continuing operations, attributable to Old FNF common shareholders			\$83
Net earnings from discontinued operations, attributable to Old FNF common shareholders			6
Net earnings attributable to Old FNF common shareholders			\$89
Net earnings attributable to FNF Group common shareholders	\$654	\$540	\$214
Net (loss) earnings from continuing operations, attributable to FNFV Group common shareholders	\$(4 )	\$(13 )	\$283
Net loss from discontinued operations, attributable to FNFV Group common shareholders	—	—	(3 )
Net (loss) earnings attributable to FNFV Group common shareholders	\$(4 )	\$(13 )	\$280
See Notes to Consolidated Financial Statements.			



Table of ContentsFIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF EARNINGS - (continued)

	Year Ended December 31,		
	2016	2015	2014
Earnings per share			
Basic			
Net earnings per share from continuing operations attributable to Old FNF common shareholders			\$0.31
Net earnings per share from discontinued operations attributable to Old FNF common shareholders			0.02
Net earnings per share attributable to Old FNF common shareholders			\$0.33
Net earnings per share attributable to FNF Group common shareholders	\$2.40	\$1.95	\$0.77
Net (loss) earnings from continuing operations attributable to FNFV Group common shareholders	\$(0.06)	\$(0.16)	\$3.08
Net loss from discontinued operations attributable to FNFV Group common shareholders	—	—	(0.04)
Net (loss) earnings per share attributable to FNFV Group common shareholders	\$(0.06)	\$(0.16)	\$3.04
Diluted			
Net earnings per share from continuing operations attributable to Old FNF common shareholders			\$0.30
Net earnings per share from discontinued operations attributable to Old FNF common shareholders			0.02
Net earnings per share attributable to Old FNF common shareholders			\$0.32
Net earnings per share attributable to FNF Group common shareholders	\$2.34	\$1.89	\$0.75
Net (loss) earnings from continuing operations attributable to FNFV Group common shareholders	(0.06)	(0.16)	3.05
Net loss from discontinued operations attributable to FNFV Group common shareholders	—	—	(0.04)
Net (loss) earnings per share attributable to FNFV Group common shareholders	\$(0.06)	\$(0.16)	\$3.01
Weighted average shares outstanding Old FNF common stock, basic basis			138
Weighted average shares outstanding Old FNF common stock, diluted basis			142
Cash dividends paid per share Old FNF common stock			\$0.36
Weighted average shares outstanding FNF Group common stock, basic basis	272	277	138
Weighted average shares outstanding FNF Group common stock, diluted basis	280	286	142
Cash dividends paid per share FNF Group common stock	\$0.88	\$0.80	\$0.37
Weighted average shares outstanding FNFV Group common stock, basic basis	67	79	46
Weighted average shares outstanding FNFV Group common stock, diluted basis	70	82	47
See Notes to Consolidated Financial Statements.			



Table of ContentsFIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

	Year Ended December 31,		
	2016	2015	2014
	(In millions)		
Net earnings	\$692	\$561	\$519
Other comprehensive earnings (loss), net of tax:			
Unrealized gain (loss) on investments and other financial instruments, net (excluding investments in unconsolidated affiliates)	38	(38 )	(1 )
Unrealized gain (loss) relating to investments in unconsolidated affiliates	10	(27 )	(10 )
Unrealized gain (loss) on foreign currency translation and cash flow hedging	2	(8 )	(17 )
Minimum pension liability adjustment	6	2	(12 )
Other comprehensive earnings (loss)	56	(71 )	(40 )
Comprehensive earnings	748	490	479
Less: Comprehensive earnings (loss) attributable to noncontrolling interests	41	34	(64 )
Comprehensive earnings attributable to Fidelity National Financial Inc. common shareholders	\$707	\$456	\$543
Comprehensive earnings attributable to Old FNF common shareholders			\$111
Comprehensive earnings attributable to FNF Group common shareholders	\$703	\$494	\$184
Comprehensive earnings (loss) attributable to FNFV Group common shareholders	\$4	\$(38 )	\$241

See Notes to Consolidated Financial Statements.

Table of ContentsFIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF EQUITY

	Fidelity National Financial, Inc. Common Shareholders										
	FNF	FNF	FNFV	Additional	Retained	Accumulated	Treasury		Non-controlling	Total	Redeemable
	Class A	Group	Group	Paid-In	Earnings	Other	Stock		Interests	Equity	Non-controlling
	Common	Common	Common	Capital		Compreh					Interests
	Stock	Stock	Stock			Earnings					
	Shares	Shares	Shares			(Loss)	Shares				
	(In millions)										
Balance, December 31, 2013	292	\$—	\$—	\$-4,642	\$1,089	\$37	42	\$(707)	\$474	\$5,535	\$—
Acquisition of LPS	26	—	—	839	—	—	—	—	—	839	—
Exercise of stock options	1	—1	—	40	—	—	—	—	—	40	—
Recapitalization of FNF stock	(277)	—277	—92	(6)	—	—	—	—	—	(6)	—
Tax benefit associated with the exercise of stock-based compensation	—	—	—	16	—	—	—	—	—	16	—
Issuance of restricted stock	—	—1	—1	—	—	—	—	—	—	—	—
Other comprehensive earnings — unrealized (loss) on investments and other financial instruments	—	—	—	—	—	(1)	—	—	—	(1)	—
Other comprehensive earnings — unrealized (loss) on investments in unconsolidated affiliates	—	—	—	—	—	(10)	—	—	—	(10)	—
Other comprehensive earnings — unrealized (loss) on foreign currency and cash flow hedging	—	—	—	—	—	(17)	—	—	(8)	(25)	—
Other comprehensive earnings — minimum pension liability adjustment	—	—	—	—	—	(12)	—	—	(6)	(18)	—
Stock-based compensation	—	—	—	32	—	—	—	—	(9)	23	28
Shares withheld for taxes and in treasury	—	—	—	—	—	—	—	(11)	—	(11)	—
Purchases of treasury stock	—	—	—	—	—	—	—	(2)	—	(2)	—
	—	—	—	(1)	—	—	—	—	22	21	—

Contributions to noncontrolling interests												
Contribution by minority owner in subsidiaries	—	—	—	—	—	—	—	(1 )	(1 )	687		
Retirement of treasury shares	(42 )	—	—	(707 )	—	—	(42) 707	—	—	—		
Distribution of Remy to FNFV Group Shareholders	—	—	—	—	(319 )	5	—	—	(279 )	(593 )	—	
Dividends declared	—	—	—	—	(203 )	—	—	—	—	(203 )	—	
Subsidiary dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(50 )	(50 )	—	
Net earnings	—	—	—	—	583	—	—	—	(64 )	519	—	
Balance, December 31, 2014	—	\$-279	\$-93	\$-4,855	\$1,150	\$ 2	—	\$(13 )	\$ 79	\$6,073	\$ 715	

See Notes to Consolidated Financial Statements.

Table of ContentsFIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF EQUITY - Continued

	Fidelity National Financial, Inc. Common Shareholders								
	FNF Group Common Stock Shares	FNFV Group Common Stock Shares	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Treasury Stock Shares	Non-controlling Interests	Total Equity	Redeemable Non-controlling Interests
	Shares	Shares	\$	\$	\$	Shares	\$	\$	\$
	(In millions)								
Balance, December 31, 2014	279	\$93	\$4,855	\$1,150	\$ 2	\$(13)	\$ 79	\$6,073	\$ 715
Gain on Black Knight IPO	—	—	53	—	—	—	(96 )	(43 )	—
Proceeds Black Knight IPO	—	—	—	—	—	—	475	475	—
Exercise of stock options	2	—	26	—	—	—	—	26	—
Purchase of additional share in consolidated subsidiaries	—	—	(6 )	—	—	—	—	(6 )	—
Tax benefit associated with the exercise of stock-based compensation	—	—	21	—	—	—	—	21	—
Issuance of restricted stock	1	—	—	—	—	—	—	—	—
Equity offering costs	—	—	(1 )	—	—	—	—	(1 )	—
Other comprehensive earnings — unrealized (loss) on investments and other financial instruments	—	—	—	—	(38 )	—	—	(38 )	—
Other comprehensive earnings — unrealized (loss) on investments in unconsolidated affiliates	—	—	—	—	(27 )	—	—	(27 )	—
Other comprehensive earnings — unrealized (loss) on foreign currency and cash flow hedging	—	—	—	—	—	—	—	—	—