



OLD REPUBLIC INTERNATIONAL CORPORATION

MANAGING OLD REPUBLIC FOR THE LONG RUN



ANNUAL REVIEW 2016

ABOUT OLD REPUBLIC

Our **MISSION** is to provide quality insurance security and related services to businesses, individuals, and public institutions and be a dependable long-term steward of the trust that policyholders and shareholders place in us.

Old Republic traces its beginnings to 1923, although several acquired subsidiaries began operations much earlier. The Company is one of America's 50 largest shareholder-owned insurance businesses. It is primarily a commercial lines underwriter serving the insurance needs of a large number of organizations, including many of America's leading industrial and financial services institutions. Its subsidiaries actively market, underwrite, and provide risk management services for a wide variety of coverages, mostly in the general and title insurance fields. A long-term interest in mortgage guaranty and consumer credit indemnity lines has devolved into a run-off operating mode in recent years.

For the beneficiaries of their insurance products and services, Old Republic's insurance subsidiaries provide quality assurance of the promises they make. For employees, the Company offers an environment of success in which they can pursue personal goals of professional and economic achievement in the context of our **MISSION'S** business objectives.

Old Republic's record as a long-term investment compares very favorably within American industry. The Company's performance reflects an entrepreneurial spirit, a necessary long-term orientation in the management of its business, and a corporate structure that promotes accountability and encourages the taking of prudent business risks. For the 25 years ended in 2016, the Company's total market return, with dividends reinvested, has grown at a compounded annual rate of 10.0 percent per share. For the same period, the total market return, with dividends reinvested, for the S&P 500 Index has grown at a 9.2 percent annual compound rate. During those years, Old Republic's shareholders' equity account, inclusive of cash dividends, has risen at an average annual rate of 9.5 percent per share, and the regular cash dividend has grown at a 9.0 percent annual compound rate. According to the most recent edition of *Mergent's Dividend Achievers*, Old Republic is one of just 96 qualifying companies, out of thousands considered, that have posted at least 25 consecutive years of annual dividend growth.

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FINANCIAL HIGHLIGHTS

(\$ in Millions, Except Per Share Data)

	Consolidated Data		
	2016	2015	% Change
Total Revenues	\$ 5,900.5	\$ 5,766.1	2.3%
Pretax Income (Loss)	686.0	631.8	8.6
Net Operating Income (Loss): Total	419.6	362.7	15.7
Per Share—Diluted	1.46	1.28	14.1
Net Income (Loss): Total	466.9	422.1	10.6
Per Share—Diluted	1.62	1.48	9.5
Operating Cash Flow	637.3	688.2	-7.4
Assets	18,591.6	17,101.6	8.7
Common Shareholders' Equity: Total	4,471.6	3,880.8	15.2
Per Share	17.20	15.02	14.5
Cash and Invested Assets Per Share	50.00	44.40	12.6
Cash Dividends Per Share	\$.75	\$.74	1.4%

	Segments of Business					
	Revenues			Pretax Income (Loss)		
	2016	2015	% Change	2016	2015	% Change
General Insurance	\$3,354.7	\$3,313.3	1.3%	\$319.9	\$336.4	-4.9%
Title Insurance	2,244.1	2,080.7	7.9	210.2	166.8	26.0
Corporate & Other	35.4	35.8	-0.9	13.0	7.6	69.6
Subtotal	5,634.3	5,429.8	3.8	543.3	511.0	6.3
RFIG Run-off	193.2	245.0	-21.1	69.8	29.4	136.9
Subtotal	5,827.6	5,674.8	2.7	613.1	540.4	13.4
Realized Gains (Losses)	72.8	91.3	-20.2	72.8	91.3	-20.2
Consolidated	\$5,900.5	\$5,766.1	2.3%	\$686.0	\$631.8	8.6%



MANAGING FOR THE LONG RUN

The very nature of insurance requires that the business be managed for the long run. The prices (premiums) charged for most products are set without knowing for certain what the ultimate benefit and claim costs will be, or when they will be paid—which may be many years after a policy was issued or expired.

SUCCESS COMES FROM FOCUS AND STAYING POWER

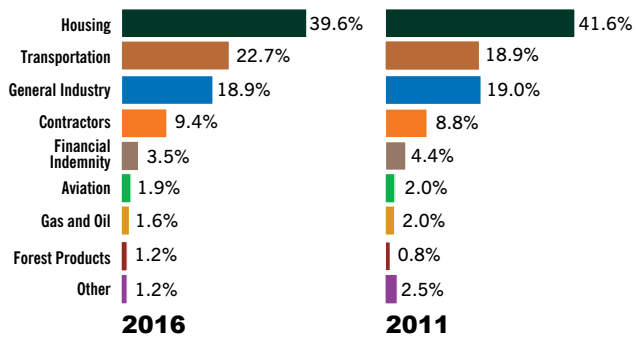
Prospering in this environment requires Old Republic to focus on two areas. First, our goal is to achieve favorable underwriting results over multi-year cycles. Second, we are steadfast in our efforts to maintain a sound financial condition. This is needed to support our insurance subsidiaries' long-term obligations to policyholders and their beneficiaries. We meet these objectives by using time-tested insurance risk management principles, and by funding liabilities with high-quality, diversified assets.

Effectively managing over a multi-year cycle means we must lead the Company with little regard to quarterly or even annual reporting periods—because these time frames are too short. We believe the best way to evaluate our operating results and financial condition is by looking at underwriting and overall operating performance trends over succeeding five, and preferably, 10 year time intervals. These longer periods may include one or two economic and/or underwriting cycles. This provides enough time for the cycles to run their course, for premium rate changes to emerge in financial results, and for reserved claim costs to be quantified with greater finality and effect.

Maintaining a sound financial condition requires us to minimize balance sheet leverage in three ways. We avoid excessive debt. We manage asset and liability risks, so Old Republic can cover different types of exposures across economic sectors and among insurance coverages. And we maintain a capital cushion to see us through the possibility of unexpectedly harsh events.

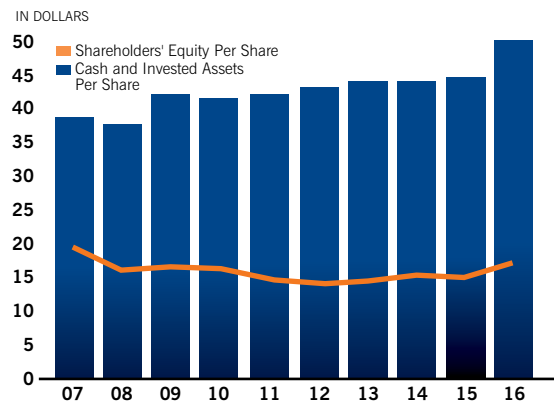


Consolidated Gross Premiums and Fees by Major Industry



Old Republic's business model features several insurance categories, offering many kinds of policies. This allows us to diversify our market and economic exposures while benefiting from an expert status in the industries we choose to serve.

Cash and Invested Assets Per Share Shareholders' Equity Per Share



Old Republic's cash and invested assets and shareholders' equity per share have kept pace with and reflect changes in operating cash flows, investment market values, and earnings.

LONG-TERM VIEW CREATES VALUE FOR ASSURED AND SHAREHOLDERS

By taking this long view, Old Republic has at once proven itself a reliable insurer and very good investment over time. Our record does more than distinguish us among insurers. It also stacks up very well against the nation's successful corporations. We believe our achievements rest on the Company's value system, its strategy of taking prudent business risks, and its conservative approach to asset and capital management.

We manage a focused book of insurance risks through a variety of coverages and products aimed at core sectors of the American economy. This combination gives us a better ability to counter the natural cycles in the insurance industry, while producing sustainable and balanced earnings growth with lower levels of volatility over time.

Our commitment to creating long-term shareholder value is evident in the generally consistent growth in these four areas: our quality invested asset base, bottom line, book value, and cash dividend. Old Republic has paid regular cash dividends on common shares without interruption since the World War II year of 1942. In addition, the annual dividend rate increased in each of the last 35 years. We are one of only 282 companies—out of the many public companies—to post at least 10 consecutive years of

annual dividend growth. Moreover, Old Republic is one of just 96 companies, out of thousands considered, to have posted at least 25 consecutive years of annual cash dividend growth according to *Mergent's Dividend Achievers*, winter 2016-2017 edition.

OUTPERFORMING THE S&P 500 BENCHMARK IN THE LONG RUN

The tables on pages four and five show our annual operating results over the past 50 years. To put them in perspective, we have included information on the stock market's valuation. The first table compares our annual total book return with the total pretax annual return for the Standard & Poor's 500 Index. (We calculate total book return by taking the annual post-tax change in shareholders' equity per share, plus the pretax dividend yield on that account.) For this period, our total book return averaged 14.7%, versus 11.5% for the S&P 500.

The second table compares our annual total market return on a per-share basis with the S&P 500. (This is calculated by taking the year-to-year percentage change in the closing price of Old Republic's stock, plus the cash dividend as a percentage of the closing price per share at the beginning of each year.) During this time, our shares posted an annual average return of 17.3% versus 11.5% for the S&P 500.



Total Book Return Compared With S&P 500

Year	Old Republic International Corporation ^(a)					S&P 500 ^(b)	Relative Results
	Ending Book Value	Cash Dividends Paid (c)	Percentage Change in Book Value	Dividend Yield	Total Book Return ^(d)	Total Annual Return	ORI vs. S&P 500
1967	\$0.25	\$0.007	56.3%	4.4%	60.7%	23.7%	37.0%
1968	0.28	0.007	15.2%	2.8%	18.0%	11.0%	7.0%
1969	0.31	0.011	9.4%	3.8%	13.2%	-8.4%	21.6%
1970	0.36	0.012	15.5%	4.0%	19.5%	3.9%	15.6%
1971	0.47	0.014	31.3%	3.9%	35.2%	14.6%	20.6%
1972	0.48	0.016	2.3%	3.4%	5.7%	18.9%	-13.2%
1973	0.47	0.019	-2.2%	3.9%	1.7%	-14.8%	16.5%
1974	0.38	0.020	-19.3%	4.2%	-15.1%	-26.4%	11.3%
1975	0.29	0.020	-23.9%	5.3%	-18.6%	37.2%	-55.8%
1976	0.56	0.011	94.4%	3.9%	98.3%	23.6%	74.7%
1977	0.79	0.022	41.9%	3.9%	45.8%	-7.4%	53.2%
1978	0.98	0.033	22.8%	4.2%	27.0%	6.4%	20.6%
1979	1.08	0.052	10.9%	5.3%	16.2%	18.2%	-2.0%
1980	1.22	0.054	12.8%	5.0%	17.8%	32.3%	-14.5%
1981	1.39	0.054	14.0%	4.4%	18.4%	-5.0%	23.4%
1982	1.65	0.056	18.4%	4.0%	22.4%	21.4%	1.0%
1983	1.89	0.058	14.6%	3.6%	18.2%	22.4%	-4.2%
1984	2.21	0.059	16.9%	3.3%	20.2%	6.1%	14.1%
1985	2.30	0.062	4.3%	2.9%	7.2%	31.6%	-24.4%
1986	2.53	0.065	9.7%	2.7%	12.6%	18.6%	-6.0%
1987	2.95	0.068	16.7%	2.7%	19.4%	5.1%	14.3%
1988	3.15	0.071	6.9%	2.3%	9.2%	16.6%	-7.4%
1989	3.54	0.076	12.4%	2.4%	14.8%	31.7%	-16.9%
1990	3.92	0.081	10.7%	2.2%	13.1%	-3.1%	16.2%
1991	4.46	0.086	13.7%	2.2%	15.9%	30.5%	-14.6%
1992	5.07	0.093	13.8%	2.1%	15.9%	7.6%	8.3%
1993	5.75	0.102	13.4%	1.9%	15.3%	10.1%	5.2%
1994	6.11	0.111	6.3%	2.0%	8.3%	1.3%	7.0%
1995	7.24	0.121	18.5%	2.0%	20.5%	37.6%	-17.1%
1996	7.77	0.148	7.3%	2.0%	9.3%	23.0%	-13.7%
1997	8.31	0.178	7.0%	2.3%	9.3%	33.4%	-24.1%
1998	9.21	0.206	10.8%	2.5%	13.3%	28.6%	-15.3%
1999	9.59	0.261	4.2%	2.8%	7.0%	21.0%	-14.0%
2000	11.00	0.293	14.6%	3.1%	17.7%	-9.1%	26.8%
2001	12.48	0.315	13.5%	2.9%	16.4%	-11.9%	28.3%
2002	13.96	0.336	11.8%	2.7%	14.5%	-22.1%	36.6%
2003	15.65	0.890 ^(c)	12.1%	6.4% ^(c)	18.6%	28.7%	-10.1%
2004	16.94	0.402	8.2%	2.6%	10.8%	10.9%	-0.1%
2005	17.53	1.312 ^(c)	3.5%	7.7% ^(c)	11.2%	4.9%	6.3%
2006	18.91	0.590	7.9%	3.4%	11.3%	15.8%	-4.5%
2007	19.71	0.630	4.2%	3.3%	7.5%	5.5%	2.0%
2008	15.91	0.670	-19.3%	3.4%	-15.9%	-37.0%	21.1%
2009	16.49	0.680	3.6%	4.3%	7.9%	26.5%	-18.6%
2010	16.16	0.690	-2.0%	4.2%	2.2%	15.1%	-12.9%
2011	14.76	0.700	-8.7%	4.3%	-4.4%	2.1%	-6.5%
2012	14.03	0.710	-4.9%	4.8%	-0.1%	16.0%	-16.1%
2013	14.64	0.720	4.3%	5.1%	9.4%	32.4%	-23.0%
2014	15.15	0.730	3.5%	5.0%	8.5%	13.7%	-5.2%
2015	15.02	0.740	-0.9%	4.9%	4.0%	1.4%	2.6%
2016	\$17.20	\$0.750	14.5%	5.0%	19.5%	11.9%	7.6%
Annual Average - 1967 to 2016 (50 Years)			11.1%	3.6%	14.7%	11.5%	3.2%

(a) Old Republic's per share statistics have been retroactively restated for stock dividends and splits. The data applicable to the Company are reported on a post-tax basis relative to book value, and on a pretax basis with respect to the dividend yield. 1967 information is based on the statutory results of Old Republic Life Insurance Company, predecessor to Old Republic International Corporation.
 (b) Data for the Standard & Poor's 500 Index ("S&P 500") are calculated on a pretax basis.
 (c) In December, 2003 and 2005, special year-end cash dividends of \$.534 and \$.800 per common share were declared and paid.
 (d) Total book return represents the sum of each year's dividend yield as a percentage of beginning book value per share, plus the percentage change in each year's book value per share.



Total Market Return Compared With S&P 500

Year	Old Republic International Corporation ^{(a)(b)}					S&P 500 ^(b)	Relative Results
	Ending Market Value	Cash Dividends Paid (c)	Percentage Change in Market Value	Dividend Yield	Total Market Return ^(d)	Total Annual Return	ORI vs. S&P 500
1967	\$0.34	\$0.007	-10.5%	1.8%	-8.7%	23.7%	-32.4%
1968	0.47	0.007	39.7%	2.1%	41.8%	11.0%	30.8%
1969	0.34	0.011	-28.4%	2.3%	-26.1%	-8.4%	-17.7%
1970	0.53	0.012	57.1%	3.7%	60.8%	3.9%	56.9%
1971	0.84	0.014	59.6%	2.6%	62.2%	14.6%	47.6%
1972	1.24	0.016	47.5%	1.9%	49.4%	18.9%	30.5%
1973	0.45	0.019	-63.5%	1.5%	-62.0%	-14.8%	-47.2%
1974	0.41	0.020	-10.6%	4.4%	-6.2%	-26.4%	20.2%
1975	0.44	0.020	7.9%	5.0%	12.9%	37.2%	-24.3%
1976	0.62	0.011	42.7%	2.6%	45.3%	23.6%	21.7%
1977	0.79	0.022	27.4%	3.5%	30.9%	-7.4%	38.3%
1978	0.98	0.033	22.8%	4.2%	27.0%	6.4%	20.6%
1979	1.11	0.052	14.2%	5.3%	19.5%	18.2%	1.3%
1980	0.89	0.054	-20.4%	4.8%	-15.6%	32.3%	-47.9%
1981	1.14	0.054	28.8%	6.1%	34.9%	-5.0%	39.9%
1982	1.46	0.056	27.8%	4.9%	32.7%	21.4%	11.3%
1983	2.35	0.058	61.4%	4.0%	65.4%	22.4%	43.0%
1984	2.03	0.059	-13.7%	2.5%	-11.2%	6.1%	-17.3%
1985	3.01	0.062	48.4%	3.0%	51.4%	31.6%	19.8%
1986	2.32	0.065	-23.2%	2.2%	-21.0%	18.6%	-39.6%
1987	1.86	0.068	-19.6%	2.9%	-16.7%	5.1%	-21.8%
1988	2.35	0.071	26.0%	3.8%	29.8%	16.6%	13.2%
1989	2.61	0.076	11.0%	3.2%	14.2%	31.7%	-17.5%
1990	2.46	0.081	-5.3%	3.1%	-2.2%	-3.1%	0.9%
1991	4.21	0.086	70.7%	3.5%	74.2%	30.5%	43.7%
1992	5.90	0.093	40.2%	2.2%	42.4%	7.6%	34.8%
1993	5.37	0.102	-9.0%	1.7%	-7.3%	10.1%	-17.4%
1994	5.04	0.111	-6.1%	2.1%	-4.0%	1.3%	-5.3%
1995	8.42	0.121	67.1%	2.4%	69.5%	37.6%	31.9%
1996	9.51	0.148	13.0%	1.8%	14.8%	23.0%	-8.2%
1997	13.22	0.178	39.0%	1.9%	40.9%	33.4%	7.5%
1998	12.00	0.206	-9.2%	1.6%	-7.6%	28.6%	-36.2%
1999	7.27	0.261	-39.4%	2.2%	-37.2%	21.0%	-58.2%
2000	17.06	0.293	134.8%	4.0%	138.8%	-9.1%	147.9%
2001	14.93	0.315	-12.5%	1.8%	-10.7%	-11.9%	1.2%
2002	14.93	0.336	-	2.2%	2.2%	-22.1%	24.3%
2003	20.29	0.890 ^(c)	35.9%	5.9% ^(c)	41.8%	28.7%	13.1%
2004	20.24	0.402	-0.2%	2.0%	1.8%	10.9%	-9.1%
2005	21.01	1.312 ^(c)	3.8%	6.5% ^(c)	10.3%	4.9%	5.4%
2006	23.28	0.590	10.8%	2.8%	13.6%	15.8%	-2.2%
2007	15.41	0.630	-33.8%	2.7%	-31.1%	5.5%	-36.6%
2008	11.92	0.670	-22.6%	4.3%	-18.3%	-37.0%	18.7%
2009	10.04	0.680	-15.8%	5.7%	-10.1%	26.5%	-36.6%
2010	13.63	0.690	35.8%	6.9%	42.7%	15.1%	27.6%
2011	9.27	0.700	-32.0%	5.1%	-26.9%	2.1%	-29.0%
2012	10.65	0.710	14.9%	7.7%	22.6%	16.0%	6.6%
2013	17.27	0.720	62.2%	6.8%	69.0%	32.4%	36.6%
2014	14.63	0.730	-15.3%	4.2%	-11.1%	13.7%	-24.8%
2015	18.63	0.740	27.3%	5.1%	32.4%	1.4%	31.0%
2016	\$19.00	\$0.750	2.0%	4.0%	6.0%	11.9%	-5.9%
Annual Average - 1967 to 2016 (50 Years)			13.7%	3.6%	17.3%	11.5%	5.8%

(a) Old Republic's per share statistics have been retroactively restated for stock dividends and splits. 1967 information is based on the results of Old Republic Life Insurance Company, predecessor to Old Republic International Corporation.

(b) Data for both the Company and the Standard and Poor's 500 Index (S&P 500) are calculated on a pretax basis.

(c) In December, 2003 and 2005, special year-end cash dividends of \$.534 and \$.800 per common share were declared and paid.

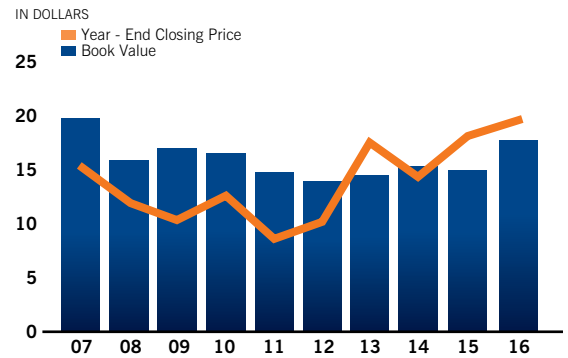
(d) Total market return has been calculated as the sum of the year-to-year increase or decrease in the closing price and the dividend yield for each year as a percentage of the closing price at the end of the preceding year. The total return shown would be higher if an interest factor were also applied to the reinvestment of cash dividends.



Both charts reflect the Company's poorer performance relative to the S&P 500 Index in the Great Recession years, as this recession seriously impacted the Company's Run-Off financial indemnity business. This relatively poorer performance is expected to turn more positive as Old Republic's recalibrated capital resources restore an earnings momentum driven by its General and Title insurance businesses.

The 50 years in these tables roughly covers the period during which Old Republic transitioned from a life and accident insurer founded in the 1920s, to a multi-faceted, well-diversified insurance enterprise. The Company entered general insurance in 1955, title insurance in 1978, and mortgage guaranty in 1980. Outperforming the general market validates our business strategy and supports our philosophy of managing results for the long run.

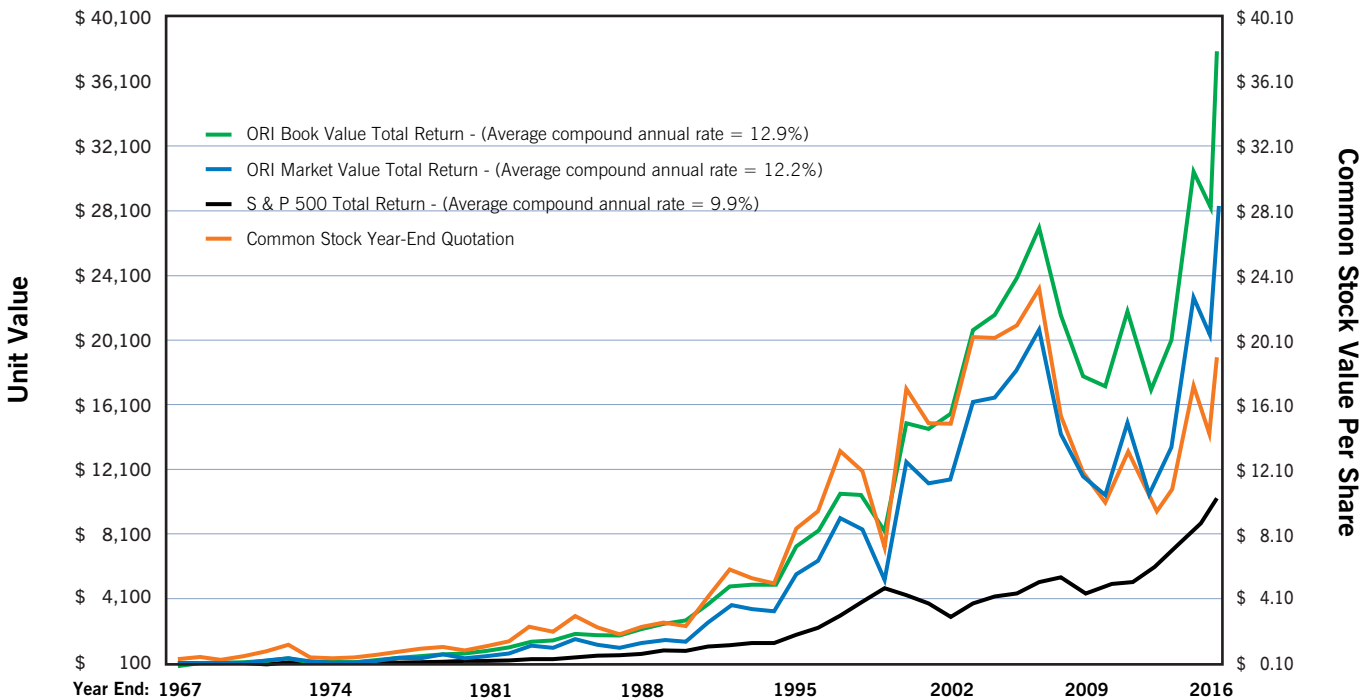
Per Share Data



Over the past decade, Old Republic's shareholders' equity per share has mostly reflected trends in earnings and cash dividend pay-outs. Quoted market prices for the shares are reflective of the same factors as well as securities market evaluations and conditions in general.

Old Republic International Book and Market Value Returns Compared with S&P 500

The chart compares the total book and market returns through December 31, 2016 of \$100 invested at year-end 1967 in Old Republic common stock (with each year's cash dividends reinvested in the Company's shares at then-current book or market value, respectively), versus the S&P 500 and its cash dividends reinvested in this index.





MANAGEMENT LETTER

Old Republic's Earnings Gain Momentum as Anticipated

Here's the report card on our 2016 financial performance:

- Net operating income rose to the highest level in the past 10 years.
- Book value per share advanced 14.5%, mostly from earnings retained in the business and a substantial market valuation gain in the investment portfolio.
- The annual cash dividend rate was raised for the 35th consecutive year.
- The higher book value and cash dividend to shareholders produced a 19.5% total return on book value per share for the year.

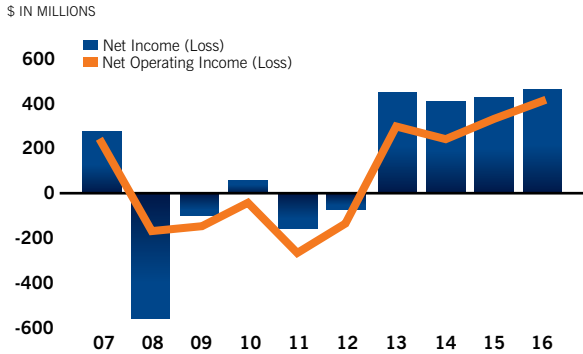
During 2016, we raised \$550 million in the public market through a 10-year straight debt security. The combination of outstanding debt — all of which is medium-term — and the common equity base added up to overall capitalization of \$6 billion at year-end. This provides ample resources for our insurance companies' growth capital needs, as well as for managing enterprise-wide risk without relying on outside funding.

This growing capitalization base doesn't include a significant unrecorded value: the intellectual capital and goodwill contributed by our people. They remain dedicated to building, fixing when necessary, and managing the business for the long run.

Most of last year's earnings progress came from our faster-growing Title Insurance business. Better results also were posted by our Financial Indemnity segment. It continues to be a hallmark of responsibly managing a run-off insurance enterprise.

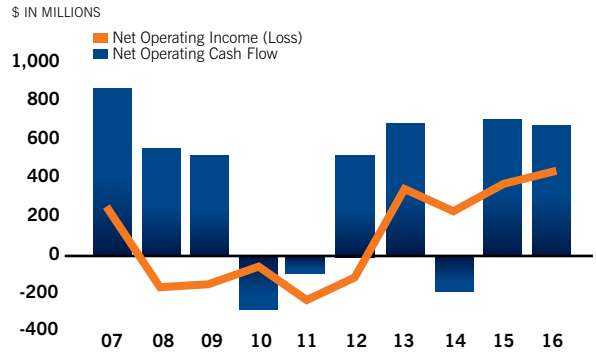


Net Income (Loss) Net Operating Income (Loss)



Old Republic's significant decline in earnings between 2007 and 2012 was related to the downturn in housing and mortgage lending sectors of the American economy. A turnaround to profitability in our Mortgage Guaranty line and continuing improvement in our Title business provided significant boosts to Old Republic's consolidated earnings.

Net Operating Income (Loss) Net Operating Cash Flow



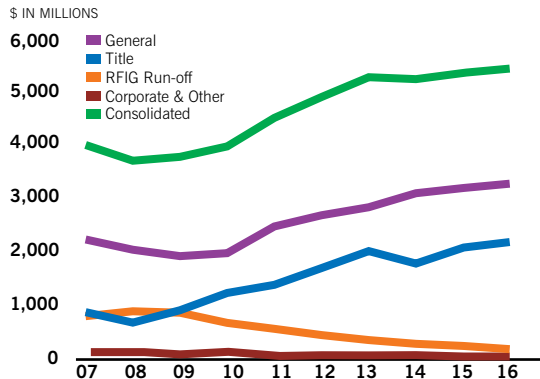
Old Republic's combined run-off mortgage guaranty and consumer credit indemnity businesses, both of which are tied to housing finance, were mainly responsible for the net operating losses and operating cash flow deficits shown.

These positive outcomes were partially offset by disappointing results at our largest segment, General Insurance. Its income from underwriting and related services dropped moderately, and interest charges on higher intra-system debt capital took a heavier toll.

In addition to the gains from consolidated underwriting operations, we earn substantial sums from bond and stock investments. At the end of 2016, about 55% of our total \$12.7 billion investment portfolio (\$12.1 billion if valued at cost) stemmed from the cumulative invested cash flows provided by long-term underwriting operations. The remaining 45% came from the combination of tangible book value (at cost) and the outstanding debt balance at that date.

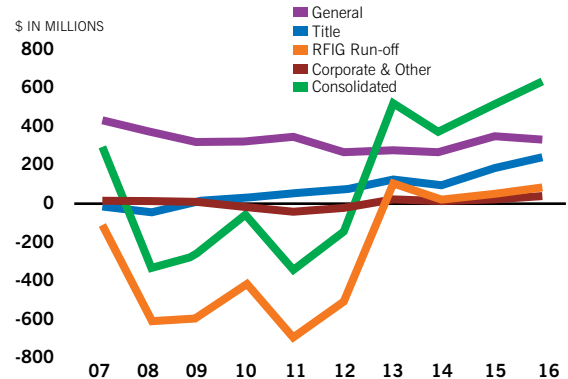
The following table on page nine shows how underwriting and investment income have contributed to pretax earnings in recent years. Throughout these times, income from interest and dividends has been a great stabilizing force on overall performance. That's because it parries the inherent cyclicality and lumpiness of underwriting profitability. Our all-weather, high quality securities portfolio generates investment income, and it is well structured to provide possible capital appreciation over time. Its high marketability can deliver necessary liquidity to cover insurance and other obligations as these come due.

Segmented Operating Revenue Trends



Old Republic's wide diversification of insurance coverages among its business segments provides greater top line stability.

Segmented Pretax Operating Income Trends



Except for periods experiencing pronounced economic slowdowns, as had been the case for the five years ended in 2012, Old Republic's diversified book of business is expected to generate greater stability of long-term earnings trends.



Sources of Consolidated Income (Loss) (\$ in Millions)

	2016	2015	2014	2013	2012	2011
Premiums, fees, and other revenues:						
General insurance	\$2,936.3	\$2,894.7	\$2,735.6	\$2,513.7	\$2,324.4	\$2,109.4
Title insurance	2,206.6	2,045.3	1,759.2	1,996.1	1,677.4	1,362.4
Corporate and other	20.1	19.4	60.7	59.6	58.9	74.9
Other revenues	107.3	106.7	101.6	90.1	114.5	115.2
Subtotal	5,270.5	5,066.2	4,657.3	4,659.3	4,175.1	3,662.0
RFIG run-off business	170.0	219.9	255.4	316.5	410.5	503.2
Consolidated	\$5,440.5	\$5,286.1	\$4,912.7	\$4,975.8	\$4,585.6	\$4,165.3
Underwriting and related services income (loss):						
General insurance	\$65.5	\$70.8	\$(23.9)	\$69.5	\$30.0	\$116.8
Title insurance	181.7	140.3	77.5	105.1	54.1	14.1
Corporate and other *	(17.5)	(21.8)	(19.2)	(20.2)	(18.3)	(16.1)
Subtotal	229.7	189.4	34.4	154.5	65.9	114.8
RFIG run-off business	46.6	4.3	(17.1)	73.1	(542.7)	(768.3)
Consolidated	\$276.3	\$193.7	\$17.2	\$227.7	\$(476.8)	\$(653.4)
Net investment income:						
General insurance	\$312.1	\$312.1	\$278.8	\$249.6	\$264.9	\$270.5
Title insurance	36.2	34.0	29.9	26.6	27.3	27.3
Corporate and other	15.4	17.2	9.2	5.6	7.9	7.4
Subtotal	363.8	363.5	317.9	281.8	300.2	305.3
RFIG run-off business	23.2	25.1	27.5	36.8	36.3	59.3
Consolidated	\$387.0	\$388.6	\$345.5	\$318.7	\$336.5	\$364.6
Interest and other charges:						
General insurance	\$57.6	\$46.6	\$33.5	\$30.9	\$33.9	\$33.3
Title insurance	7.6	7.5	7.8	7.4	7.5	5.3
Corporate and other **	(15.0)	(12.2)	(15.7)	(16.7)	(7.4)	6.1
Subtotal	50.2	41.9	25.6	21.6	34.0	44.7
RFIG run-off business	-	-	-	-	2.2	18.7
Consolidated	\$50.2	\$41.9	\$25.6	\$21.6	\$36.2	\$63.4
Pretax operating income (loss):						
General insurance	\$319.9	\$336.4	\$221.3	\$288.3	\$261.0	\$353.9
Title insurance	210.2	166.8	99.5	124.3	73.8	36.2
Corporate and other	13.0	7.6	5.7	2.1	(2.7)	(14.6)
Subtotal	543.3	511.0	326.7	414.7	332.1	375.5
RFIG run-off business	69.8	29.4	10.3	110.0	(508.6)	(727.8)
Consolidated	613.1	540.4	337.1	524.8	(176.4)	(352.2)
Income taxes (credits)	193.5	177.7	104.3	173.2	(76.6)	(133.7)
Net operating income (loss)	419.6	362.7	232.7	351.6	(99.7)	(218.5)
Realized investment gains (losses), net of taxes	47.3	59.3	177.0	96.2	31.1	78.0
Net income (loss)	\$466.9	\$422.1	\$409.7	\$447.8	\$(68.6)	\$(140.5)
Net income (loss) per share:						
Net operating income (loss)	\$1.46	\$1.28	\$0.84	\$1.25	\$(0.39)	\$(0.86)
Realized investments gains (losses)	0.16	0.20	0.60	0.32	0.12	0.31
Net income (loss)	\$1.62	\$1.48	\$1.44	\$1.57	\$(0.27)	\$(0.55)

* Includes general administrative expenses. / ** Includes consolidation/elimination entries.

In the past three years, most investable funds have been directed to purchasing high quality common shares of American companies. We select those that have distinguished long-term records of earnings and dividend growth. Our significant commitment to these stocks has produced a meaningful source of both investment income and capital growth during an environment where fixed income securities have offered persistently low yields. Except for the positive impact that future investable cash flows might have, the benefits of this strategy may become less apparent and somewhat muted. This could occur as greater,



opportunistic purchases of lower yielding state and municipal bonds are considered to obtain possibly greater post-tax yields.

The important benefits of investment income notwithstanding, our basic focus is unchanged: continually manage the underwriting account so it can achieve the highest possible performance.

GENERAL INSURANCE PROFITABILITY SET TO REBOUND

Our business of general insurance underwriting and related services has been a major driver of Old Republic's profitability for decades. Its profit has been moored to the steadfast underwriting discipline demanded by our mission.

The following table shows how the important contributions of income from investment securities have led to relatively stable operating income, even when underwriting results were disappointing.

General Insurance Group (\$ in millions)

	2016	2015	2014	2013	2012	2011
Net premiums earned	\$2,936.3	\$2,894.7	\$2,735.6	\$2,513.7	\$2,324.4	\$2,109.4
Net investment income	312.1	312.1	278.8	249.6	264.9	270.5
Other income	106.2	106.3	99.0	86.5	110.0	108.7
Net revenues	3,354.7	3,313.3	3,113.5	2,849.9	2,699.4	2,488.6
Benefits, claims and related settlement expense	2,143.1	2,143.5	2,132.3	1,849.4	1,696.0	1,460.0
Sales & general expenses	833.9	786.6	726.3	681.1	708.4	641.3
Interest & other charges	57.6	46.6	33.5	30.9	33.9	33.3
Total expenses	3,034.7	2,976.8	2,892.2	2,561.6	2,438.4	2,134.7
Pretax operating income (loss)	\$319.9	\$336.4	\$221.3	\$288.3	\$261.0	\$353.9
Underwriting and related services gain (loss)	\$65.5	\$70.8	(\$23.9)	\$69.5	\$30.0	\$116.8
Benefit and claim ratio	73.0%	74.1%	77.9%	73.6%	73.0%	69.2%
Expense ratio	24.8	23.5	22.9	23.7	25.7%	25.2
Composite underwriting ratio	97.8%	97.6%	100.8%	97.3%	98.7%	94.4%

General Insurance earned premiums were basically level between 2016 and 2015. Premium trends, however, were unevenly distributed among various insurance coverages. On the plus side, we saw low to mid-single-digit gains in commercial automobile (trucking), national accounts, home warranty, and several other coverages. A new underwriting facility established in early 2015 also added measurably to earned premiums. On the other hand, premium growth was hindered by lower volume in a large account contractors book of business (facing a particularly competitive environment) and by reduced production in the gas and oil energy services field.

Consolidated General Insurance benefit and claim costs were reasonably stable during 2016. Slightly higher sales and general expense ratios resulted mostly from these factors: 1) greater costs incurred in the above-noted underwriting facility, 2) additional litigation cost provisions in the second quarter, and 3) a moderately different premium mix and related production costs associated with the business' responses to recurring changes in insurance market conditions and opportunities.

Aggregate profits from underwriting and related services have been positive during the past five years. However, they've faltered in comparison with the years immediately preceding them. The average composite ratio — a proxy for profit margins in underwriting and related operations — was 98.4% for the five years just ended. Not shabby, but certainly a departure from the much more robust and achievable 94.1% average in the 10 years ended in 2011.

The usual villains no doubt contributed to lower underwriting profitability in recent years. These included 1) slow economic growth and the pervasively soft pricing environment it engendered, 2) unwise price cutting from competitors (particularly from waves of know-better upstarts), and 3) low yields on investment securities.



But an analysis of this segment's pricing and underwriting selection practices — particularly from the onset of the Great Recession — also highlighted fault lines we didn't see coming and couldn't forestall. These appeared in a few relatively new books of business added in the past 10 years, as well as several long active parts of our business marked by long-standing expertise. The simplest way to take the measure of these faults is to show their lagging effects on the claim ratios we've reported in each of the past five years:

	Reported Claim Ratio in Above Operating Summary	Reported Lagging Effect of Prior Years' Claims Emergence	Claim Ratio Unaffected by Prior Years' Claims Emergence
2012	73.0%	(2.2%)	75.2%
2013	73.6	(0.9)	74.5
2014	77.9	3.9	74.0
2015	74.1	1.5	72.6
2016	73.0%	0.3%	72.7%

We think the statistical trends in the far right column reflect the corrective underwriting actions taken and the revised claim cost assessments made in the past several years. Those favorable trends should continue as we pursue these actions:

- Further redirect our business away from the geographic areas most exposed to intractable competition
- Alter and moderately expand our product distribution channels
- Strengthen underwriting selection and pricing standards in the areas with the greatest need of correction, and continue to empower managers to walk away from business unlikely to deliver acceptable underwriting profitability
- Redirect greater parts of our business away from traditional risk transfer underwriting to alternative market approaches, which emphasizes greater partnerships and the common interests between assureds and us as insurance provider

Absent significant economic and insurance industry dislocations in the foreseeable future, we expect that reported claim ratios should drop gradually to targeted annual averages in the high 60% to low 70% range. The current mix of business should allow us to manage the expense ratio between 23% and 25%.

TITLE INSURANCE EARNINGS REACH A NEW HIGH

Title Insurance premium and fee revenues reached a record in 2016, surpassing \$2 billion for the second year in a row. Both direct and independent agency operations contributed to this. As the following table shows, higher revenues also led to our greatest profitability: \$210.2 million before income taxes.

The nearly 8% increase in premiums and fees stemmed from the combined residential and fast-growing commercial real estate sectors of our business. The auxiliary products we offer also contributed to our top-line success.

As the table on the following page shows, claim costs continued their consistent decline. We believe that more stringent underwriting processes in a generally rational national real estate sector is an important element driving down these costs. It also helps that cumulative claim reserve provisions established in prior years have developed favorably and reduced our current period claim provisions. This lowered the claim ratio by 1.1 percentage points to the 3.8% level. For 2015, 2014, and 2013, the reductions were just 0.6, 0.8, and 0.2 percentage points, respectively.

Operating expense-wise, we managed production, loss prevention, and general administrative costs in line with top-line growth. The composite underwriting ratio is nearing 90%, producing superior margins in the current up-cycle.

**Title Insurance Group** (\$ in millions)

	2016	2015	2014	2013	2012	2011
Premiums & fees earned	\$2,206.6	\$2,045.3	\$1,759.2	\$1,996.1	\$1,677.4	\$1,362.4
Net investment income	36.2	34.0	29.9	26.6	27.3	27.3
Other income	1.2	1.3	2.4	2.8	2.3	1.9
Net revenues	2,244.1	2,080.7	1,791.6	2,025.6	1,707.1	1,391.8
Claims and claim expenses	84.3	99.2	91.9	134.0	120.8	105.7
Sales & general expenses	1,941.8	1,807.0	1,592.3	1,759.7	1,504.7	1,244.5
Interest & other charges	7.6	7.5	7.8	7.4	7.5	5.3
Total expenses	2,033.8	1,913.8	1,692.0	1,901.3	1,633.2	1,355.5
Pretax operating income (loss)	\$210.2	\$166.8	\$99.5	\$124.3	\$73.8	\$36.2
Underwriting and related services gain (loss)	\$181.7	\$140.3	\$77.5	\$105.1	\$54.1	\$14.1
Claim ratio	3.8%	4.9%	5.2%	6.7%	7.2%	7.8%
Expense ratio	87.9	88.3	90.4	88.0	89.6	91.2
Composite underwriting ratio	91.7%	93.2%	95.6%	94.7%	96.8%	99.0%

At the beginning of 2017, we're as positive as we've ever been about Title Insurance's prospects. We've built a conservatively managed and financially sound real estate services business. It's most significant asset — our people's knowledge and capacity to grow — can be counted upon to take full advantage of the opportunities that come our way.

RFIG RUN-OFF BUSINESS CONTRIBUTES TO CONSOLIDATED PROFITS

The Mortgage Guaranty (MI) part of the run-off book enhanced its profitability in 2016. The positive contribution to the run-off, however, was partially offset by operating losses in the much smaller Consumer Credit Indemnity (CCI) line.

Because they're in run-off operating mode, both MI and CCI saw declines in earned premiums. Investment income edged down, reflecting the low yield investment environment tied to a naturally declining asset base. The performance of each part of the RFIG segment is shown in the table on the following page.

2016's MI profitability benefitted once again from lower claim provisions and our efficient management of the business. As in recent years, two major factors affected profits: 1) declining trends in reported loan delinquencies, and 2) higher rates at which previously reported loan defaults are cured or otherwise resolved without payment. The stronger cure rates have been helped by positive trends in home prices, foreclosures, and residential real estate activity.

For the past four years, these factors also contributed to favorable developments of claim reserves established in prior years. As a result, the claim ratios shown in the last table were reduced by 39.8, 65.0, 69.3, and 88.2 percentage points in 2016, 2015, 2014 and 2013, respectively. (An unfavorable development in 2012 penalized that year's claim ratio by 31.6 percentage points.) Compared with 2014, the higher claim ratio for 2015 was largely attributable to greater MI claim litigation cost provisions.

MI performance to date has tracked fairly closely with the 10-year operating model we built at the run-off's inception. Our current assumption is that housing and the related mortgage finance industry will continue to operate on an even keel for the next several years. So we expect the MI business will produce moderately good — though naturally declining — profits through the remaining run-off years. That outcome will keep several avenues open to the successful devolution of this valuable Old Republic franchise.

CCI results, though still in the red for 2016, improved from 2015 and 2014. This was largely due to lower litigation cost provisions. These are largely associated with a nearly eight-year commercial dispute with Bank of America and its ill-fated Countrywide mortgage banking division. The dispute is based on our claim of



fraud and misrepresentation related to consumer credit loans made by Countrywide and insured by an Old Republic subsidiary. It borders on the absurd that our paltry claim for redress from the nation's second-largest bank should have been caught in a snare of legal maneuverings that destroyed our mutual long-established business relationships and values. Eliminating the umbrage of this, and a couple of much smaller cases in litigation, will redirect some senior management time to worthier pursuits. We hope that this can happen before a court hands down a judgement that satisfies no one.

RFIG Run-Off Business (\$ in millions)

	2016	2015	2014	2013	2012	2011
A. Mortgage Insurance (MI):						
Net premiums earned	\$154.1	\$195.9	\$227.6	\$286.7	\$368.0	\$444.9
Net investment income	22.0	24.2	26.9	36.4	36.2	59.2
Claim costs	52.5	110.5	111.0	173.2	797.5	1,057.1
Pretax operating income (loss)	\$105.0	\$89.9	\$121.6	\$126.3	(\$433.6)	(\$678.1)
Claim ratio	34.1%	56.4%	48.8%	60.4%	216.7%	237.6%
Expense ratio	12.0	10.1	9.7	8.2	10.4	23.9
Composite underwriting ratio	46.1%	66.5%	58.5%	68.6%	227.1%	261.5%
B. Consumer Credit Insurance (CCI)*:						
Net premiums earned	\$15.8	\$ 23.9	\$27.7	\$29.8	\$42.4	\$58.3
Net investment income	1.1	0.8	0.5	0.4	0.1	-
Claim costs	50.0	83.0	137.2	44.5	112.8	102.9
Pretax operating income (loss)	\$(35.2)	\$(60.4)	(\$111.2)	(\$16.2)	(\$74.9)	(\$49.6)
Claim ratio	315.9%	346.9%	494.4%	149.4%	265.7%	176.5%
Expense ratio	13.9	9.2	8.5	6.6	11.0	8.7
Composite underwriting ratio	329.8%	356.1%	502.9%	156.0%	276.7%	185.2%
C. Total MI and CCI run-off business:						
Net premiums earned	\$170.0	\$219.9	\$255.4	\$316.5	\$410.5	\$503.2
Net investment income	23.2	25.1	27.5	36.8	36.3	59.3
Claim costs	102.6	193.6	248.2	217.7	910.4	1,160.1
Pretax operating income (loss)	\$69.8	\$29.4	\$10.3	\$110.0	(\$508.6)	(\$727.8)
Claim ratio	60.4%	88.0%	97.2%	68.8%	221.8%	230.5%
Expense ratio	12.2	10.0	9.5	8.1	10.4	22.1
Composite underwriting ratio	72.6%	98.0%	106.7%	76.9%	232.2%	252.6%

* \$33.8 million, \$58.6 million, \$108.8 million, \$14.0 million and \$70.9 million of pretax operating losses for 2016, 2015, 2014, 2013 and 2012, respectively, are retained by certain general insurance companies under various quota share and stop loss reinsurance agreements. All of these amounts, however, have been reclassified and are included for segment reporting purposes, so Section B in this table incorporates 100% of the CCI run-off business results.

A CAPITAL MODEL AND STRATEGY FOR THE LONG RUN

The Great Recession and its economic dislocations – particularly in housing finance – made us reassess the long-term viability and capital needs of our MI and CCI product lines. As recessionary conditions and their effect on claim costs progressed during those years, these lines were placed in run-off operating mode. That limited their call on the parent holding company's capital resources. But this also stunted their prospect for reemerging as the great engine of consolidated earnings growth they had been in earlier years. This new environment also led us to assess Old Republic's enterprise-wide risk profile and capital allocation model.

The sustained strength of our well capitalized General and Title insurance operations enabled us to realign our capital structure with the Company's long-term strategy. Both segments made it through the recession without feeling any impact from operational difficulties in MI and CCI. These businesses not only kept their customers but also attracted more. Their capital accounts continued to grow, and through it all they made important investments in intellectual capital. This allowed them to promote the long-term growth and stewardship of both shareholders' and insureds' interests.



The next table shows that Old Republic's General and Title segments are destined to be the main capital repositories for the Company's long-term, sustainable growth.

Capital Allocation Model and Objectives*

	Current Long-Term Objectives		Actual Allocations as of December 31,						
			2016	2015	2014	2013	2012	2011	
General insurance	85.0%	—	90.0%	78.0%	78.2%	78.0%	82.2%	83.7%	80.0%
Housing									
Title	12.5%	—	15.0%	13.9%	13.7%	13.6%	13.7%	13.3%	11.1%
Financial Indemnity	0.0%	—	0.0%	6.5%	5.3%	4.4%	-0.3%	-1.4%	4.5%
Life & accident	2.5%	—	2.5%	1.1%	1.2%	1.7%	2.1%	2.4%	2.4%
Other				0.5%	1.6%	2.3%	2.3%	2.0%	2.0%
				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* Percentages are based on including all capital instruments.

The capital model reflects our mission and strategic vision for the 94 years Old Republic has been a publicly held institution: "To provide quality insurance security and related services to businesses, individuals, and public institutions, and be a dependable long-term steward of the trust that policyholders and shareholders place in us." In this pursuit:

- We marched to the beat of our own drummer and set an independent course with an owner-directed mentality.
- We resolutely stayed within our sphere of competency. Not attempting to be all things to all people sets us apart as a non-establishment, specialty insurance enterprise, which enhanced our competitiveness.
- We created long-term value for generations of serious investors. First, by delivering steadily increasing cash returns to them. Second, by building the tangible value of their capital without financial engineering or accounting legerdemain.

All of this remains essential to managing the company for the long run. It has to do with understanding the cycles in our business and the potential exposure to catastrophic events: through periodic economic dislocations, and natural or man-made disasters.

To protect ourselves if any of these things happen, we've managed the Company's insurance subsidiaries with a cushion of capital to better absorb the unexpected. As a result, our family of insurance subsidiaries – three of them centenarians – emerged unscathed from the Great Depression, several wars, economic recessions, terrorist attacks, and many other years of hardship.

In all these years, our conservative approach to management has enabled us to meet all of our just obligations to policyholders and other creditors. In addition, shareholders have benefitted from our steadfast stewardship of their interests. Our promises of financial indemnity and accretive capital management are as strong as they've ever been.

Managing the business for the long run is deeply rooted in our culture. We paid no heed to passing fancy or the siren songs of financial soothsayers. All along, we managed a very focused book of insurance risks offering a wide variety of coverages and products aimed at core sectors of the North American economy. Our focus remained on achieving underwriting profitability as the key accomplishment in running a for-profit insurance institution vested with the public interest.

Here's the proof in this pudding. Our General Insurance business outperformed its industry's average underwriting ratio in 40 of the past 50 years, in 20 of the past 25 years, and in seven of the past 10 years. It missed beating the averages in just five out of the 50, three out of the 25, and in two out of the 10. In the other years, it simply matched industry averages.



The linchpin of the strategy has been managing the balance sheet for the long run. This perspective means we view income statements merely as the link between two successive balance sheets. Emphasizing a strong balance sheet synchs with the long-term security that our insurance subsidiaries provide to policyholders. It underlines the stewardship of our shareholders' capital.

All of this was achieved by using these five basic strategies:

- We maintain a high quality portfolio with liquid invested assets, devoid of gimmicky and financially engineered securities.
- We vigilantly demand and secure quality, time-tested, long-term reinsurance protection that could be needed many years down the road.
- We ensure the financial integrity of our individual insurance subsidiaries to protect their respective assureds. One way to do this is by avoiding material inter-company cross-ownerships ("pyramiding" in industry parlance) or intra-system insurance pooling arrangements, which can create a negative domino effect in troubled operating environments.
- We maintain a strong claim reserve position. This is to reflect the true value of our insurance subsidiaries' obligations to policyholders and beneficiaries, and the expected claim costs that enter into our pricing decisions.
- We have a transparent and strong capital structure. It minimizes debt leverage and precludes financial gimmickry and intangibles – such as stock buy-backs or unsupported goodwill – from watering down the shareholders' capital or its resiliency.

In these lights, the devotion to quarterly or even annual results that American industry observes just creates short-term thinking. We appreciate the discipline of financial reporting on a timely and reasonably conservative manner. Our view, however, is that short reporting time frames – and the limited attention spans they engender – don't go well with a business necessarily managed for the long run.

We believe there's only one most substantive way to evaluate trends in Old Republic's operating results and financial condition. That's by observing and assessing underwriting and overall operating performance over succeeding five- or, preferably, 10-year intervals. The latter likely includes one economic and/or underwriting cycle and thus provides enough time for 1) the cycle to run its course, 2) premium rate changes to be validated by actual results, and 3) reserved claim costs to be quantified and emerge in financial results with greater finality and effect.

Our management for the long run rests on these premises and understandings. Adhering to them sustains our earning power, the durability of our enterprise, and the steadily compounding returns of cash and accumulating capital for our shareholders.

In 1973, a study¹ looked at the 300 largest publicly held and insurance-oriented corporations. Today, only 25 of them – including Old Republic – remain. Most of the other 275 were absorbed by merger and no longer exist, or they disappeared from the insurance world.

Of the 25 left, only five (including us) appear in the latest Mergent Handbook of Dividend Achievers. This publication lists just 96 American public companies that have increased their annual cash dividends for 25 or more years.

As a member of this select group, Old Republic has paid a cash dividend, without interruption, for 75 years – since the World War II year of 1942. And it has raised that dividend in each of the past 35 years. We share this limelight with just five other insurance institutions.

¹ Source: *Froggatt Stock Insurance Index* © 1973 Coopers & Lybrand



None of the companies that remain from the original list – nor any of the others that have become public since then (including several stockholder-owned companies that were once mutual insurers) — have risen into this elite status. We cite this to attest to the merits – no, to the absolute necessity – of managing a business long on promises for the long run.

Insurance holding companies are only able to pay dividends when they meet the requirements of state insurance laws. In the following table, we show 1) the total amount of annual dividends that could have been paid by our subsidiaries without regulatory approvals, 2) the amount actually paid to the holding company parent, and 3) the latter's actual dividend payments to shareholders.

Permitted and Actual Dividends (\$ in millions)

	2016	2015	2014	2013	2012	2011
Maximum dividends payable by subsidiaries	\$493.8	\$461.9	\$427.2	\$350.6	\$361.4	\$306.5
Actual dividends paid						
by subsidiaries to ORI Parent	317.6	326.0	281.1	205.3	195.0	177.1
Actual dividends paid by ORI Parent to the shareholders	\$193.8	\$191.3	\$188.3	\$184.8	\$181.5	\$178.4

Paying regular cash dividends has always been an important element of our strategy and stewardship of shareholders' capital. The steady growth of cash dividends over decades has been a significant part of the total book and market returns seen by our common stock.

This record showcases our commitment to creating and sharing economic values with our shareowners. These owners include not only our Board of Directors, but associated entities and employees at all levels who have chosen to make Old Republic a home for their working lives. As a group, they are bearers of the unrecorded values of intellectual capital, of business relationships, and of the consistently reliable, non-revolving door management of our enterprise. Directly, and through several employee benefit plans – such as our Employee Savings and Stock Ownership Plan – these people hold and are direct beneficiaries of approximately 9% of Old Republic's outstanding shares. As the old saying goes, our people have put their money where their mouth is. This is one, important example of our culture's owner-directed operating style.

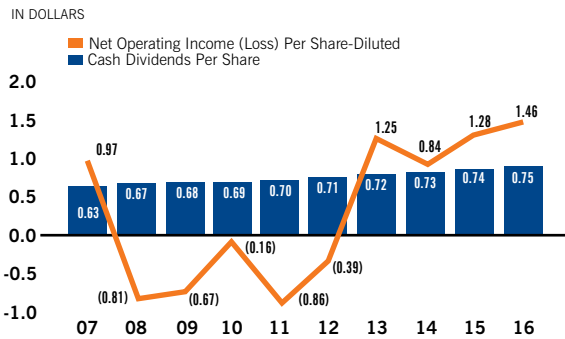
Between the end of 2006 (some 24 months before the Great Recession) and 2016, our book value per share experienced an apparent decline of \$1.71. All of the decline – and much more – came from total cash dividends paid of \$7.02 per share. This was partially offset by the combination of net income, unrealized investment gains, and miscellaneous capital items aggregating \$5.31 per share. The next table shows the annual changes per basic share outstanding during recent years.

Shareholders' Account Reconciliation Per Basic Share Outstanding

	2016	2015	2014	2013	2012	2011
Common shareholders' equity, beginning of year	\$15.02	\$15.15	\$14.64	\$14.03	\$14.76	\$16.16
Changes for the year:						
Net operating income (loss)	1.62	1.40	0.90	1.37	(0.39)	(0.86)
Realized investment gains (losses):						
From securities sales	0.19	0.23	0.68	0.37	0.12	0.44
Mark-to-market adjustments	(0.01)	–	–	–	–	(0.13)
Subtotal	0.18	0.23	0.68	0.37	0.12	0.31
Net unrealized investment gains (losses)	1.12	(0.96)	(0.08)	(0.64)	0.29	0.03
Total realized and unrealized investment gains (losses)	1.30	(0.73)	0.60	(0.27)	0.41	0.34
Cash dividends paid	(0.75)	(0.74)	(0.73)	(0.72)	(0.71)	(0.70)
Other – net	0.01	(0.06)	(0.26)	0.23	(0.04)	(0.18)
Net change for the year	2.18	(0.13)	0.51	0.61	(0.73)	(1.40)
Common shareholders' equity, end of year	\$17.20	\$15.02	\$15.15	\$14.64	\$14.03	\$14.76

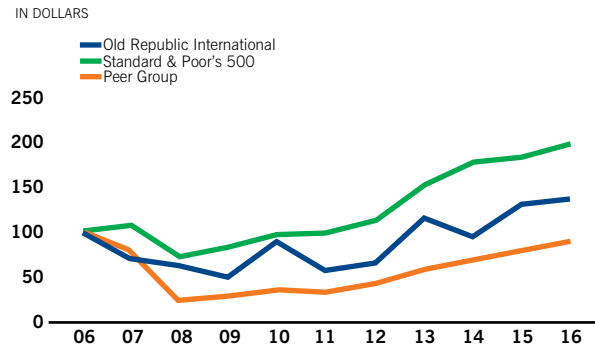


Net Operating Income (Loss) Per Share-Diluted Cash Dividends Per Share



Regular cash dividends have increased in each of the past 35 years, even though earnings per share have reflected some variability.

Total Market Return



This chart compares Old Republic's total market return for the past ten years with that of the S&P 500 and a Peer Group of insurance businesses included in the Company's 2016 Form 10K.

OLD REPUBLIC'S OUTLOOK IS VERY POSITIVE

Assessing the current insurance scene and the competitive forces at work makes us very comfortable with our state of affairs. We are not and have no aspiration to be among the biggest in our industry. But we're confident in our ability to compete toe-to-toe with those players. Our current capitalization is more than enough to 1) provide a necessary financial cushion, and 2) add capital to individual subsidiaries so they may take advantage of existing and new opportunities.

As long-term observers and practitioners in insurance, we have a great appreciation for the merits of purposeful rather than growth "because we can." Acquisitions – many of which we've done over the decades – can be a good way to add impetus, access new approaches to organic growth, and fill product distribution channels gaps. But acquisitions can also bring problems and cultural differences that may be so intractable as to distract management's attention from a well-known and reliably performing enterprise. To us, the bottom line is that we see very little of worth to acquire in today's insurance landscape.

The preferred sources of growth, however, will continue to come from our existing business. They will spring from the relationships, intellectual capital, and independent mindset that our people bring to the table. It will come from Old Republic's good name, and its reputation for being a good place to do business. We're convinced that ideas will arise that will be a fit with our culture, values, and dedication to doing things right for customers and shareholders alike. With all this, we plan to support and enhance organic growth, and to sponsor highly focused, specialty underwriting ventures (as we last did early in 2015).

Most of the operating challenges encountered during the Great Recession years and their lingering aftermath are behind us. We're optimistic that our Company is on track to see positive performance which will benefit our customers and serious investors in our stock.

Respectfully submitted on behalf of the Board of Directors,

Aldo C. Zucaro
Chairman and Chief Executive Officer
Chicago, Illinois
March 10, 2017



GENERAL INSURANCE GROUP



The Old Republic General Insurance Group is our largest business. It includes 19 U.S. and offshore insurance underwriting companies, plus many agency and related services operations. We reach customers in the U.S. and Canada.

Each of our General Insurance companies focuses on specific property and liability markets. This means they can offer a full suite of risk management and insurance solutions that typically are customized for specific industries they know well.

We serve three markets:

1. Large corporations with complex risks, requiring sophisticated alternative market solutions
2. Small and mid-sized companies with traditional risk transfer needs
3. Consumers with home and auto warranty needs

Every Old Republic General Insurance Group company has the same core values and traditions of delivering on promises of financial indemnity. Our brand name and reputation for stability gives us a competitive advantage.

In 2016, the Old Republic General Insurance Group's overall performance was marked by reasonably stable underwriting and investment income contributions. The Group's financial condition also remained very strong, as shown by the key ratios at the end of the table on the following page.

The rest of the section covers the Group's key operating companies. It explains how their business models support the Group's overall financial strength and growth prospects.

Geographic Distribution of Direct Premiums Written

	2007	2015	2016
United States			
Northeast	5.6%	9.8%	9.9%
Mid-Atlantic	8.6	7.6	7.3
Southeast	17.2	15.8	15.9
Southwest	14.8	13.2	12.9
East North Central	13.4	13.8	13.7
West North Central	15.8	13.4	13.2
Mountain	9.3	6.5	6.5
Western	13.6	17.8	18.1
Foreign (Principally Canada)	1.7	2.1	2.5
	100.0%	100.0%	100.0%



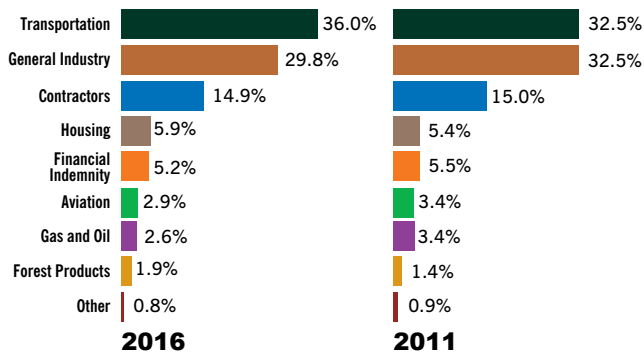
Consolidated Property and Liability Insurance Business

(\$ in Millions)

		2016	2015	2014	2013	2012
Financial Position	Cash, Fixed Maturity Securities	\$ 7,969.1	\$ 7,448.1	\$ 7,148.8	\$ 7,098.8	\$ 6,893.1
	Equity Securities	1,878.7	1,500.6	1,386.5	836.5	652.6
	Other Invested Assets	107.0	101.4	95.0	90.0	100.1
	Reinsurance Recoverable	3,252.4	3,196.0	3,420.8	3,182.3	3,182.1
	Sundry Assets	2,098.4	2,276.6	2,200.2	2,068.7	1,942.1
		\$15,305.7	\$14,523.0	\$14,251.8	\$13,276.6	\$12,770.2
	Claim Reserves	\$ 8,203.0	\$ 7,931.2	\$ 7,821.8	\$ 7,201.5	\$ 6,907.0
	Unearned Premiums	1,835.3	1,739.2	1,606.5	1,458.9	1,323.8
	Other Liabilities	2,304.2	2,115.7	1,860.3	1,629.7	1,546.9
	Equity	2,963.1	2,736.7	2,963.0	2,986.3	2,992.3
	\$15,305.7	\$14,523.0	\$14,251.8	\$13,276.6	\$12,770.2	
Operating Results	Net Premiums Written	\$ 3,005.3	\$ 2,985.5	\$ 2,846.8	\$ 2,601.1	\$ 2,366.9
	Net Premiums Earned	\$ 2,936.3	\$ 2,894.7	\$ 2,735.6	\$ 2,513.7	2,324.4
	Net Investment Income	312.1	312.1	278.8	249.6	264.9
	Other Income	106.2	106.3	99.0	86.5	110.0
		3,354.7	3,313.3	3,113.5	2,849.9	2,699.4
	Claim Costs	2,125.0	2,125.6	2,117.8	1,834.1	1,678.0
	Policyholders' Dividends	18.1	17.9	14.4	15.2	17.9
	Sales and General Expenses	833.9	786.6	726.3	681.1	708.4
	Interest and Other Costs	57.6	46.6	33.5	30.9	33.9
		3,034.7	2,976.8	2,892.2	2,561.6	2,438.4
Pretax Operating Income	\$ 319.9	\$ 336.4	\$ 221.3	\$ 288.3	\$ 261.0	
Operating Cash Flow	\$ 525.8	\$ 663.0	\$ 567.1	\$ 566.9	\$ 449.4	
Underwriting Statistics	All Coverages Combined:					
	Paid Loss Ratio	65.7%	62.0%	63.2%	61.6%	64.7%
	Incurred Loss Ratio	72.4%	73.5%	77.4%	73.0%	72.2%
	Dividend Ratio	.6%	.6%	.5%	.6%	.8%
	Expense Ratio	24.8%	23.5%	22.9%	23.7%	25.7%
	Composite Ratio	97.8%	97.6%	100.8%	97.3%	98.7%
	Liability Coverages:					
	Earned Premiums	\$ 1,963.3	\$ 1,989.0	\$ 1,934.3	\$ 1,779.7	\$ 1,659.9
	Loss Ratio	78.5%	80.6%	82.6%	77.1%	74.9%
	Dividend Ratio	.6%	.5%	.5%	.6%	.8%
Other Coverages:						
Earned Premiums	\$ 974.1	\$ 908.0	\$ 801.5	\$ 736.7	\$ 667.5	
Loss Ratio	60.5%	57.3%	65.0%	62.8%	65.3%	
Dividend Ratio	.3%	.4%	.4%	.3%	.3%	
Composition of Pretax Operating Income (Loss)	Underwriting/Service Income (Loss)	\$ 65.5	\$ 70.8	\$ (23.9)	\$ 69.5	\$ 30.0
	Net Investment Income	312.1	312.1	278.8	249.6	264.9
	Interest and Other Costs	(57.6)	(46.6)	(33.5)	(30.9)	(33.9)
	Pretax Operating Income	\$ 319.9	\$ 336.4	\$ 221.3	\$ 288.3	\$ 261.0
	Pretax Operating Margin	9.5%	10.2%	7.1%	10.1%	9.7%
Key Ratios	Net Premiums Written to Equity	1.0x	1.1x	1.0x	.9x	.8x
	Net Claim Reserves to Equity	182%	189%	162%	146%	136%
	Cash and Invested Assets to Liabilities	109%	105%	109%	112%	114%

The above summary has been prepared on the basis of generally accepted accounting principles and excludes realized investment gains and losses.

Gross Premiums by Industry Served



Insurance for industries such as trucking, construction, manufacturing and specialty coverages that include directors' and officers' liability (part of our financial indemnity coverages) form the foundation of the Group's business.

The **BITCO Insurance Companies (BITCO)** offer specialized insurance programs and services to the construction, light manufacturing, wholesalers/distributors, forest products, and onshore oil and gas services industries. They also provide uniquely structured workers' compensation coverages to public entities in select parts of the U.S.

We distribute our products through a network of independent agents located in five U.S. regions, using a program management approach. Our 14 full service branch offices allow us to provide agents and assureds with high-quality services, delivered by people who are very responsive to their needs. This competitive advantage led BITCO to establish valuable long-term relationships with our agents and assureds.

Downward pressures on the price of crude oil and softening market conditions continued to challenge our top and bottom lines in 2016. However, we still saw written premium growth in most of our insurance offerings. Here are two larger areas, for example. Construction related programs grew 2%, and forest products' writings advanced by more than 25%.

We further expanded our offerings to manufacturers and wholesalers and distributors, and added a large deductible program during 2016. Both were favorable developments in reaching our long-term growth objectives.

This year brings our 100th anniversary. We remain resolute in pursuing long-term underwriting profitability based on reliably superior service to agents and assureds. The high ratings we receive from independent rating agencies attest to the value of our promises of financial indemnity.

Great West Casualty Company specializes in insurance products and services for the long-haul trucking industry. For over 60 years, Great West's mission has never changed: To be "the" premier insurance service provider for truckers in the U.S., and in Canada through our Old Republic Insurance Company of Canada sister company.

We offer a comprehensive package of coverages that enable large and small truckers to meet regulatory requirements and fairly compete. Large trucking companies—with strong balance sheets and a desire to retain a portion of their own insurable risk—are attracted to the alternative market solutions we tailor to their needs.

2016 premium production was relatively flat with the prior year. The composite underwriting ratio remained favorable. This reflected the underwriting integrity and discipline that has underpinned our business from the start. At year end, our capital resources were at historic highs. They buttress the value proposition of our insurance services and bolster our prospects for growth.

The trucking industry, along with the economy in general, was relatively sluggish in 2016. We saw a





slight increase in productivity toward year end. We are optimistic that 2017 should bring a return to steady growth for Great West, both organically and by adding new customers.

Old Republic Aerospace, Inc. (ORAE) is a leading insurance provider in aviation. We cover a variety of hull and liability exposures for private and corporate aircraft, as well as commercial airlines. In addition, we offer insurance products targeted for ground operation liability, agricultural aviation applications, and for aircraft-related manufactured products. Our strong and growing workers' compensation insurance line is tailored to all sizes of customers.

Overcapacity continued to be an issue in the aviation marketplace in 2016. Rates were relatively flat, with the better risks still commanding modest rate reductions. Our diverse portfolio of insurance products led ORAE once again to achieve net written premium growth of approximately 15%. Our composite ratio remained favorable, as it has for many years.

Looking ahead, we remain focused on disciplined underwriting. Our operating plans include improving efficiency by using new technology, and further streamlining the producer network. These two factors should provide us with opportunities for profitable growth.

Old Republic Contractors Insurance Group (ORCIG) is a leader in the U.S. construction insurance industry. We are a specialty underwriter of contractors' insurance exposures, contractors' joint ventures, wrap-up and P3 (public-private partnership) programs.

Our focus is liability insurance coverages and services exclusively for large commercial contractors and projects. As necessary, we design customized programs for complex risks, and we collaborate on claims and loss prevention programs with our insureds.

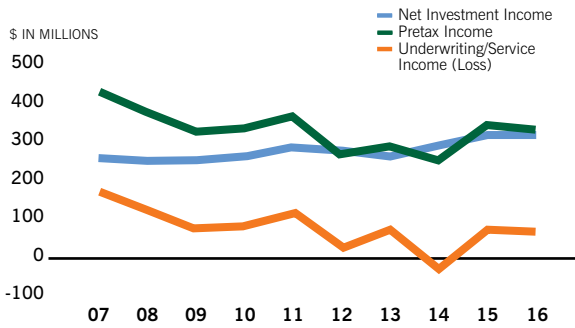
The construction marketplace is very competitive. Clients appreciate our industry knowledge and expertise, as well as the stability of our pricing models. This approach to adding value has helped us underwrite and retain clients. In addition, specializing in the construction industry and providing services focused only on it strengthens these relationships.

Commercial construction is expected to see moderate growth in 2017. We still anticipate our premium volume will be flat, as we navigate an ultracompetitive industry. No matter the market cycle, we remain committed to maintaining a responsible underwriting culture, allowing us to steadfastly serve our customers.

Old Republic General Insurance Corporation (ORGENCO) is a well-capitalized insurer and reinsurer. The Company performs two basic functions. First, it is the primary policy-issuing company for ORCIG. Second, it provides meaningful reinsurance capacity to a number of General Insurance Group sister companies. We currently limit ORGENCO's reinsurance business from outside firms to serving long terminated accounts.

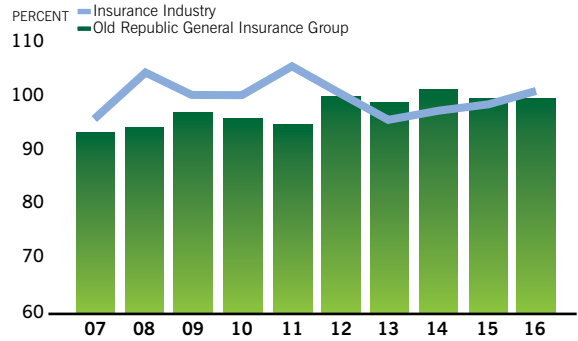
Given the long-tail nature of the reinsurance business, we manage for the long run out of necessity. ORGENCO's claim reserve structure is designed to fulfill its obligations. In 2016, it once again posted a

Sources of Pretax Income



General insurance pretax income has been effected by reasonably stable contributions from investment income which nonetheless have been subject to declining yields.

Composite Underwriting Ratio



The Group's property and liability underwriting results have outperformed the industry average in 7 of the past 10 years and 20 of the past 25 years.

favorable composite underwriting ratio. At the end of the year, the Company's statutory capital account was approximately \$557 million. This made ORGENCO one of the largest individual risk carriers in the Old Republic General Insurance Group.

Old Republic Home Protection Company (ORHP) offers home service contracts for major systems and appliances to home sellers and buyers. Our brand is built on providing comprehensive coverage with competent and caring service, at competitive rates.

We have experienced steady growth, with premiums written rising more than 63% over the last five years. In 2016, premiums written reached almost \$215 million, up 6.3% over 2015. The composite



underwriting ratio of claims and expenses remained at the favorable level we have seen for many years.

We expect ORHP's top line will continue to see consistent growth. The business is in a good position to increase sales—from resale and renewal products—while generating positive bottom-line results.

Old Republic Insurance Company (ORINSCO) is one of America's oldest and strongest property and liability insurance carriers. As ORI's flagship, the Company has offered time-tested risk management solutions for customers large and small over the decades. Our approach, commitment to the marketplace, and high standards for client care are a few reasons why we enjoy an excellent reputation.

ORINSCO and its life and accident sister company have been leaders in providing alternative market solutions since the late 1940s. Our basic mission is to underwrite primary liability insurance products for customers that want to retain a significant portion of their own risk of loss. We believe companies with a stake in the financial results of their insurance program will benefit from longer-term pricing stability, efficiency, and continuity of coverage from us. The approach generally results in more stable underwriting results and consistently reliable service in all markets.

ORINSCO's capital resources are largely committed to specialty insurance products underwritten by 1) Old Republic Aerospace (ORAE), 2) Old Republic Insured Automotive Services (ORIAS), 3) Old Republic Professional Liability (ORPRO), and



4) Old Republic Risk Management (ORRM). The Company occasionally provides supportive reinsurance capacity to its property and liability insurance affiliates as business circumstances warrant.

Old Republic Insurance Company of Canada (ORINSCO/Canada) is a Canadian federally licensed property and liability insurance company, headquartered in Hamilton, Ontario. Its principal business is underwriting long haul trucking and select accident and sickness programs. The Company also underwrites Canadian coverages in concert with the operations of its U.S. affiliates—Great West Casualty, Old Republic Aerospace, and Old Republic Risk Management—for customers with cross-border operations.

In 2016, we achieved positive underwriting results. Continued modest premium growth is expected in 2017. This should result from our unrelenting focus on underwriting and customer service, allowing us to overcome a currently unsettled Canadian economy.

Old Republic Insured Automotive Services, Inc. (ORIAS) specializes in automobile service contracts, mechanical breakdown insurance, and guaranteed asset protection (GAP) programs. These are offered for new and used automobiles.

ORIAS enjoys decades-long partnerships with some of the nation's largest automotive, financial, and related service companies. We also provide insured automotive products for more than 5,000 automobile dealers across America. Old Republic Insurance Company issues the policies for all of these products.

In 2016, ORIAS increased its premiums and

fees revenues by approximately 18%. The Company posted a favorable composite underwriting ratio while continuing to grow its book of business. The automobile industry should see positive market conditions in 2017 and are optimistic about our prospects. Our plan is to retain and gain business through a focus on careful and disciplined underwriting, and on providing superior customer service.

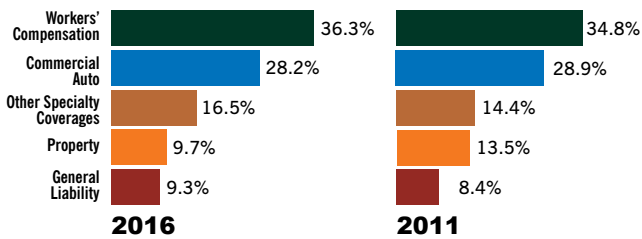
Old Republic Professional Liability, Inc. (ORPRO) is our lead underwriter of directors and officers liability (D&O), management liability, and professional liability insurance. It was established in 1983 as Chicago Underwriting Group. The new name more clearly identifies ORPRO as an integral part of the Old Republic family. Nearly all of the business is underwritten through Old Republic Insurance Company.

ORPRO serves all industries and is a market leader in technology, biotechnology and life sciences. While continuing to serve our existing markets, we also have decades-long expertise in underwriting lawyers' professional liability insurance. In addition, we underwrite a growing book of D&O and miscellaneous professional liability insurance aimed at non-profit organizations. ORPRO recently expanded its management liability offerings to include employment practices liability and fiduciary liability insurance for private and publicly held companies.

We base our underwriting on an individual assureds' merits. This allows us to provide innovative, flexible, and highly sophisticated insurance solutions. Our professionals achieve consistent results by fostering strong working relationships with clients,



Gross Premiums by Major Coverage



The Group offers a relatively large number of traditional and tailored insurance coverages targeted to core sectors of the American economy.

counsel, and producers. In all this, ORPRO's approach provides two benefits. First, our people understand our clients' operations and needs, allowing them to offer continuity of care. Second, we can successfully resolve complex claims. As a result, our customer retention rate usually exceeds 90%, and our efficient claim resolution underlies the underwriting profitability we've experienced over many years.

Overall premiums declined slightly in 2016, largely because of a very competitive rate environment. The D&O market in particular has experienced significant competition in the past several years, due to a perception that it's a very profitable market (despite the rise in claim frequencies). In the face of this, we still expect revenue to grow in 2017. We should be able to underwrite a greater number of new accounts by diversifying its product offerings and expanding its geographic reach.

Old Republic Risk Management, Inc. (ORRM) is ORINSCO's managing underwriter of primary liability insurance coverages. It concentrates on workers' compensation, commercial automobile, and general liability insurance coverages. We unbundle our services for claims and loss control, to serve the proprietary needs of large corporate and group clients in many industries.

ORINSCO and its life and accident sister company pioneered the alternative risk market approach to insurance risk management. We have served many of the Fortune 500 companies and other large publicly held and private enterprises since the early 1950s. This gives ORRM long-

standing experience in offering innovative solutions and services to sizable insurance buyers. These offerings include the use of large deductibles, self-insurance, and captive reinsurance mechanisms, as well as unbundling other services.

In 2016, our results continued the historic trends of strong account retention and organic growth, plus attracting new customers. Although we saw ever-continuing competition in our marketplace, we grew our business while applying a consistent underwriting discipline. These efforts led to greater profitability and higher market shares.

We continue to enjoy the solid acceptance of the Old Republic brand, known for stability, quality services, and responsiveness to customer needs in any environment. To support our growth and maintain "best in class" service standards, we invested steadily in production improvements, technology enhancements, and results-oriented services.

Our focused effort on regional marketing attracted new business prospects, and we welcomed the customers who continued to come our way. All of this should provide even greater opportunities to expand our business in 2017.

Old Republic Specialty Insurance Underwriters, Inc. (ORSIU) was formed early in 2015 as our newest joint underwriting venture. The Company focuses on two segments of specialty insurance. The first is providing alternative insurance risks for public entities and nonprofit organizations. The second is offering specialty insurance approaches, which are managed by independent program administrators, using an unbundled service for claims and loss control. We partner with specialists that are committed to





providing the highest levels of service and the right, tailored products for customers.

In 2016, we continued to build brand awareness, added key talent, and enhanced our underwriting operations and claims processes. Our team averages more than 20 years of insurance and reinsurance experience, spanning most types of coverages.

We have very good momentum going into 2017. This comes on the heels of successfully implementing a number of specialty programs and alternative risks accounts in 2016. Part of our success rests on using data analytics as a differentiator, and continuing to develop new products for our customers.

Old Republic Surety Company (ORSC) is one of the nation's top underwriters of fidelity and surety bonds. We provide service through nearly 3,800 independent insurance agencies. At year-end 2016, we had just over 153,000 bonds in-force.

There was continued growth in contract bonding in 2016. Commercial bonding, however, faced greater challenges from aggressive competition in a generally softening market. In total, gross premium production rose 3.2% year-over-year. Demand for construction and compliance bonds continues to increase. This presents new bond underwriting opportunities in the commercial, contract, and fidelity product lines throughout the country.

Our contract bond business should continue to improve in 2017 as construction activity strengthens. Commercial growth will most likely be flat due to a

softening market and competition from new entrants. ORSC will nonetheless remain focused on sound underwriting practices and take full advantage of opportunities offered by a gradually improving U.S. economy.

PMA Companies, Inc. (PMA) provides risk management solutions and services through two related business approaches. First, we underwrite workers' compensation and other property and liability insurance coverages. Second, we offer third-party administration (TPA) of claims and related risk services.

We are licensed in 50 States, and our offices are concentrated in the eastern half of the country. In recent years, we've been expanding PMA's footprint westward, and in 2016 we opened an office in Dallas. Our ongoing geographical expansion is allowing us to reach more insurance and TPA clients. In addition, we continuously enhance our managed care programs to contain rising medical costs, particularly for pharmaceuticals. These efforts are vital to the success of our bundled approach to insurance risk management and the control of claim and related costs.

PMA has long been a workers' compensation specialist for large and mid-size clients. We target companies that are committed to reducing their total insurance cost by 1) sharing risk and reward through loss-sensitive insurance policies, or 2) being self-insured and needing TPA services. Our disciplined account management process and integrated service model are tied to a bundled service approach.



This delivers optimal benefits for our clients.

Over 80% of our workers' compensation premiums are now produced by loss-sensitive policies. Our Risk Management Services (RMS) business is the flagship. It works with larger accounts that have sophisticated service and insurance needs.

We also have been transitioning our rate-sensitive middle market business to loss-sensitive policies, and targeting larger clients who value our service proposition. Specializing in certain industries helps to make us more competitive. These markets include healthcare, education, food-related businesses, and durable goods manufacturing.

Our TPA claim and related services continue to expand. This allows us to serve an alternative market. In addition, this business produces a more predictable source of income through the natural extension of PMA's claims management expertise. We do much more than administer claims for clients. We differentiate ourselves through a holistic approach, focused on pre-loss, loss, and post-loss strategies. Our integrated services—risk control, claims, managed care, and risk management information—are all designed to positively affect TPA clients' financial results.

We are optimistic and confident in our long-term strategy. There has been a substantial shift of our insurance business to risk sharing, geographic expansion, and managed care programs. These mitigate costs and offer substantial opportunities to enhance underwriting results in the foreseeable future.

IN CONCLUSION

We coordinate how insurance risk is managed through the variety of Old Republic General Insurance operations. The result is a decades-long successful underwriting record. Our dedication and passion for differentiating ourselves continues unabated. It all begins and ends with serving our customers and meeting our just obligations to them. That allows us to best serve Old Republic International's shareholders in the long run.



TITLE INSURANCE GROUP



Old Republic Title Insurance Group (ORTIG) includes two national insurance underwriters and a large number of agency and related services companies.

- ★ Our flagship underwriter is **Old Republic National Title Insurance Company**. It has provided mortgage lenders, the real estate community and consumers with policy coverage for over 100 years.
- ★ **American Guaranty Title Insurance Company** and its associated agency have been delivering policy coverage for more than 125 years.

ORTIG has a national network of more than 7,500 independent title agents. They serve the industry from more than 265 branch and subsidiary offices. We provide title insurance policies and related real estate products and services to individuals, businesses and government entities.

Our offerings include many ancillary products and services: IRC Section 1031 exchanges; residential and commercial real estate appraisals; surveys and environmental studies; flood zone reports; relocation services; default management services; mortgage servicing solutions; electronic document recording systems; automated title search packages; national residential and commercial transaction order fulfillment and management; and title, settlement and mortgage lending technology solutions.

This comprehensive suite of services allows us to compete with any company in our industry.

Geographic Distribution of Direct Premiums Written

	2007	2015	2016
United States			
Northeast	18.6%	18.0%	16.6%
Mid-Atlantic	9.0	8.2	8.6
Southeast	29.9	28.4	28.5
Southwest	7.2	9.3	8.4
East North Central	8.4	8.1	8.6
West North Central	5.3	5.8	6.1
Mountain	7.0	8.9	9.4
Western	14.6	13.3	13.8
	100.0%	100.0%	100.0%



Old Republic Title Insurance Group, Inc.

Title Insurance and Related Real Estate Transfer Services

(\$ in Millions)

		2016	2015	2014	2013	2012
Financial Position	Cash, Fixed Maturity Securities	\$ 906.7	\$ 825.0	\$ 801.3	\$ 835.4	\$ 789.4
	Equity Securities	275.2	226.3	187.6	98.5	57.2
	Other Invested Assets	10.0	10.1	9.1	9.0	12.3
	Title Plants and Records	42.8	42.8	42.9	40.3	39.9
	Property and Equipment	67.3	76.0	58.6	57.9	51.4
	Sundry Assets	120.9	133.8	143.2	144.2	126.0
		\$1,423.0	\$1,314.3	\$1,243.0	\$1,185.5	\$1,076.5
	Claim Reserves	\$ 602.0	\$ 580.8	\$ 505.4	\$ 471.5	\$ 396.4
	Other Liabilities	262.0	257.4	274.1	268.8	279.0
	Equity	558.9	476.0	463.4	445.2	400.9
		\$1,423.0	\$1,314.3	\$1,243.0	\$1,185.5	\$1,076.5
Operating Results	Net Premiums Earned	\$1,742.4	\$1,624.7	\$1,394.4	\$1,567.1	\$1,250.2
	Service Fees and Other Income	465.5	421.9	367.2	431.9	429.5
	Net Investment Income	36.2	34.0	29.9	26.6	27.3
		2,244.1	2,080.7	1,791.6	2,025.6	1,707.1
	Claim Costs	84.3	99.2	91.9	134.0	120.8
	Sales and General Expenses	1,941.8	1,807.0	1,592.3	1,759.7	1,504.7
	Interest and Other Costs	7.6	7.5	7.8	7.4	7.5
	2,033.8	1,913.8	1,692.0	1,901.3	1,633.2	
	Pretax Operating Income	\$ 210.2	\$ 166.8	\$ 99.5	\$ 124.3	\$ 73.8
	Operating Cash Flow	\$ 191.1	\$ 167.5	\$ 82.7	\$ 150.6	\$ 122.5
Underwriting Statistics (a)	Paid Loss Ratio	2.9%	3.4%	3.3%	3.0%	3.4%
	Incurred Loss Ratio	3.8%	4.9%	5.2%	6.7%	7.2%
	Expense Ratio	87.9%	88.3%	90.4%	88.0%	89.6%
	Composite Ratio	91.7%	93.2%	95.6%	94.7%	96.8%
Composition of Pretax Operating Income (Loss)	Underwriting/Service Income (Loss)	\$ 181.7	\$ 140.3	\$ 77.5	\$ 105.1	\$ 54.1
	Net Investment Income	36.2	34.0	29.9	26.6	27.3
	Interest and Other Costs	(7.6)	(7.5)	(7.8)	(7.4)	(7.5)
	Pretax Operating Income	\$ 210.2	\$ 166.8	\$ 99.5	\$ 124.3	\$ 73.8
	Pretax Operating Margin	9.4%	8.0%	5.6%	6.1%	4.3%
Key Ratios	Premiums and Fees to Equity	3.9x	4.3x	3.8x	4.5x	4.2x
	Claim Reserves to Equity	108%	122%	109%	106%	99%
	Reserves to Paid Losses (b)	9.5x	8.5x	7.9x	7.0x	5.8x
	Cash and Invested Assets to Liabilities	138%	127%	128%	127%	127%

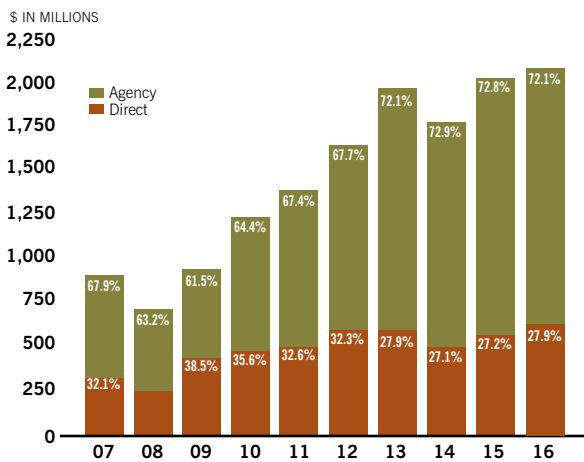
The above summary has been prepared on the basis of generally accepted accounting principles and excludes realized investment gains and losses.

(a) Loss and expense ratios are measured against combined premiums and fees.

(b) Represents average paid losses for the most recent five years divided into claim reserves at the end of each five-year period.



Net Premiums & Fees Production Sources



Our national network of independent title insurance agents has continued to generate an increasing portion of our net premiums and fees.

reliable commercial title teams allowed us to attract these opportunities. They made it possible for us to continue to expand into important, growing sectors, such as renewable energy.

Premiums and fees for 2016 totaled \$2.2 billion—the second year in a row we surpassed \$2 billion. Pretax operating income reached \$210.2 million: the best bottom-line result in our 100+ years. This was due in part to a 3.8% claims ratio, which was the lowest in 16 years. The earnings we retained over the years, and our capital enhancements, raised statutory capital to a record \$545 million. That is more than double what we had five years ago.

Our balance sheet is stronger than ever. The Title Group's reserves-to-claim-payment ratio remains the highest among large national title underwriters. This reflects our conservative approach to financial management, combined with high-quality underwriting standards, efficient claims management, and a commitment to employee and title agent training.

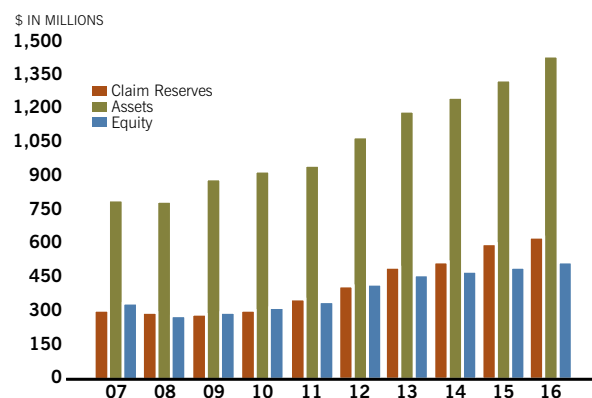
2016 FINANCIAL HIGHLIGHTS AND DEVELOPMENTS

The Title Group's success came from providing exceptional service and support to our valued agents and customers. Its financial strength and positive momentum continued in 2016.

Since 1992—the first year ratings were issued for the title insurance industry—ORTIG's independent financial ratings have been unsurpassed. That position is supported by the steady growth of our capital account, and by an all-time high in premiums and fees for 2016.

Our commercial marketing initiatives continue to produce steady and controlled growth. Last year, we handled many complex commercial transactions. A number of these ranked among the largest in our history, measured by the value of properties insured, premiums generated and their geographic footprint. The strength of our experienced, innovative and

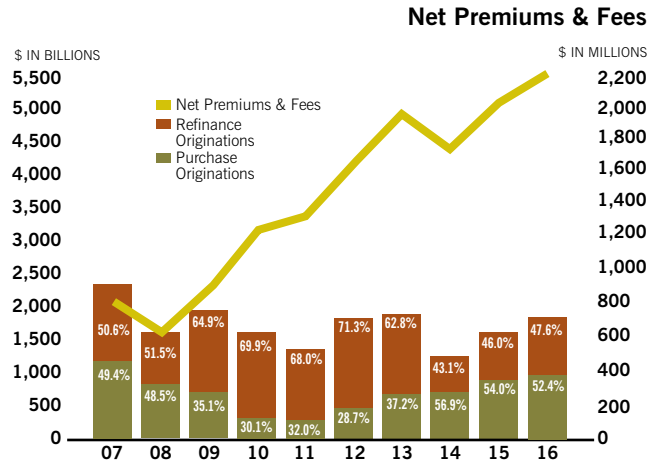
Asset, Claim Reserves, and Equity



A consistently strong balance sheet explains why the Title Insurance Group has been the country's highest-rated title insurer for 25 years in a row.



1- 4 Family Mortgage Originations



Net premiums and fees benefited from market share gains emanating from industry dislocations and consolidations over the past several years. More recently, a continuing favorable mortgage rate environment and improving housing and commercial property markets led to higher revenues.

The industry continues to focus on enhanced security and efficiency. Our Title Group is responding in many ways. Here are three examples.

We expanded the services lineup in 2016 with **OR EscrowPro®**, a centralized solution for trust account management and funds disbursement. **ezPremiumPay** was added to make agent policy premium remittances even simpler. It allows them to credit premiums through online banking, which saves time and resources.

RamQuest, our title and settlement technology provider, unveiled **Inx**. This is a new electronic signing solution for mortgage and real estate settlements. Inx supports the title industry’s move toward a fully electronic environment for real estate transactions.

LOOKING AHEAD

Last year, mortgage originations exceeded \$2 trillion for the second time since 2007, according to *Inside Mortgage Finance*. Mortgage interest rates, however, rose in late 2016 and early 2017. Even with the increase, rates are still historically low. However, this could mean lower refinance activity in 2017.

Renewed consumer confidence and a stronger economy and housing market should result in a healthy purchase market. The consensus forecast of the Mortgage Bankers Association, Fannie Mae and Freddie Mac is \$1.6 trillion in total originations in 2017. Mortgage rates are expected to increase from 4.2% in the first quarter to 4.5% by the fourth quarter.

With purchases exceeding refinancings, and higher home prices, we believe average premiums and fees per transaction will rise. Growth in all parts of the commercial market—industrial, retail and multi-family—is expected to continue as well.

The Old Republic Title Group of companies is well known in the mortgage lending and real estate communities. They recognize our professionalism, competence and business ethics. We support our agents, are highly responsive to our customers, and stand behind our obligations. As a result, we expect to see another strong year in 2017.



REPUBLIC FINANCIAL INDEMNITY GROUP



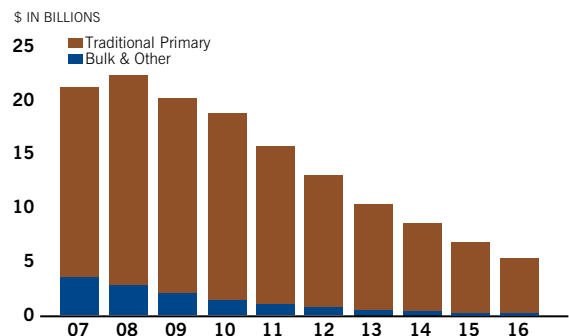
The RFIG Run-Off Operations

Our Mortgage Insurance (MI) subsidiaries have protected lenders for 43 years, offering policies that cover losses from defaults on residential first mortgages. These policies typically insure purchase or refinance loans when the borrower has financed more than 80% of the property's value.

The related Consumer Credit Indemnity (CCI) coverage has been underwritten since 1955 by our General Insurance Group. It is a property and liability coverage that insures lenders against losses from defaults on loans secured by real property liens.

The difficulties faced by the housing and mortgage finance industries during the Great Recession are well documented. The market dislocation that occurred in general—and for housing in particular—had a very

Net Risk in Force



Prior to being placed into run-off operating mode in late 2011, the decline in risk in force resulted from lower mortgage origination volumes and historically low industry penetration rates.



Republic Financial Indemnity Group, Inc.

Financial Guaranties

(\$ in Millions)

		2016	2015	2014	2013	2012
Financial Position	Cash, Fixed Maturity Securities	\$ 638.2	\$ 736.4	\$ 890.1	\$1,659.1	\$1,792.3
	Equity Securities	58.2	40.2	28.0	–	–
	Other Invested Assets	6.0	6.8	7.5	11.6	12.0
	Prepaid Federal Income Taxes	82.4	63.3	45.7	–	–
	Sundry Assets	119.8	131.8	137.0	151.5	246.7
		\$ 904.8	\$978.7	\$1,108.4	\$1,822.3	\$2,051.1
	Claim Reserves	\$ 430.5	\$ 630.6	\$ 809.2	\$1,770.2	\$2,018.1
	Unearned Premiums	8.6	13.7	21.1	28.9	40.5
	Other Liabilities	135.0	87.1	71.9	37.0	49.1
	Equity	330.6	247.2	206.0	(13.8)	(56.6)
	\$ 904.8	\$978.7	\$1,108.4	\$1,822.3	\$2,051.1	
Operating Results	Direct Premiums Earned	\$ 158.7	\$ 203.5	\$ 237.4	\$ 299.6	\$ 429.8
	Net Premiums Earned	170.0	219.9	255.4	316.5	410.5
	Net Investment Income	23.2	25.1	27.5	36.8	36.3
	Other Income	–	–	–	–	.3
		193.2	245.0	282.9	353.4	447.3
	Claim Costs	102.6	193.6	248.2	217.7	910.4
	Sales and General Expenses	20.7	21.9	24.3	25.5	43.2
	Interest and Other Costs	–	–	–	–	2.2
		123.4	215.5	272.6	243.3	955.9
	Pretax Operating Income (Loss)	\$ 69.8	\$ 29.4	\$ 10.3	\$ 110.0	\$ (508.6)
Operating Cash Flow	\$(102.5)	\$(124.6)	\$(884.0)	\$(70.8)	\$ 21.7	
Underwriting and Other Statistics	Settled and Paid Loss Ratio	156.9%	148.7%	235.2%	218.1%	211.7%
	Incurred Loss Ratio	60.4%	88.0%	97.2%	68.8%	221.8%
	Expense Ratio	12.2%	10.0%	9.5%	8.1%	10.4%
	Composite Ratio	72.6%	98.0%	106.7%	76.9%	232.2%
	Persistency (Traditional Primary)	77.7%	79.9%	82.2%	79.1%	80.7%
	Delinquency Ratios: Traditional Primary	10.53%	10.45%	10.93%	13.09%	14.70%
	Bulk	25.78%	26.74%	23.01%	18.73%	21.57%
Composition of Pretax Operating Income (Loss)	Underwriting/Service Income (Loss)	\$ 46.6	\$ 4.3	\$ (17.1)	\$ 73.1	\$ (542.7)
	Net Investment Income	23.2	25.1	27.5	36.8	36.3
	Interest and Other Costs	–	–	–	–	2.2
	Pretax Operating Income (Loss)	\$ 69.8	\$ 29.4	\$ 10.3	\$ 110.0	\$ (508.6)
	Pretax Operating Margin	36.1%	12.0%	3.7%	31.1%	-113.7%
Key Ratios	Risk to Capital Ratio:					
	Performing Risk Basis (a)	11.2:1	19.4:1	33.6:1	N/M	N/M
	Total Financial Resources to Risk Ratio	14.8%	12.1%	11.5%	N/M	N/M
	Claim Reserves to Equity	130%	255%	388%	N/M	N/M
	Cash and Invested Assets to Liabilities	122%	107%	104%	93%	88%

The above summary has been prepared on the basis of generally accepted accounting principles and excludes realized investment gains and losses.

(a) The Risk to Capital Ratio – Performing risk basis measures outstanding net risk in force only on those mortgage loans that are current as to principal and interest in relation to total statutory capital.

N/M = Not meaningful



negative impact on Old Republic's MI and CCI businesses. In 2012, we reevaluated the prospects and manageability of these businesses' cycles from a long-term perspective, and ultimately put them into a run-off operating mode for an indefinite future period.

RFIG'S RUN-OFF STABLE

Since 2012, the housing industry, the related mortgage lending markets, the employment situation, and the American economy at large have continued to gain strength. Most parts of the nation have experienced falling mortgage delinquencies, declining foreclosure initiations and backlogs, and rising home values. These factors are contributing to a gradual improvement in the MI line.

Our plan for running off RFIG's CCI coverage has two goals. First, to satisfactorily resolve all legitimate claims. Second, to resolve ongoing claim litigation in an economically efficient manner.

2013 was the first profitable year for the mortgage guaranty business since 2007, and it has remained profitable since then. This favorable outcome came from much lower claim costs, driven by a reduction in newly reported defaults, as well as increases in the rate at which previously reported defaults were curing or resolving themselves without payment. These factors also led to favorable developments of previously established claim reserves. Incurred claims costs and the related ratio to earned premiums have consequently declined since 2012.

As a run-off book of business, the mortgage guaranty line should see a natural decline of earned premium revenues over the next several years. Our forecasted results through 2022 show a continuation of profitable operations, although on a quickly declining trend line. The combination of a stabilized operation and a clear ability to pay all legitimate claims is expected to lead to the ultimate return of Old Republic's currently committed capital—and more. In due course, this anticipated turn of events should also enhance the future prospects of the RMIC business franchise. This could include the possible reactivation of the RMIC business under an appropriately acceptable stewardship that is protective of Old Republic's interests and good name.

The CCI line, however, continues to produce fairly consistent operating losses. This is mostly the result of lingering litigation costs largely related to a commercial dispute with the nation's second largest banking institution. Absent a continuation of litigation-related costs, the CCI line could ultimately reflect some of the more favorable trends being experienced for RFIG's mortgage guaranty line.



Summary Pro Forma Income Statement

	Years Ended December 31, (\$ in Millions)				
	2016	2015	2014	2013	2012
Old Republic Mortgage Guaranty Group (ORMGG) / Historical					
Net premiums earned	\$ 154.1	\$ 195.9	\$ 227.6	\$ 286.7	\$ 368.0
Net investment income	22.0	24.2	26.9	36.4	36.2
Other income	—	—	—	—	.3
Net revenues	176.2	220.2	254.6	323.1	404.6
Claims and claim expenses	52.5	110.5	111.0	173.2	797.5
Sales & general expenses	18.5	19.7	22.0	23.5	38.5
Interest and other charges	—	—	—	—	2.2
Total expenses	71.1	130.2	133.0	196.8	838.3
Pretax operating income (loss)	105.0	89.9	121.6	126.3	(433.6)
Income taxes (credits)	36.4	31.1	42.2	44.2	(151.5)
Net operating income (loss)	68.6	58.7	79.3	82.0	(282.1)
Net realized gains (losses)	(.1)	.7	7.3	(4.6)	8.9
Net income (loss)	\$ 68.5	\$ 59.5	\$ 86.7	\$ 77.3	\$ (273.1)
Loss ratio	34.1%	56.4%	48.8%	60.4%	216.7%
Expense ratio	12.0%	10.1%	9.7%	8.2%	10.4%
Composite ratio	46.1%	66.5%	58.5%	68.6%	227.1%

Consumer Credit Indemnity (CCI) Division / Historical

Net premiums earned	\$ 15.8	\$ 23.9	\$ 27.7	\$ 29.8	\$ 42.4
Net investment income	1.1	.8	.5	.4	.1
Other income	—	—	—	—	—
Net revenues	16.9	24.8	28.3	30.2	42.6
Claims and claim expenses	50.0	83.0	137.2	44.5	112.8
Sales & general expenses	2.1	2.1	2.3	1.9	4.6
Interest and other charges	—	—	—	—	—
Total expenses	52.2	85.2	139.5	46.4	117.5
Pretax operating income (loss)	(35.2)	(60.4)	(111.2)	(16.2)	(74.9)
Income taxes (credits)	(12.3)	(21.2)	(38.8)	(5.6)	(26.2)
Net operating income (loss)	(22.9)	(39.2)	(72.3)	(10.5)	(48.7)
Net realized gains (losses)	—	—	—	—	—
Net income (loss)	\$ (22.9)	\$ (39.2)	\$ (72.3)	\$ (10.5)	\$ (48.6)
Loss ratio	315.9%	346.9%	494.4%	149.4%	265.7%
Expense ratio	13.9%	9.2%	8.5%	6.6%	11.0%
Composite ratio	329.8%	356.1%	502.9%	156.0%	276.7%

Pro Forma RFIG (ORMGG and CCI Lines Combined)

Net premiums earned	\$ 170.0	\$ 219.9	\$ 255.4	\$ 316.5	\$ 410.5
Net investment income	23.2	25.1	27.5	36.8	36.3
Other income	—	—	—	—	.3
Net revenues	193.2	245.0	282.9	353.4	447.3
Claims and claim expenses	102.6	193.6	248.2	217.7	910.4
Sales & general expenses	20.7	21.9	24.3	25.5	43.2
Interest and other charges	—	—	—	—	2.2
Total expenses	123.4	215.5	272.6	243.3	955.9
Pretax operating income (loss)	69.8	29.4	10.3	110.0	(508.6)
Income taxes (credits)	24.0	9.9	3.3	38.5	(177.8)
Net operating income (loss)	45.7	19.5	7.0	71.4	(330.8)
Net realized gains (losses)	(.1)	.7	7.3	(4.6)	8.9
Net income (loss)	\$ 45.5	\$ 20.2	\$ 14.3	\$ 66.8	\$ (321.8)
Loss ratio	60.4%	88.0%	97.2%	68.8%	221.8%
Expense ratio	12.2%	10.0%	9.5%	8.1%	10.4%
Composite ratio	72.6%	98.0%	106.7%	76.9%	232.2%



CORPORATE AND OTHER OPERATIONS



*In addition to its three major operating segments, Old Republic owns a small life and accident insurance business. In the U.S., **Old Republic Life Insurance Company**, started in 1923, is the foundation for this business. In Canada, the business is conducted by **Reliable Life Insurance Company**.*

Our life and accident business focuses on two principal areas. We offer occupational accident insurance aimed at motor carriers. We also issue annuities in conjunction with General Insurance Group affiliates. The latter are designed to cover lifetime annuities and structured claim settlements. In other regards, these two insurers manage a number of long discontinued products which, by virtue of their declining premium base, at times contribute to highly volatile operating results.

Our Old Republic International Corporation parent company—and several corporate services subsidiaries—provide enterprise-wide risk management and guidance, as well as necessary services common to the entire holding company system.

The following table shows the combined results of our life and accident, corporate, and home office services group.

Corporate and Other Operations

(\$ in Millions)

	2016	2015	2014	2013	2012
Operating Results					
Net Premiums Earned	\$20.1	\$19.4	\$60.7	\$59.3	\$58.6
Net Investment Income	15.4	17.2	9.2	5.6	7.9
Other Income	(.1)	(.9)	—	.6	1.8
	35.4	35.8	70.0	65.6	68.3
Benefit and Claim Costs	17.7	22.8	42.0	37.3	38.3
General Operating Expenses	4.6	5.2	22.2	26.1	32.8
	22.4	28.1	64.2	63.5	71.1
Pretax Operating Income (Loss)	\$ 13.0	\$ 7.6	\$ 5.7	\$ 2.1	\$ (2.7)



INVESTMENT MANAGEMENT

Old Republic has used a conservative investment policy and disciplined approach to managing its securities portfolio for decades.

A TIME-TESTED, LONG-TERM PHILOSOPHY

A long-term focus has helped the Company consistently meet its goals for investment income and managing enterprise-wide risk. Our portfolio features diverse, liquid, and high-quality fixed income and equity securities. We also match the maturities of our assets with our expected liability payments. That combination enhances and protects our capital base. As a result, our insurance subsidiaries have a solid and reliable foundation for meeting their specific, long-term obligations to policy beneficiaries.

We believe in being risk averse and keeping things simple. This has been especially helpful during challenging investment environments. Those are the times that test the integrity of a company's capital base and its ability to meet obligations when they come due.

Paying attention to matching assets and liabilities—and real-time evaluations of our underwriting exposures—enabled us to withstand difficult periods. Ever-changing conditions in domestic and global financial markets require occasionally fine tuning our strategy. However, we have seen the benefits of remaining true to the basic tenets of our investment policy.

\$ In Millions	2007	2015	2016
Cash & Invested Assets	\$8,924.0	\$11,475.5	\$12,995.8
as a % of Consolidated:			
Assets	67.1%	67.1%	69.9%
Liabilities	102.0%	86.8%	92.0%
Equity	196.5%	295.7%	290.6%



Investment Management

Consolidated Investments

(\$ in Millions)

	2016	2015	2014	2013	2012
<i>Fixed Maturity Securities:</i>					
Taxable Bonds and Notes	\$ 8,170.9	\$ 8,181.5	\$ 8,365.8	\$ 8,541.0	\$ 8,173.9
Tax-Exempt Bonds and Notes	974.8	355.8	51.4	171.3	392.2
Short-Term Investments	681.6	669.4	609.4	1,124.8	1,264.9
	9,827.4	9,206.8	9,026.7	9,837.2	9,831.1
<i>Other Invested Assets:</i>					
Equity Securities	2,896.1	1,987.8	2,011.7	1,004.2	739.7
Sundry	34.1	30.8	30.3	27.0	37.9
Total Investments	\$12,757.7	\$11,225.5	\$11,068.8	\$10,868.5	\$10,608.8

Sources of Consolidated Investment Income

(\$ in Millions)

	2016	2015	2014	2013	2012
<i>Fixed Maturity Securities:</i>					
Taxable	\$ 285.0	\$ 294.0	\$ 292.7	\$ 289.0	\$ 303.4
Tax-Exempt	11.5	2.3	3.2	9.6	17.5
Short-Term Investments	2.1	.8	.8	1.1	1.9
	298.7	297.3	296.8	299.8	323.0
<i>Other Investment Income:</i>					
Equity Security Dividends	88.2	91.0	49.3	21.2	13.1
Sundry	3.9	3.7	3.0	2.6	5.4
	92.1	94.7	52.4	23.8	18.6
Gross Investment Income	390.9	392.1	349.2	323.7	341.6
Less: Investment Expenses	3.8	3.4	3.7	4.9	5.1
<i>Net Investment Income</i>	\$ 387.0	\$ 388.6	\$ 345.5	\$ 318.7	\$ 336.5
Net Yield on Average Investments	3.2%	3.5%	3.2%	3.0%	3.2%

Consolidated Fixed Maturity Securities Portfolio Statistics

	General Insurance Group	Title Insurance Group	RFIG Run-off Business	Consolidated
December 31, 2016 Maturities in:				
0-5 Years	52.7%	50.5%	67.3%	54.2%
6-10 Years	45.4	47.2	32.7	43.9
11 or More Years	1.9	2.3	—	1.9
	100.0%	100.0%	100.0%	100.0%
Average Quality Rating	A	A	A-	A
Average Life of Portfolio (Years):				
December 31, 2016	4.9	5.1	4.3	4.8
December 31, 2015	4.9	4.9	4.8	4.9
December 31, 2014	4.9	4.9	5.3	5.0
December 31, 2013	4.7	4.9	5.2	4.8
December 31, 2012	4.6	4.6	5.3	4.7



2016 INVESTMENT ACTIVITIES AND PORTFOLIO REVIEW

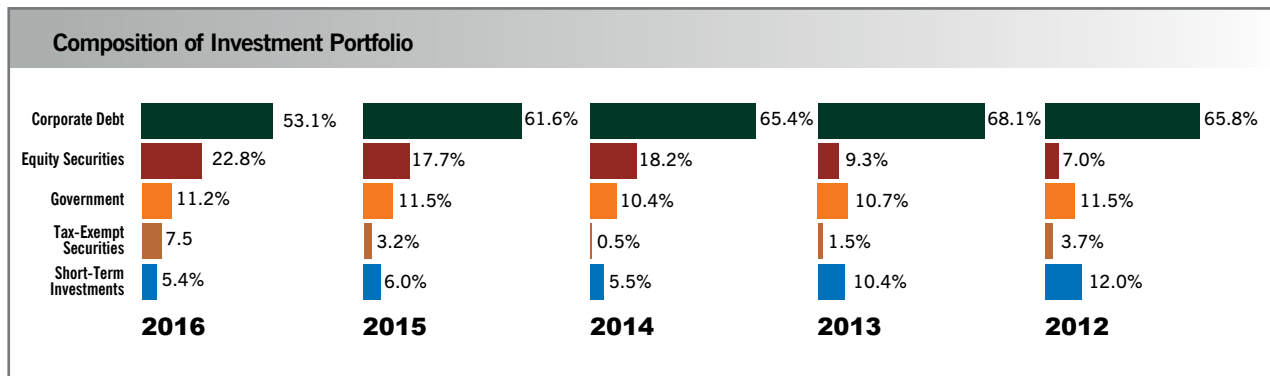
At the end of 2016, Old Republic's investment portfolio looked like this:

- 74% was dedicated to fixed income securities
- 20% was in equities
- 6% was held in cash equivalents and immaterial miscellaneous investments

The fixed income portion was well balanced among obligations of the U.S. and Canadian governments, as well as agency, municipal and corporate securities. Total cash and invested assets for 2016 rose 13.2% to \$12.9 billion, from \$11.4 billion a year ago. This represented 69.9% of total assets and 92.0% of total liabilities.

Net investment income was down 0.4% to \$387.0 million in 2016, from \$388.6 million in 2015. The change reflected continued low interest returns on fixed income securities. The pretax yield on average invested assets (at cost) was 3.34%, versus 3.61% a year ago. Net realized capital gains from disposition of investments were \$72.8 million in 2016, compared with \$91.3 million a year earlier.

Consolidated net unrealized gains in the investment portfolio grew to \$640.4 million versus \$190.9 million at year-end 2015. The meaningful market appreciation of the equity portfolio in 2016 accounted for most of this. The charts and tables in this annual review provide details about our invested asset base for the last five years.



FIXED INCOME PORTFOLIO

One of our risk management goals is to protect and limit Old Republic's fixed income portfolio from the adverse effects of interest rate volatility. We do this through industry and issuer diversification, asset-liability matching, and by avoiding more risky investment structures.

Avoiding Risky Investments

The Company does not lend its securities or invest in troubled asset classes, which often prove toxic and illiquid for investors. For many years, our portfolio has had zero or extremely limited exposure to these fixed income investment products:

- Collateralized debt obligations (CDO)
- Mortgage-backed securities (MBS)
- Asset-backed securities (ABS)
- Guaranteed investment contracts (GIC)
- Structured investment vehicles (SIV)
- Auction rate variable short-term securities
- Hybrid securities
- Credit default and interest rate swap derivatives

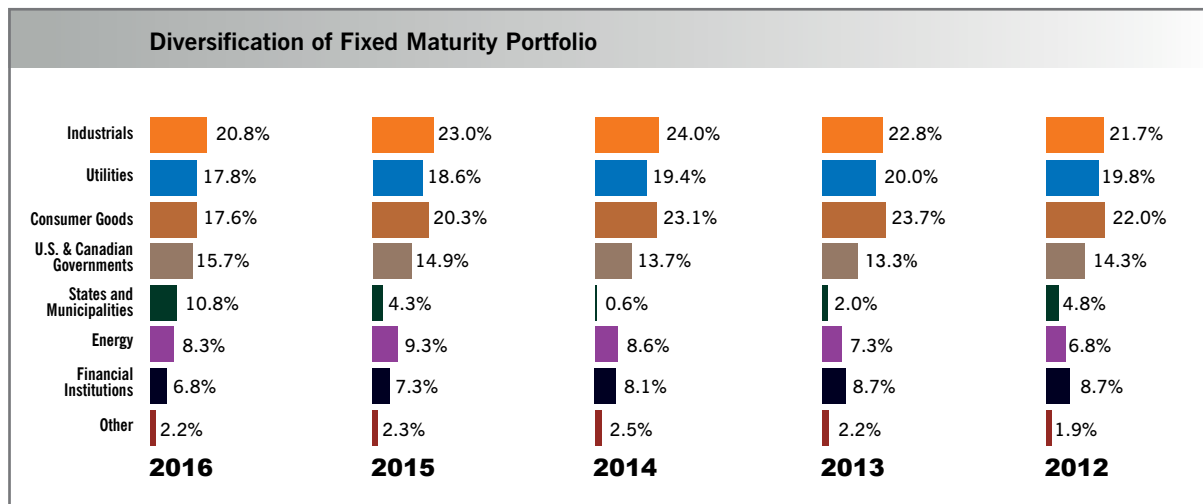


Improvements in Bond Portfolio

At the end of 2016, the two-year U.S. Treasury note remained historically low, yielding 1.19% versus 1.05% for 2015, and 0.66% for 2014. The 10-year Treasury yielded 2.45% at December 31, 2016, a modest increase from 2.27% in 2015 and 2.17% in 2014. The Treasury yield curve ended 2016 with a slope that was similar to 2015. There was a 126 basis point difference between the two- and 10-year notes, versus a 122 basis point difference at the end of 2015.

Many believe the current low interest rate environment indicates a slow growing economy. In addition, corporate bond yield spreads to the Treasury curve narrowed significantly from historically wide levels during 2016. By year-end, narrower spreads also were evident within the high yield market. This was especially true for the energy and metal industrial sectors, where economic stress and uncertainty were evident earlier in the year.

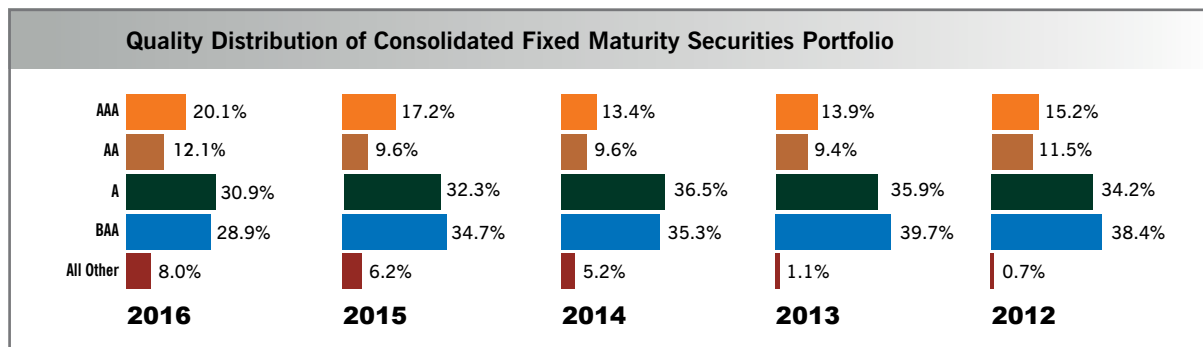
As a result, the market valuation of our bond portfolio increased. Market value of the long-term fixed income portfolio at year-end 2016 was approximately 101.4% of book value versus 100.4% a year earlier. Total net unrealized gains in the bond



Solid Fixed Income Investments

Most of our fixed income purchases in 2016 were marketable, non-callable corporate securities of various investment grade issuers and industries. The Company also made a meaningful investment in tax-exempt municipal securities. These offered a relatively favorable pretax effective yield compared with taxable alternatives. All fixed income purchases had maturities ranging from three to 10 years.

Long-term fixed income security holdings of \$8.9 billion had an average maturity of 4.83 years, with an implied duration of 4.2. That compared to 4.92 years, with an implied duration of 4.3, at year-end 2015.





Investment grade issues represented 92.0% of the portfolio, down slightly from 93.8% in 2015 and 94.8% in 2014. The change primarily reflected credit rating downgrades within the energy sector of the portfolio during 2016. It's important to note that no fixed income holdings were in default at year end.

COMMON STOCK PORTFOLIO

Equity portfolio performance, vis-a-vis the Standard & Poor's 500, reflected total market returns of 11.9% in 2016, versus 1.4% for 2015 and 13.7% in 2014. Old Republic's stock equity portfolio had a market value of \$2,895.2 million on December 31, 2016, significantly higher than \$1,987.0 million at year-end 2015. Unrealized capital gains were \$490.2 million at year-end 2016 versus \$161.1 million in 2015. Common stock purchases in 2016 amounted to \$928.4 million. For the year, \$69.7 million in net realized capital gains were generated on sales of \$417.9 million.

Gains in the Equities Portfolio

Our actively managed equity portfolio focused on buying higher yielding blue chip and utility common stocks. These securities also offer additional income opportunities by often delivering dividend growth. The common stock portfolio is comprised entirely of extremely liquid, publicly traded shares of major corporations. It excludes illiquid, equity-related securities such as limited partnerships, derivatives, or private equity investments. The portfolio's indicated beta was 0.93, which implied a more conservative, less volatile composition compared to the S&P 500 index.

With a market value of \$2,895.2 million, the stock portfolio represented 64.7% of the Company's GAAP shareholders' equity of \$4,471.6 million for 2016. Total stock portfolio exposures are guided by the level of insurance subsidiaries' regulatory capital. Self-imposed limits are established on amounts committed to common stocks. This considers the potential negative effects of a sudden and significant decline in stock market valuations.

The following table highlights the effect of sector allocations in the aggregate common stock portfolio at the end of the last three years. It also shows the breakdown of equity holdings between Old Republic's insurance underwriting and non-insurance subsidiaries, as well as a breakout by industry.

Common Stocks at Market Value (\$ in Millions)

	2016		2015		2014	
	Market Value	Portfolio %	Market Value	Portfolio %	Market Value	Portfolio %
Portfolio Management:						
Indexed	\$ 86.6	3.0%	\$ 120.2	6.1%	\$ 260.2	12.9%
Actively Managed	2,808.4	97.0%	1,865.4	93.8%	1,749.4	87.0%
Other	0.2	0.0%	1.3	0.1%	1.2	0.1%
Total	\$ 2,895.2	100.0%	\$ 1,986.9	100.0%	\$ 2,010.8	100.0%
Portfolio Distribution:						
Insurance Subsidiaries	\$ 2,225.2	76.9%	\$ 1,780.7	89.6%	\$ 1,613.7	80.3%
Non-Insurance Subsidiaries	670.0	23.1%	206.2	10.4%	397.1	19.7%
Total	\$ 2,895.2	100.0%	\$ 1,986.9	100.0%	\$ 2,010.8	100.0%
Industry Distribution:						
Consumer	\$ 429.7	14.8%	\$ 342.9	17.3%	\$ 351.1	17.5%
Energy	357.6	12.4%	229.0	11.5%	302.1	15.0%
Financial	275.1	9.5%	131.6	6.6%	126.0	6.3%
Health Care	208.1	7.2%	170.9	8.6%	178.4	8.9%
Industrial	544.0	18.8%	330.8	16.6%	291.0	14.5%
Technology	208.4	7.2%	117.2	5.9%	74.0	3.7%
Transportation	57.6	2.0%	27.9	1.4%	20.2	1.0%
Utilities	706.5	24.4%	529.9	26.7%	434.1	21.6%
Other, REIT & Canada	108.2	3.7%	106.8	5.4%	234.0	11.5%
Total	\$ 2,895.2	100.0%	\$ 1,986.9	100.0%	\$ 2,010.8	100.0%



ECONOMIC LANDSCAPE AND OUTLOOK

Since the beginning of the Great Recession in 2008, the Federal Reserve has used a less restrictive monetary policy to stimulate the economy. Its monetary policy focused on maintaining low short-term interest rates, and continuing direct financial market intervention through a series of quantitative easing programs.

The U.S. economy, however, remains anemic. It continues to experience relatively high unemployment levels, inadequate banking capital, and a still vulnerable housing environment. There also are the effects of excess government deficits or indebtedness (at the sovereign, federal, and municipal levels). The unexpected and significant decline in oil and mineral commodity prices near the end of 2015 created some havoc within the financial markets early in 2016. However, this has abated to more normalized levels.

Prepared for Uncertainty in 2017

The outlook for improved business activity in 2017 looks promising but uncertain. The economy and the financial markets could be influenced by reduced regulations on some businesses. The potential for a gradual rise in interest rates, tax policy revisions, and changes in international trade relationships will likely affect developments.

We are especially aware of portfolio market valuation and its sensitivity to higher interest rates. Fixed income security purchases in 2017 will likely concentrate on intermediate maturities, between five and ten years. Purchases are expected to include municipal tax-exempt securities, if they are income tax efficient. Further improvements in net investment income will remain a challenge. This will be the case until yields available on both short- and intermediate-term fixed income securities rise from their current historic lows.

Old Republic's diversified portfolio of invested assets is well positioned, liquid, and of high credit quality. This approach is designed to withstand further economic uncertainty. It also allows us to take advantage of any opportunities in the ever-changing financial marketplace. In all this we remain committed to the basic investment policy that has served the Company well over the years. This discipline allows us to focus our financial and human resources on our basic business of insurance underwriting and related services.



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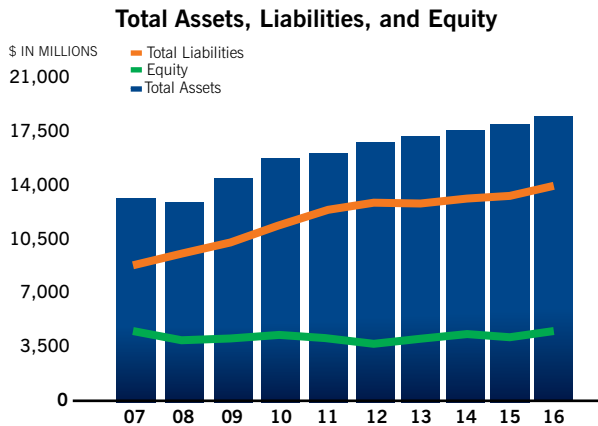
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Capitalization and Financial Ratings



The inherent strengths of Old Republic's balance sheet provide a solid foundation for long-term staying power and earnings sustainability.

OLD REPUBLIC SECURITIES CURRENTLY ISSUED AND OUTSTANDING

Nearly 263 million outstanding Old Republic common shares can be traded on the New York Stock Exchange under the symbol ORI. Institutional investors own a significant percentage of those shares, and about 9% is held by the Company's management, independent Board members, and by employees through such benefit plans as the Old Republic Employees Savings and Stock Ownership Plan.

Other securities issued and outstanding at December 31, 2016 include \$550.0 million of 3.75% Convertible Senior Notes due in 2018, \$400.0 million of 4.875% Senior Notes due in 2024, and \$550.0 million of 3.875% Senior notes due in 2026.

INDEPENDENT FINANCIAL RATINGS OF KEY POLICY-ISSUING INSURANCE SUBSIDIARIES AND PARENT HOLDING COMPANY

In recognition of Old Republic's stability and financial strength, its key insurance subsidiaries consistently are assigned high financial condition or claims-paying ability ratings as shown in the following table.

	CURRENT RATINGS ASSIGNED BY:		
	A.M. Best	Moody's	Standard & Poor's
BITCO General Insurance Corporation	A+	A2	A+
BITCO National Insurance Company	A+	A2	A+
Great West Casualty Company	A+	A2	A+
Old Republic General Insurance Corporation	A	A2	A+
Old Republic Insurance Company	A+	A2	A+
Old Republic National Title Insurance Company	A	A2	A
Old Republic Surety Company	A	*	A+
Old Republic Union Insurance Company	A	*	A+
PMA Insurance Group	A	A2	*
Old Republic International Corporation: Long-term Debt	*	Baa2	BBB+

*No rating sought by Company or provided by the indicated rating agency.

Ratings as of December 31, 2016.



Ten-Year Financial Summary

(\$ in Millions, Except Share Data)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Financial Position										
Cash and Fixed										
Maturity Securities	\$ 9,973.1	\$ 9,366.7	\$ 9,163.4	\$ 9,990.6	\$ 9,932.4	\$ 9,962.5	\$ 9,663.6	\$ 9,230.9	\$ 8,358.9	\$ 7,900.3
Equity Securities	2,896.1	1,987.8	2,011.7	1,004.2	739.7	580.8	672.4	502.9	350.3	842.1
Other Invested Assets	126.5	120.9	116.4	114.3	128.4	141.7	154.7	145.2	145.8	181.6
Reinsurance Recoverable	3,231.5	3,183.6	3,422.5	3,215.7	3,237.1	3,243.9	3,262.5	2,558.0	2,448.0	2,259.3
Prepaid Federal Income Taxes	82.4	63.3	45.7	-	-	1.0	102.9	221.4	463.4	536.5
Sundry Assets	2,281.7	2,379.1	2,216.8	2,201.7	2,179.5	2,120.3	2,026.5	1,531.4	1,499.4	1,570.6
	\$ 18,591.6	\$ 17,101.6	\$ 16,976.9	\$ 16,526.7	\$ 16,217.3	\$ 16,050.4	\$ 15,882.7	\$ 14,190.0	\$ 13,266.0	\$ 13,290.6
Policy Liabilities	\$ 2,035.0	\$ 1,945.1	\$ 1,832.7	\$ 1,695.7	\$ 1,566.3	\$ 1,461.9	\$ 1,424.9	\$ 1,223.4	\$ 1,293.0	\$ 1,372.4
Benefit and Claim Reserves	9,206.0	9,120.1	9,122.0	9,433.5	9,303.3	8,786.6	8,814.6	7,915.0	7,241.3	6,231.1
Sundry Liabilities	2,878.9	2,155.3	2,098.0	1,622.4	1,751.4	2,029.2	1,521.8	1,160.1	991.3	1,145.4
Preferred Stock	-	-	-	-	-	-	-	-	-	-
Common Equity	4,471.6	3,880.8	3,924.0	3,775.0	3,596.2	3,772.5	4,121.4	3,891.4	3,740.3	4,541.6
	\$ 18,591.6	\$ 17,101.6	\$ 16,976.9	\$ 16,526.7	\$ 16,217.3	\$ 16,050.4	\$ 15,882.7	\$ 14,190.0	\$ 13,266.0	\$ 13,290.6
Total Capitalization	\$ 6,000.4	\$ 4,833.7	\$ 4,877.8	\$ 4,336.6	\$ 4,159.6	\$ 4,685.4	\$ 4,596.4	\$ 4,238.2	\$ 3,973.4	\$ 4,605.7
Book Value Per Share (a)	\$ 17.20	\$ 15.02	\$ 15.15	\$ 14.64	\$ 14.03	\$ 14.76	\$ 16.16	\$ 16.49	\$ 15.91	\$ 19.71
Operating Results										
Net Premiums and Fees	\$ 5,333.2	\$ 5,179.4	\$ 4,811.1	\$ 4,885.6	\$ 4,471.0	\$ 4,050.1	\$ 3,573.5	\$ 3,388.9	\$ 3,318.1	\$ 3,601.2
Net Investment Income	387.0	388.6	345.5	318.7	336.5	364.6	379.0	383.5	377.3	379.9
Other Income	107.3	106.7	101.6	90.1	114.5	115.2	41.0	24.8	28.7	39.4
Net Realized Gains (Losses)	72.8	91.3	272.3	148.1	47.8	115.5	109.1	6.3	(486.4)	70.3
Total Revenues	5,900.5	5,766.1	5,530.7	5,442.7	4,970.1	4,645.5	4,102.7	3,803.6	3,237.7	4,091.0
Benefits and Claims	2,347.9	2,459.3	2,514.5	2,238.3	2,765.3	2,764.3	2,278.2	2,609.8	2,722.1	2,171.4
Sales and General Expenses	2,866.5	2,675.0	2,406.6	2,531.3	2,333.3	2,117.8	1,796.8	1,467.4	1,334.8	1,541.1
Total Expenses	5,214.5	5,134.3	4,921.2	4,769.7	5,098.7	4,882.2	4,075.1	4,077.2	4,056.9	3,712.6
Pretax Income (Loss)	686.0	631.8	609.4	672.9	(128.5)	(236.7)	27.6	(273.6)	(819.2)	378.4
Income Taxes (Credits)	219.0	209.6	199.7	225.0	(59.8)	(96.1)	(2.5)	(174.4)	(260.8)	105.9
Net Income (Loss)	\$ 466.9	\$ 422.1	\$ 409.7	\$ 447.8	\$ (68.6)	\$ (140.5)	\$ 30.1	\$ (99.1)	\$ (558.3)	\$ 272.4
Operating Cash Flow	\$ 637.3	\$ 688.2	\$ (181.2)	\$ 686.7	\$ 532.0	\$ (94.9)	\$ (282.2)	\$ 532.9	\$ 565.6	\$ 862.5
Net Income (Loss) Per Share: (a)										
Basic	\$ 1.80	\$ 1.63	\$ 1.58	\$ 1.74	\$ (.27)	\$ (.55)	.13	\$ (.42)	\$ (2.41)	\$ 1.18
Diluted	\$ 1.62	\$ 1.48	\$ 1.44	\$ 1.57	\$ (.27)	\$ (.55)	.13	\$ (.42)	\$ (2.41)	\$ 1.17
Revenues by Operating Segment										
General Insurance	\$ 3,354.7	\$ 3,313.3	\$ 3,113.5	\$ 2,849.9	\$ 2,699.4	\$ 2,488.6	\$ 1,986.9	\$ 1,931.1	\$ 2,051.3	\$ 2,243.9
Title Insurance	2,244.1	2,080.7	1,791.6	2,025.6	1,707.1	1,391.8	1,238.8	914.1	681.3	878.5
Corporate & Other (b)(c)	35.4	35.8	70.0	65.6	68.3	84.8	91.2	84.3	96.8	95.6
Subtotal	5,634.3	5,429.8	4,975.3	4,941.1	4,474.9	3,965.3	3,317.0	2,929.6	2,829.4	3,218.1
RFI Run-off	193.2	245.0	282.9	353.4	447.3	564.6	676.5	867.6	894.7	802.4
Subtotal	5,827.6	5,674.8	5,258.3	5,294.5	4,922.2	4,529.9	3,993.5	3,797.2	3,724.2	4,020.6
Realized Gains (Losses)	72.8	91.3	272.3	148.1	47.8	115.5	109.1	6.3	(486.4)	70.3
Consolidated	\$ 5,900.5	\$ 5,766.1	\$ 5,530.7	\$ 5,442.7	\$ 4,970.1	\$ 4,645.5	\$ 4,102.7	\$ 3,803.6	\$ 3,237.7	\$ 4,091.0
Pretax Income (Loss) by Operating Segment										
General Insurance	\$ 319.9	\$ 336.4	\$ 221.3	\$ 288.3	\$ 261.0	\$ 353.9	\$ 316.7	\$ 311.4	\$ 363.0	\$ 413.2
Title Insurance	210.2	166.8	99.5	124.3	73.8	36.2	9.4	2.1	(46.3)	(14.7)
Corporate & Other (b)	13.0	7.6	5.7	2.1	(2.7)	(14.6)	(2.8)	4.0	13.5	15.1
Subtotal	543.3	511.0	326.7	414.7	332.1	375.5	323.2	317.7	330.2	413.6
RFI Run-off	69.8	29.4	10.3	110.0	(508.6)	(727.8)	(404.8)	(597.7)	(663.0)	(105.5)
Subtotal	613.1	540.4	337.1	524.8	(176.4)	(352.2)	(81.5)	(279.9)	(332.7)	308.0
Realized Gains (Losses)	72.8	91.3	272.3	148.1	47.8	115.5	109.1	6.3	(486.4)	70.3
Consolidated	\$ 686.0	\$ 631.8	\$ 609.4	\$ 672.9	\$ (128.5)	\$ (236.7)	\$ 27.6	\$ (273.6)	\$ (819.2)	\$ 378.4

(a) Retroactive adjustments have been made for all stock dividends and splits declared through December 31, 2016, and for consistent presentation of annual data.

(b) Represents amounts for Old Republic's holding company parent, minor corporate services subsidiaries, a small life and accident insurance operation, and consolidation elimination adjustments.

(c) 2015 reflects the transfer of accident insurance business from a life and accident subsidiary to a general insurance affiliate resulting in a \$26.4 reduction in premiums.



Ten-Year Operating and Balance Sheet Statistics

(\$ in Millions)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Underwriting/ Service Operating Ratios										
General Insurance:										
All Lines Combined:										
Earned Premiums	\$2,936.3	\$2,894.7	\$2,735.6	\$2,513.7	\$2,324.4	\$2,109.4	\$1,694.2	\$1,661.1	\$1,785.0	\$1,961.7
Loss Ratio	72.4%	73.5%	77.4%	73.0%	72.2%	68.5%	67.1%	68.5%	66.0%	65.0%
Dividend Ratio	.6	.6	.5	.6	.8	.7	.7	.5	.9	.5
Expense Ratio	24.8	23.5	22.9	23.7	25.7	25.2	26.9	26.6	26.2	25.8
Composite Ratio	97.8%	97.6%	100.8%	97.3%	98.7%	94.4%	94.7%	95.6%	93.1%	91.3%
Liability Lines Only:										
Earned Premiums	\$1,963.3	\$1,989.0	\$1,934.3	\$1,779.7	\$1,659.9	\$1,487.8	\$1,094.3	\$1,045.5	\$1,115.1	\$1,271.5
Loss Ratio	78.5%	80.6%	82.6%	77.1%	74.9%	69.8%	68.3%	70.3%	69.4%	68.8%
Dividend Ratio	.6%	.5%	.5%	.6%	.8%	1.0%	.8%	.5%	1.0%	.6%
All Other Lines:										
Earned Premiums	\$ 974.1	\$ 908.0	\$ 801.5	\$ 736.7	\$ 667.5	\$ 623.1	\$ 596.6	\$ 619.2	\$ 672.2	\$ 687.3
Loss Ratio	60.5%	57.3%	65.0%	62.8%	65.3%	64.7%	65.1%	64.4%	60.2%	58.2%
Dividend Ratio	.3%	.4%	.4%	.3%	.3%	.1%	.5%	.5%	.6%	.3%
Title Insurance: (a)										
Earned Premiums and Fees	\$2,206.6	\$2,045.3	\$1,759.2	\$1,996.1	\$1,677.4	\$1,362.4	\$1,211.0	\$ 888.4	\$ 656.1	\$ 850.7
Loss Ratio	3.8%	4.9%	5.2%	6.7%	7.2%	7.8%	8.0%	7.9%	7.0%	6.6%
Expense Ratio	87.9	88.3	90.4	88.0	89.6	91.2	93.0	93.8	103.6	98.1
Composite Ratio	91.7%	93.2%	95.6%	94.7%	96.8%	99.0%	101.0%	101.7%	110.6%	104.7%
RFIG Run-off:										
Earned Premiums	\$ 170.0	\$ 219.9	\$ 255.4	\$ 316.5	\$ 410.5	\$ 503.2	\$ 586.8	\$ 765.9	\$ 796.8	\$ 711.7
Loss Ratio	60.4%	88.0%	97.2%	68.8%	221.8%	230.5%	169.0%	177.5%	181.4%	112.0%
Expense Ratio	12.2	10.0	9.5	8.1	10.4	22.1	13.3	11.6	12.7	14.0
Composite Ratio	72.6%	98.0%	106.7%	76.9%	232.2%	252.6%	182.3%	189.1%	194.1%	126.0%
Consolidated:										
Earned Premiums and Fees	\$5,333.2	\$5,179.4	\$4,811.1	\$4,885.6	\$4,471.0	\$4,050.1	\$3,573.5	\$3,388.9	\$3,318.1	\$3,601.2
Loss Ratio	44.0%	47.5%	52.3%	45.8%	61.9%	68.3%	63.8%	77.0%	82.0%	60.3%
Expense Ratio	50.6	48.5	47.1	49.2	48.5	47.5	47.6	41.5	38.9	41.2
Composite Ratio	94.6%	96.0%	99.4%	95.0%	110.4%	115.8%	111.4%	118.5%	120.9%	101.5%
Balance Sheet Leverage										
Premium Leverage (b):										
General Insurance	1.0x	1.1x	1.0x	.9x	.8x	.7x	.6x	.6x	.8x	.8x
Title Insurance	3.9	4.3	3.8	4.5	4.2	4.2	4.0	3.1	2.5	2.5
RFIG Run-off	.5	.8	1.2	N/M	N/M	32.2	1.3	1.3	1.0	.6
Consolidated	1.2x	1.4x	1.3x	1.3x	1.2x	1.1x	.8x	.9x	.9x	.8x
Reserve Leverage (c):										
General Insurance	182%	189%	162%	146%	136%	132%	138%	131%	147%	129%
Title Insurance	108	122	109	106	99	103	99	96	109	89
RFIG Run-off	130	255	388	N/M	N/M	N/M	368	338	167	52
Consolidated	145%	166%	157%	176%	181%	157%	144%	145%	136%	95%
Capitalization and Fixed Charges Coverage Ratios										
Debt	25.5%	19.7%	19.6%	13.0%	13.5%	19.5%	10.3%	8.2%	5.9%	1.4%
Preferred Stock	-	-	-	-	-	-	-	-	-	-
Common Equity	74.5	80.3	80.4	87.0	86.5	80.5	89.7	91.8	94.1	98.6
Total Capitalization	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Fixed Charges Coverage Ratio (d)	13.0x	13.6x	12.9x	23.6x	N/M	N/M	N/M	N/M	N/M	46.2x

(a) Title Insurance Group ratios are a function of combined premiums and fees earned.

(b) Ratio of net premiums written to equity. For the Title Insurance Group, this ratio incorporates escrow and other fee revenues.

(c) Ratio of claim and claim expense reserves to equity. Consolidated ratio also incorporates future benefit reserves for the Company's small life and accident insurance operations.

(d) Earnings before taxes, realized gains (losses) and interest expense to annual interest expense.

N/M = Not meaningful



Common Share Statistics

(Common Stock Data in Dollars to Nearest Cent)

		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Company Performance on the Stock Market (f)	Stock Price Quotes:										
	High (g)	\$20.00	\$19.11	\$17.26	\$17.45	\$11.21	\$13.92	\$15.50	\$12.85	\$17.25	\$23.51
	Low (g)	\$16.51	\$13.59	\$13.43	\$10.74	\$ 7.76	\$ 7.15	\$10.02	\$ 7.24	\$ 6.77	\$13.73
	Close	\$19.00	\$18.63	\$14.63	\$17.27	\$10.65	\$ 9.27	\$13.63	\$10.04	\$11.92	\$15.41
	Closing Stock Price Ratios to:										
	Book Value	1.1x	1.2x	1.0x	1.2x	.8x	.6x	.8x	.6x	.7x	.8x
	Income (Loss) Before Other Items:										
	Basic	11.7x	13.3x	16.3x	12.6x	N/M	N/M	N/M	N/M	N/M	15.7x
	Diluted	13.0x	14.6x	17.4x	13.8x	N/M	N/M	N/M	N/M	N/M	15.9x
	Net Income (Loss):										
	Basic	10.6x	11.4x	9.3x	9.9x	N/M	N/M	104.8x	N/M	N/M	13.1x
	Diluted	11.7x	12.6x	10.2x	11.0x	N/M	N/M	104.8x	N/M	N/M	13.2x
	Total Return—Market Basis (b)	6.0%	32.4%	-11.1%	69.0%	22.6%	-26.9%	42.7%	-10.1%	-18.3%	-31.1%
	Shares Outstanding (Thousands)										
	Average:										
	Basic	259,429	259,502	258,553	257,443	255,812	255,045	241,075	235,657	231,484	231,370
	Diluted	296,379	296,088	295,073	293,684	255,812	255,045	241,327	235,657	231,484	232,912
	End of Period	259,906	258,459	259,012	257,937	256,392	255,681	255,045	235,995	235,031	230,472
Company Performance on its Books (f)	Composition of Basic Earnings (a):										
	Income (Loss), before Items Below	\$ 1.62	\$ 1.40	\$.90	\$ 1.37	\$ (.39)	\$ (.86)	\$ (.16)	\$ (.67)	\$ (.81)	\$.98
	Realized Gains (Losses)	.18	.23	.68	.37	.12	.31	.29	.25	(1.60)	.20
	Net Income (Loss)	\$ 1.80	\$ 1.63	\$ 1.58	\$ 1.74	\$ (.27)	\$ (.55)	\$.13	\$ (.42)	\$ (2.41)	\$ 1.18
	Composition of Diluted Earnings (a):										
	Income (Loss), before Items Below	\$ 1.46	\$ 1.28	\$.84	\$ 1.25	\$ (.39)	\$ (.86)	\$ (.16)	\$ (.67)	\$ (.81)	\$.97
	Realized Gains (Losses)	.16	.20	.60	.32	.12	.31	.29	.25	(1.60)	.20
	Net Income (Loss)	\$ 1.62	\$ 1.48	\$ 1.44	\$ 1.57	\$ (.27)	\$ (.55)	\$.13	\$ (.42)	\$ (2.41)	\$ 1.17
	Dividends on Common Stock:										
	Amount	\$.75	\$.74	\$.73	\$.72	\$.71	\$.70	\$.69	\$.68	\$.67	\$.63
	Payout Ratio (c)	51%	58%	87%	58%	N/M	N/M	N/M	N/M	N/M	65%
	Stock Dividends	—	—	—	—	—	—	—	—	—	—
	Book Value:										
	Amount	\$ 17.20	\$15.02	\$15.15	\$14.64	\$14.03	\$14.76	\$16.16	\$16.49	\$15.91	\$19.71
	% Change	14.5%	-9%	3.5%	4.3%	-4.9%	-8.7%	-2.0%	3.6%	-19.3%	4.2%
	Total Return—Book Basis (b)	19.5%	4.0%	8.5%	9.4%	-.1%	-4.4%	2.2%	7.9%	-15.9%	7.5%
	Cash and Invested Assets Per Share:										
	Amount (d)	\$ 50.00	\$44.40	\$43.60	\$43.07	\$42.13	\$41.79	\$41.13	\$41.86	\$37.68	\$38.72
	Ratio to Book Value	2.9x	3.0x	2.9x	2.9x	3.0x	2.8x	2.5x	2.5x	2.4x	2.0x
	Ratio to Closing Price	2.6x	2.4x	3.0x	2.5x	4.0x	4.5x	3.0x	4.2x	3.2x	2.5x
	Return on Equity (e):										
	As Reported	12.0%	10.8%	10.9%	12.5%	-1.8%	-3.4%	.8%	-2.6%	-12.3%	6.2%
	Cost Basis	12.4%	11.9%	12.1%	14.7%	-2.1%	-3.9%	.9%	-2.7%	-12.5%	6.3%

(a) Calculated after preferred dividend requirements, if any.

(b) For purposes of the above presentation, the total market basis return has been calculated as the sum of the year-to-year increase or decrease in closing price and of the dividend yield for each year as a percentage of the closing price at the end of the preceding year. The total return shown would be higher if an interest factor also were applied to the reinvestment of cash dividends. The total book value basis return represents the sum of the year-to-year change in book value per share and the cash dividend yield as a percentage of book value at the beginning of each year.

(c) Cash dividends as a percentage of diluted earnings per share, before realized gains or losses, extraordinary charges, and cumulative effect of accounting changes.

(d) Based on total shares outstanding at end of year, after elimination of treasury shares.

(e) "As Reported" has been calculated as net income as a percentage of common shareholders' equity at the beginning of the year. The "Cost Basis" calculation excludes net unrealized appreciation (depreciation) of securities from common shareholders' equity.

(f) Retroactive adjustments have been made for all stock dividends and splits declared through December 31, 2016.

(g) Represents the high and low closing price for 2007. 2008 and subsequent years represent the intraday high and low sales price.

N/M = Not meaningful



Consolidated Balance Sheets

(\$ in Millions)

	December 31,				
	2016	2015	2014	2013	2012
Assets					
Investments:					
Available for Sale:					
Fixed Maturity Securities (at Fair Value)	\$ 8,170.9	\$ 8,181.5	\$ 8,417.2	\$ 8,712.3	\$ 8,566.2
Equity Securities (at Fair Value)	2,896.1	1,987.8	2,011.7	1,004.2	739.7
Short-Term Investments (at Fair Value, which approximates Cost)	681.6	669.4	609.4	1,124.8	1,264.9
Miscellaneous Investments	31.2	27.2	24.7	21.6	29.6
Total	11,780.0	10,866.1	11,063.2	10,863.1	10,600.5
Held to Maturity:					
Fixed Maturity Securities (at Amortized Cost)	974.8	355.8	-	-	-
Other Investments	2.9	3.5	5.5	5.3	8.2
Total Investments	12,757.7	11,255.5	11,068.8	10,868.5	10,608.8
Other Assets:					
Cash	145.7	159.8	136.7	153.3	101.2
Securities and Indebtedness of Related Parties	17.6	27.7	17.7	18.0	12.7
Accrued Investment Income	92.3	90.1	86.1	87.2	90.4
Accounts and Notes Receivable	1,390.2	1,310.2	1,287.6	1,190.5	1,134.7
Federal Income Tax Recoverable: Current	14.9	26.5	29.2	114.7	71.9
Deferred	-	154.5	37.0	48.4	148.1
Prepaid Federal Income Taxes	82.4	63.3	45.7	-	-
Reinsurance Balances and Funds Held	127.7	129.0	148.7	189.2	201.6
Reinsurance Recoverable: Paid Losses	63.4	61.1	66.9	64.9	103.7
Policy and Claim Reserves	3,168.1	3,122.5	3,355.6	3,150.8	3,133.3
Deferred Policy Acquisition Costs	274.0	255.4	230.8	192.6	165.5
Sundry Assets	457.1	475.6	465.5	448.0	444.7
Total Other Assets	5,833.8	5,876.1	5,908.1	5,658.2	5,608.4
Total Assets	\$ 18,591.6	\$ 17,101.6	\$ 16,976.9	\$ 16,526.7	\$ 16,217.3
Liabilities, Preferred Stock, and Common Shareholders' Equity					
Liabilities:					
Losses, Claims, and Settlement Expenses	\$ 9,206.0	\$ 9,120.1	\$ 9,122.0	\$ 9,433.5	\$ 9,303.3
Unearned Premiums	1,842.9	1,748.7	1,627.7	1,487.8	1,364.4
Other Policyholders' Benefits and Funds	192.0	196.4	205.0	207.8	201.8
Total Policy Liabilities and Accruals	11,241.0	11,065.3	10,954.7	11,129.2	10,869.6
Commissions, Expenses, Fees, and Taxes	474.4	452.3	454.6	409.8	511.1
Reinsurance Balances and Funds	530.3	496.1	473.8	441.9	437.9
Federal Income Tax Payable: Deferred	42.6	-	-	-	-
Debt	1,528.7	952.8	953.7	561.6	563.4
Sundry Liabilities	302.6	253.9	215.8	209.0	238.8
Commitments and Contingent Liabilities	-	-	-	-	-
Total Liabilities	14,119.9	13,220.7	13,052.8	12,751.7	12,621.0
Preferred Stock:					
Convertible Preferred Stock	-	-	-	-	-
Common Shareholders' Equity:					
Common Stock	262.7	261.9	260.9	260.4	259.4
Additional Paid-In Capital	713.8	698.0	681.6	673.9	660.9
Retained Earnings	3,210.6	2,937.5	2,706.7	2,485.3	2,222.3
Accumulated Other Comprehensive Income (Loss)	323.6	29.2	292.3	378.2	481.7
Unallocated ESSOP Shares (at Cost)	(39.2)	(45.8)	(17.6)	(23.0)	(28.2)
Total Common Shareholders' Equity	4,471.6	3,880.8	3,924.0	3,775.0	3,596.2
Total Liabilities, Preferred Stock, and Common Shareholders' Equity	\$ 18,591.6	\$ 17,110.5	\$ 16,988.1	\$ 16,534.4	\$ 16,226.8



Consolidated Statements of Income

(\$ in Millions, Except Share Data)

	Years Ended December 31,				
	2016	2015	2014	2013	2012
Revenues:					
Net Premiums Earned	\$4,868.9	\$4,758.8	\$4,446.3	\$4,456.6	\$4,043.8
Title, Escrow, and Other Fees	464.2	420.5	364.8	429.0	427.1
Total Premiums and Fees	5,333.2	5,179.4	4,811.1	4,885.6	4,471.0
Net Investment Income	387.0	388.6	345.5	318.7	336.5
Other Income	107.3	106.7	101.6	90.1	114.5
Total Operating Revenues	5,827.6	5,674.8	5,258.3	5,294.5	4,922.2
Realized Investment Gains (Losses):					
From Sales	77.8	91.3	272.3	148.1	48.1
From Impairments	(4.9)	-	-	-	(.2)
Total Realized Investment Gains (Losses)	72.8	91.3	272.3	148.1	47.8
Total Revenues	5,900.5	5,766.1	5,530.7	5,442.7	4,970.1
Benefits, Claims, and Expenses:					
Benefits, Claims, and Settlement Expenses	2,329.8	2,441.3	2,500.0	2,223.0	2,747.4
Dividends to Policyholders	18.1	17.9	14.4	15.2	17.9
Underwriting, Acquisition, and Other Expenses	2,816.3	2,633.0	2,381.0	2,509.7	2,297.1
Interest and Other Charges	50.2	41.9	25.6	21.6	36.2
Total Expenses	5,214.5	5,134.3	4,921.2	4,769.7	5,098.7
Income (Loss) Before Income Taxes (Credits)	686.0	631.8	609.4	672.9	(128.5)
Income Taxes (Credits):					
Current	190.1	201.0	152.4	79.0	2.4
Deferred	28.8	8.6	47.3	146.0	(62.3)
Total	219.0	209.6	199.7	225.0	(59.8)
Net Income (Loss)	\$ 466.9	\$ 422.1	\$ 409.7	\$ 447.8	\$ (68.6)
Net Income (Loss) Per Share:					
Basic	\$ 1.80	\$ 1.63	\$ 1.58	\$ 1.74	\$ (.27)
Diluted	\$ 1.62	\$ 1.48	\$ 1.44	\$ 1.57	\$ (.27)
Average Number of Common and Common Equivalent Shares Outstanding: Basic	259,429,298	259,502,067	258,553,662	257,443,999	255,812,888
Diluted	296,379,251	296,088,963	295,073,206	293,684,035	255,812,888
Dividends Per Common Share:					
Cash:	\$.75	\$.74	\$.73	\$.72	\$.71

Consolidated Statements Of Comprehensive Income

(\$ in Millions)

	Years Ended December 31,				
	2016	2015	2014	2013	2012
Net Income (Loss) as Reported	\$ 466.9	\$ 422.1	\$ 409.7	\$ 447.8	\$ (68.6)
Other Comprehensive Income (Loss):					
Net Unrealized Gains (Losses) on Securities, Net of Tax	292.1	(248.9)	(20.4)	(166.2)	73.8
Net Adjustment Related to Defined Benefit Pension Plans, Net of Tax	(.4)	5.9	(53.0)	72.6	(12.6)
Foreign Currency Translation and Other Adjustments	2.6	(20.1)	(12.2)	(9.9)	4.4
Net Adjustments	294.4	(263.1)	(85.8)	(103.5)	65.6
Comprehensive Income (Loss)	\$ 761.4	\$ 159.0	\$ 323.9	\$ 344.3	\$ (3.0)



Consolidated Statements of Preferred Stock and Common Shareholders' Equity

(\$ in Millions)

	Years Ended December 31,				
	2016	2015	2014	2013	2012
Convertible Preferred Stock:					
Balance, Beginning and End of Year	\$ -	\$ -	\$ -	\$ -	\$ -
Common Stock:					
Balance, Beginning of Year	\$ 261.9	\$ 260.9	\$ 260.4	\$ 259.4	\$ 259.3
Dividend Reinvestment Plan	-	-	-	-	-
Net Issuance of Shares Under Stock Based Compensation Plans	.6	.9	.4	.9	-
Issuance of Shares	-	-	-	-	-
Balance, End of Year	\$ 262.7	\$ 261.9	\$ 260.9	\$ 260.4	\$ 259.4
Additional Paid-In Capital:					
Balance, Beginning of Year	\$ 698.0	\$ 681.6	\$ 673.9	\$ 660.9	\$ 657.9
Dividend Reinvestment Plan	.8	.8	.8	.8	.8
Net Issuance of Shares Under Stock Based Compensation Plans	6.7	9.8	4.0	9.5	(.6)
Issuance of Shares	1.2	-	-	-	-
Stock Based Compensation	.7	1.8	.5	-	2.5
ESSOP Shares Released	6.2	4.2	3.8	2.6	.3
Acquisition of Non-controlling Interest	-	(.2)	(1.6)	-	-
Balance, End of Year	\$ 713.8	\$ 698.0	\$ 681.6	\$ 673.9	\$ 660.9
Retained Earnings:					
Balance, Beginning of Year	\$2,937.5	\$2,706.7	\$2,485.3	\$2,222.3	\$2,472.4
Net Income (Loss)	466.9	422.1	409.7	447.8	(68.6)
Dividends on Common Stock: Cash	(193.8)	(191.3)	(188.3)	(184.8)	(181.5)
Balance, End of Year	\$3,210.6	\$2,937.5	\$2,706.7	\$2,485.3	\$2,222.3
Accumulated Other Comprehensive Income (Loss):					
Balance, Beginning of Year	\$ 29.2	\$ 292.3	\$ 378.2	\$ 481.7	\$ 416.0
Net Unrealized Gains (Losses) on Securities, Net of Tax	292.1	(248.9)	(20.4)	(166.2)	73.8
Net Adjustment Related to Defined Benefit Pension Plans, Net of Tax	(.4)	5.9	(53.0)	72.6	(12.6)
Foreign Currency Translation and Other Adjustments	2.6	(20.1)	(12.2)	(9.9)	4.4
Balance, End of Year	\$ 323.6	\$ 29.2	\$ 292.3	\$ 378.2	\$ 481.7
Unallocated ESSOP Shares:					
Balance, Beginning of Year	\$ (45.8)	\$ (17.6)	\$ (23.0)	\$ (28.2)	\$ (33.2)
ESSOP Shares Released	6.6	5.7	5.3	5.2	5.0
Purchase of unallocated ESSOP shares	-	(34.0)	-	-	-
Balance, End of Year	\$ (39.2)	\$ (45.8)	\$ (17.6)	\$ (23.0)	\$ (28.2)



Consolidated Statements of Cash Flows

(\$ in Millions)

	Years Ended December 31,				
	2016	2015	2014	2013	2012
Cash Flows from Operating Activities:					
Net Income (Loss)	\$ 466.9	\$ 422.1	\$ 409.7	\$ 447.8	\$ (68.6)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:					
Deferred Policy Acquisition Costs	(18.3)	(24.1)	(39.0)	(27.9)	32.5
Premiums and Other Receivables	(59.2)	(22.6)	(97.2)	(55.9)	(105.6)
Unpaid Claims and Related Items	31.4	214.4	(480.6)	141.2	578.2
Unearned Premiums and Other Policyholders' Liabilities	77.6	69.4	104.4	102.9	52.7
Income Taxes	40.6	13.4	132.7	103.7	(60.7)
Prepaid Federal Income Taxes	(19.1)	(17.5)	(45.7)	–	1.0
Reinsurance Balances and Funds	33.1	27.3	70.6	55.5	51.7
Realized Investment (Gains) Losses	(72.8)	(91.3)	(272.3)	(148.1)	(47.8)
Accounts Payable, Accrued Expenses and Other	157.0	96.8	36.1	67.3	98.6
Total	637.3	688.2	(181.2)	686.7	532.0
Cash Flows from Investing Activities:					
Fixed Maturity Securities:					
Available for sale:					
Maturities and Early Calls	967.9	764.1	845.2	1,387.4	1,080.3
Sales	306.2	259.5	847.5	194.8	406.1
Sales of:					
Equity Securities	419.1	462.4	617.0	172.5	71.1
Other–Net	56.6	32.8	17.4	29.3	28.3
Sale of a Business	–	–	–	–	5.8
Purchases of:					
Fixed Maturity Securities:					
Available for sale	(1,166.2)	(1,023.0)	(1,373.2)	(2,120.8)	(1,598.3)
Held to Maturity	(632.1)	(357.9)	–	–	–
Equity Securities	(928.4)	(486.9)	(1,466.6)	(209.5)	(169.8)
Other–Net	(47.5)	(46.6)	(47.6)	(44.6)	(37.8)
Purchase of a Business	–	–	(2.8)	(5.1)	–
Net Decrease (Increase) in Short-Term Investments	(12.1)	(55.5)	513.0	139.1	211.5
Other–Net	–	1.3	(2.2)	(.4)	(1.0)
Total	(1,036.4)	(449.8)	(43.3)	(457.6)	(3.7)
Cash Flows from Financing Activities:					
Issuance of Debentures and Notes	576.8	–	394.4	–	–
Issuance of Common Shares	8.4	12.0	5.7	11.8	1.0
Redemption of Debentures and Notes	(3.5)	(3.3)	(4.2)	(3.6)	(339.8)
Purchase of unallocated ESSOP shares	–	(34.0)	–	–	–
Dividends on Common Shares	(193.8)	(191.3)	(188.3)	(184.8)	(181.5)
Other–Net	(2.8)	1.3	.4	(.3)	.2
Total	385.0	(215.2)	207.9	(176.9)	(520.0)
Increase (Decrease) in Cash:	(14.1)	23.0	(16.6)	52.0	8.1
Cash, Beginning of Year	159.8	136.7	153.3	101.2	93.0
Cash, End of Year	\$ 145.7	\$ 159.8	\$ 136.7	\$ 153.3	\$ 101.2
Supplemental Cash Flow Information:					
Cash Paid (Received) during the Year for: Interest	\$ 40.9	\$ 40.8	\$ 21.2	\$ 21.3	\$ 35.0
Income Taxes	\$ 178.6	\$ 198.5	\$ 67.3	\$ 122.3	\$ 1.6



Key Operating Subsidiaries (As of December 31, 2016)

Currently, Old Republic manages its business through some 134 corporate entities, of which 27 are insurance subsidiaries covering all 50 states and Canada. The following list shows the Corporation's most significant subsidiaries within each operating segment. The underwritten title and managing insurance agencies listed function principally as specialized marketing or underwriting divisions of one or more Old Republic insurance company subsidiaries.

General Insurance Group	<p>Insurance Companies</p> <p>BITCO General Insurance Corporation BITCO National Insurance Company Great West Casualty Company Inter West Assurance, Ltd. Manufacturers Alliance Insurance Company Old Republic General Insurance Corporation Old Republic Home Protection Company Old Republic Insurance Company Old Republic Insurance Company of Canada Old Republic Lloyds of Texas Old Republic Security Assurance Company Old Republic Specialty Insurance Company, IC Old Republic Surety Company Old Republic Union Insurance Company Pennsylvania Manufacturers Association Insurance Company Pennsylvania Manufacturers Indemnity Company Pennsylvania Manufacturers International Insurance, Ltd. PMA Insurance SPC</p>	<p>Agencies & Service Companies (a)</p> <p>Brummel Brothers, Inc. DISCC Enterprise, Ltd. Employers General Insurance Group, Inc. Great West Services, Inc. International Business & Mercantile Insurance Holdings, Ltd. Joe Morten & Son, Inc. Old Republic Aerospace, Inc. Old Republic Contractors Insurance Group, Inc. ^(b) Old Republic Home Protection Services, Inc. Old Republic Insured Automotive Services, Inc. Old Republic Professional Liability, Inc. Old Republic Risk Management, Inc. Old Republic Specialty Insurance Underwriters, Inc. ^(b) PMA Management Corporation PMA Management Corporation of New England</p>
Title Insurance Group	<p>Insurance Companies</p> <p>American Guaranty Title Insurance Company Mississippi Valley Title Insurance Company Old Republic National Title Insurance Company</p> <p>Agencies & Service Companies</p> <p>Attorneys' Title Fund Sevices, LLC ^(b) Compass Abstract, Inc. eRecording Partners Network, LLC ^(b) Genesis Abstract, LLC ^(b) Lenders' Inspection Company Lex Terrae, Ltd. Lex Terrae National Title Services, Inc. Mara Escrow Company National Title Agent's Services Company Old Republic Diversified Services, Inc. Old Republic Exchange Company</p>	<p>Old Republic Title Company Old Republic Title Company of Conroe ^(b) Old Republic Title Company of Houston Old Republic Title Company of Indiana Old Republic Title Company of Kansas City, Inc. Old Republic Title Company of Nevada Old Republic Title Company of Oklahoma Old Republic Title Company of Oregon Old Republic Title Company of St. Louis, Inc. Old Republic Title Company of Tennessee Old Republic Title and Escrow of Hawaii, Ltd. Old Republic Title Insurance Agency, Inc. Old Republic Title, Ltd. RQ Holdings, Inc. Sentry Abstract Company The Title Company of North Carolina, Inc. Troon Management Corporation</p>
Republic Financial Indemnity Group	<p>Insurance Companies</p> <p>Republic Credit Indemnity Company Republic Mortgage Insurance Company Republic Mortgage Insurance Company of Florida Republic Mortgage Insurance Company of North Carolina</p>	<p>Agencies & Service Companies (a)</p> <p>Republic Insured Credit Services, Inc. Republic Equity Credit Services, Inc.</p>
Life & Accident Group	<p>Old Republic Life Insurance Company</p>	<p>Reliable Life Insurance Company (Canada)</p>
Corporate and Other Operations	<p>Old Republic Asset Management Corporation Old Republic Capital Corporation Old Republic Financial Acceptance Corporation</p>	<p>Old Republic General Services, Inc. Old Republic International Corporation</p>

(a) Managing insurance or underwriting agencies and related service companies.

(b) Joint underwriting venture and/or partially owned subsidiaries and affiliates.



BOARD OF DIRECTORS AND SENIOR EXECUTIVE GROUPS

Old Republic's major operating subsidiaries and segments are headed by teams of senior executives formally organized as the Office of the Chief Executive Officer. These executive teams provide an inter-disciplinary approach tailored to the specific management needs of the Company's multi-faceted business. Members of Old Republic's Board of Directors bring diversity of expertise, experience, and insurance industry knowledge to corporate governance.

OLD REPUBLIC INTERNATIONAL CORPORATION BOARD OF DIRECTORS(*)

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PricewaterhouseCoopers,
LLP

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Pandora Capital
Corporation

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Attorneys, Chicago, IL

James C. Hellauer

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and Associates

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Senior Vice President,
Secretary, and
General Counsel
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International Corporation

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Fredricka Taubitz

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Charles F. Titterton

Insurance Group
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Partner (Retired)
KPMG LLP

Steven R. Walker

Partner (Retired)
Leland, Parachini, Steinberg,
Matzger and Melnick, LLP
Attorneys, San Francisco, CA

Aldo C. Zucaro

Chairman of the Board
and Chief Executive Officer

(*) As of February 23, 2017

OLD REPUBLIC INTERNATIONAL CORPORATION ("ORI") OFFICE OF THE CHIEF EXECUTIVE OFFICER

Charles S. Boone

ORI Senior Vice President -
Investments and Treasurer

John R. Heitkamp, Jr.

ORI Senior Vice President,
Secretary, and
General Counsel

Karl W. Mueller

ORI Senior Vice President
and Chief Financial Officer

R. Scott Rager

ORI President and
Chief Operating Officer

Craig R. Smiddy

President and Chief
Operating Officer -
Old Republic General
Insurance Companies

Rande K. Yeager

Chairman and Chief
Executive Officer -
Old Republic Title
Companies

Aldo C. Zucaro

ORI Chairman of the Board
and Chief Executive Officer



OLD REPUBLIC GENERAL INSURANCE COMPANIES OFFICE OF THE CHIEF EXECUTIVE OFFICER

Charles S. Boone
ORI Senior Vice President -
Investments and Treasurer

W. Todd Gray
Senior Vice President -
Operations & Finance

John R. Heitkamp, Jr.
ORI Senior Vice President,
Secretary, and General Counsel

Karl W. Mueller
ORI Senior Vice President
and Chief Financial Officer

Stephen J. Oberst
President - Old Republic
Risk Management, Inc.

R. Scott Rager
ORI President and
Chief Operating Officer

Craig R. Smiddy
President and
Chief Operating Officer

Aldo C. Zucaro
ORI Chairman of the Board
and Chief Executive Officer

OLD REPUBLIC GENERAL INSURANCE COMPANIES SENIOR CORPORATE OFFICERS

Michael L. Cescon
Old Republic Insured
Automotive Services, Inc.

Vincent T. Donnelly
PMA Companies

Paul M. Field
Old Republic Insurance
Company of Canada

William P. Franchi
Old Republic Specialty
Insurance Underwriters, Inc.

Gwen M. Gallagher
Old Republic Home
Protection Company

James D. Jensen
Great West Casualty
Company

Alan P. Pavlic
Old Republic Surety
Company

Vincent C. Lamb
BITCO Insurance
Companies

Leonard S. Milazzo (*)
Republic Insured
Credit Services, Inc.

W. Todd Gray
Old Republic Contractors
Insurance Group, Inc.

Stephen J. Oberst
Old Republic Risk
Management, Inc.

Frank J. Kastelic
Old Republic Professional
Liability, Inc.

Ralph H. Sohl
Old Republic Aerospace, Inc.

OLD REPUBLIC TITLE INSURANCE COMPANIES SENIOR CORPORATE EXECUTIVES

Mark A. Bilbrey
President

Jeffery J. Bluhm
Executive Vice President;
Agency Services
and Administrator

Mark M. Budzinski
Executive Vice President
and General Counsel

Patrick A. Connor
Executive Vice President;
President - Old Republic
National Title Services, Inc.

Roger Gaio
Executive Vice President and
Chief Information Officer

Gary J. Horn
Executive Vice President;
Corporate Finance and
Development

Cheryl A. Jones
Executive Vice President;
Chief Human Resources
& Communications Officer

Chris G. Lieser
Executive Vice President
and Chief Financial Officer

John A. Magness
Executive Vice President;
President - Old Republic
Title Companies, Inc.

Carolyn J. Monroe
Executive Vice President;
President - Old Republic
Western Title, Inc.

Michael B. Skalka
Executive Vice President;
President - Old Republic
Title Commercial Services, Inc.

Richard A. Wilson
Executive Vice President;
President - Old Republic
Eastern Title, Inc.

Rande K. Yeager
Chairman and Chief
Executive Officer

RMIC COMPANIES, INC. (*) SENIOR CORPORATE EXECUTIVES

D. Christopher Cash
Senior Vice President and
Chief Accounting Officer

Kevin J. Henry
President and Chief
Operating Officer

Spencer LeRoy III
Vice Chairman

Karl W. Mueller
Senior Vice President
and Chief Financial Officer

Aldo C. Zucaro
Chairman of the Board

(*) Consolidated members of the Republic Financial Indemnity Group, Inc.



THE MOST RECENT DECADE



2016 Old Republic reported much higher operating income for the year. Consolidated net income, however, grew at a slower pace as realized investment gains were lower than 2015 levels.

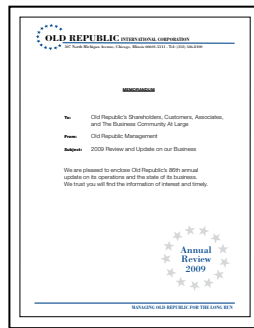
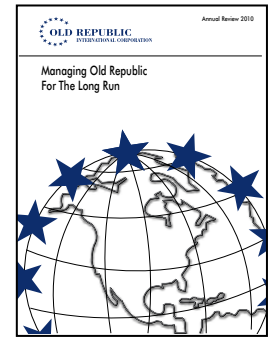
General Insurance pretax operating earnings were marked by reasonably stable underwriting and investment income contributions. Earned premiums were basically level with last year's production with trends unevenly distributed among various insurance coverages.

For the second straight year, record-setting Title Insurance earnings were achieved due to the strong performance in this segment's underwriting and related services functions. The continuation of a favorable mortgage rate environment and generally improving housing and commercial property markets led to higher revenues from title premiums and fees.

RFIG's mortgage guaranty business exhibited better underwriting results from continued declines in reported delinquencies and the higher rates at which reported mortgage loan defaults are cured or otherwise resolved without payment. Operating results for the much smaller CCI run-off line portray greater volatility in claim costs and related ratios. The latter have been particularly impacted by ongoing litigation costs of a near-eight-year long commercial dispute.

Consolidated assets increased to an all-time high of nearly \$18.6 billion. Total capitalization reached \$6.0 billion resulting from a successful \$550 million, ten-year senior debt offering and significant growth in the shareholders' equity balance.

Old Republic increased its cash dividend for the 35th consecutive year, and has paid a cash dividend, without interruption, for 75 years -- since the World War II year of 1942. Our ability to provide a steady stream of cash dividends to our shareholders reflects our confidence in the prospect of our business as a solid investment with good long-term earnings sustainability.





2015 Consolidated operating earnings were enhanced by greater General Insurance underwriting and investment income, and record Title Insurance earnings. Earned premium revenues rose for most general insurance coverages. Production was spurred by new business and continued strong renewal rates. The record-setting Title Insurance operating results were driven by the very good performance in this segment's underwriting and related services functions. Significant title premiums and fees growth resulted from stronger housing and commercial property transactions and this segment's expanded market share.

The improvement in RFIG's mortgage guaranty business stemmed from continued declines in reported delinquencies and higher rates at which reported defaults are cured or resolved without payment. The consumer credit indemnity portion of RFIG's run-off operations reflected a lot of volatility and was adversely affected by continued litigation expense provisions.

Consolidated net investment income increased benefiting from a rising invested asset base, and the higher yields from an increasingly greater commitment to high quality, dividend-paying common stocks. Consolidated net income was affected by lower realized gains from the sale of investments in 2015. Consolidated assets reached a new high of \$17.1 billion.

Cash dividends on Old Republic's common stock rose for the 34th consecutive year. Old Republic has now paid a cash dividend for 74 straight years, since 1942. The steady growth of the Company's cash dividend payments over the decades has been a significant factor in the total market return provided by its common stock.

2014 Earnings decreased as Old Republic's General Insurance operating income contribution was much lower in 2014. Greater premium revenues benefited from rate improvements, higher policy retentions and new business production, but were not enough to offset more costly claim settlements and an increase in reserve levels. Title Insurance operating income was eroded by transitory weaknesses in housing-related markets. Premium and fee revenues declined due to a significant drop in refinance transactions. Claim costs were lower as claim frequency and severity continued to abate. The continued profitability of RFIG's mortgage guaranty business was eclipsed by significantly higher consumer credit indemnity claim costs. Net investment income gained from a greater invested asset base and the higher yields realized from an increasingly greater commitment to high quality dividend-paying common stocks.

Consolidated assets rose to nearly \$17.0 billion, while total capitalization reached a high of \$4.8 billion. The cash dividend was raised for the 33rd consecutive year. Old Republic has now paid a cash dividend for 73 straight years. The steady growth of our cash dividends over decades has been a significant part of the total market return registered by our common stock.

2013 On its 90th anniversary, Old Republic posted a substantial operating profit after six lean and challenging Great Recession years. The turnaround in consolidated operating results largely reflected our run-off Mortgage Guaranty line's return to profitability. The line posted much lower claim costs. This resulted from further drops in newly reported defaults, and a rising rate at which previously reported defaults were cured or otherwise resolved without payment. Ongoing improvements in our Title business also helped to boost Old Republic's earnings. This operation has nearly tripled in size since 2007. Title's market share grew for the seventh-straight year and now accounts for about 15% of total industry volume. General Insurance also contributed, with a moderate earnings gain.

Consolidated assets grew to over \$16.5 billion. The Board of Directors approved an increase in the cash dividend for the 32nd consecutive year. Old Republic has now paid a cash dividend for 72 straight years, a testament to managing a well-capitalized business for the long run.

2012 Old Republic refocused its mortgage related insurance products and preserved its strategic options by combining its Mortgage Guaranty and Consumer Credit Indemnity businesses—both in run-off mode—into the Republic Financial Indemnity Group (RFIG). While the Company is not able to provide significant additional capital to these individual operations, it retains the option to recapitalize all or part of RFIG's business with funds from capital markets should this prove realistically doable and in the best interest of all stakeholders.

Consolidated operating results benefited from substantial improvement in Title Insurance due to continued market share growth and tight cost controls, which brought its expense ratio to a seven-year low. General Insurance results saw moderate premium rate increases but these were offset by flat investment income and

a rise in workers' compensation claim costs in particular.

Managing the business for the long term, despite recent market dislocations, allowed Old Republic to continue outperforming the S&P 500 in total shareholder return: 10.8% CAGR versus 9.7% for the past 25 years. The Board increased the cash dividend for the 31st consecutive year, and the Company paid a cash dividend for the 71st consecutive year.

2011 Old Republic's General Insurance operating income contribution increased significantly during 2011, due to a full year of the PMA-related business, and lower incurred claims in the consumer credit indemnity lines. Greater market share and refinancing activity were key to Title Insurance's continued positive operating momentum. Mortgage Guaranty reported greater operating losses, as claims intensified greatly throughout the year. In August, the Company stopped underwriting new policies and the existing mortgage guaranty book of business was placed in run-off operating mode.

Consolidated assets crossed the \$16.0 billion threshold by the end of 2011. The cash dividend increased for the 30th consecutive year, and the Company paid a cash dividend for the 70th consecutive year. A regular and growing cash return remains a part of providing value to our shareholders.

2010 Old Republic saw less red ink on 5.2% higher operating revenues of \$3.9 billion, a 74.1% lower operating loss of \$40.6 million, and a return to profitability of \$30.1 million. General insurance's operating income contribution was lower due to consumer credit issues. Mortgage guaranty cut its operating loss by 46.6% reflecting lower claims cost and firm expense management. Title insurance continued to expand as the market improved and we gained share.

In the final quarter of 2010, the Company acquired Pennsylvania based PMA Capital Corporation, a respected company offering liability insurance coverages and services to a solid client base in select industries.

A regular and growing cash return has always been a part of providing value to our shareholders. Old Republic's capital flexibility and earnings in reserve allowed us to pay a slightly higher dividend in 2010—our 29th consecutive annual increase.

2009 Old Republic's balanced and targeted book of business lifted performance from the lows of 2008. The mortgage and general insurance businesses were negatively affected by weak housing and consumer credit markets. However, title insurance returned to profitable growth through increased home refinancing activity and higher market share. This, plus \$82.5 million from captive reinsurance premiums now booked as revenue, increased operating revenues slightly to \$3.8 billion, and reduced 2009's net loss by 82% to \$99.1 million.

A strong invested asset base, positive cash flows from operations, and a conviction in our long-term growth led us to increase cash dividends for the 28th consecutive year.

2008 Continuing dislocations in the housing, mortgage lending, and financial industries were responsible for Old Republic's first operating loss in 33 years. Most of the loss stemmed from unprecedented difficulties in our mortgage guaranty line for the second year in a row. An additional income statement charge of \$370.2 million related to mark-to-market paper losses, produced a total loss of \$558.3 million in 2008.

The Company's strong capitalization, the continued strength of our general insurance business, and our overall prospects for long-term growth when the economy improves, enabled us to raise the annual cash dividend rate for the 27th consecutive year.

2007 Major economic dislocations in the housing and mortgage lending industries negatively affected Old Republic. The Mortgage Guaranty operations bore the brunt, reporting its first operating loss in 19 years, while Title Insurance posted a small loss. This was more than offset by a solid performance at General Insurance, reflecting Old Republic's model to minimize risks by spreading them across different types of insurance, economic sectors, and asset classes.

While net income was down 41.1% at \$272.4 million, records were set in other areas. Consolidated assets grew 5.4%, exceeding \$13 billion. Net operating revenues, excluding net realized investment gains, crossed \$4 billion. Net investment income rose 11.2% to \$379.9 million.

The strength of our business and its prospects for long-term growth enabled us to raise the annual cash dividend rate for the 26th consecutive year.



HISTORICAL AND FORWARD LOOKING STATEMENTS

OLD REPUBLIC INTERNATIONAL CORPORATION

Historical data pertaining to the operating results, liquidity, and other performance indicators applicable to an insurance enterprise such as Old Republic are not necessarily indicative of results to be achieved in succeeding years. In addition to the factors cited below, the long-term nature of the insurance business, seasonal and annual patterns in premium production and incidence of claims, changes in yields obtained on invested assets, changes in government policies and free markets affecting inflation rates and general economic conditions, and changes in legal precedents or the application of law affecting the settlement of disputed and other claims can have a bearing on period-to-period comparisons and future operating results.

Some of the oral or written statements made in the Company's reports, press releases, and conference calls following earnings releases, can constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Of necessity, any such forward-looking statements involve assumptions, uncertainties, and risks that may affect the Company's future performance. With regard to Old Republic's General Insurance segment, its results can be affected, in particular, by the level of market competition, which is typically a function of available capital and expected returns on such capital among competitors, the levels of interest and inflation rates, and periodic changes in claim frequency and severity patterns caused by natural disasters, weather conditions, accidents, illnesses, work-related injuries, and unanticipated external events. Title Insurance and RFIG Run-off results can be affected by similar factors and by changes in national and regional housing demand and values, the availability and cost of mortgage loans, employment trends, and default rates on mortgage loans. Life and accident insurance earnings can be affected by the levels of employment and consumer spending, variations in mortality and health trends, and changes in policy lapsation rates. At the parent holding company level, operating earnings or losses are generally reflective of the amount of debt outstanding and its cost, interest income on temporary holdings of short-term investments, and period-to-period variations in the costs of administering the Company's widespread operations.

A more detailed listing and discussion of the risks and other factors which affect the Company's risk-taking insurance business are included in Part 1, Item 1A-Risk Factors, of the Company's 2016 Form 10-K Annual Report to the Securities and Exchange Commission, which Item is specifically included herein by reference.

Any forward-looking statements or commentaries speak only as of their dates. Old Republic undertakes no obligation to publicly update or revise any and all such comments, whether as a result of new information, future events or otherwise, and accordingly they may not be unduly relied upon.

This 2016 Annual Review is published to inform policyholders, stockholders, clients, employees, and the investment community of Old Republic's business operations and philosophy. More detailed financial information appears in the Company's Annual Report sent to shareholders of record. The contents of this Annual Review are consistent with data in the Annual Report.

Old Republic International Corporation's Annual Report to Shareholders, which includes its Annual Report to the Securities and Exchange Commission (Form 10-K and Proxy Statement), can be accessed through our website, www.oldrepublic.com, or obtained upon request to: Investor Relations, Old Republic International Corporation, 307 North Michigan Avenue, Chicago, Illinois 60601.

Neither the Annual Review nor the Annual Report is intended to represent solicitations or offers to buy or sell the Corporation's securities.



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307 North Michigan Avenue, Chicago, Illinois 60601

www.oldrepublic.com