



100 Garden City Plaza, Suite 201, Garden City, NY 11530 516.683.1000 Fax: 516.623.0089
123 Maple Avenue Riverhead, NY 11901, 631.369.0200 Fax: 631.369.0199 *Reply to our Garden City Office

Friday Fast Facts

September 13, 2019

Fidelity, Stewart Merger, Terminated

Fidelity National Financial (FNF) and Stewart Information Services agree to terminate FNF proposed acquisition.

- **Proposed \$1.2 billion merger terminated.**
- **FNF will make a \$50,000,000 payment to Stewart.**
- **FTC alleges merger would "substantially reduce competitionfor large commercial transactions.**
- **Following the announcement Stewart makes changes to Executive leadership.**

See article provided below with permission from the American Land Title Association dated Sept. 10, 2019.

Fidelity National Financial (FNF) and Stewart Information Services Corp. agreed to terminate FNF's proposed \$1.2 billion acquisition of Stewart due to the Federal Trade Commission's (FTC) issuance of an administrative complaint seeking to block the merger.

Under the terms of the merger agreement, FNF will make a payment of \$50 million to Stewart in connection with the termination of the proposed merger.

In its complaint, the FTC alleged the merger would "substantially reduce competition in state markets for title insurance underwriting for large commercial transactions, and in several local markets for title information services."

"Competitive title insurance and title information markets are essential to providing Americans affordable and high-quality title insurance products," Bruce Hoffman, director of the FTC's bureau of competition, said in a statement released late Friday. "The merger threatens to continue a trend of consolidation in these markets. Our action seeks to preserve important and beneficial competition that plays out every day in every real estate transaction across the United States."

The complaint alleged that the proposed acquisition will reduce the number of significant competitors offering underwriting for large commercial transactions from four to three and eliminate significant head-to-head competition in 45 states and the District of Columbia. The complaint also alleged that Fidelity and Stewart are close competitors for large commercial transactions. According to the FTC, Stewart has shown a willingness to

undercut the other underwriters, and has developed a reputation for finding creative and customer-friendly ways to defer costs.

“Absent competition from an independent Stewart, Fidelity will not need to compete as aggressively on price, coverage, underwriting requirements, or service as it does today,” the FTC said in its complaint. “The complaint further alleges that the elimination of Stewart as an independent competitor will increase the ability and incentive of the remaining underwriters to pursue tacitly a more cooperative strategy to the detriment of customers with large commercial transactions.”

According to the complaint, the merger would have harmed at least six local areas “by eliminating important competition between the title plants that Fidelity and Stewart own separately, and in another eight localities by giving Fidelity a greater ownership stake in certain title plants that are subject to joint ownership today.”

In February, the New York Department of Financial Services disapproved of Fidelity’s application to acquire Stewart Title Insurance Company, a New York-domiciled title insurance company that is licensed only in New York.

Following the announcement to terminate the merger, Stewart made changes to its executive leadership. Effective immediately, current director Frederick Eppinger will become chief executive officer. Matthew Morris, who has served as chief executive officer since 2011, will remain with the company and assume the role of president. John Killea, who has been president since 2017, will remain general counsel and chief legal officer, roles he has held since 2008 and 2012, respectively.

“While we were disappointed with the FTC’s decision regarding Stewart’s combination with Fidelity, we are well-positioned to execute on a standalone strategic plan built around growth and profitability,” said Thomas Apel, chair of Stewart’s board. “The actions we have taken today are designed to enhance our strength, focus our company on the opportunities before us and build a leadership team with the best mix of experience and expertise to drive value creation. To further support the new direction, we will be actively reviewing the board’s makeup to ensure the appropriate mix of diversity as well as operational and growth-oriented experience.”

Eppinger said he’s confident in the strength of the Stewart brand and the people behind it. “I look forward to working with our talented team to forge a legacy of a growth and performance-oriented culture that delivers exceptional value creation as a standalone company,” he said. “I believe the future is bright for Stewart. I see great potential in our ability to enhance performance while leveraging the core strengths of Stewart, its culture and people.”

Abstracts, Incorporated
100 Garden City Plaza, Suite 201, Garden City, New York 11530
516.683.1000 fax: 516.683.0089
123 Maple Avenue, Riverhead, New York 11901
631.369.0200 fax: 631.369.0199
www.AbstractsInc.com

