OLD REPUBLIC INTERNATIONAL CORPORATION

Managing for the long run

Our 95th Year

2018

Annual Report
Form 10-K
Proxy Statement

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Form 10K Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, including:

Item 1 – Business Discussion
Item 1A – Discussion of Risk Factors
Item 1B through Item 6
Item 7 – Management Analysis of Financial Position and Results of Operations
Item 8 – Financial Statements and Footnote Disclosures
– Report of Independent Registered Public Accounting Firm
– Management's Responsibility for Financial Statements
Item 9A – Discussion of Management's Controls and Procedures

Notice of Annual Meeting of Shareholders and Proxy Statement

2018 Annual Report to the Shareholders

(To be read in conjunction with the accompanying Form 10-K Annual Report to the Securities and Exchange Commission)

About Us

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, shareholders, and other important stakeholders place in us.

Old Republic traces its beginnings to 1923, although several acquired subsidiaries began operations much earlier. 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 the mortgage guaranty and consumer credit insurance lines has devolved into a run-off operating mode in recent years. Old Republic's general insurance business ranks among the nation's 50 largest, while its title Insurance operations are the third largest in its industry.

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 is one of America's 50 largest shareholder-owned insurance businesses. It is a member of the *Fortune 500* listing of America's largest companies. The Company's record as a long-term investment compares very favorably within American industry. ORI's performance reflects an entrepreneurial spirit, a necessary long-term orientation in the management of its business, and a corporate culture that promotes accountability and encourages the taking of prudent business risks. For the 25 years ended in 2018, the Company's total market return, with dividends reinvested, has grown at a compounded annual rate of 9.9% per share. For the same period, the total market return, with dividends reinvested, for the S&P 500 Index has grown at a 9.1% annual compound rate. During those years, Old Republic's shareholders' equity account, inclusive of cash dividends, has risen at an average annual rate of 8.9% per share, and the regular cash dividend has grown at a 8.5% annual compound rate.

According to the most recent edition of *Mergent's Dividend Achievers*, Old Republic is one of just 100 qualifying companies, out of thousands considered, that have posted at least 25 consecutive years of annual dividend growth. Moreover, Old Republic has paid a cash dividend without interruption since the World War II year of 1942 (77 years), and it has raised the annual cash dividend pay-out for each of the past 37 years.

Managing for the Long Run.

Old Republic International Corporation

Ten-Year Financial Highlights

(All amounts, except per share data, are expressed in millions)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Financial Position Summary										
Cash and Fixed										
Maturity Securities	**$ 9,683.0**	$ 10,145.9	$ 9,973.1	$ 9,366.7	$ 9,163.4	$ 9,990.6	$ 9,932.4	$ 9,962.5	$ 9,663.6	$ 9,230.9
Equity Securities	**3,380.9**	3,265.5	2,896.1	1,987.8	2,011.7	1,004.2	739.7	580.8	672.4	502.9
Other Invested Assets	**123.4**	124.9	126.5	120.9	116.4	114.3	128.4	141.7	154.7	145.2
Reinsurance Recoverable	**3,484.5**	3,371.8	3,231.5	3,183.6	3,422.5	3,215.7	3,237.1	3,243.9	3,262.5	2,558.0
Prepaid Federal Income Taxes	**129.8**	114.3	82.4	63.3	45.7	-	-	1.0	102.9	221.4
Sundry Assets	**2,525.5**	2,380.9	2,281.7	2,379.1	2,216.8	2,201.7	2,179.5	2,120.3	2,026.5	1,531.4
Total	**$ 19,327.1**	$ 19,403.5	$ 18,591.6	$ 17,101.6	$ 16,976.9	$ 16,526.7	$ 16,217.3	$ 16,050.4	$ 15,882.7	$ 14,190.0
Policy Liabilities	**$ 2,303.5**	$ 2,176.3	$ 2,035.0	$ 1,945.1	$ 1,832.7	$ 1,695.7	$ 1,566.3	$ 1,461.9	$ 1,424.9	$ 1,223.4
Benefit and Claim Reserves	**9,471.2**	9,237.6	9,206.0	9,120.1	9,122.0	9,433.5	9,303.3	8,786.6	8,814.6	7,915.0
Debt	**981.4**	1,448.7	1,528.7	952.8	953.7	561.6	563.4	912.8	475.0	346.7
Sundry Liabilities	**1,424.6**	1,807.5	1,361.1	1,213.5	1,144.4	1,060.9	1,188.0	1,116.4	1,046.8	813.4
Common Shareholders’ Equity	**5,146.2**	4,733.3	4,460.6	3,869.8	3,924.0	3,775.0	3,596.2	3,772.5	4,121.4	3,891.4
Total	**$ 19,327.1**	$ 19,403.5	$ 18,591.6	$ 17,101.6	$ 16,976.9	$ 16,526.7	$ 16,217.3	$ 16,050.4	$ 15,882.7	$ 14,190.0
Total Capitalization	**$ 6,127.6**	$ 6,182.0	$ 5,989.4	$ 4,822.7	$ 4,877.8	$ 4,336.6	$ 4,159.6	$ 4,685.4	$ 4,596.4	$ 4,238.2
Book Value Per Share (a)	**$ 17.23**	$ 17.72	$ 17.16	$ 14.98	$ 15.15	$ 14.64	$ 14.03	$ 14.76	$ 16.16	$ 16.49

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Income Statement Summary										
Revenues:										
Net premiums and fees earned	**$ 5,703.9**	$ 5,539.7	$ 5,333.2	$ 5,179.4	$ 4,811.1	$ 4,885.6	$ 4,471.0	$ 4,050.1	$ 3,573.5	$ 3,388.9
Net Investment Income	**431.8**	409.4	387.0	388.6	345.5	318.7	336.5	364.6	379.0	383.5
Other Income	**121.6**	102.2	107.3	106.7	101.6	90.1	114.5	115.2	41.0	24.8
Total operating revenues	**6,257.4**	6,051.5	5,827.6	5,674.8	5,258.3	5,294.5	4,922.2	4,529.9	3,993.5	3,797.2
Investment gains (losses):										
Realized from actual transactions	**58.2**	211.6	77.8	91.3	272.3	148.1	48.1	165.8	110.3	15.9
Unrealized from changes in fair value of equity securities	**(293.8)**	-	-	-	-	-	-	-	-	-
Realized from impairments	**-**	-	(4.9)	-	-	-	(0.2)	(50.2)	(1.2)	(9.5)
Total investment gains (losses)	**(235.6)**	211.6	72.8	91.3	272.3	148.1	47.8	115.5	109.1	6.3
Total revenues	**6,021.8**	6,263.1	5,900.5	5,766.1	5,530.7	5,442.7	4,970.1	4,645.5	4,102.7	3,803.6
Operating expenses:										
Claim costs	**2,460.7**	2,478.8	2,347.9	2,459.3	2,514.5	2,238.3	2,765.3	2,764.3	2,278.2	2,609.8
Sales and general expenses	**3,080.6**	2,995.7	2,816.3	2,633.0	2,381.0	2,509.7	2,297.1	2,054.3	1,764.8	1,443.1
Interest and other costs	**42.2**	63.0	50.2	41.9	25.6	21.6	36.2	63.4	32.0	24.2
Total operating expenses	**5,583.7**	5,537.7	5,214.5	5,134.3	4,921.2	4,769.7	5,098.7	4,882.2	4,075.1	4,077.2
Pretax income (loss)	**438.1**	725.4	686.0	631.8	609.4	672.9	(128.5)	(236.7)	27.6	(273.6)
Income taxes (credits)	**67.5**	164.8	219.0	209.6	199.7	225.0	(59.8)	(96.1)	(2.5)	(174.4)
Net income (loss)	**$ 370.5**	$ 560.5	$ 466.9	$ 422.1	$ 409.7	$ 447.8	$ (68.6)	$ (140.5)	$ 30.1	$ (99.1)

(a) Retroactive adjustments have been made for all stock dividends and splits declared through December 31, 2018 and for consistent presentation of annual data.

Old Republic International Corporation

Ten-Year Financial Highlights *(cont'd)*

(All amounts, except per share data, are expressed in millions)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Common Stock Statistics (a)										
Net income (loss) per share:										
Basic	**$ 1.26**	$ 2.14	$ 1.80	$ 1.63	$ 1.58	$ 1.74	$ (0.27)	$ (0.55)	$ 0.13	$ (0.42)
Diluted	**$ 1.24**	$ 1.92	$ 1.62	$ 1.48	$ 1.44	$ 1.57	$ (0.27)	$ (0.55)	$ 0.13	$ (0.42)
Components of net income (loss) per share:										
Basic net income (loss) excluding investment gains (losses)	**$ 1.89**	$ 1.21	$ 1.62	$ 1.40	$ 0.90	$ 1.37	$ (0.39)	$ (0.86)	$ (0.16)	$ (0.67)
Net investment gains (losses):										
Realized from actual transactions	**0.16**	0.93	0.19	0.23	0.68	0.37	0.12	0.44	0.29	0.04
Unrealized from changes in fair value of equity securities	**(0.79)**	-	-	-	-	-	-	-	-	-
Realized from impairments	**-**	-	(0.01)	-	-	-	-	(0.13)	-	0.21
Basic net income (loss)	**$ 1.26**	$ 2.14	$ 1.80	$ 1.63	$ 1.58	$ 1.74	$ (0.27)	$ (0.55)	$ 0.13	$ (0.42)
Diluted net income (loss) excluding investment gains (losses)	**$ 1.86**	$ 1.11	$ 1.46	$ 1.28	$ 0.84	$ 1.25	$ (0.39)	$ (0.86)	$ (0.16)	$ (0.67)
Net investment gains (losses):										
Realized from actual transactions	**0.15**	0.81	0.17	0.20	0.60	0.32	0.12	0.44	0.29	0.04
Unrealized from changes in fair value of equity securities	**(0.77)**	-	-	-	-	-	-	-	-	-
Realized from impairments	**-**	-	(0.01)	-	-	-	-	(0.13)	-	0.21
Diluted net income (loss)	**$ 1.24**	$ 1.92	$ 1.62	$ 1.48	$ 1.44	$ 1.57	$ (0.27)	$ (0.55)	$ 0.13	$ (0.42)
Cash dividends on common stock (b)	**$ 0.78**	$ 1.76	$ 0.75	$ 0.74	$ 0.73	$ 0.72	$ 0.71	$ 0.70	$ 0.69	$ 0.68
Book value per share	**$ 17.23**	$ 17.72	$ 17.16	$ 14.98	$ 15.15	$ 14.64	$ 14.03	$ 14.76	$ 16.16	$ 16.49
Common shares outstanding:										
Average basic	**294.2**	262.1	259.4	259.5	258.5	257.4	255.8	255.0	241.0	235.6
Average diluted	**301.0**	299.3	296.3	296.0	295.0	293.6	255.8	255.0	241.3	235.6
Actual, end of period	**302.7**	269.2	262.7	261.9	260.9	260.4	259.4	259.3	259.2	240.6

(a) Retroactive adjustments have been made for all stock dividends and splits declared through December 31, 2018 and for consistent presentation of annual data.

(b) A special cash dividend of $1.00 per share was declared in December 2017 in addition to the regular quarterly dividend payment of $0.19 per share.

2018 Annual Report Letter

2018: Back to "Normal" Business

Last year marked our return to a business no longer affected by the long-lagged consequences of the Great Recession and its aftermath. The remnants of those days were put to rest by year-end 2017, and our progress was unimpeded in 2018.

A Year of Financial Accomplishments

This made it even more gratifying to report new financial records on Old Republic's 95th anniversary as an independent, shareholder-owned business:

- 2018 net income before all types of investment gains or losses reached a record $556.4 million, or $1.86 per average diluted share. This contrasted with 2017 results of $318.0 million and $1.11, respectively. The two major factors accounting for this difference were 1) abnormal charges and litigation costs incurred in 2017 (approximately $116.9 million, or $0.39 per share after tax), and 2) the benefit of 40% lower federal income tax rates in 2018 that added approximately $78.2 million, or $0.26 per diluted share to these 2018 results.

  2018 net income ($370.5 million, or $1.24 per diluted share)—which is the measure of total profitability according to the tenets of Generally Accepted Accounting Principles (GAAP)—was affected by the same factors. The aforementioned federal income tax rate change added approximately $45.0 million, or $0.15 per diluted share to 2018's net income. Moreover, the measure of net income also reflected a net-of-tax charge (calculated at the lower income tax rate) of $231.9 million, or $0.77 per share related to unrealized market value losses in our equity (common stock) investment portfolio. The charge stemmed from a new rule issued by the Financial Accounting Standards Board (FASB) which redefined net income to include periodic unrealized (i.e. paper) gains or losses on equity (but not fixed maturity) investments. As this letter was written, those unrealized market value losses have been more than fully eliminated in the first quarter of 2019. That means they will appear as investment gains in this year's first quarter income statement even though no actual transactions will have occurred to create them.

- Total shareholders' equity rose 8.7% to $5.1 billion. There were four main reasons for this: 1) earnings retained in the business, 2) the completed conversion of previously outstanding debt into ORI common shares, 3) the offsetting effect of 2018's cash dividend, and 4) changes in the value of fixed maturity securities carried at fair value. In 2017, shareholders' equity rose by 6.1%.

- Last year's total book value return—which represents the combination of the annual change in book value per share, plus the cash dividend—grew by just 1.6%. For 2017, this was 13.5%, as year-end shareholders' equity benefited from positive changes in unrealized gains.

- Market value-wise, the combination of our annual cash dividend and the change in year-end market value per share resulted in a 4.8% total market return. The comparable return of 16.9% for 2017 benefitted from a special year-end cash dividend and the increased market valuation of our stock.

How We Measure Our Progress

Our view has always been that the mere inclusion of realized investment gains or losses in net income can mask the fundamental operating results of an insurance business. That's because their realization is, more often than not, highly discretionary. It's usually affected by such randomly occurring factors as the timing of individual securities sales, tax-planning considerations, and modifications of investment management judgments on the direction of securities markets or the prospects of individual investees or industry sectors.

That's why Old Republic's management and Board of Directors use income excluding all investment gains or losses. We believe this gives us a better ability to analyze, evaluate, and establish accountability for the results and benefits that arise from the basic underwriting and related services operations of our business.

We believe that applying the new FASB rule in context of the continuous spiral of stock market valuations will likely produce greater period-to-period fluctuations in reported net income. In our opinion, this will make it harder to analyze the basic drivers of an insurance enterprise. It also may create confusion and misleading inferences about such calculations as price/earnings ratios, which are widely used as quick checks of performance.

In any event, the new rule will have no impact on important operating and enterprise risk management considerations, such as the regulatory milieu in which Old Republic's business is managed, and the economic reality of reported current income tax expense, operating cash flows, liquidity, cash dividend policy, and capital allocation processes.

The following table includes certain actual and pro forma information to show what reported results were, and would have been if the new FASB rule had existed on January 1, 2013. In addition, we've shown the consolidated composite underwriting ratio. That highlights the basic symmetry between underwriting and services income and pretax income, excluding all investment gains or losses.

In our judgment, the information underscores the necessity of reviewing reported results by separating the *fait accompli* of economic realities from the transient vagaries in securities markets.

	($ in millions)					
	Actual	Pro Forma				
	2018	2017	2016	2015	2014	2013
CONSOLIDATED EARNINGS						
a) Consolidated composite underwriting ratio	94.7%	96.7%	94.6%	96.0%	99.4%	95.0%
b) Pretax income excluding all investment gains or (losses)						
1) Before and after the new rule	$673.7	$513.8	$613.1	$540.4	$337.1	$524.8
c) Pretax investment gains or (losses):						
1) Before the new rule (realized only from actual transactions)	58.2	211.6	72.8	91.3	272.3	148.1
2) After the new rule (realized as well as unrealized from market-driven value changes)	(235.6)	356.0	402.6	(32.5)	185.3	232.7
d) Pretax income including all investment gains or (losses)						
1) Before the new rule (includes realized gains or (losses) only)	731.9	725.4	686.0	631.8	609.4	672.9
2) After the new rule (includes both realized and unrealized gains or (losses))	438.1	869.8	1,015.8	508.0	522.4	757.5
e) Net income excluding all investment gains or (losses):						
1) Before and after the new rule	556.4	318.0	419.6	362.7	232.8	351.5
f) Net income:						
1) Before the new rule (includes net of tax realized gains or losses only)	602.4	560.5	466.9	422.1	409.7	447.8
2) After the new rule (includes net of tax realized and unrealized gains or (losses))	370.5	654.4	681.3	341.6	353.2	502.8

The table on the next page shows an array of numbers purposefully arranged in 11 sections. We believe the information in sections A to G and at J highlights the most meaningful, realistic indicators of our segmented and consolidated financial performance.

Sources of Consolidated Income (Loss) ($ in millions, except share data)

	2018	2017	2016	2015	2014	2013
A. Net premiums, fees, and other income:						
General insurance	**$3,277.1**	$3,110.8	$2,936.3	$2,894.7	$2,735.6	$2,513.7
Title insurance	**2,336.1**	2,287.2	2,206.6	2,045.3	1,759.2	1,996.1
Corporate and other	**14.6**	18.8	20.1	19.4	60.7	59.3
Other income	**121.6**	102.2	107.3	106.7	101.6	90.1
Subtotal	**5,749.5**	5,519.1	5,270.5	5,066.2	4,657.3	4,659.3
RFIG run-off business	**75.9**	122.9	170.0	219.9	255.4	316.5
Consolidated	**$5,825.5**	$5,642.0	$5,440.5	$5,286.1	$4,912.7	$4,975.8
B. Underwriting and related services income (loss):						
General insurance	**$91.2**	$84.3	$65.5	$70.8	$(23.9)	$69.5
Title insurance	**185.1**	206.7	181.7	140.3	77.5	105.1
Corporate and other	**(21.9)**	(28.4)	(17.5)	(21.8)	(19.2)	(20.2)
Subtotal	**254.3**	262.6	229.7	189.4	34.4	154.5
RFIG run-off business	**29.7**	(95.2)	46.6	4.3	(17.1)	73.1
Consolidated	**$284.0**	$167.3	$276.3	$193.7	$17.2	$227.7
C. Consolidated underwriting ratio:						
Claim ratio	**43.1%**	44.7%	44.0%	47.5%	52.3%	45.8%
Expense ratio	**51.6**	52.0	50.6	48.5	47.1	49.2
Composite ratio	**94.7%**	96.7%	94.6%	96.0%	99.4%	95.0%
D. Net investment income:						
General insurance	**$341.0**	$318.9	$312.1	$312.1	$278.8	$249.6
Title insurance	**38.8**	37.3	36.2	34.0	29.9	26.6
Corporate and other	**31.7**	31.4	15.4	17.2	9.2	5.6
Subtotal	**411.7**	387.7	363.8	363.5	317.9	281.8
RFIG run-off business	**20.1**	21.7	23.2	25.1	27.5	36.8
Consolidated	**$431.8**	$409.4	$387.0	$388.6	$345.5	$318.7
E. Interest and other charges:						
General insurance	**$68.3**	$62.9	$57.6	$46.6	$33.5	$30.9
Title insurance	**4.6**	6.9	7.6	7.5	7.8	7.4
Corporate and other (a)	**(30.6)**	(6.9)	(15.0)	(12.2)	(15.7)	(16.7)
Subtotal	**42.2**	63.0	50.2	41.9	25.6	21.6
RFIG run-off business	**-**	-	-	-	-	-
Consolidated	**$42.2**	$63.0	$50.2	$41.9	$25.6	$21.6
F. Segmented and consolidated pretax income (loss) excluding all investment gains (losses):						
General insurance	**$363.9**	$340.3	$319.9	$336.4	$221.3	$288.3
Title insurance	**219.3**	237.1	210.2	166.8	99.5	124.3
Corporate and other	**40.4**	9.9	13.0	7.6	5.7	2.1
Subtotal	**623.8**	587.3	543.3	511.0	326.7	414.7
RFIG run-off business	**49.9**	(73.5)	69.8	29.4	10.3	110.0
Consolidated	**673.7**	513.8	613.1	540.4	337.1	524.8
Income taxes (credits) on above	**117.2**	195.7	193.5	177.7	104.3	173.2
G. Net income (loss) excluding investment gains (losses)	**556.4**	318.0	419.6	362.7	232.7	351.6
H. Consolidated pretax investment gains (losses):						
Realized from actual transactions	**58.2**	211.6	72.8	91.3	272.3	148.1
Unrealized from changes in fair value of equity securities	**(293.8)**	-	-	-	-	-
Total	**(235.6)**	211.6	72.8	91.3	272.3	148.1
Income tax (credit) on above	**(49.6)**	(30.8)	25.5	31.9	95.3	51.8
Net of tax investment gains (losses)	**(185.9)**	242.4	47.3	59.3	177.0	96.2
I. Net income (loss)	**$370.5**	$560.5	$466.9	$422.1	$409.7	$447.8
J. Consolidated operating cash flow (deficit)	**$760.5**	$452.8	$637.3	$688.2	$(181.2)	$686.7
K. Net income (loss) per diluted share:						
Net income (loss) excluding investment gains (losses)	**$1.86**	$1.11	$1.46	$1.28	$0.84	$1.25
Realized investments gains (losses)	**0.15**	0.81	0.16	0.20	0.60	0.32
Unrealized investment gains (losses)	**(0.77)**	-	-	-	-	-
Net income (loss)	**$1.24**	$1.92	$1.62	$1.48	$1.44	$1.57
Cash dividends per share (b)	**$0.78**	$1.76	$0.75	$0.74	$0.73	$0.72
Ending book value per share	**$17.23**	$17.72	$17.16	$14.98	$15.15	$14.64
Closing stock market price per share	**$20.57**	$21.38	$19.00	$18.63	$14.63	$17.27

(a) Includes consolidation/elimination entries. / (b) 2017 includes a special cash dividend of $1.00 per share.

New High in Operating Earnings

Excluding the results of our RFIG Run-Off segment, pretax operating income from ORI's actively managed business reached a record $623.8 million. This was 6.2% higher than $587.3 million in 2017. Including the Run-Off—that immediately prior to the Great Recession accounted for nearly 42% of our bottom line (versus 7.4% last year)—Old Republic's 2018 pretax operating earnings of $673.7 million were the second-highest ever achieved. These comparisons reflect the substantial recalibration of our capital resources and the refocused segmentation of our business since the onset of that recession.

As the preceding table shows, last year's operating earnings reflected greater contributions from these areas:

- The basic underwriting and related services functions
- Investment income
- The lower interest costs from reducing outstanding debt in last year's first quarter

Underwriting and related services income reflected 70% better performance in 2018. Nearly all of this came from favorable year-over-year comparisons for the RFIG Run-Off business. In 2017, the latter had sustained significant claim costs from the final resolution of long-standing commercial litigation. As expected, this business regained its footing in 2018 and produced normalized results.

Underwriting/service performance of our General and Title insurance segments met expectations. Results were favorably affected by low single-digit top-line growth and underwriting ratios devoid of prior years' unfavorable claim reserve developments. The following table shows the segmented trends in underwriting/service profit margins for the past several years:

Underwriting and Related Services Margin as % of Premiums, Fees, and Other Operating Revenues

	2018	2017	2016	2015	2014	2013
Underwriting/Services Margins:						
General insurance	2.8%	2.7%	2.2%	2.4%	(0.8)%	2.8%
Title insurance	7.9	9.0	8.2	6.9	4.4	5.3
Total actively managed business	4.4	4.8	4.4	3.7	0.7	3.3
RFIG Run-Off business	39.1	N/M	27.4	2.0	(6.7)	23.1
Consolidated total with run-off business	4.9%	3.0%	5.1%	3.7%	0.4%	4.6%

General Insurance underwriting/service profitability rebounded. This occurred as earned premiums edged up 5.3% and claim ratios remained essentially unchanged. With few exceptions, earned premiums grew for most types of coverages and markets served. The cumulative effects of recent years' and ongoing premium rate increases in several insurance products, along with new business production, were the main contributors. Higher premiums stemmed principally from commercial automobile (trucking), national accounts, and executive indemnity.

As the next table indicates, claim ratios have seen a fairly consistent downtrend during the past five years. The improvement has come from slightly lower estimates of current accident years' claim provisions, and from the lessening impacts of developments in prior years' reserve estimates.

Effect on reported claim ratios of prior years' reserve developments on calendar year reported claim ratios

Calendar Years	Reported Claim Ratio	Effect of Prior Periods' (Favorable)/ Unfavorable Claim Reserves Development	Claim Ratio Excluding Prior Periods' Claim Reserves Development
2014	77.9%	3.9%	74.0%
2015	74.1	1.5	72.6
2016	73.0	0.3	72.7
2017	71.8	0.7	71.1
2018	72.2%	–%	72.2%

Annual claim provisions, and the trends they display, may not be particularly meaningful indicators of future outcomes for our liability-oriented mix of business. However, in the absence of significant economic and insurance industry dislocations in the foreseeable future, we currently anticipate that annually reported claim ratios should gradually fall within targeted averages in the high 60% to low 70% range. Assuming the current mix of coverages, the overall business should reflect an expense ratio ranging between 23% and 25%. In these circumstances, the composite underwriting ratio should fall within a range of 90% to 95%.

We're comfortable with the progress in this segment and with its longer-term potential. As a result, we expect to see this level of performance:

- Grow the top line faster than the rise in the nation's gross domestic product
- Achieve growth organically by staying focused on what we do well and not attempting to be all things to all people
- Achieve better composite underwriting ratios than the property and liability insurance industry at large, as we have in 41 of the past 50 years

Our Title Insurance business' top line rose 2.1% last year compared to 3.6% in 2017. Profitability declined, principally due to higher claim costs that reflected lower benefits from favorable developments of prior years' reserves.

We attribute little meaning to the lower top-line growth rate of the past two years vis-à-vis the greater upside attained in the early part of this decade. Current revenue levels simply reflect a relatively mild slowdown in housing demand, associated with the dampening impact of higher mortgage rates.

Our longer view is that mortgage carrying costs should stay within the constraints of people's income allocation to shelter, and accommodate advances in housing costs driven by supply and demand. We also view our Title business' longer-term prospects in a very positive light. Our cultural bent to do things right in any market environment, and stay attuned to the always-present possibilities of increasing market share, have served us well over time. We think this can continue unaltered as we peek into the future.

The title insurance business model is based on mitigating and preventing losses rather than assuming risks. Underwriting risk is controlled at the front end of a transaction. This happens through extensive searches of historical real estate transfers, and the efforts of professionals trained in real estate law. Expenses incurred to achieve these objectives are booked when a title insurance policy and related services are first provided. As a result, upfront costs are much higher in title compared with other types of insurance, but claim costs are lower.

The following tables show the composite underwriting ratios posted in the past several years, and the effect of prior years' claim reserve developments on individual calendar years' reported claim ratios:

Underwriting ratios:

	2018	2017	2016	2015	2014	2013
Claim ratio	2.1%	0.9%	3.8%	4.9%	5.2%	6.7%
Expense ratio	90.0	90.0	87.9	88.3	90.4	88.0
Composite underwriting ratio	92.1%	90.9%	91.7%	93.2%	95.6%	94.7%

Effect on reported claim ratios of prior years' reserve developments on calendar year reported claim ratios

Calendar Years	Reported Claim Ratio	Effect of Prior Periods' (Favorable)/ Unfavorable Claim Reserves Development	Claim Ratio Excluding Prior Periods' Claim Reserves Development
2014	5.2%	(0.8)%	6.0%
2015	4.9	(0.6)	5.5
2016	3.8	(1.1)	4.9
2017	0.9	(3.3)	4.2
2018	2.1%	(2.0)%	4.1%

These indicators show how we have successfully managed the underwriting of Old Republic's Title Insurance segment. We believe there is a very good chance of replicating this performance in reasonably stable economic environments.

The RFIG Run-Off segment reversed course once again in 2018. The turnaround was positive, as the business returned to expected normalcy. We estimate that ***mortgage guaranty (MI)*** business currently in force will be nearly exhausted by 2022–2023. Until then, this largest part of the Run-Off segment is expected to generate profitable, though naturally declining operating results.

The key assumption underlying this is that the U.S. economy will remain on an even keel throughout those years. In this scenario, capital committed to the operation should continue to rise and ultimately be redirected for other enterprise risk management objectives. In this we are favored with several economically sound options, including these three possibilities. First, using our very good operating infrastructure to accommodate the servicing needs of unrelated organizations. Second, reinsuring the remaining business in-force to a highly qualified, U.S.-regulated MI company. Third, selling the business for a good cash price to a legitimate, well-pedigreed, U.S.-regulated insurance interest—which could be depended upon to honor our obligations to all MI business stakeholders.

We expect the much smaller ***consumer credit indemnity (CCI)*** part of this Run-Off segment to follow the MI course. Business in force will become similarly exhausted, but at a faster clip, since underlying CCI insured loans are of a shorter duration.

Investment income grew 5.5% in 2018. At year-end 2018, approximately 74% of the fair-valued investment portfolio of $12.9 billion was allocated to fixed-maturity and short-term investments. The remaining 26% was in equities. On a cost basis—which doesn't account for unrealized gains or losses—the allocation was 76% and 24%, respectively.

The total investment portfolio has three sources:

- Funds obtained from our debt holders, which are directed to our insurance subsidiaries' capital and reinvested in bonds and stocks
- The shareholders' paid-in capital and retained earnings balances, which are largely committed to our insurance subsidiaries in support of their underwriting exposures
- The cumulative cash flows produced by our insurance subsidiaries' underwriting/services operations that, after meeting operating liquidity needs, are similarly invested

Viewed in these terms, we estimate approximately 49% of the total bond, stock, and cash equivalent investments was attributable to the combination of tangible shareholders' equity and outstanding debt. The remaining 51% came from underwriting/services operations. This simplified mathematical analysis allows annual investment income to be assigned to each of the three sources, and to a practical understanding of the nature of operating income. On this basis, the next table shows that, on average, approximately 77% of consolidated pretax operating earnings was generated by the basic underwriting/services functions of the business. The other 23% came from the investment of debt and shareholders' capital:

	($ in millions)					
	2018	2017	2016	2015	2014	2013
Attributed sources of consolidated pretax operating income:						
Underwriting/services income	$284.0	$167.3	$276.3	$193.7	$17.2	$227.7
Attributed net investment income to underwriting/services	220.2	229.3	216.7	229.3	203.8	200.8
Total	504.2	396.6	493.0	423.0	221.0	428.5
Attributed net investment income to shareholders' equity and outstanding debt	211.6	180.1	170.3	159.3	141.7	117.9
Less: Other expenses (largely interest on debt)	(42.2)	(63.0)	(50.2)	(41.9)	(25.6)	(21.6)
Total	169.4	117.1	120.1	117.4	116.1	96.3
Consolidated pretax operating income	$673.7	$513.8	$613.1	$540.4	$337.1	$524.8

The next table shows 1) the relationship between income from interest and dividends, 2) the contribution each made as a percent of net investment income, and 3) the latter's proportion to each of underwriting/services and consolidated pretax operating income:

	($ in millions)					
	2018	2017	2016	2015	2014	2013
Net investment income from:						
Interest	$309.0	$298.6	$298.7	$297.3	$296.8	$299.8
Dividends	124.0	110.9	88.2	91.0	49.3	21.2
Other (mostly net investment expense)	(1.2)	(0.1)	0.1	0.3	(0.7)	(2.3)
Net investment income	$431.8	$409.4	$387.0	$388.6	$345.5	$318.7
Year-over-year % change	5.5%	5.8%	(0.4)%	12.5%	8.4%	(5.3)%
Percentage of net investment income from:						
Interest	71.4%	72.9%	77.2%	76.5%	85.9%	94.1%
Dividends	28.7%	27.1%	22.8%	23.4%	14.3%	6.7%
Net investment income as a percentage of:						
Underwriting/services income	152.0%	244.7%	140.1%	200.6%	*	140.0%
Consolidated pretax operating income	64.1%	79.7%	63.1%	71.9%	102.5%	60.7%

**Not meaningful as 2014 underwriting/services income was negligible.*

The size of our fixed-maturity security portfolio has not changed significantly over the past six years. It's been relatively fixed as a basic anchor for our insurance subsidiaries' obligations to policyholders and their beneficiaries. The maturities are stratified and conservatively matched to the expected timing of payments for those obligations in future years.

Since 2013, most of our investable funds have been directed toward purchasing high-quality common shares of U.S. companies. We favor the securities of issuers with long-term records of reasonable earnings growth and steadily increasing dividends. This is the major reason why dividends from equity securities have been the source of investment income growth in recent years.

The equities portfolio (limited to fewer than 100 issues at year-end 2018) is structured to contribute a measure of capital appreciation over time. Since 2013, realized gains in the investment portfolio have averaged about $142.3 million per year, and represented 27.2% of their combination with net investment income. During the same period, net unrealized investment losses have averaged approximately $104.0 million per year.

Realized investment gains provide a welcome addition to overall results. However, our investment management process has been—and remains focused on—assembling a quality portfolio that produces reliably consistent and growing streams of current income. We perform regular stress tests of the equities portfolio. The purpose is to gain reasonable assurance that periodic downdrafts in market prices, as typically occur in economic depression or recessionary conditions, would not seriously undermine our financial strength and the long-term continuity and prospects of our business.

We keep enterprise-wide risk management objectives in mind when structuring the overall securities portfolio. Our principal aim is twofold: to ensure 1) solid funding of our insurance subsidiaries' long-term obligations to assureds and other beneficiaries, and 2) the long-term stability of our subsidiaries' capital accounts.

For these reasons, the portfolio contains no significant insurance risk-correlated exposures to collateralized debt obligations (CDOs), derivatives, hybrid, hedge-fund, private-equity securities with limited liquidity, or other securities whose values are largely based on non-regulated financial instruments. We consider our all-weather investment portfolio to be of high quality and marketability. It also is entirely responsive to liquidity needs as insurance underwriting and other obligations come due.

Evaluating 2018's Performance in View of Our Long-Term Business Strategy

As we've said for decades, the nature of Old Republic's business requires that it be managed for the long run. Effectively managing over multiyear cycles means we operate the business with little regard to quarterly or even annual reporting periods. We believe that the best way to evaluate our operating results and financial condition is by looking at underwriting and overall operating performance over five- and preferably 10-year intervals. These periods may include one or two economic and/or underwriting cycles, which allows for the following:

- Cycles to run all or most of their course
- Premium rate changes to emerge in financial results in the process of insurance policy issuance, expiration, and renewal
- Reserved claim costs to be quantified with greater finality and effect as settlements are made over time

In its most basic terms, our long-term strategy is to create value for all the Company's important stakeholders. We do this through the continual enhancement of our competitive position and prospects for earnings and capital growth.

At year-end 2012, with the RFIG segment firmly established in run-off mode, we changed our strategic course. We anchored ORI's future to our three other segments: the two largest—General and Title insurance—and the smallest—Life and Accident insurance. This table shows the current distribution of capital resources and our long-term objective for them:

	Actual December 31, 2018 allocation	Current long-term objective
General insurance	76.5%	82.5%
Title insurance	13.8	15.0
Life and accident insurance	0.7	1.0
Other	0.9	1.5
Subtotal	91.9	100.0
RFIG run-off business	8.1	–
Total	100.0%	100.0%

The linchpin of this strategy is the conservative, long-term management of Old Republic's balance sheet. That's because maintaining a strong financial position offers these benefits:

- Supports our operating subsidiaries' ongoing risk taking and resulting obligations to policyholders and buyers of related services
- Enables our insurance subsidiaries to address and remain resilient in the face of recurring market challenges to pricing integrity and underwriting standard, and to say "no" to existing or new business with poor prospects of sustainable profitability
- Allows us to minimize debt leverage to better ensure control of our destiny

- Enables the retention of enough liquidity to address unforeseen contingencies, and provides for the reliably consistent distribution of a portion of our earnings through regular and possibly growing cash dividends to all of our shareholders

Early in this new year, our continued ability to meet these strategic objectives is very positive:

- The balance sheet is solid
- We have a strong, high-quality, permanent capital base
- Our people's significant intellectual capital continues to be fully dedicated to our mission
- We have strong business retention rates from a loyal and growing customer base

The production of multiyear operating plans is challenged by the dynamics of a highly competitive insurance marketplace. Over the decades, our management approach has been to encourage all of our people to remain alert to those dynamics while keeping their gaze fixed on the insurance underwriting lessons of the past to address current realities and what this portends. As can be seen on the next two pages, the results of this approach speak for themselves.

Respectfully submitted on behalf of the Board of Directors,

Aldo C. Zucaro
Chairman and Chief Executive Officer
Chicago, Illinois
March 29, 2019

Old Republic's clear **Purpose** is included in our mission statement:

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, shareholders, and other important stakeholders place in us.

Our ***Lodestar*** embodies the Company's mission by binding organization, purpose, and long-term strategy into a coordinated whole.

By the Numbers: Blending Purpose, Governance and Strategy to Create Long-Term Financial Value

The next chart shows how we've succeeded in blending purpose, governance, and strategy in the interest of all stakeholders. The information is shown for the 51 years ending in 2018. The 1968 starting year was chosen because it gave rise to the Company's ultimate transformation from Old Republic Life Insurance Company to Old Republic International Corporation in 1969.

We measure ORI's total book and market returns against three benchmarks: 1) the year-over-year and compounded annual changes in the nominal Gross Domestic Product (GDP), 2) the annual and compounded returns of the S&P 500 Index, and 3) the annual and compounded returns of the S&P Insurance Index. A retrospective review and analysis of the data yields two significant observations about the 10-year comparisons:

- Old Republic's stock performance fell short in 1979–1988. We believe this was due to accelerated diversification activity as we acquired various companies in exchange for our common stock, and formed new joint underwriting ventures. Together, these transactions caused temporary dilutions of book value and earnings per share in those years. However, most of these ultimately became solid contributors to our consolidated performance.
- In some regards, we also believe our performance fell a bit short in 2009–2018 because of the adverse impact of the Great Recession on Old Republic's investment in the financial indemnity segment. This business has been in run-off operating mode since 2012.

In the five 10-year periods reflected in the following table and its related 51 years table, Old Republic's total book value annual and compounded return exceeded the annual and compounded returns of those three benchmarks in eight of 13 comparisons (61%). In addition, our total market annual and compounded return exceeded the returns for the three benchmarks in 10 of 13 comparisons (77%). Collectively, Old Republic outperformed the benchmarks 69% of the time.

This table provides a summary of those 10-year comparisons.

	Old Republic		Selected benchmarks		
Period	Total book return	Total market return	GDP Index	S&P 500 total market return	S&P Insurance total market return
Ten years:					
1969–1978	17.5%	10.7%	9.6%	3.2%	
1979–1988	16.0	13.0	8.3	16.3	
1989–1998	13.5	20.2	5.6	19.2	16.3%*
1999–2008	9.4	3.5	5.0	–1.4	–4.2
2009–2018	6.0%	11.8%	3.4%	13.1%	11.0%
2018 only	1.6%	4.8%	5.5%	–4.4%	–11.2%
51 years 1968–2018	12.5%	12.2%	6.4%	9.8%	7.0%**

*9 years only, with 1989 as the base year, as this Index was not available before 1990 / **29 years only

OLD REPUBLIC INTERNATIONAL CORPORATION
Total Returns Compared to Nominal GDP and Selected S&P Indices' Returns

	Old Republic International Corporation (1)					Nominal Gross Domestic Product (GDP) (2)	S&P 500 Index (3)	S&P Insurance Index (3)
Year	**Year End Book Value**	**Year End Market Price**	**Annual Cash Dividend Declared**	**Total Book Value Annual & Compounded Return**	**Total Market Annual & Compounded Return**	**Total Annual & Compounded Return**	**Total Annual & Compounded Return**	**Total Annual & Compounded Return**
1967	$0.243	$0.338						
1968	0.280	0.472	$0.007	18.2%	41.8%	9.4%	11.0%	
1969	0.312	0.336	0.010	15.1%	-26.6%	8.2%	-8.4%	
1970	0.360	0.528	0.012	19.2%	60.7%	5.5%	3.9%	
1971	0.472	0.840	0.014	34.9%	61.7%	8.5%	14.3%	
1972	0.480	1.240	0.016	5.1%	49.5%	9.8%	19.0%	
1973	0.472	0.456	0.018	2.2%	-61.7%	11.4%	-14.7%	
1974	0.376	0.408	0.020	-16.1%	-6.1%	8.4%	-26.5%	
1975	0.288	0.440	0.020	-18.1%	12.7%	9.0%	37.2%	
1976	0.560	0.624	0.011	98.3%	44.4%	11.2%	23.9%	
1977	0.792	0.792	0.022	45.3%	30.4%	11.1%	-7.2%	
1978	0.976	0.976	0.033	27.4%	27.4%	13.0%	6.6%	
10 Year Compound Annual Growth Rate				**17.5%**	**10.7%**	**9.6%**	**3.2%**	
1979	1.080	1.112	0.052	16.0%	19.3%	11.7%	18.6%	
1980	1.224	0.888	0.054	18.3%	-15.3%	8.8%	32.5%	
1981	1.392	1.144	0.054	18.1%	34.9%	12.2%	-4.9%	
1982	1.648	1.456	0.056	22.4%	32.2%	4.3%	21.5%	
1983	1.888	2.353	0.058	18.1%	65.6%	8.7%	22.6%	
1984	2.208	2.039	0.059	20.1%	-11.0%	11.1%	6.3%	
1985	2.304	3.014	0.062	7.1%	51.3%	7.5%	31.7%	
1986	2.528	2.316	0.065	12.5%	-21.5%	5.5%	18.7%	
1987	2.952	1.861	0.068	19.5%	-17.2%	6.0%	5.3%	
1988	3.152	2.345	0.071	9.2%	30.0%	7.9%	16.6%	
10 Year Compound Annual Growth Rate				**16.0%**	**13.0%**	**8.3%**	**16.3%**	
1989	3.544	2.604	0.076	14.8%	14.2%	7.7%	31.7%	
1990	3.920	2.465	0.081	12.9%	-2.3%	5.7%	-3.2%	-13.5%
1991	4.456	4.207	0.086	15.9%	75.0%	3.3%	30.4%	29.3%
1992	5.072	5.896	0.094	15.3%	42.7%	5.9%	7.6%	18.4%
1993	5.744	5.363	0.102	15.3%	-7.4%	5.2%	10.1%	5.2%
1994	6.112	5.037	0.111	8.3%	-4.0%	6.3%	1.3%	-0.3%
1995	7.248	8.415	0.121	20.6%	70.1%	4.8%	37.5%	41.0%
1996	7.768	9.511	0.148	9.2%	15.1%	5.7%	22.9%	23.5%
1997	8.312	13.222	0.178	9.3%	41.2%	6.2%	33.3%	46.4%
1998	9.216	12.000	0.206	13.4%	-7.8%	5.7%	28.5%	9.7%
10 Year Compound Annual Growth Rate				**13.5%**	**20.2%**	**5.6%**	**19.2%**	**16.3%**
1999	9.590	7.267	0.262	6.9%	-37.5%	6.3%	21.0%	7.4%
2000	11.000	17.066	0.294	17.8%	142.1%	6.5%	-9.1%	34.9%
2001	12.480	14.938	0.314	16.3%	-10.6%	3.2%	-11.9%	-12.4%
2002	13.960	14.934	0.336	14.6%	2.0%	3.4%	-22.1%	-20.7%
2003	15.650	20.288	0.890 *	18.5%	42.4%	4.8%	28.7%	21.0%
2004	16.940	20.240	0.403	10.8%	1.9%	6.6%	10.9%	7.2%
2005	17.530	21.008	1.312 *	11.2%	10.5%	6.7%	4.9%	14.1%
2006	18.910	23.280	0.590	11.2%	13.9%	6.0%	15.8%	10.9%
2007	19.710	15.410	0.630	7.6%	-31.5%	4.6%	5.6%	-6.3%
2008	15.910	11.920	0.670	-15.9%	-18.0%	1.8%	-37.0%	-58.1%
10 Year Compound Growth Rate				**9.4%**	**3.5%**	**5.0%**	**-1.4%**	**-4.2%**
2009	16.490	10.040	0.680	7.9%	-10.1%	-1.8%	26.4%	13.9%
2010	16.160	13.630	0.690	2.2%	43.4%	3.8%	15.1%	15.8%
2011	14.760	8.920	0.700	-4.3%	-27.2%	3.7%	2.1%	-8.3%
2012	14.030	10.650	0.710	-0.1%	23.4%	4.2%	16.0%	19.1%
2013	14.640	17.270	0.720	9.5%	70.7%	3.6%	32.4%	46.7%
2014	15.150	14.630	0.730	8.5%	-11.2%	4.4%	13.7%	8.3%
2015	14.980	18.630	0.740	3.8%	33.4%	4.0%	1.4%	2.3%
2016	17.160	19.000	0.750	19.6%	6.2%	2.7%	12.0%	17.6%
2017	17.720	21.380	1.760 *	13.5%	16.9%	4.2%	21.8%	16.2%
2018	$17.230	$20.570	$0.780	1.6%	4.8%	5.5%	-4.4%	-11.2%
10 Year Compound Annual Growth Rate				**6.0%**	**11.8%**	**3.4%**	**13.1%**	**11.0%**
51 Year Compound Annual Growth Rate				**12.5%**	**12.2%**	**6.4%**	**9.8%**	**7.0%**

Note: (*) Includes special year-end cash dividends of $1.000, $0.800, and $0.534 per share at December 31, 2017, 2005, and 2003, respectively.

Sources: (1) Old Republic Database
(2) Nominal Gross Domestic Product from Federal Reserve Bank St. Louis, with 2018 estimate.
(3) Standard & Poor's Indices from S&P Global Market Intelligence LLC. Data for years 1989 and prior is not available for the S&P Insurance Index. Accordingly, the compound growth rate for 1989–1998 is for 9 years only, while the rate for 1989–2018 is for 29 years only.

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ORI Senior Vice President, Secretary, and General Counsel

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

R. Scott Rager
ORI Executive Vice Chairman

Craig R. Smiddy
ORI President and Chief Operating Officer; President and Chief Operating Officer – Old Republic General Insurance Companies

Rande K. Yeager
Executive Chairman – Old Republic Title Companies

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

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Leland, Parachini, Steinberg, Matzger & Melnick, LLP
Attorneys, San Francisco, CA

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

(*) As of February 1, 2019

Corporate and Shareholders' Information

Corporate Governance

The financial statements and other information included in this 95th Annual Report to shareholders have been compiled under the overall supervision of Old Republic's Chief Executive Officer and Chief Financial Officer. This report is intended to inform shareholders about Old Republic's most recent operating results and financial position.

To ensure the reliability and integrity of financial statements and other data used in the normal course of business, management of the Company and its subsidiaries employ systems of operational and internal controls deemed to be cost effective and tailored to Old Republic's mode of operations.

The Board of Directors regularly meets four times per annum. Financial and other data provided to the Directors of the Company and its subsidiaries are intended to afford them a current understanding of operating results and major corporate decisions and policies. An Audit Committee, consisting of seven independent Directors, meets periodically with representatives of management and of the independent registered public accounting firm retained each year to audit the financial statements. The independent registered public accounting firm has access to the Audit Committee, and the meetings are held with and without management representatives present. The Audit Committee is empowered to oversee the integrity of the Company's financial statements and the Company's compliance with legal and regulatory requirements, the independent qualifications and performance of the Company's internal auditors and independent registered public accounting firm, and the selection of the independent registered public accounting firm. The Board of Directors also has Nominating and Compensation Committees consisting solely of independent Directors, and a five member Executive Committee consisting of four independent Directors and the Chief Executive Officer.

During calendar year 2018, the Company's Chief Executive Officer filed an unqualified Annual CEO Certification, pursuant to the requirements of Section 303A.12(a) of the New York Stock Exchange Listed Company Manual. Additionally, the Company's Chief Executive Officer and Chief Financial Officer each filed with the Company's Annual and Quarterly Reports the Certifications of Disclosure required under Rule 13A-14(a)/15d-14(a) of the Securities and Exchange Commission.

Stock Information

The Company's common stock is traded on the New York Stock Exchange under the symbol of ORI.

	Sales Price Range of Common Stock	Cash Dividends		Sales Price Range of Common Stock	Cash Dividends
1st Quarter '18	$19.48 - $22.34	$ .1950	1st Quarter '17	$18.77 - $21.19	$ .1900
2nd Quarter '18	19.52 - 21.94	.1950	2nd Quarter '17	19.33 - 20.90	.1900
3rd Quarter '18	19.71 - 23.05	.1950	3rd Quarter '17	17.92 - 20.18	.1900
4th Quarter '18	$19.55 - $22.83	$ .1950	4th Quarter '17	$19.33 - $21.56	$1.1900 (*)

(*) Includes a special cash dividend of $1.00 declared in December 2017 in addition to the regular quarterly dividend payment.

Shareholder Purchase & Reinvestment Plan

The Corporation has a Shareholder Purchase and Reinvestment Plan ("Plan") for the benefit of its common shareholders. The Plan provides a convenient way to purchase shares or increase shareholders' holdings of Old Republic common stock. Pursuant to the Plan, participating shareholders may elect to have all or part of their quarterly cash dividends reinvested in additional shares of Old Republic common stock. Participants may also elect to make optional cash payments as frequently as each month. Such additional cash payments may be for no less than $100 up to a maximum of $15,000 each quarter and the amount invested can vary with each payment. The dividends reinvested as well as any optional cash payments will be used to purchase shares of Old Republic's common stock as of each dividend payment date or investment date. The purchase price will be either the average of the high and low trading price for the day on which shares are issued by the Corporation or the market price if purchased on the open market.

Employees of Old Republic and any of its majority-owned subsidiaries and affiliates may purchase shares or make optional cash payments through payroll deductions. To do so, they need only request and sign the appropriate payroll department forms, including thereon the amount they wish to have withheld from each paycheck. The Plan is administered through EQ Shareowner Services who will send participants a statement showing the shares purchased following each transaction.

To obtain more information about the Plan and on how to enroll in it, contact EQ Shareowner Services as shown on the following page.

Direct Dividend Deposit Plan

Shareholders can have their quarterly cash dividends deposited directly into their checking or savings account. The main benefit of this Direct Deposit feature is that dividends are deposited in a shareholder's checking or savings account on the date of payment thereby obviating the wait caused by mail deliveries. The deposit is made automatically for you and your monthly bank statement should confirm the deposit.

To participate in this Direct Dividend Deposit Plan, contact EQ Shareowner Services as shown below.

Contact Information for EQ Shareowner Services

Mail: EQ Shareowner Services
P.O. Box 64874
St. Paul, Minnesota 55164-0874

Courier or in person: EQ Shareowner Services
1110 Centre Point Curve, Suite 101
MAC N9173-010
Mendota Heights, Minnesota 55120-4100

Website: www.shareowneronline.com

Telephone: 1-800-468-9716
Use their automated system available 24 hours a day, 7 days a week or
speak with a customer service representative from 7:00 a.m. to 7:00 p.m., CST, Monday through Friday

Telephone number for the hearing impaired (TDD): 1-800-877-4833

Financial Information Availability

Old Republic's Annual Report to Shareholders, which includes its Annual Report on Form 10-K, is available at no charge without exhibits. Shareholders wishing to obtain a copy of this report may do so by writing to: Office of the Chief Executive Officer, Old Republic International Corporation, 307 North Michigan Avenue, Chicago, Illinois 60601.

The Company's report is also available for viewing and/or copying at the U.S. Securities and Exchange Commission's ("SEC") Public Reference Room located at 450 Fifth Street, NW., Washington, DC 20549. Information regarding the operation of the Public Reference Room can be obtained by calling 1-800-SEC-0330.

Additionally, the Company's report is available, free of charge, by visiting the SEC's internet website (http://www.sec.gov) and accessing its EDGAR database to view or print copies of the electronic version of the report; or by visiting the Company's internet website (http://www.oldrepublic.com), and selecting *Investors* then *SEC Filings* to view or print copies of the electronic version of the report.

Annual Meeting of the Shareholders

The annual meeting of the shareholders is scheduled for May 24, 2019 at 3:00 p.m. in the 22nd floor conference center of the Old Republic Building, 307 North Michigan Avenue, Chicago, Illinois 60601.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

For the fiscal year ended: December 31, 2018 OR

_ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from ____________________________ to ______________________________

Commission File Number: **001-10607**

OLD REPUBLIC INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	No. 36-2678171
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
307 North Michigan Avenue, Chicago, Illinois	60601
(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code: 312-346-8100

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

Title of each class	Name of Each Exchange on Which Registered
Common Stock/$1 par value	New York Stock Exchange

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). **Yes: X/No:**

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). **Yes: / No:X**

The aggregate fair value of the registrant's voting Common Stock held by non-affiliates of the registrant (assuming, for purposes of this calculation only, that the registrant's directors and executive officers, the registrant's various employee benefit plans and American Business & Mercantile Insurance Mutual, Inc. and its subsidiaries are all affiliates of the registrant), based on the closing sale price of the registrant's common stock on June 30, 2018, the last day of the registrant's most recently completed second fiscal quarter, was $5,558,075,381.

The registrant had 302,775,042 shares of Common Stock outstanding as of January 31, 2019.

Documents incorporated by reference:

The following documents are incorporated by reference into that part of this Form 10-K designated to the right of the document title.

Title	Part
Proxy statement for the 2019 Annual Meeting of Shareholders	III, Items 10, 11, 12, 13 and 14
Exhibits as specified in exhibit index (page 112)	IV, Item 15

There are 113 pages in this report

PART I

Item 1 - Business

(a) General Description of Business. Old Republic International Corporation is a Chicago based holding company engaged in the single business of insurance underwriting and related services. It conducts its operations principally through a number of regulated insurance company subsidiaries organized into three major segments, namely, it's General Insurance Group (property and liability insurance), Title Insurance Group, and the Republic Financial Indemnity Group ("RFIG") (mortgage guaranty ("MI") and consumer credit indemnity ("CCI")) Run-off Business. References herein to such groups apply to the Company's subsidiaries engaged in these respective segments of business. The results of a small life and accident insurance business are included within the corporate and other caption of this report. "Old Republic" or "the Company" refers to Old Republic International Corporation and its subsidiaries as the context requires.

The insurance business is distinguished from most others in that the prices (premiums) charged for various insurance products are set without certainty of the ultimate benefit and claim costs that will emerge, often many years after issuance and expiration of a policy. This basic fact casts Old Republic as a risk-taking enterprise managed for the long run. Management therefore conducts the business with a primary focus on achieving favorable underwriting results over cycles, and on the maintenance of financial soundness in support of the insurance subsidiaries' long-term obligations to policyholders and their beneficiaries. To achieve these objectives, adherence to insurance risk management principles is stressed, and asset diversification and quality are emphasized. The underwriting principles encompass:

- Disciplined risk selection, evaluation, and pricing to reduce uncertainty and adverse selection;
- Enhancing the predictability of expected outcomes through insurance of the largest number of homogeneous risks as to each type of coverage;
- Reducing the insurance portfolio risk profile through:
    - diversification and spread of insured risks; and
    - assimilation of uncorrelated asset and liability exposures across economic sectors that tend to offset or counterbalance one another; and
- Effective management of gross and net limits of liability through appropriate use of reinsurance.

In addition to income arising from Old Republic's basic underwriting and related services functions, significant investment income is earned from invested funds generated by those functions and from capital resources. Investment management aims for stability of income from interest and dividends, protection of capital, and for sufficiency of liquidity to meet insurance underwriting and other obligations as they become payable in the future. Securities trading and the realization of capital gains are not primary objectives. The investment philosophy is therefore best characterized as emphasizing value, credit quality, and relatively long-term holding periods. The Company's ability to hold both fixed maturity and equity securities for long periods of time is in turn enabled by the scheduling of maturities in contemplation of an appropriate matching of assets and liabilities, and by investments in large capitalization, highly liquid equity securities.

In light of the above factors, the Company's affairs are managed for the long run and without significant regard to the arbitrary strictures of quarterly or even annual reporting periods that American industry must observe. In Old Republic's view, such short reporting time frames do not comport well with the long-term nature of much of its business. Management therefore believes that the Company's operating results and financial condition can best be evaluated by observing underwriting and overall operating performance trends over succeeding five- or preferably ten-year intervals. A ten-year period in particular can likely encompass at least one economic and/or underwriting cycle and thereby provide an appropriate time frame for such cycle to run its course, and for premium rate changes and reserved claim costs to be quantified and emerge in financial results with greater finality and effect.

The contributions to consolidated revenues and pretax income, and the assets and shareholders' equity of each Old Republic segment are set forth in the following table. This information should be read in conjunction with the consolidated financial statements, the notes thereto, and the "Management Analysis of Financial Position and Results of Operations" appearing elsewhere in this report.

Financial Information Relating to Segments of Business (a) ($ in Millions)

Revenues (b) Years Ended December 31:	2018	2017	2016
General	$ 3,739.4	$ 3,531.6	$ 3,354.7
Title	2,375.4	2,325.0	2,244.1
Corporate & Other - net (c)	46.3	50.1	35.4
Subtotal	6,161.3	5,906.8	5,634.3
RFIG Run-off	96.1	144.6	193.2
Subtotal	6,257.4	6,051.5	5,827.6
Consolidated investment gains (losses) (b)	(235.6)	211.6	72.8
Consolidated	$ 6,021.8	$ 6,263.1	$ 5,900.5

Pretax Income (Loss) Years Ended December 31:	2018	2017	2016
General	$ 363.9	$ 340.3	$ 319.9
Title	219.3	237.1	210.2
Corporate & Other - net (c)	40.4	9.9	13.0
Subtotal	623.8	587.3	543.3
RFIG Run-off	49.9	(73.5)	69.8
Subtotal	673.7	513.8	613.1
Consolidated investment gains (losses)	(235.6)	211.6	72.8
Consolidated	$ 438.1	$ 725.4	$ 686.0

Assets As of December 31:	2018	2017	2016
General	$ 16,411.4	$ 16,055.5	$ 15,305.7
Title	1,452.2	1,466.0	1,423.0
Corporate & Other - net (c)	726.7	1,076.8	957.9
Subtotal	18,590.3	18,598.4	17,686.7
RFIG Run-off	736.7	805.0	904.8
Consolidated	$ 19,327.1	$ 19,403.5	$ 18,591.6

Shareholders' Equity (d) As of December 31:	2018	2017	2016
General (d)	$ 3,024.6	$ 3,179.9	$ 2,957.2
Title (d)	673.6	641.8	554.7
Corporate & Other - net (c)	1,001.2	489.8	618.0
Subtotal	4,699.5	4,311.7	4,130.0
RFIG Run-off	446.7	421.6	330.6
Consolidated	$ 5,146.2	$ 4,733.3	$ 4,460.6

(a) Reference is made to the table in Note 6 of the Notes to Consolidated Financial Statements, incorporated herein by reference, which shows the contribution of each subcategory to the consolidated revenues and pretax income (loss) of Old Republic's insurance industry segments.

(b) Revenues consist of net premiums, fees, net investment and other income earned. Investment gains (losses) which effective January 1, 2018, include unrealized gains (losses) on equity securities, are shown on a consolidated basis since the investment portfolio is managed as a whole.

(c) Includes amounts for a small life and accident insurance business as well as those of the parent holding company, its internal corporate services subsidiaries and consolidation elimination adjustments.

(d) Shareholders' equity excludes intercompany financing arrangements for the following segments: General - $1,222.1, $1,097.1, and $1,007.1 as of December 31, 2018, 2017, and 2016, respectively; Title - $87.9, $97.9, and $143.9 as of December 31, 2018, 2017, and 2016, respectively.

Old Republic's General Insurance segment is best characterized as a commercial lines insurance business with a strong focus on liability insurance coverages. Most of these coverages are provided to businesses, government, and other institutions. The Company does not have a meaningful exposure to personal lines insurance such as homeowners and private automobile coverages, nor does it insure significant amounts of commercial or other real property. In continuance of its commercial lines orientation, Old Republic also focuses on specific sectors of the North American economy, most prominently the transportation (trucking and general aviation), commercial construction, healthcare, education, retail and wholesale trade, forest products, energy, general manufacturing, and financial services industries. In managing the insurance risks it undertakes, the Company employs various underwriting and loss mitigation techniques such as utilization of policy deductibles, captive insurance risk-sharing arrangements, and retrospective rating and policyholder dividend plans. These underwriting techniques are intended to better correlate premium charges with the ultimate claims experience of individual or groups of assureds.

Over the years, the General Insurance Group's operations have been developed steadily through a combination of internal growth, the establishment of additional subsidiaries focused on new types of coverages and/or industry sectors, and through several mergers of smaller companies. As a result, this segment has become widely diversified with a business base encompassing the following major coverages:

Automobile Extended Warranty Insurance (1992): Coverage is provided to the vehicle owner for certain mechanical or electrical repair or replacement costs after the manufacturer's warranty has expired.

Aviation (1983): Insurance policies protect the value of aircraft hulls and afford liability coverage for acts that result in injury, loss of life, and property damage to passengers and others on the ground or in the air.

Commercial Automobile Insurance (1930's): Covers vehicles (mostly trucks) used principally in commercial pursuits. Policies cover damage to insured vehicles and liabilities incurred by an assured for bodily injury and property damage sustained by third parties.

Commercial Multi-Peril ("CMP")(1920's): Policies afford liability coverage for claims arising from the acts of owners or employees, and protection for the physical assets of businesses.

Financial Indemnity: Multiple types of specialty coverages, including most prominently the following four, are underwritten by Old Republic within this financial indemnity products classification.

> ***Errors & Omissions("E&O")/Directors & Officers ("D&O")(1983):*** E&O liability policies are written for non-medical professional service providers such as lawyers, architects, and consultants, and provide coverage for legal expenses, and indemnity settlements for claims alleging breaches of professional standards. D&O coverage provides for the payment of legal expenses, and indemnity settlements for claims made against the directors and officers of corporations from a variety of sources, most typically shareholders.
>
> ***Fidelity (1981):*** Bonds cover the exposures of financial institutions and commercial and other enterprises for losses of monies or debt and equity securities due to acts of employee dishonesty.
>
> ***Guaranteed Asset Protection ("GAP")(2003):*** This insurance indemnifies an automobile loan borrower for the dollar value difference between an insurance company's liability for the total loss (remaining cash value) of an insured vehicle and the amount still owed on an automobile loan.
>
> ***Surety (1981):*** Bonds are insurance company guarantees of performance by a corporate principal or individual such as for the completion of a building or road project, or payment on various types of contracts.

General Liability (1920's): Protects against liability of an assured which stems from carelessness, negligence, or failure to act, and results in property damage or personal injury to others.

Home Warranty Insurance (1981): This product provides repair and/or replacement coverage for home systems (e.g. plumbing, heating, and electrical) and designated appliances.

Inland Marine (1920's): Coverage pertains to the insurance of property in transit over land and of property which is mobile by nature.

Travel Accident (1970): Coverages provided under these policies, some of which are also underwritten by the Company's Canadian life insurance affiliate, cover monetary losses arising from trip delay and cancellation for individual insureds.

Workers' Compensation (1910's): This coverage is purchased by employers to provide insurance for employees' lost wages and medical benefits in the event of work-related injury, disability, or death.

(Parenthetical dates refer to the year(s) when Old Republic's Companies began underwriting the coverages)

Commercial automobile, general liability and workers' compensation insurance policy coverages are typically produced in tandem for many assureds. For 2018, production of workers' compensation direct insurance premiums accounted for approximately 31.4% of consolidated General Insurance Group direct premiums written, while commercial automobile and general liability direct premium production amounted to approximately 32.5% and 12.2%, respectively, of such consolidated totals.

Approximately 92% of general insurance premiums are produced through independent agency or brokerage channels, while the remaining 8% is obtained through direct production facilities.

Title Insurance Group

Old Republic's flagship title insurance company was founded in 1907. The Title Insurance Group's business consists primarily of the issuance of policies to real estate purchasers and investors based upon searches of the public records which contain information concerning interests in real property. The policies insure against losses arising out of defects, liens and encumbrances affecting the insured title and not excluded or excepted from the coverage of the policy. For the year ended December 31, 2018, approximately 26% of the Company's consolidated title premium and related fee income stemmed from direct operations (which include branch offices of its title insurers and wholly owned agency subsidiaries of the Company), while the remaining 74% emanated from independent title agents and underwritten title companies.

There are two basic types of title insurance policies: lenders' policies and owners' policies. Both are issued for a one-time premium. Most mortgages made in the United States are extended by mortgage bankers, savings and commercial banks, state and federal agencies, and life insurance companies. These financial institutions secure title insurance policies to protect their mortgagees' interest in the real property. This protection remains in effect for as long as the mortgagee has an interest in the property. A separate title insurance policy may be issued to the owner of the real estate. An owner's policy of title insurance protects an owner's interest in the title to the property.

The premiums charged for the issuance of title insurance policies vary with the policy amount and the type of policy issued. The premium is collected in full when the real estate transaction is closed, there being no recurring fee thereafter. In many areas, premiums charged on subsequent policies on the same property may be reduced depending generally upon the time elapsed between issuance of the previous policies and the nature of the transactions for which the policies are issued. Most of the charge to the customer relates to title services rendered in conjunction with the issuance of a policy rather than to the possibility of loss due to risks insured against. Accordingly, the cost of services performed by a title insurer relates for the most part to the prevention of loss rather than to the assumption of the risk of loss. Claim losses that do occur result primarily from title search and examination mistakes, fraud, forgery, incapacity, missing heirs and escrow processing errors.

In connection with its title insurance operations, Old Republic also provides escrow closing and construction disbursement services, as well as real estate information products, national default management services, and a variety of other services pertaining to real estate transfers and loan transactions. As lenders and the title insurance industry transition into the evolving digital landscape of eClosings and eMortgages, Old Republic believes it is well positioned with technology and business process innovations to remain competitive in the market.

Republic Financial Indemnity Group (RFIG) Run-off Business

Old Republic's RFIG run-off business consists of its mortgage guaranty and CCI operations.

Private mortgage insurance protects mortgage lenders and investors from default related losses on residential mortgage loans made primarily to homebuyers who make down payments of less than 20% of the home's purchase price. The mortgage guaranty operation insures only first mortgage loans, primarily on residential properties incorporating one-to-four family dwelling units. Old Republic's mortgage guaranty business was started in 1973.

There are two principal types of private mortgage insurance coverage: "primary" and "pool". Primary mortgage insurance provides mortgage default protection on individual loans and covers a stated percentage of the unpaid loan principal, delinquent interest, and certain expenses associated with the default and subsequent foreclosure. In lieu of paying the stated coverage percentage, the Company may pay the entire claim amount, take title to the mortgaged property, and subsequently sell the property to mitigate its loss. Pool insurance, which is written on a group of loans in negotiated transactions, provides coverage that ranges up to 100% of the net loss on each individual loan included in the pool, subject to provisions regarding deductibles, caps on individual exposures, and aggregate stop loss provisions which limit aggregate losses to a specified percentage of the total original balances of all loans in the pool.

Traditional primary insurance was issued on an individual loan basis to mortgage bankers, brokers, commercial banks and savings institutions through a network of Company-managed underwriting sites located throughout the country. Traditional primary loans were individually reviewed (except for loans insured under delegated underwriting programs) and priced according to filed premium rates. In underwriting traditional primary business, the Company generally adhered to the underwriting guidelines published by Fannie Mae or Freddie Mac both of which were purchasers of many of the loans the Company insured. Delegated underwriting programs allowed approved lenders to commit the Company to insure loans provided they adhered to predetermined underwriting guidelines.

Bulk and other insurance was issued on groups of loans to mortgage banking customers through a centralized risk assessment and underwriting department. These groups of loans were priced in the aggregate on a bid or negotiated basis. Coverage for insurance issued in this manner was provided through primary insurance policies (loan level coverage) or pool insurance policies (aggregate coverage). The Company considers transactions designated as bulk insurance to be exposed to higher risk (as determined by such characteristics as origination channel, loan amount, credit quality, and extent of loan documentation) than those designated as other insurance.

Before insuring any loans, the Company issued to each approved customer a master policy outlining the terms and conditions under which coverage would be provided. Primary business was then produced via the issuance of a commitment/certificate for each loan submitted and approved for insurance. In the case of business providing pool coverage, a separate pool insurance policy was issued covering the particular loans applicable to each transaction.

As to all types of mortgage insurance products, the amount of premium charge depended on various underwriting criteria such as loan-to-value ratios, the level of coverage being provided, the borrower's credit history, the type of loan instrument (whether fixed rate/fixed payment or an adjustable rate/adjustable payment), documentation type, and whether or not the insured property is categorized as an investment or owner occupied property. Coverage is non-cancelable by the Company (except in the case of non-payment of premium or certain master policy violations) and premiums are paid under single, annual, or monthly payment plans. Single premiums are paid at the inception of coverage and provide coverage for the entire policy term. Annual and monthly premiums are renewable on their anniversary dates with the premium charge determined on the basis of the original or outstanding loan amount. The majority of the Company's direct premiums were written under monthly premium plans. Premiums may be paid by borrowers as part of their monthly mortgage payment and passed through to the Company by the servicer of the loan, or paid directly by the originator of, or investor in the mortgage loan.

During 2011, the Company's flagship mortgage guaranty insurance carrier, Republic Mortgage Insurance Company ("RMIC") and its sister company Republic Mortgage Guaranty Insurance Corporation ("RMGIC"), discontinued writing new business in all states and limited themselves to servicing the run-off of their existing business. RMIC has continually evaluated the potential long-term underwriting performance of the run-off book of business based on various modeling techniques. The resulting models take into account actual premium and paid claim experience of prior periods, together with a large number of assumptions and judgments about future outcomes that are highly sensitive to a wide range of estimates. Many of these estimates and underlying assumptions relate to matters over which the Company has no control, including: 1) The conflicted interests, as well as the varying mortgage servicing and foreclosure practices of a large number of insured lending institutions; 2) General economic and industry-specific trends and events; and 3) The evolving or future social and economic policies of the U.S. Government vis-à-vis such critical sectors as the banking, mortgage lending, and housing industries, as well as its policies for resolving the insolvencies and assigning a possible future role to Fannie Mae and Freddie Mac. These matters notwithstanding, RMIC's standard model of forecasted results extending through 2022 continues to reflect ultimate profitability for the book of business. In this regard a long-used RMIC standard model indicates that underwriting performance of the book of business should be positive over the run-off period assumed to end on or about December 31, 2022, though there is no guaranty of such an outcome.

As of December 31, 2018, RFIG's mortgage insurance subsidiaries had total statutory capital, inclusive of a contingency reserve of $433.1 million, of $515.0 million.

CCI policies, which have been issued by the Company since 1954, provide limited indemnity coverage to lenders and other financial intermediaries. The coverage is for the risk of non-payment of loan balances by individual buyers and borrowers. Claim costs are typically affected by unemployment, bankruptcy, and other issues leading to failures to pay. During 2008, the Company ceased the underwriting of new policies and the existing book of business was placed in run-off operating mode. Until year end 2017, CCI underwriting performance was affected negatively by significant litigation costs pertaining to claims settled or otherwise fully provided for through that date.

Corporate and Other Operations

Corporate and other operations include the accounts of a small life and accident insurance business as well as those of the parent holding company and its internal corporate services subsidiaries that perform cash and investment management, payroll, administrative and marketing services. The life and accident business registered net premium revenues of $14.6 million, $18.8 million, and $20.1 million in 2018, 2017 and 2016, respectively. Life and accident business is conducted in both the United States and Canada and consists mostly of limited product offerings sold through financial intermediaries such as automobile dealers, travel agents, and marketing channels that are also utilized in some of Old Republic's general insurance operations. Production of term life insurance, accounting for net premiums earned of $6.8 million, $7.1 million, and $10.3 million in 2018, 2017 and 2016, respectively, was terminated and placed in run off as of year-end 2004.

Consolidated Underwriting Statistics

The following table reflects underwriting statistics covering premiums and related loss, expense, and policyholders' dividend ratios for the major coverages underwritten in the Company's insurance segments.

Years Ended December 31:	($ in Millions) 2018	2017	2016
General Insurance Group:			
Overall Experience: (d)			
Net Premiums Earned	$ 3,277.1	$ 3,110.8	$ 2,936.3
Claim Ratio	72.2%	71.8%	73.0%
Expense Ratio	25.0	25.5	24.8
Composite Ratio	97.2%	97.3%	97.8%
Experience by Major Coverages:			
Commercial Automobile (Principally Trucking):			
Net Premiums Earned	$ 1,206.1	$ 1,076.3	$ 988.6
Claim Ratio	79.3%	76.8%	79.4%
Workers' Compensation:			
Net Premiums Earned	$ 1,018.5	$ 1,045.2	$ 1,072.5
Claim Ratio	70.7%	75.5%	76.1%
General Liability:			
Net Premiums Earned	$ 203.6	$ 195.2	$ 163.3
Claim Ratio	68.9%	73.1%	77.5%
Three Above Coverages Combined:			
Net Premiums Earned	$ 2,428.3	$ 2,316.8	$ 2,224.5
Claim Ratio	74.8%	75.9%	77.6%
Financial Indemnity: (a)(d)			
Net Premiums Earned	$ 174.7	$ 153.1	$ 125.0
Claim Ratio	73.8%	62.1%	45.5%
Inland Marine and Commercial Multi-Peril:			
Net Premiums Earned	$ 252.8	$ 236.7	$ 217.9
Claim Ratio	62.8%	59.3%	60.9%
Home and Automobile Warranty:			
Net Premiums Earned	$ 297.5	$ 294.9	$ 274.6
Claim Ratio	63.5%	60.5%	65.3%
Other Coverages: (b)			
Net Premiums Earned	$ 122.2	$ 108.1	$ 95.2
Claim Ratio	51.7%	54.7%	53.4%
Title Insurance Group: (c)			
Net Premiums Earned	$ 1,885.6	$ 1,827.6	$ 1,742.4
Combined Net Premiums & Fees Earned	$ 2,336.1	$ 2,287.2	$ 2,206.6
Claim Ratio	2.1%	.9%	3.8%
Expense Ratio	90.0	90.0	87.9
Composite Ratio	92.1%	90.9%	91.7%
RFIG Run-off Business: (d)			
Net Premiums Earned	$ 75.9	$ 122.9	$ 170.0
Claim Ratio	39.4%	160.9%	60.4%
Expense Ratio	21.5	16.6	12.2
Composite Ratio	60.9%	177.5%	72.6%
All Coverages Consolidated:			
Net Premiums & Fees Earned	$ 5,703.9	$ 5,539.7	$ 5,333.2
Claim Ratio	43.1%	44.7%	44.0%
Expense Ratio	51.6	52.0	50.6
Composite Ratio	94.7%	96.7%	94.6%

Any necessary reclassifications of prior years' data are reflected in the above table to conform to current presentation.

(a) Consists principally of fidelity, surety, executive indemnity (directors & officers and errors & omissions), and GAP coverages.

(b) Consists principally of aviation and travel accident coverages.

(c) Title claim, expense, and composite ratios are calculated on the basis of combined net premiums and fees earned.

(d) Consumer credit indemnity coverages are reported within the RFIG Run-off segment and have been excluded from the General Insurance Group.

The effect of the reclassified CCI coverage from the General Insurance Group's overall and financial indemnity underwriting statistics to the RFIG Run-off Business are as follows:

	($ in Millions)		
Years Ended December 31:	2018	2017	2016
General insurance overall experience:			
Increase (decrease) in net premiums earned	$ (1.5)	$ (13.0)	$ (15.8)
Percentage point increase (decrease) in claim ratio	.1 %	(4.0)%	(1.3)%
Percentage point increase (decrease) in expense ratio	(.1)	.1	.1
Percentage point increase (decrease) in composite ratio	— %	(3.9)%	(1.2)%
Financial Indemnity coverages:			
Increase (decrease) in net premiums earned	$ (1.5)	$ (13.0)	$ (15.8)
Percentage point increase (decrease) in claim ratio	1.9 %	(76.1)%	(30.4)%
RFIG Run-off Business:			
Increase (decrease) in net premiums earned	$ 1.5	$ 13.0	$ 15.8
Percentage point increase (decrease) in claim ratio	(3.8)%	103.3 %	26.3 %
Percentage point increase (decrease) in expense ratio	1.5	.1	.2
Percentage point increase (decrease) in composite ratio	(2.3)%	103.4 %	26.5 %

Net Premiums Earned

With few exceptions, ***General insurance*** 2018 earned premiums grew for most types of coverages and markets served. The cumulative effects of recent years' and ongoing premium rate increases for several insurance products, along with new business production were main contributors to premium growth. The greater premium levels stemmed primarily from commercial automobile (trucking), national accounts, executive indemnity and auto warranties. Positive earned premium trends throughout 2017 were unevenly distributed among various insurance coverages and sources of business. Gains were registered most prominently in commercial automobile (trucking), risk management and national accounts, and home and auto warranty. On the other hand, premium growth was constrained by low volume in a large account contractors book of business faced with a particularly competitive market place, and by reduced opportunities in gas and oil energy services and several smaller industry sectors. Premium volume from the new underwriting facility established in early 2015 also added measurably to earned premiums in all three years.

Growth in ***Title insurance*** 2018 premiums and fees reflect a slowdown in housing and mortgage lending activity during the year. The continuation of a generally positive mortgage rate environment and reasonably strong housing and commercial property markets were major factors in the year-over-year gain in premiums and fees in 2017.

RFIG Run-off earned premium volume has reflected a continuing decline due to the natural outcome of a run-off book of business devoid of new premium production since at least 2011.

Claim Ratios

Variations in claim ratios are typically caused by changes in the frequency and severity of claims incurred, changes in premium rates and the level of premium refunds, and periodic changes in claim and claim expense reserve estimates resulting from ongoing reevaluations of reported and incurred but not reported claims and claim expenses. As demonstrated in the table on the previous page, the Company can therefore experience period-to-period volatility in the underwriting results posted for individual coverages. In light of Old Republic's basic underwriting focus in managing its business, a long-term objective has been to dampen this volatility by diversifying coverages offered and industries served.

The claim ratios include loss adjustment expenses where appropriate. Policyholders' dividends, which apply principally to workers' compensation insurance, are a reflection of changes in loss experience for individual or groups of policies, rather than overall results, and should be viewed in conjunction with claim ratio trends.

The ***general insurance*** claim ratios are summarized as follows:

	Reported Claim Ratio	Effect of Prior Periods' (Favorable)/ Unfavorable Claim Reserves Development	Claim Ratio Excluding Prior Periods' Claim Reserves Development
2014	77.9%	3.9%	74.0%
2015	74.1	1.5	72.6
2016	73.0	0.3	72.7
2017	71.8	0.7	71.1
2018	72.2%	—%	72.2%

The Company generally underwrites concurrently workers' compensation, commercial automobile (liability and physical damage), and general liability insurance coverages for a large number of customers. Given this concurrent underwriting approach, an evaluation of trends in premiums, claim and dividend ratios for these individual coverages is more appropriately considered for the aggregate of these coverages. As the table above indicates, claim ratios have been on a fairly consistent downtrend during the past five years. The improvement has arisen from slightly lower estimates of current accident years' claim provisions, and by the lessening impacts from developments of prior years' reserve estimates. The claim ratio increase in 2018 resulted from recurring fiscal twelve month reserve evaluations of current and prior years' developing claim experience. Substantially all of this increase stemmed from the past decade's new books of business that are subject to ongoing adjustments to the underwriting and claim management processes. The claim ratio improved in 2017 compared to 2016. While current accident year claim ratios reflected moderate year-over-year declines, these were affected by moderately unfavorable developments of prior years' reserves. The unfavorable developments were concentrated in the Company's largest insurance coverages of workers' compensation and general liability which were partially offset by favorable development trends in commercial automobile (trucking).

Claims are a major cost factor and changes in them reflect continually evolving pricing and risk selection together with variability in loss severity and frequency trends caused by fortuitous and other events. Changes in commercial automobile claim ratios are primarily due to fluctuations in claim severity. Claim ratios for workers' compensation and liability insurance can reflect greater variability due to chance events in any one year, changes in loss costs emanating from participation in involuntary markets (i.e. insurance assigned risk pools and associations in which participation is basically mandatory), and added provisions for loss costs not recoverable from assuming reinsurers which may experience financial difficulties from time to time. Additionally, workers' compensation claim costs in particular are affected by a variety of underwriting techniques such as the use of captive reinsurance retentions, retrospective premium plans, and self-insured or deductible insurance programs that are intended to mitigate claim costs over time. Claim ratios for a relatively small book of general liability coverages tend to be highly volatile year to year due to the impact of changes in claim emergence and severity of legacy asbestos and environmental claims exposures.

Title insurance claim ratios have remained in the single digits for a number of years due to a continuation of favorable trends in claims frequency and severity. 2018's claim costs trended higher as favorable development of prior years' claim reserve estimates edged down. 2017 claim costs were lower in the face of declining claims activity since the Great Recession years. Favorable developments of reserves established in prior years further reduced the claim ratios for the periods shown in the following table:

	Reported Claim Ratio	Effect of Prior Periods' (Favorable)/ Unfavorable Claim Reserves Development	Claim Ratio Excluding Prior Periods' Claim Reserves Development
2014	5.2%	(0.8)%	6.0%
2015	4.9	(0.6)	5.5
2016	3.8	(1.1)	4.9
2017	0.9	(3.3)	4.2
2018	2.1%	(2.0)%	4.1%

The ratio of ***RFIG Run-off - mortgage guaranty*** incurred claim costs to earned premiums were reduced by 27.0, 38.3 and 39.8 percentage points for 2018, 2017 and 2016, respectively. In each instance, the reductions reflect favorable developments of prior years' claim reserves. MI claim costs for 2017, however, had risen most significantly due to third quarter additional claim provisions of $23.0 which added 20.9 percentage points to the claim ratio for the year.

The much more favorable ***RFIG Run-off - CCI*** claim ratio for 2018 reflects the absence of the litigation-induced claim costs and favorable development of previously established claim reserves. The 2017 year-over-year claim ratio comparison was most significantly affected by the additional $107.0 million claim and related expense provisions related to the final settlement and probable dispositions of all known litigated and other claim costs.

The **consolidated** claim, expense, and composite ratios reflect all the above factors and the changing period-to-period contributions of each segment to consolidated results.

General Insurance Claim Reserves

The Company's property and liability insurance subsidiaries establish claim reserves which consist of estimates to settle: a) reported claims; b) claims which have been incurred as of each balance sheet date but have not as yet been reported ("IBNR") to the insurance subsidiaries; and c) the direct costs, (fees and costs which are allocable to individual claims) and indirect costs (such as salaries and rent applicable to the overall management of claim departments) to administer known and IBNR claims. Such claim reserves, except as to classification in the Consolidated Balance Sheets as to gross and reinsured portions and purchase accounting adjustments, are reported for financial and regulatory reporting purposes at amounts that are substantially the same.

The establishment of claim reserves by the Company's insurance subsidiaries is a reasonably complex and dynamic process influenced by a large variety of factors. These factors principally include past experience applicable to the anticipated costs of various types of claims, continually evolving and changing legal theories emanating from the judicial system, recurring accounting, statistical, and actuarial studies, the professional experience and expertise of the Company's claim departments' personnel or attorneys and independent claim adjusters, ongoing changes in claim frequency or severity patterns such as those caused by natural disasters, illnesses, accidents, work-related injuries, and changes in general and industry-specific economic conditions. Consequently, the reserves established are a reflection of the opinions of a large number of persons, of the application and interpretation of historical precedent and trends, of expectations as to future developments, and of management's judgment in interpreting all such factors. At any point in time, the Company is exposed to the incurrence of possibly higher or lower than anticipated claim costs due to all of these factors, and to the evolution, interpretation, and expansion of tort law, as well as the effects of unexpected jury verdicts.

In establishing claim reserves, the possible increase in future loss settlement costs caused by inflation is considered implicitly, along with the many other factors cited above. Reserves are generally set to provide for the ultimate cost of all claims. With regard to workers' compensation reserves, however, the ultimate cost of long-term disability or pension type claims is discounted to present value based on interest rates ranging from 3.5% to 4.0%. Where applicable, the Company only uses such discounted reserves in evaluating the results of its operations, in pricing its products and settling retrospective and reinsured accounts, in evaluating policy terms and experience, and for other general business purposes. Solely to comply with reporting rules mandated by the Securities and Exchange Commission, however, Old Republic has made statistical studies of applicable workers' compensation reserves to obtain estimates of the amounts by which claim and claim adjustment expense reserves, net of reinsurance, have been discounted. These studies have resulted in estimates of such amounts at $216.5 million, $240.7 million and $231.9 million, as of December 31, 2018, 2017 and 2016, respectively. It should be noted, however, that these differences between discounted and non-discounted (terminal) reserves are fundamentally of an informational nature, and are not indicative of an effect on operating results for any one or series of years for the above noted reasons.

Early in 2001, the Federal Department of Labor revised the Federal Black Lung Program regulations. The revisions basically require a reevaluation of previously settled, denied, or new occupational disease claims in the context of newly devised, more lenient standards when such claims are resubmitted. Following a number of challenges and appeals by the insurance and coal mining industries, the revised regulations were, for the most part, upheld in June, 2002 and are to be applied prospectively. Since the final quarter of 2001, black lung claims filed or refiled pursuant to these revised regulations have increased, though the volume of new claim reports has abated in recent years.

In March 2010, federal regulations were revised once again as part of the Patient Protection and Affordability Act that reinstates two provisions that can potentially benefit claimants. In response to this most recent legislation and the above noted 2001 change, black lung claims filed or refiled have risen once again. The vast majority of claims filed to date against Old Republic pertain to business underwritten through loss sensitive programs that permit the charge of additional or refund of return premiums to wholly or partially offset changes in estimated claim costs, or to business underwritten as a service carrier on behalf of various industry-wide involuntary market (i.e. assigned risk) pools. A much smaller portion pertains to business produced on a traditional risk transfer basis. The Company has established applicable reserves for claims as they have been reported and for claims not as yet reported on the basis of its historical experience as well as assumptions relative to the effect of the revised regulations.

Old Republic's reserve estimates also include provisions for indemnity and settlement costs for various asbestosis and environmental impairment ("A&E") claims that have been filed in the normal course of business against a number of its insurance subsidiaries. Many such claims relate to policies incepting prior to 1985, including many issued during a short period between 1981 and 1982 pursuant to an agency agreement canceled in 1982. Over the years, the Company's property and liability insurance subsidiaries have typically issued general liability insurance policies with face amounts ranging between $1.0 million and $2.0 million and rarely exceeding $10.0 million. Such policies have, in turn, been subject to reinsurance cessions which have typically reduced the subsidiaries' net retentions to $.5 million or less as to each claim.

Old Republic's exposure to A&E claims cannot be calculated by conventional insurance reserving methods for a variety of reasons, including: a) the absence of statistically valid data inasmuch as such claims typically involve long reporting delays and very often uncertainty as to the number and identity of insureds against whom such claims have arisen or will arise; and b) the litigation history of such or similar claims for insurance industry members which has produced inconsistent court decisions with regard to such questions as to when an alleged loss occurred, which policies provide coverage, how a loss is to be allocated among potentially responsible insureds and/or their insurance carriers, how policy coverage exclusions are to be interpreted, what types of environmental impairment or toxic tort claims are covered, when the insurer's duty to defend is triggered, how policy limits are to be calculated, and whether clean-up costs constitute property damage.

Over time, the Executive Branch and/or the Congress of the United States have proposed or considered changes in the legislation and rules affecting the determination of liability for environmental and asbestosis claims. As of December 31, 2018, however, there is no solid evidence to suggest that possible future changes might mitigate or reduce some or all of these claim exposures. Because of the above issues and uncertainties, estimation of reserves for losses and allocated loss adjustment expenses for A&E claims in particular is much more difficult or impossible to quantify with a high degree of precision. Accordingly, no representation can be made that the Company's reserves for such claims and related costs will not prove to be overstated or understated in the future. At December 31, 2018 and 2017, Old Republic's aggregate indemnity and loss adjustment expense reserves specifically identified with A&E exposures amounted to approximately $105.8 million and $117.4 million gross, respectively, and $74.4 million and $96.4 million net of reinsurance, respectively. Based on average annual claims payments during the five most recent calendar years, such reserves represented a paid loss survival ratio of 4.3 years (gross) and 5.0 years (net of reinsurance) as of December 31, 2018 and 4.6 years (gross) and 6.3 years (net of reinsurance) as of December 31, 2017. Fluctuations in this ratio between years can be caused by the inconsistent pay out patterns associated with these types of claims. For the five years ended December 31, 2018, incurred A&E claim and related loss settlement costs have averaged .2% of average annual General Insurance Group claims and related settlement costs.

Over the years, the subject of property and liability insurance claim reserves has been written about and analyzed extensively by a large number of professionals and regulators. Accordingly, the above discussion should be regarded as a basic outline of the subject and not as a definitive presentation. The Company believes that its overall reserving practices have been consistently applied over many years, and that its aggregate reserves have generally resulted in reasonable approximations of the ultimate net costs of claims incurred. However, no representation is made nor is any guaranty given that ultimate net claim and related costs will not develop in future years to be greater or lower than currently established reserve estimates.

(b) Investments. In common with other insurance organizations, Old Republic invests most of its capital and operating funds in income producing securities. Investments must comply with applicable insurance laws and regulations which prescribe the nature, form, quality, and relative amounts of investments which may be made by insurance companies. Generally, these laws and regulations permit insurance companies to invest within varying limitations in state, municipal and federal government obligations, corporate debt, preferred and common stocks, certain types of real estate, and first mortgage loans. For many years, Old Republic's investment policy has therefore been to acquire and retain primarily investment grade, publicly traded, fixed maturity securities, and in more recent years, a greater amount of high yielding publicly traded large capitalization equity securities. The investment policy is also influenced by the terms of the insurance coverages written, by its expectations as to the timing of claim and benefit payments, and by income tax considerations. As a consequence of all these factors, the Company's invested assets portfolio is directed in consideration of enterprise-wide risk management objectives. Most importantly, these are intended to ensure solid funding of insurance subsidiaries' long-term obligations to policyholders and other beneficiaries, as well as the long-term stability of the subsidiaries' capital accounts. To this end, the investment portfolio contains no significant insurance risk-correlated asset exposures to real estate, mortgage-backed securities, collateralized debt obligations ("CDO's"), derivatives, hybrid securities, or illiquid private equity and hedge fund investments. Moreover, the Company does not engage in hedging or securities lending transactions, nor does it invest in securities whose values are predicated on non-regulated financial instruments exhibiting amorphous or unfunded counter-party risk attributes.

Management considers investment grade fixed maturity securities to be those rated by major credit rating agencies that fall within the top four rating categories, or securities which are not rated but have characteristics similar to securities so rated. The Company had no fixed maturity investments in default as to principal and/or interest at December 31, 2018 and 2017. The status and fair value changes of each of the fixed maturity investments are reviewed at least once per quarter during the year, and estimates of other-than-temporary impairments ("OTTI") in the portfolio's value are evaluated and established at each quarterly balance sheet date.

The realization of investment gains or losses can be highly discretionary and can be affected by such randomly occurring factors as the timing of individual securities sales, the recording of estimated losses from write-downs of impaired securities, tax-planning and tax-rate change considerations, and modifications of investment management judgments regarding the direction of securities markets or the future prospects of individual investees or industry sectors.

The following tables show invested assets at the end of the last two years, together with investment income for each of the last three years:

Consolidated Investments
($ in Millions)

December 31:	2018	2017
Available for Sale		
Fixed Maturity Securities:		
U.S. & Canadian Governments	$ 1,524.4	$ 1,552.2
Corporate	6,658.3	6,730.0
	8,182.8	8,282.3
Short-term Investments	354.9	670.1
Total available for sale	8,537.8	8,952.4
Held to Maturity		
Fixed Maturity Securities:		
Tax-Exempt	1,044.8	1,067.4
Equity Securities	3,380.9	3,265.5
Other Investments	31.0	32.5
Total Investments	$ 12,994.6	$ 13,318.0

Sources of Consolidated Investment Income
($ in Millions)

Years Ended December 31:	2018	2017	2016
Fixed Maturity Securities:			
Taxable Interest	$ 278.4	$ 272.7	$ 285.0
Tax-Exempt Interest	20.7	20.4	11.5
	299.2	293.2	296.6
Equity Securities Dividends	124.0	110.9	88.2
Other Investment Income:			
Interest on Short-term Investments	9.8	5.4	2.1
Other Sources	4.9	4.5	3.9
	14.8	9.9	6.0
Gross Investment Income	438.1	414.1	390.9
Less: Investment Expenses (a)	6.2	4.6	3.8
Net Investment Income	$ 431.8	$ 409.4	$ 387.0

(a) Investment expenses largely consist of personnel costs and investment management and custody service fees.

The independent credit quality ratings and maturity distribution for Old Republic's consolidated fixed maturity investments, excluding short-term investments, at the end of the last two years are shown in the following tables. These investments, $9.2 billion and $9.3 billion at December 31, 2018 and 2017, respectively, represented approximately 48% of consolidated assets for both years, and 65% and 64% of consolidated liabilities, respectively, as of December 31, 2018 and 2017.

Credit Quality Ratings of Fixed Maturity Securities (b)		
December 31:	2018	2017
	(% of total portfolio)	
Aaa	20.9%	21.6%
Aa	12.8	12.9
A	31.5	31.8
Baa	29.1	27.5
Total investment grade	94.3	93.8
All other (c)	5.7	6.2
Total	100.0%	100.0%

(b) Credit quality ratings referred to herein are a blend of those assigned by the major credit rating agencies for U.S. and Canadian Governments, Agencies, Corporates and Municipal issuers, which are converted to the above ratings classifications.

(c) "All other" includes non-investment grade or non-rated issuers.

Age Distribution of Fixed Maturity Securities		
December 31:	2018	2017
	(% of total portfolio)	
Maturity Ranges:		
Due in one year or less	7.0%	9.2%
Due after one year through five years	51.6	45.5
Due after five years through ten years	40.7	44.1
Due after ten years through fifteen years	.6	1.0
Due after fifteen years	.1	.2
	100.0%	100.0%
Average Maturity in Years	4.5	4.7

(c) Marketing. Commercial automobile (trucking), workers' compensation and general liability insurance underwritten for business enterprises and public entities is marketed primarily through independent insurance agents and brokers with the assistance of Old Republic's trained sales, underwriting, actuarial, and loss control personnel. The remaining property and liability commercial insurance written by Old Republic is obtained through insurance agents or brokers who are independent contractors and generally represent other insurance companies, and by direct sales. No single source accounted for over 10% of Old Republic's premium volume in 2018.

A substantial portion of the Company's title insurance business is referred to it by title insurance agents, builders, lending institutions, real estate developers, realtors, and lawyers. Title insurance and related real estate settlement products are sold through 274 Company offices and through agencies and underwritten title companies in the District of Columbia and all 50 states. The issuing agents are authorized to issue commitments and title insurance policies based on their own search and examination, or on the basis of abstracts and opinions of approved attorneys. Policies are also issued through independent title companies (not themselves title insurers) pursuant to underwriting agreements. These agreements generally provide that the agency or underwritten company may cause title policies of the Company to be issued, and the latter is responsible under such policies for any payments to the insured. Typically, the agency or underwritten title company deducts the major portion of the title insurance charge to the customer as its commission for services. During 2018, approximately 74% of title insurance premiums and fees were accounted for by policies issued by agents and underwritten title companies.

Title insurance premium and fee revenue is closely related to the level of activity in the real estate market. The volume of real estate activity is affected by the availability and cost of financing, population growth, family movements and other socio-economic factors. Also, the title insurance business is seasonal. During the winter months, new building activity is reduced and, accordingly, the Company produces less title insurance business relative to new construction during such months than during the rest of the year. The most important factors, insofar as Old Republic's title business is concerned, however, are the rates of activity in the resale and refinance markets for residential properties.

The Company's flagship mortgage guaranty insurance carrier ceased underwriting new policies and the existing book of business was placed in run-off operating mode effective August 31, 2011. Prior to that date, traditional primary mortgage insurance was marketed principally through a direct sales force which called on mortgage bankers, brokers, commercial banks, savings institutions and other mortgage originators. No sales commissions or other forms of remuneration were paid to the lending institutions or others for the procurement or development of business.

The personal contacts, relationships, reputations, and intellectual capital of Old Republic's key executives and other associates responsible for the production of business are a vital element in obtaining and retaining much of its business. Many of the Company's customers produce large amounts of premiums and fees and therefore warrant substantial levels of attention and involvement by these persons. In this respect, Old Republic's mode of operation is similar to that of professional reinsurers and commercial insurance brokers, and relies on the marketing, underwriting, and management skills of relatively few key people for large parts of its business.

Historically, several types of insurance coverages underwritten by Old Republic, such as consumer credit indemnity, title, and mortgage guaranty insurance, have been affected in varying degrees by changes in national economic conditions. During periods when housing activity or mortgage lending are constrained by any combination of rising interest rates, tighter mortgage underwriting guidelines, falling home prices, excess housing supply and/or economic recession, operating and/or claim costs pertaining to such coverages tend to rise disproportionately to revenues and can result in underwriting losses and reduced levels of profitability.

At least one Old Republic general insurance subsidiary is licensed to do business in each of the 50 states, the District of Columbia, Puerto Rico, Virgin Islands, Guam, and each of the Canadian provinces. Title insurance operations are licensed to do business in 50 states, the District of Columbia and Guam. Although not currently writing new business, the mortgage insurance subsidiaries are licensed in 50 states and the District of Columbia. Consolidated direct premium volume distributed among the various geographical regions shown was as follows for the past three years:

Geographical Distribution of Consolidated Direct Premiums Written

	2018	2017	2016
United States:			
Northeast	11.9%	12.3%	12.3%
Mid-Atlantic	7.3	7.5	7.9
Southeast	20.9	20.8	20.2
Southwest	11.6	11.1	11.3
East North Central	11.2	11.8	12.1
West North Central	10.1	10.3	10.6
Mountain	8.2	7.9	7.4
Western	16.1	16.3	16.4
Foreign (Principally Canada)	2.7	2.0	1.8
Total	100.0%	100.0%	100.0%

(d) Reserves, Reinsurance, and Retrospective Adjustments. Old Republic's insurance subsidiaries establish reserves for unearned premiums, reported claims, IBNR claims, and claim adjustment expenses, as required in the circumstances. See "General Insurance Claim Reserves" herein.

In order to maintain premium production within its capacity and limit maximum losses for which it might become liable under its policies, Old Republic, as is the common practice in the insurance industry, may cede all or a portion of its premiums and related liabilities on certain classes of insurance, individual policies, or blocks of business to other insurers and reinsurers. Although the ceding of insurance does not ordinarily discharge an insurer from its direct liability to a policyholder, it is industry practice to establish the reinsured part of risks as the liability of the reinsurer. Old Republic also employs retrospective premium and a large variety of risk-sharing procedures and arrangements for parts of its business in order to reduce underwriting losses for which it might become liable under insurance policies it issues, and to afford its customers or producers a degree of participation in the risks and rewards associated with such business. Under retrospective arrangements, Old Republic collects additional premiums if losses are greater than originally anticipated and refunds a portion of original premiums if loss costs are lower. Pursuant to risk sharing arrangements, the Company adjusts production costs or premiums retroactively to likewise reflect deviations from originally expected loss costs. The amount of premium, production costs and other retrospective adjustments which may be made is either limited or unlimited depending on the Company's evaluation of risks and related contractual arrangements.

The following table displays the Company's General Insurance liabilities reinsured by its ten largest reinsurers as of December 31, 2018.

Major General Insurance Balances Due from Reinsurers

Reinsurer	A.M. Best Rating	($ in Millions) Reinsurance Recoverable on Paid Claims	Reinsurance Recoverable on Claim Reserves	Total Exposure to Reinsurer	% of Total Consolidated Reinsured Liabilities
Munich Re America, Inc.	A+	$ 9.1	$ 321.1	$ 330.3	10.9%
Archway Insurance, Ltd.	Unrated	—	297.6	297.6	9.8
Hannover Ruckversicherungs	A+	2.8	211.0	213.8	7.1
Swiss Reinsurance America Corporation	A+	7.5	164.2	171.8	5.7
AXIS Reinsurance Company	A+	.2	120.6	120.8	4.0
Summit Insurance, Ltd.	Unrated	—	109.2	109.3	3.6
Global Vision II	Unrated	—	105.9	105.9	3.5
National WC Reinsurance Pool	Unrated	1.6	93.8	95.4	3.1
Endurance Assurance Corporation	A+	.1	88.6	88.8	2.9
Trabaja Reinsurance Company	Unrated	1.4	81.5	82.9	2.7
		$ 23.0	$ 1,594.1	$ 1,617.1	53.3%

Reinsured liabilities of the Title Insurance Group, RFIG Run-off Group and small life and accident insurance operations are not material.

Reinsurance recoverable asset balances represent amounts due from or credited by assuming reinsurers for paid and unpaid claims and policy reserves. Such reinsurance balances that are recoverable from non-admitted foreign and certain other reinsurers such as captive insurance companies owned by assureds or business producers, as well as similar balances or credits arising from policies that are retrospectively rated or subject to assureds' high deductible retentions are substantially collateralized by irrevocable letters of credit, securities, and other financial instruments. Old Republic evaluates on a regular basis the financial condition of its assuming reinsurers and assureds who purchase its retrospectively rated or high deductible policies. Estimates of unrecoverable amounts are included in the Company's net claim and claim expense reserves since reinsurance, retrospectively rated and self-insured deductible policies and contracts do not relieve Old Republic from its direct obligations to assureds or their beneficiaries.

Old Republic's reinsurance practices with respect to portions of its business also result from its desire to bring its sponsoring organizations and customers into some degree of joint venture or risk sharing relationship. The Company may, in exchange for a ceding commission, reinsure up to 100% of the underwriting risk, and the premium applicable to such risk, to insurers owned by or affiliated with lending institutions, financial and other intermediaries, and commercial institutions generally whose customers are insured by Old Republic, or individual customers who have formed captive insurance companies. The ceding commissions received compensate Old Republic for performing the direct insurer's functions of underwriting, actuarial, claim settlement, loss control, legal, reinsurance, and administrative services to comply with local and federal regulations, and for providing appropriate risk management services.

Remaining portions of Old Republic's business are reinsured in most instances with independent insurance or reinsurance companies pursuant to excess of loss agreements. Except as noted in the following paragraph, reinsurance protection on property and liability coverages generally limits the net loss on most individual claims to a maximum of: $5.2 million for workers' compensation; $6.4 million for commercial automobile (trucking) liability; $6.4 million for general liability; $12.0 million for executive protection (directors & officers and errors & omissions); $2.0 million for aviation; and $5.0 million for property coverages. Title insurance risk assumptions are generally limited to a maximum of $500.0 million as to any one policy. The vast majority of title policies issued, however, carry exposures of less than $1.0 million. The average direct primary mortgage guaranty exposure is (in whole dollars) $37,700 per insured loan.

Since January 1, 2005, the Company has had maximum treaty reinsurance coverage of up to $200.0 million for its workers' compensation exposures. Pursuant to regulatory requirements, however, all workers' compensation primary insurers such as the Company remain liable for unlimited amounts in excess of reinsured limits. Other than the substantial concentration of workers' compensation losses caused by the September 11, 2001 terrorist attack on America, to the best of the Company's knowledge there had not been a similar accumulation of claims in a single location from a single occurrence prior to that event. Nevertheless, the possibility continues to exist that non-reinsured losses could, depending on a wide range of severity and frequency assumptions, aggregate several hundred million dollars to an insurer such as the Company. Such aggregation of losses could occur in the event of a catastrophe such as an earthquake that could lead to the death or injury of a large number of persons concentrated in a single facility such as a high rise building.

As a result of the September 11, 2001 terrorist attack on America, the reinsurance industry eliminated coverage from substantially all contracts for claims arising from acts of terrorism. Primary insurers like the Company thus became fully exposed to such claims. Late in 2002, the Terrorism Risk Insurance Act of 2002 (the "TRIA") was signed into law, immediately establishing a temporary federal reinsurance program administered by the Secretary of the Treasury. The program applied to insured commercial property and casualty losses resulting from an act of terrorism, as defined in the TRIA. Congress extended and modified the program in late 2005 through the Terrorism Risk Insurance Revision and Extension Act of 2005 (the "TRIREA"). TRIREA expired on December 31, 2007. Congress enacted a revised program in December 2007 through the Terrorism Risk Insurance Program Reauthorization Act (the "TRIPRA") of 2007, a seven year extension that expired in December 2014. In January 2015, Congress passed the TRIPRA of 2015 that extended the program through 2020.

The TRIA automatically voided all policy exclusions which were in effect for terrorism related losses and obligated insurers to offer terrorism coverage with most commercial property and casualty insurance lines. The TRIREA revised the definition of "property and casualty insurance" to exclude commercial automobile, burglary and theft, surety, professional liability and farm owners multi-peril insurance. TRIPRA did not make any further changes to the definition of property and casualty insurance, however, it did include domestic acts of terrorism within the scope of the program. Although insurers are permitted to charge an additional premium for terrorism coverage, insureds may reject the coverage. Under TRIPRA, the program's protection is not triggered for losses arising from an act of terrorism until the industry first suffers losses in excess of a prescribed aggregate deductible during any one year. The program deductible trigger is $180 million and $200 million for 2019 and 2020, respectively. Once the program trigger is met, the program will be responsible for a fixed percentage of the Company's terrorism losses that exceed its deductible which ranges from 85% for 2015 and declines by one percentage point per year until it reaches 80% in 2020. The Company's deductible amounts to 20% of direct earned premium on eligible property and casualty insurance coverages. The Company currently reinsures limits on a treaty basis of $195.0 million in excess of $5.0 million for claims arising from certain acts of terrorism for casualty clash and catastrophe workers' compensation liability insurance coverages. The Company also purchases facultative reinsurance on certain accounts in excess of $200.0 million to manage the Company's net exposures.

(e) Competition. The insurance business is highly competitive and Old Republic competes with many stockholder-owned and mutual insurance companies. Many of these competitors offer more insurance coverages and have substantially greater financial resources than the Company. The rates charged for many of the insurance coverages in which the Company specializes, such as workers' compensation insurance, other property and liability insurance and title insurance, are primarily regulated by the states. The basic methods of competition available to Old Republic, aside from rates, are service to customers, expertise in tailoring insurance programs to the specific needs of its clients, efficiency and flexibility of operations, personal involvement by its key executives, and, as to title insurance, accuracy and timely delivery of evidences of title issued.

The Company believes its experience and expertise have enabled it to develop a variety of specialized insurance programs and related services for its customers, and to secure state insurance departments' approval of these programs.

(f) Government Regulation. In common with all insurance companies, Old Republic's insurance subsidiaries are subject to the regulation and supervision of the jurisdictions in which they do business. The method of such regulation varies, but, generally, regulation has been delegated to state insurance commissioners who are granted broad administrative powers relating to: the licensing of insurers and their agents; the nature of and limitations on investments; approval of policy forms; reserve requirements; and trade practices. In addition to these types of regulation, many classes of insurance, including most of the Company's insurance coverages, are subject to rate regulations which require that rates be reasonable, adequate, and not unfairly discriminatory.

The majority of states have also enacted insurance holding company laws which require registration and periodic reporting by insurance companies controlled by other corporations licensed to transact business within their respective jurisdictions. Old Republic's insurance subsidiaries are subject to such legislation and are registered as controlled insurers in those jurisdictions in which such registration is required. Such legislation varies from state to state but typically requires periodic disclosure concerning the corporation which controls the registered insurers, or ultimate holding company, and all subsidiaries of the ultimate holding company, and prior approval of certain intercorporate transfers of assets (including payments of dividends in excess of specified amounts by the insurance subsidiary) within the holding company system. Each state has established minimum capital and surplus requirements to conduct an insurance business. At December 31, 2018 each of the Company’s General, Title, Mortgage Guaranty and Life and Accident insurance subsidiaries exceeded the minimum statutory capital and surplus requirements.

<u>Data Protection and Cybersecurity</u>

The Company is subject to U.S. laws and regulations that require financial institutions, insurance companies and other businesses to protect the security and confidentiality of personal information and provide notice of their practices relating to the collection and disclosure of personal information. The Company is also subject to laws and regulations requiring notification to affected individuals and regulators of security breaches.

Effective March 1, 2017, the New York Department of Financial Services issued a landmark cybersecurity regulation requiring covered financial services institutions to implement a cybersecurity program designed to protect customer information as well as information technology systems. The regulation imposes specific safeguards as well as governance, risk assessment, monitoring and testing, third party service provider incident response and reporting and other requirements.

In October 2017, the National Association of Insurance Commissioners adopted the Insurance Data Security Model Law, which requires insurers, insurance producers and other entities licensed under state insurance laws to develop and maintain a written information security program, conduct risk assessments, oversee the data security practices of third-party service providers and other related requirements. Since the model law’s adoption, numerous states in which the Company operates have approved legislation incorporating the model into statute.

In June 2018, California adopted the California Consumer Privacy Act. This law provides California residents with broad personal data protections and rights related to the use and collection of their personal information. The Company anticipates additional information security and privacy laws and regulations to be forthcoming.

(g) Employees. As of December 31, 2018, Old Republic and its subsidiaries employed approximately 9,000 persons on a full time basis. Approximately 50% of this total was represented by employees associated with the Company's title insurance segment. A majority of eligible full time employees participate in various pension plans (all of which are frozen) or other plans which provide benefits payable upon retirement. Eligible employees are also covered by hospitalization and major medical insurance, group life insurance, and various savings, profit sharing, and deferred compensation plans. The Company considers its employee relations to be good.

(h) Website access. The Company files various reports with the U.S. Securities and Exchange Commission ("SEC"), including its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. The Company's reports are available by visiting the SEC's internet website (http://www.sec.gov) and accessing its EDGAR database to view or print copies of the electronic versions of the Company's reports. Additionally, the Company's reports can be obtained, free of charge, by visiting its internet website (http://www.oldrepublic.com), selecting *Investors* then *SEC Filings* to view or print copies of the electronic versions of the Company's reports. The contents of the Company's internet website are not intended to be, nor should they be considered incorporated by reference in any of the reports the Company files with the SEC.

Item 1A - Risk Factors

Risk factors are uncertainties and events over which the Company has limited or no control, and which can have a materially adverse effect on its business, results of operations or financial condition. The Company and its business segments are subject to a variety of such risk factors and, within individual segments, each type of insurance coverage may be exposed to risk factors specific to them. The following sections set forth management's evaluation of material risk factors for the Company as a whole and for each business segment. There may be risks which management does not presently consider to be material that may later prove to be material risk factors as well.

Parent Company

Dividend Dependence and Liquidity

The Company is an insurance holding company with no operations of its own. Substantially all of its assets consist of those used for the business conducted by its insurance subsidiaries. It relies upon dividends from such subsidiaries in order to pay the interest and principal on its debt obligations, dividends to its shareholders, and corporate expenses. The extent to which the insurance subsidiaries are able to declare and pay dividends is subject to regulations under the laws of their states or foreign jurisdictions of domicile. The regulations limit dividends based on the amount of statutory adjusted unassigned surplus or statutory earnings, and require the insurance subsidiaries to maintain minimum amounts of capital, surplus and reserves. Dividends in excess of the ordinary limitations can only be declared and paid with prior regulatory approval, of which there can be no assurance. The inability of the insurance subsidiaries to pay dividends in an amount sufficient to meet the Company's debt service and cash dividends on stock, as well as other cash requirements could result in liquidity issues.

Capitalization

Apart from dividends and interest on intercompany financing arrangements from its subsidiaries, the Company has access to various capital and liquidity resources including holding company investments and the public debt and equity capital markets. The availability of all such capital sources cannot, however, be assured and its cost could be significant at the time capital is raised. At December 31, 2018, the Company's consolidated debt to equity ratio was 19.1%.

Risk Factors Common to the Company and its Insurance Subsidiaries

Investment Risks

The Company's investment portfolio consists primarily of highly rated debt securities and large capitalization common stocks. Its investments are subject to market-wide risks and fluctuations, as well as to risks inherent in particular securities. Changing or unprecedented market conditions could materially impact the future valuation of securities in its investment portfolio. This could cause the Company to impair the carrying value of some portion of those debt securities in the future. Volatility or illiquidity in the markets in which the Company holds positions may cause certain other-than-temporary impairments within its portfolio and thus lead to potentially significant adverse effects on the Company's liquidity, financial condition and operating results.

Income from the Company's investment portfolio is one of its primary sources of cash flow to support operations and claim payments. Should the Company improperly structure its investment portfolio to meet those future liabilities or should it have unexpected losses, including losses resulting from the forced liquidation of investments before their maturity or under adverse securities markets conditions, the Company could be unable to meet those obligations. The Company's investments and investment policies are subject to the provisions of state insurance laws, which results in its portfolio being predominantly limited to highly rated fixed income securities. Interest rates on fixed income securities have been at historical lows. In the event that interest rates should rise above those of the Company's fixed income securities, the market value of the Company's investment portfolio would decline. Any significant decrease in the value of the Company's investment portfolio could adversely impact its GAAP financial condition, but not necessarily the statutory financial condition of its insurance subsidiaries since their fixed maturities portfolio is generally stated at amortized cost from a regulatory standpoint.

Compared to historical averages, interest rates and investment yields on highly rated investments have generally declined, which has the effect of limiting the investment income the Company can generate. The Company depends on its investments as a source of revenue, and a prolonged period of low investment yields would have an adverse impact on its revenues and could potentially adversely affect its operating results.

The Company may be forced to change its investments or investment policies depending upon regulatory, economic and market conditions, thus affecting the existing or anticipated financial condition and operating needs, including the tax position, of its business. In such circumstances, the Company's investment objectives may not be achieved. While the Company's portfolio consists mostly of highly-rated investments and complies with applicable regulatory requirements, the success of its investment activity is affected by general economic conditions, which may adversely affect the markets for credit and interest-rate-sensitive securities, including the extent and timing of investor participation in these markets, the level and volatility of interest rates and, consequently, the value of fixed-income securities.

Excessive Losses and Loss Expenses

Although the Company's business segments encompass different types of insurance, the greatest risk factor common to all insurance coverages is excessive losses due to unanticipated claims frequency, severity or a combination of both. Many of the factors affecting the frequency and severity of claims depend upon the type of insurance coverage, but others are shared in common. Severity and frequency can be affected by changes in national economic conditions, unexpectedly adverse outcomes in claims litigation, often as a result of unanticipated jury verdicts, changes in court made law, adverse court interpretations of insurance policy provisions resulting in increased liability or new judicial theories of liability, together with unexpectedly high costs of defending claims.

Inadequate Reserves

Reserves are the amounts that an insurance company sets aside for its anticipated policy liabilities. Claim reserves are an estimate of liability for reported unpaid claims as well as defense and claim adjustment expenses, and IBNR claims. It is not possible to calculate precisely what these liabilities will amount to in advance and, accordingly, the reserves represent a best estimate at any point in time. Such estimates are based upon known historical loss data, certain assumptions and expectations of future trends in claim frequency and severity, inflation and other economic considerations. The latter are affected by a variety of factors over which insurers may have little or no control and which may exhibit significant volatility over time.

Reserve estimates are periodically reviewed in light of known developments and, where necessary, they are adjusted and refined as circumstances may warrant. Nevertheless, the reserve setting process is inherently uncertain. If for any of these reasons reserve estimates prove to be inadequate, the Company's subsidiaries can be forced to increase their reported liabilities; such occurrences could result in possibly material adverse impacts on their results of operations and financial condition.

Inadequate Pricing

Premium rates are generally determined on the basis of historical data for claim frequency and severity as well as related production and other expense patterns. In the event ultimate claims and expenses exceed historically projected levels, premium rates are likely to prove insufficient. Premium rate inadequacy may not become evident quickly, may require time to correct, and, much like excessive losses can affect adversely the Company's business, operating results and financial condition.

Liquidity Risk

As indicated above, the Company manages its fixed-maturity investments with a view toward matching the maturities of those investments with the anticipated liquidity needs of its subsidiaries for the payment of claims and expenses. If a subsidiary suddenly experienced greater-than-anticipated liquidity needs for any reason, it could require an injection of funds that might not necessarily be available to meet its obligations at a point in time. Alternatively, invested securities may need to be sold at a loss and thus impact adversely both financial condition and operating results.

Regulatory Environment

The Company's insurance businesses are subject to extensive governmental regulation under state laws in the U.S. and the laws of each of the few other jurisdictions outside the U.S. in which they operate. These regulations relate to such matters as licensing requirements, types of insurance products that may be sold, premium rates, marketing practices, capital and surplus requirements, investment limitations, underwriting limitations, dividend payment limitations, transactions with affiliates, accounting practices, taxation and other matters. While most of the regulation is at the state level in the U.S., the federal government has increasingly expressed an interest in regulating the insurance business and has injected itself through the Graham-Leach-Bliley Act, the Patriot Act, the Dodd-Frank Wall Street Reform and

Consumer Protection Act of 2009. Likewise, changes in the Internal Revenue Code and other regulations bear directly on the costs of conducting an insurance business through increased compliance expenses.

Apart from the rising costs of compliance, as existing regulations evolve through administrative and court interpretations, and as new regulations are adopted, there is no basis for predicting the impact that changes could have on the Company's businesses in the future. The impact could have a material adverse effect on the manner in which the company's subsidiaries do business, and or their ability to compete, to continue offering their existing products, or to pursue acquisitions and growth opportunities.

Competition

Each of the Company's lines of continuing insurance business is highly competitive and is likely to remain so for the foreseeable future. Moreover, existing competitors and the capital markets have from time to time brought an influx of capital and newly-organized entrants into the industry, and changes in laws have enabled financial institutions, like banks and savings and loans, to sell insurance products. Increases in competition threaten to reduce demand for the Company's insurance products, reduce its market share and growth prospects, and potentially reduce its profitability.

Exposure to Independent Rating Downgrades

The competitive positions of insurance companies in general have come to depend increasingly on independent ratings of their financial strength and claims-paying ability. The rating agencies base their ratings on criteria they establish regarding an insurer's financial strength, operating performance, strategic position and ability to meet its obligations to policyholders. A significant downgrade in the ratings of any of the Company's major policy-issuing subsidiaries could have a materially adverse effect on their ability to compete for new business and retain existing business and, as a result, their operating results and financial condition.

Financial Institutions Risk

The Company's subsidiaries have significant business relationships with financial institutions, particularly national banks. The subsidiaries are the beneficiaries of a considerable amount of security in the form of letters of credit and trusteed funds and investments which they hold as collateral securing the obligations of insureds and certain reinsurers. Some of the banks themselves have subsidiaries that reinsure the Company's business. Other banks are depositories holding large sums of money in escrow accounts established by the Company's title subsidiaries. There is thus a risk of concentrated financial exposures in one or more such banking institutions. If any of these institutions fail or are unable to honor their credit obligations, or if escrowed funds become lost or tied up due to the failure of a bank, the result could have a materially adverse effect on the Company's business, results of operations and financial condition.

Risk Management

The Company has established processes and procedures designed to identify, measure, analyze, monitor and report the types of risk the Company and its subsidiaries are subject to, including operational risk, market risk, credit risk, liquidity risk, investment risk, interest rate risk, legal risk and reputational risk, among others. There are inherent limitations in such processes and procedures, and as a result, there is always the possibility that the Company has not adequately identified or anticipated risks. Such inadequacies could lead to future unexpected losses or expenses.

Legal Risks

The Company and certain of its subsidiaries are from time to time named defendants or otherwise involved in various legal proceedings, including class actions and other litigation or arbitration proceedings with third parties, as well as proceedings by regulatory agencies. Any of these actions could result in judgments, settlements, fines or penalties which could materially adversely affect the Company's or its subsidiaries' business, financial condition or results of operations.

Acquisition Integration Risk

The Company has from time to time grown its business by acquisition and is likely to consider acquisitions in the future. There can never be any assurance that such acquisitions will have positive accretive results. Integration of an acquired business can be costly and complex. The integration of acquisitions already completed, as well as any that may be completed in the future could result in significant unanticipated costs or losses of one sort or another.

Attracting and Retaining Qualified Employees

The Company's and its subsidiaries' employees at all levels are among their most important assets. Should the Company and its subsidiaries for any reason be unable to attract and retain qualified employees, their performance could be materially adversely affected.

Information Technology Systems

To perform day to day operations as well as communicate with customers, business partners and other stakeholders, the Company is reliant upon an array of digital technologies. The Company’s business depends on effective information systems and the integrity and timeliness of the data its information systems use to run its business. The Company uses computer systems to store, retrieve, evaluate and use customer, employee, and company data and information. Some internal processes, in turn, rely upon third-party systems and tools. This combination of resources allow business units to provide insurance quotes, process premium payments, make changes to existing policies, file and pay claims, provide customer support, execute transactions and manage investment portfolios. In addition, the Company routinely transmits, receives and stores personal, confidential and proprietary information by email and other electronic means. Although the Company attempts to keep such information confidential, it may be unable to do so in all events, especially with clients, vendors, service providers, and other third parties.

Like other large companies, the Company is a target of potential cyber and other security threats and must continuously monitor and develop information technology networks and infrastructure to prevent, detect, address and mitigate the risk of threats to data and systems, including malware and computer virus attacks, ransomware, unauthorized access, misuse, denial-of-service attacks, system failures and disruptions. In some cases, such unauthorized access may not be immediately detected and can remain undetected for some time, increasing the severity of the incident. There is no assurance that the Company’s security measures, including information security policies, will provide fully effective protection from such events. The Company does maintain cyber risk insurance; however this insurance may not cover all costs associated with the consequences of personal, confidential or proprietary information being compromised.

Any information security breach of systems or services or breach of a third-party vendor or services provider that results in the loss or unauthorized access of sensitive data could disrupt the Company’s ability to conduct business operations during recovery and any remediation period. In the event of a cyber-attack or other information security incident, systems may be inaccessible to employees, customers or business partners for an extended period of time and employees may be unable to perform their duties for an extended period of time if data or systems are disabled or destroyed. In addition, a successful cyber-attack or similar information security incident could expose the Company to substantial costs and negative consequences including but not limited to:

- Remediation costs, such as liability for stolen assets or information and repairs of system damage;
- Lost revenues resulting from the unauthorized use of proprietary information or any down-time of critical information technology tools and infrastructure;
- Litigation and legal costs;
- Increased cyber risk insurance premiums;
- Reputational damage that adversely affects customer or investor confidence; and
- Damage to the Company’s competitiveness, stock price and long-term shareholder value.

Furthermore, the Company’s businesses are subject to compliance with laws and regulations enacted by U.S. federal and state governments, as well as laws enacted by various regulatory organizations or exchanges relating to the privacy and security of the information of clients, employees or others. These laws and regulations are increasing in complexity and number, change frequently and sometimes conflict. The compromise of personal, confidential or proprietary information could expose the Company to liability under federal and state laws, and subject the Company to litigation and investigations and result in reputational harm, which could have a material adverse effect on its business, cash flows, financial condition and results of operations.

As the breadth and inter-connectedness of the Company’s security infrastructure continues to expand and reliance on technology resources grows, so will the risk of potential privacy and security events. The Company is continuously evaluating and enhancing its privacy and security processes. While the Company takes a risk-based approach and adheres both to statutorily required and commercially reasonable measures to keep systems and data secure, such measures may be insufficient.

In addition to the foregoing, the following are risk factors that are particular to each of the Company's three major business segments.

General Insurance Group

Catastrophic Losses

While the Company limits the property exposures it assumes, the casualty or liability insurance it underwrites creates an exposure to claims arising out of catastrophes. The two principal catastrophe exposures are earthquakes and acts of terrorism in areas where there are large concentrations of employees of an insured employer or other individuals who could potentially be injured and assert claims against an insured under workers' compensation policies. Collateral damage to property or persons from acts of terrorism and other calamities could also expose general liability policies.

Following the September 11, 2001 terrorist attack, the reinsurance industry eliminated coverage from substantially all reinsurance contracts for claims arising from acts of terrorism. As discussed elsewhere in this report, the U.S. Congress subsequently passed TRIA, TRIREA, and TRIPRA legislation that required primary insurers to offer coverage for certified acts of terrorism under most commercial property and casualty insurance policies. Although these programs established a temporary federal reinsurance program through December 31, 2020, primary insurers like the Company's general insurance subsidiaries retain significant exposure for terrorist act-related losses.

Long-Tailed Losses

Coverage for general liability is considered long-tailed coverage. Written in most cases on an "occurrence" basis, it often takes longer for covered claims to be reported and become known, adjusted and settled than it does for property claims, for example, which are generally considered short-tailed. The extremely long-tailed aspect of such claims as pollution, asbestos, silicosis, manganism (welding rod fume exposure), black lung, lead paint and other toxic tort claims, coupled with uncertain and sometimes variable judicial rulings on coverage and policy allocation issues along with the possibility of legislative actions, makes reserving for these exposures highly uncertain. While the Company believes that it has reasonably estimated its liabilities for such exposures to date, and that its exposures are relatively modest, there is a risk of materially adverse developments in both known and as-yet-unknown claims.

Workers' Compensation Coverage

Workers' compensation coverage is one of the largest lines of insurance written by the Company's General Insurance subsidiaries. The frequency and severity of claims, and the adequacy of reserves for workers' compensation claims and expenses can all be significantly influenced by such risk factors as future wage inflation in states that index benefits, the speed with which injured employees are able to return to work in some capacity, the cost and rate of inflation in medical treatments, the types of medical procedures and treatments, the cost of prescription medications, the frequency with which closed claims reopen for additional or related medical issues, the mortality of injured workers with lifetime benefits and medical treatments, the use of health insurance to cover some of the expenses, the assumption of some of the expenses by states' second injury funds, the use of cost containment practices like preferred provider networks, and the opportunities to recover against third parties through subrogation. Adverse developments in any of these factors, if significant, could have a materially adverse effect on the Company's operating results and financial condition.

Reinsurance

Reinsurance is a contractual arrangement whereby one insurer (the reinsurer) assumes some or all of the risk exposure written by another insurer (the reinsured). The Company depends on reinsurance to manage its risks both in terms of the amount of coverage it is able to write, the amount it is able to retain for its own account, and the price at which it is able to write it. The availability of reinsurance and its price, however, are generally determined in the reinsurance market by conditions beyond the Company's control.

Reinsurance does not relieve the reinsured company of its primary liability to its insureds in the event of a loss. It merely reimburses the reinsured company. The ability and willingness of reinsurers to honor their counterparty obligations to the Company represent credit risks. Old Republic has no practical basis for evaluating the risks assumed by a reinsurer from sources other than its own. Those risks could result in a significant deterioration of the reinsurer's ability to honor its obligations to the Company, thereby exacerbating credit risk exposure.

Old Republic addresses these risks by limiting its reinsurance placements to those reinsurers it considers the best credit risks. In recent years, however, there has been an ever decreasing number of reinsurers so considered. There can be no assurance that the Company will be able to find the desired or even adequate amounts of reinsurance at favorable rates from acceptable reinsurers in the future. If unable to do so, the Company would be forced to reduce the volume of business it writes or retain increased amounts of liability exposure. Because of the declining number of acceptable reinsurers, there is a risk that too much reinsurance risk may become concentrated in too few reinsurers. These concentrations of risk could adversely affect the Company's business, results of operations, and financial condition.

Insureds as Credit Risks

A significant amount of Old Republic's liability and workers' compensation business, particularly for large commercial insureds, is written on the basis of risk sharing underwriting methods utilizing large deductibles, captive insurance risk retentions, or other arrangements whereby the insureds effectively retain and fund varying and at times significant amounts of their losses. Their financial strength and ability to pay are carefully evaluated as part of the underwriting process and monitored periodically thereafter, and their retained exposures are estimated and collateralized based on pertinent credit analysis and evaluation. Because the Company is primarily liable for losses incurred under its policies, the possible failure or inability of insureds to honor their retained liability represents a credit risk. Any subsequently developing shortage in the amount of collateral held would also be a risk, as would the failure or inability of a bank to honor a draw on a collateral trust or a letter of credit issued as collateral. These risk factors could have a materially adverse impact on the Company's results of operations and financial condition.

Guaranty Funds and Residual Markets

In nearly all states, licensed property and casualty insurers are required to participate in guaranty funds through assessments covering a portion of insurance claims against impaired or insolvent property and casualty insurers. Any increase in the number or size of impaired companies would likely result in an increase in the Company's share of such assessments.

Many states have established second injury funds that compensate injured employees for aggravation of prior injuries or conditions. These second injury funds are funded by assessments or premium surcharges.

Residual market or pooling arrangements exist in many states to provide various types of insurance coverage to those that are otherwise unable to find private insurers willing to insure them. All licensed property and casualty insurers writing such coverage voluntarily are required to participate in these residual market or pooling mechanisms.

A material increase in any of these assessments or charges could adversely affect the Company's results of operations and financial condition.

Prior Approval of Rates

Most of the insurance coverages underwritten by the Company are subject to prior regulatory approval of premium rates in a majority of the states. The process of securing regulatory approval can be time consuming and can impair the Company's ability to effect necessary rate increases in an expeditious manner. Furthermore, there is a risk that the regulators will not approve a requested increase, particularly in regard to workers' compensation insurance with respect to which rate increases often confront strong opposition from local business, organized labor, and political interests.

Title Insurance Group

Housing and Mortgage Lending Markets

The tightening and collapse of credit markets, the collapse of the housing market, the general decline in the value of real property, the rise in unemployment, and the uncertainty and negative trends in general economic conditions that began in 2006 created a difficult operating environment for the Company's title insurance subsidiaries. While these conditions have since improved to varying degrees, any return of these recessionary conditions could have a materially adverse effect on these subsidiaries' financial condition and results of operation over the near and longer terms. The impact of these conditions was somewhat mitigated both by lower mortgage interest rates, which lead to an increase in mortgage refinancings and by a rise in the number of agents producing business for the Companies' title insurance subsidiaries. Future rises in mortgage interest rates, however, could result in a decline in refinancing activity and reduced housing affordability which, in turn, could result in fewer transactions and reduced title insurance business.

Competition

Business comes to title insurers primarily by referral from real estate agents, lenders, developers and other settlement providers. The sources of business lead to a great deal of competition among title insurers. Although the top four title insurance companies during 2018 accounted for about 85% of industry-wide premium volume, there are numerous smaller companies representing the remainder at the regional and local levels. The smaller companies are an ever-present competitive risk in the regional and local markets where their business connections can give them a competitive edge. Moreover, there is always competition among the major companies for key employees, especially those engaged in business production. Unlike the three other large national title insurers, the Company’s title insurance subsidiaries rely upon independent agencies to produce most of their business. Independent agencies can direct business to any title insurer, whereas owned agencies will typically direct business solely to their parent or affiliated title insurers. The Company’s title subsidiaries are therefore more vulnerable to a loss of business than other title companies that rely on direct production facilities.

Regulation and Litigation

Regulation is also a risk factor for title insurers. The title insurance industry has recently been, and continues to be, under regulatory scrutiny in a number of states with respect to pricing practices, and alleged RESPA violations and unlawful rebating practices. The regulatory investigations could lead to industry-wide reductions in premium rates and escrow fees, the inability to get rate increases when necessary, as well as to changes that could adversely affect the Company's ability to compete for or retain business or raise the costs of additional regulatory compliance.

From time to time the Company's title insurance subsidiaries are named as defendants or are otherwise involved in various legal proceedings, including class actions and other litigated disputes with third parties, and proceedings or civil investigations brought by regulatory agencies. Any resulting adverse judgments, settlements, fines, penalties or other rulings could have, directly or indirectly, a material adverse effect on the Company's financial condition, results of operations or business reputation. Litigation or other disputes between the Company’s mortgage insurance subsidiaries and insured mortgage lenders could also have an adverse effect on the Company’s title insurance subsidiaries if, as a result, the lenders threatened to or discontinued accepting title insurance or title related services from the Company’s title insurers.

Other Risks

Inadequate title searches are among the risk factors faced by the entire industry. When the search is less than thorough or complete, title defects can go undetected and claims result.

Fraud is also a risk factor for all title companies -- sometimes in the form of an agent's or an employee's defalcation of escrowed funds, sometimes in the form of fraudulently issued title insurance policies.

RFIG Run-off Business

Mortgage Guaranty Business in Run-off; Possible Material Losses, Statutory Capital Impairment, and Receivership

The material increases in mortgage guaranty insurance claims and loss payments that began in 2007 gradually depleted RMIC's statutory capital base and forced it to discontinue writing new business in 2011. The insurance laws of 16 jurisdictions, including RMIC's and RMGIC’s domiciliary state of North Carolina, require a mortgage insurer to maintain a minimum amount of statutory capital relative to risk in force (or a similar measure) in order to continue to write new business. The formulations currently allow for a maximum risk-to-capital ratio of 25 to 1, or alternatively stated, a “minimum policyholder position” (“MPP”) of one-twenty-fifth of the total risk in force. The failure to maintain the prescribed minimum capital level in a particular state generally requires a mortgage insurer to immediately stop writing new business until it reestablishes the required level of capital or receives a waiver of the requirement from a state's insurance regulatory authority. RMIC breached the minimum capital requirement during the third quarter of 2010. RMIC and RMGIC were placed under administrative supervision by the North Carolina Department of Insurance ("NCDOI") in 2012 and ultimately ordered to defer the payment of 40% of all settled claims as a deferred payment obligation ("DPO").

On July 1, 2014, the NCDOI issued a Final Order approving an Amended and Restated Corrective Plan (the "Amended Plan") submitted jointly on April 16, 2014, by RMIC and RMGIC. Under the Amended Plan, RMIC and RMGIC were authorized to pay 100% of their DPOs accrued as of June 30, 2014, and to settle all subsequent valid claims entirely in cash, without establishing any DPOs. In anticipation of receiving this Final Order, ORI invested $125.0 million in cash and securities in RMIC in June 2014. In mid-July 2014, in furtherance of the Final Order, RMIC and RMGIC processed payments of their accumulated DPO balances of approximately $657.0 million relating to fully settled claims charged to periods extending between January 19, 2012 and June 30, 2014. The NCDOI subsequently terminated the summary orders which placed RMIC and RMGIC under administrative supervision effective December 8, 2017, thereby releasing both companies from its supervision as they were eminently solvent.

RMIC has continually evaluated the potential long-term underwriting performance of the run-off book of business based on various modeling techniques. The resulting models take into account actual premium and paid claim experience of prior periods, together with a large number of assumptions and judgments about future outcomes that are highly sensitive to a wide range of estimates. Many of these estimates and underlying assumptions relate to matters over which the Company has no control, including: 1) The conflicted interests, as well as the varying mortgage servicing and foreclosure practices of a large number of insured lending institutions; 2) General economic and industry-specific trends and events; and 3) The evolving or future social and economic policies of the U.S. Government vis-à-vis such critical sectors as the banking, mortgage lending, and housing industries, as well as its policies for resolving the insolvencies and assigning a possible future role to Fannie Mae and Freddie Mac.

Premium Income and Long-Term Claim Exposures

Mortgage insurers such as the Company issue long duration, guaranteed renewable policies covering multi-year periods during which exposure to loss exists. Loss exposures typically manifest themselves as recurring losses usually concentrated between the second and fifth year following issuance of any one year's new policies. Additionally, the policies cover catastrophic aggregations of claims such as those that occurred during the Great Recession of 2007 to 2012 which was engendered by substantial market dislocations in the housing and mortgage lending industries, in particular.

The Company's mortgage guaranty premiums stem principally from monthly installment policies. Such premiums are written and earned in the month coverage is effective. Recognition of claim costs, however, occurs only after an insured mortgage loan has missed two or more consecutive monthly payments. Accordingly, GAAP revenue recognition is not appropriately matched to the risk exposure and the consequent recognition of both normal and, most significantly, future catastrophic loss occurrences. As a result, mortgage guaranty GAAP earnings for any individual year or series of years may be materially adversely affected, particularly by cyclical catastrophic loss events such as the mortgage insurance industry experienced between 2007 and 2012. Reported GAAP earnings and financial condition form, in part, the basis for significant judgments and strategic evaluations made by management, analysts, investors, and other users of the financial statements issued by mortgage guaranty companies. The risk exists that such judgments and evaluations are at least partially based on GAAP financial information that does not necessarily match revenues and expenses and is not reflective of the long-term normal and catastrophic risk exposures assumed by mortgage guaranty insurers at any point in time. This risk is inherent in the models on which the run-off of RMIC's and RMGIC's business is based.

Inadequate Loss Reserves

The Company establishes reserves for losses and loss adjustment expenses for its mortgage and consumer credit indemnity insurance coverages based upon loans reported to be in default, as well as estimates of those in default but not yet reported. The reserves are best estimates by management and take into consideration its judgments and assumptions regarding the housing and mortgage markets, unemployment rates and economic trends in general. During the ongoing sustained economic downturn, loss reserve estimates have become subject to even greater uncertainty and volatility. The rate and severity of actual losses could prove to be greater than expected and require the Company to effect substantial increases in its loss reserves. Depending upon the magnitude, such increases could have a materially adverse impact on the Company's mortgage insurance and consumer credit indemnity insurance run-off business and the Company's consolidated results of operations and financial condition. There can be no assurance that the actual losses for the mortgage insurance and consumer credit indemnity coverages will not be materially greater than previously established loss reserves.

Fewer Coverage Rescissions

The Company may rescind its mortgage guaranty and consumer credit indemnity coverages whenever it finds evidence that a loan did not qualify for insurance coverage in the first instance, or that a material misrepresentation had been made in the loan application by the borrower, the lender, and/or its agent. Between 2008 and 2010 the number and rate of coverage rescissions and claim denials rose dramatically. As a result, rescissions reduced materially the percentage of approved claims, and loss reserving estimates have reflected assumptions about the levels of rescission activity. Since 2010 the number and rate of rescissions and denials has continued to decline.

Certain policyholders experienced high rates of coverage rescission and instituted litigation or arbitration proceedings challenging the Company's position on rescissions. Whether the current rescission rates continue or decline, it is possible that further litigation or arbitral challenges to the Company's rescissions of coverage could arise. If any of the challenges are successful, they could have a materially adverse effect on the Company's mortgage guaranty and/or consumer credit indemnity run-off insurance business and consolidated operating results and financial position. Even if such challenges should prove unsuccessful, the costs of addressing them through litigation could be substantial.

Item 1B - Unresolved Staff Comments

None

Item 2 - Properties

The principal executive offices of the Company are located in the Old Republic Building in Chicago, Illinois. This Company-owned building contains 151,000 square feet of floor space of which approximately 50% is occupied by Old Republic, and the remainder is leased to others. In addition to its Chicago building, the Company owns one other major office building. A subsidiary of the Title Insurance Group owns and partially occupies its operations headquarters building in Minneapolis, Minnesota. This building contains 110,000 square feet of floor space of which approximately 95% is occupied by the Title Insurance Group and an affiliated Old Republic subsidiary, with the remainder leased to others. Six smaller buildings are owned by Old Republic and its subsidiaries in various parts of the nation and are primarily used for its business. The carrying value of all owned buildings and related land at December 31, 2018 was $49.1 million.

Certain other operations of the Company and its subsidiaries are directed from leased premises. See Note 4(b) of the Notes to Consolidated Financial Statements for a summary of all material lease obligations.

Item 3 - Legal Proceedings

Legal proceedings against the Company and its subsidiaries routinely arise in the normal course of business and usually pertain to claim matters related to insurance policies and contracts issued by its insurance subsidiaries. At December 31, 2018, the Company did not have material non-claim litigation exposures in its consolidated business for which adequate loss and related expense provisions had not been made.

Item 4 - Mine Safety Disclosures

Not applicable.

PART II

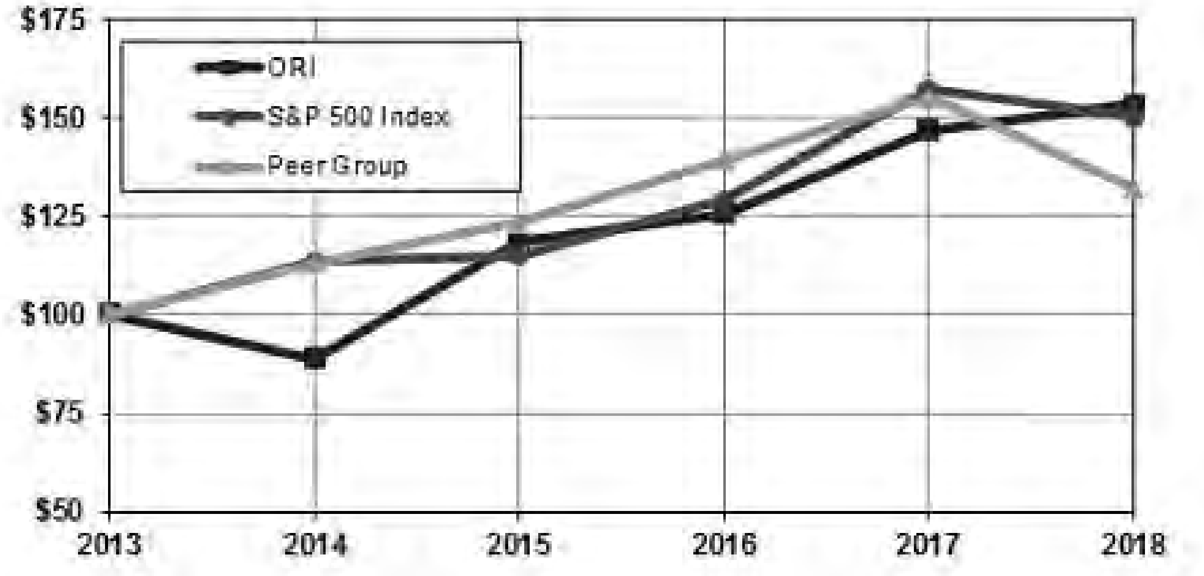
Item 5 - Market for the Registrant's Common Equity, Related Security Holder Matters and Issuer Purchases of Equity Securities

The Company's common stock is traded on the New York Stock Exchange under the symbol "ORI". As of January 31, 2019, there were 2,071 registered holders of the Company's Common Stock. See Note 3(c) of the Notes to Consolidated Financial Statements for a description of certain regulatory restrictions on the payment of dividends by Old Republic's insurance subsidiaries.

Comparative Five Year Performance Graphs for Common Stock

The following table, prepared on the basis of market and related data furnished by Standard & Poor's Total Return Service, reflects total market return data for the most recent five calendar years ended December 31, 2018. For purposes of the presentation, the information is shown in terms of $100 invested at the close of trading on the last trading day preceding the first day of the fifth preceding year. The $100 investment is deemed to have been made either in Old Republic Common Stock, in the S&P 500 Index of common stocks, or in an aggregate of the common shares of the Peer Group of publicly held insurance businesses selected by Old Republic. The cumulative total return assumes reinvestment of cash dividends on a pretax basis. The information utilized to prepare the following table has been obtained from sources believed to be reliable, but no representation is made that it is accurate or complete in all respects.

Comparison of Five Year Total Market Return
OLD REPUBLIC INTERNATIONAL CORPORATION vs. S&P 500 vs. Peer Group
(For the five years ended December 31, 2018)



	Dec 13	Dec 14	Dec 15	Dec 16	Dec 17	Dec 18
ORI	$ 100.00	$ 88.85	$ 118.44	$ 125.65	$ 146.81	$ 153.39
S&P 500	100.00	113.69	115.26	129.05	157.22	150.33
Peer Group	100.00	113.38	123.49	139.31	155.21	132.29

The Peer Group which has been approved by the Compensation Committee of the Company's Board of Directors consists of the following publicly held corporations with which the Company competes in various regards: American Financial Group, Inc., American International Group, Inc., W.R. Berkley Corporation, Chubb Limited, Cincinnati Financial Corporation, CNA Financial Corporation, Fidelity National Financial, Inc., First American Financial Corporation, The Hartford Financial Services Group, Inc., Stewart Information Services Corporation, and Travelers Companies, Inc.

Item 6 - Selected Financial Data ($ in millions, except share data)

December 31:	**2018**	2017	2016	2015	2014
FINANCIAL POSITION:					
Cash and Invested Assets (a)	**$13,187.4**	$13,536.4	$12,995.8	$11,475.5	$11,291.6
Other Assets	**6,139.6**	5,867.1	5,595.7	5,626.1	5,685.2
Total Assets	**$19,327.1**	$19,403.5	$18,591.6	$17,101.6	$16,976.9
Liabilities, Other than Debt	**$13,199.4**	$13,221.5	$12,602.2	$12,278.9	$12,099.0
Debt	**981.4**	1,448.7	1,528.7	952.8	953.7
Total Liabilities	**14,180.8**	14,670.2	14,130.9	13,231.7	13,052.8
Preferred Stock	**—**	—	—	—	—
Common Shareholders' Equity	**5,146.2**	4,733.3	4,460.6	3,869.8	3,924.0
Total Liabilities and Shareholders' Equity	**$19,327.1**	$19,403.5	$18,591.6	$17,101.6	$16,976.9
Total Capitalization (b)	**$ 6,127.6**	$ 6,182.0	$ 5,989.4	$ 4,822.7	$ 4,877.8

Years Ended December 31:	**2018**	2017	2016	2015	2014
RESULTS OF OPERATIONS:					
Net Premiums and Fees Earned	**$ 5,703.9**	$ 5,539.7	$ 5,333.2	$ 5,179.4	$ 4,811.1
Net Investment and Other Income	**553.5**	511.7	494.3	495.4	447.1
Investment Gains (Losses) (c)	**(235.6)**	211.6	72.8	91.3	272.3
Net Revenues	**6,021.8**	6,263.1	5,900.5	5,766.1	5,530.7
Benefits, Claims, and Settlement Expenses	**2,460.7**	2,478.8	2,347.9	2,459.3	2,514.5
Underwriting and Other Expenses	**3,122.9**	3,058.8	2,866.5	2,675.0	2,406.6
Pretax Income (Loss)	**438.1**	725.4	686.0	631.8	609.4
Income Taxes (Credits)	**67.5**	164.8	219.0	209.6	199.7
Net Income (Loss)	**$ 370.5**	$ 560.5	$ 466.9	$ 422.1	$ 409.7

	2018	2017	2016	2015	2014
COMMON SHARE DATA:					
Net Income (Loss):					
Basic	**$ 1.26**	$ 2.14	$ 1.80	$ 1.63	$ 1.58
Diluted	**$ 1.24**	$ 1.92	$ 1.62	$ 1.48	$ 1.44
Dividends: Cash (d)	**$ .78**	$ 1.76	$ .75	$ .74	$ .73
Book Value	**$ 17.23**	$ 17.72	$ 17.16	$ 14.98	$ 15.15
Common Shares (thousands):					
Outstanding	**302,714**	269,238	262,719	261,968	260,946
Average: Basic	**294,248**	262,114	259,429	259,502	258,553
Diluted	**301,016**	299,387	296,379	296,088	295,073

(a) Consists of cash, investments and accrued investment income.
(b) Total capitalization consists of debt, preferred stock, and common shareholders' equity.
(c) Effective January 1, 2018, includes unrealized gains and losses from changes in fair value of equity securities.
(d) In late December 2017, the Board declared a special cash dividend of $1.00 per share payable on January 31, 2018.

OVERVIEW

This management analysis of financial position and results of operations pertains to the consolidated accounts of Old Republic International Corporation ("Old Republic", "ORI" or "the Company"). The Company conducts its operations principally through three major regulatory segments, namely, its General (property and liability), Title, and the RFIG (mortgage guaranty and consumer credit indemnity) Run-off Business. A small life and accident insurance business, accounting for .3% of consolidated operating revenues for the year ended December 31, 2018 and .7% of consolidated assets as of that date, is included within the corporate and other caption of this report.

The consolidated accounts are presented in conformity with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") of accounting principles generally accepted in the United States of America ("GAAP"). As a publicly held company, Old Republic utilizes GAAP largely to comply with the financial reporting requirements of the Securities and Exchange Commission ("SEC"). From time to time the FASB and the SEC issue various releases, most of which require additional financial statement disclosures and provide related application guidance. Of particular relevance to the Company's financial statements is guidance recently issued by the FASB relative to revenue recognition, recognition and measurement of financial instruments including the addition of equity security unrealized gains and losses in periodic income statements, lease accounting, and accounting for credit losses on financial instruments, all of which are discussed further in the Notes to Consolidated Financial Statements.

As a state regulated financial institution vested with the public interest, however, business of the Company's insurance subsidiaries is managed pursuant to the laws, regulations, and accounting practices of the various states in the U.S. and those of a small number of other jurisdictions outside the U.S. in which they operate. In comparison with GAAP, the statutory accounting practices reflect greater conservatism and comparability among insurers, and are intended to address the primary financial security interests of policyholders and their beneficiaries. Additionally, these practices also affect a significant number of important factors such as product pricing, risk bearing capacity and capital adequacy, the determination of Federal income taxes payable currently among ORI's tax-consolidated entities, and the upstreaming of dividends by insurance subsidiaries to the parent holding company. The major differences between these statutory financial accounting practices and GAAP are summarized in Note 1(a) to the consolidated financial statements included elsewhere in this report.

The insurance business is distinguished from most others in that the prices (premiums) charged for various insurance products are set without certainty of the ultimate benefit and claim costs that will emerge, often many years after issuance and expiration of a policy. This basic fact casts Old Republic as a risk-taking enterprise managed for the long run. Management therefore conducts the business with a primary focus on achieving favorable underwriting results over cycles, and on the maintenance of financial soundness in support of the insurance subsidiaries' long-term obligations to policyholders and their beneficiaries. To achieve these objectives, adherence to insurance risk management principles is stressed, and asset diversification and quality are emphasized. In addition, Management engages in an ongoing assessment of operating risks, such as cybersecurity risks, that could adversely affect the Company's business and reputation.

In addition to income arising from Old Republic's basic underwriting and related services functions, significant investment income is earned from invested funds generated by those functions and from capital resources. Investment management aims for stability of income from interest and dividends, protection of capital, and for sufficiency of liquidity to meet insurance underwriting and other obligations as they become payable in the future. Securities trading and the realization of capital gains are not primary objectives. The investment philosophy is therefore best characterized as emphasizing value, credit quality, and relatively long-term holding periods. The Company's ability to hold both fixed maturity and equity securities for long periods of time is in turn enabled by the scheduling of maturities in contemplation of an appropriate matching of assets and liabilities, and by investments in large capitalization, highly liquid equity securities.

In light of the above factors, the Company's affairs are managed for the long run and without significant regard to the arbitrary strictures of quarterly or even annual reporting periods that American industry must observe. In Old Republic's view, such short reporting time frames do not comport well with the long-term nature of much of its business. Management therefore believes that the Company's operating results and financial condition can best be evaluated by observing underwriting and overall operating performance trends over succeeding five- or preferably ten-year intervals. A ten-year period in particular can likely encompass at least one economic and/or underwriting cycle and thereby provide an appropriate time frame for such cycle to run its course, and for premium rate changes and reserved claim costs to be quantified and emerge in financial results with greater finality and effect.

This management analysis should be read in conjunction with the consolidated financial statements and the footnotes appended to them.

EXECUTIVE SUMMARY

Old Republic International Corporation reported the following consolidated results:

Years Ended December 31:	2018	2017	2016
Pretax income (loss)	$ 438.1	$ 725.4	$ 686.0
Pretax investment gains (losses) included in pretax income (loss)	(235.6)	211.6	72.8
Pretax income (loss) excluding investment gains (losses)	$ 673.7	$ 513.8	$ 613.1
Net income (loss)	$ 370.5	$ 560.5	$ 466.9
Net of tax investment gains (losses) included in net income (loss)	(185.9)	242.4	47.3
Net income (loss) excluding investment gains (losses)	$ 556.4	$ 318.0	$ 419.6

As noted on the following pages, performance comparisons among the periods reported upon are affected by two significant events in 2018, and by special operating charges and deferred tax adjustments in 2017. The components of consolidated net income (loss) shown in the above table are also reflected on a per share basis in the Financial Highlights below.

FINANCIAL HIGHLIGHTS

				% Change	
Years Ended December 31:	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
SUMMARY INCOME STATEMENTS:					
Revenues:					
Net premiums and fees earned	$ 5,703.9	$ 5,539.7	$ 5,333.2	3.0 %	3.9%
Net investment income	431.8	409.4	387.0	5.5	5.8
Other income	121.6	102.2	107.3	18.9	(4.7)
Total operating revenues	6,257.4	6,051.5	5,827.6	3.4	3.8
Investment gains (losses):					
Realized from actual transactions	58.2	211.6	77.8		
Unrealized from changes in fair value of equity securities	(293.8)	—	—		
Realized from impairments	—	—	(4.9)		
Total investment gains (losses)	(235.6)	211.6	72.8		
Total revenues	6,021.8	6,263.1	5,900.5		
Operating expenses:					
Claim costs	2,460.7	2,478.8	2,347.9	(0.7)	5.6
Sales and general expenses	3,080.6	2,995.7	2,816.3	2.8	6.4
Interest and other costs	42.2	63.0	50.2	(33.0)	25.5
Total operating expenses	5,583.7	5,537.7	5,214.5	0.8 %	6.2%
Pretax income (loss)	438.1	725.4	686.0		
Income taxes (credits)	67.5	164.8	219.0		
Net income (loss)	$ 370.5	$ 560.5	$ 466.9		
COMMON STOCK STATISTICS:					
Net income (loss) per share: Basic	$ 1.26	$ 2.14	$ 1.80		
Diluted	$ 1.24	$ 1.92	$ 1.62		
Components of net income (loss) per share:					
Basic net income (loss) excluding investment gains (losses)	$ 1.89	$ 1.21	$ 1.62		
Net investment gains (losses):					
Realized from actual transactions	0.16	0.93	0.19		
Unrealized from changes in fair value of equity securities	(0.79)	—	—		
Realized from impairments	—	—	(0.01)		
Basic net income (loss)	$ 1.26	$ 2.14	$ 1.80		
Diluted net income (loss) excluding investment gains (losses)	$ 1.86	$ 1.11	$ 1.46		
Net investment gains (losses):					
Realized from actual transactions	0.15	0.81	0.17		
Unrealized from changes in fair value of equity securities	(0.77)	—	—		
Realized from impairments	$ —	$ —	$ (0.01)		
Diluted net income (loss)	$ 1.24	$ 1.92	$ 1.62		
Cash dividends on common stock	$ 0.7800	$ 1.7600	$ 0.7500		
Book value per share	17.23	17.72	17.16	(2.8)%	3.3%
Common shares outstanding: Average basic	294,248,871	262,114,533	259,429,298	12.3 %	1.0%
Average diluted	301,016,076	299,387,373	296,379,251	0.5 %	1.0%
Actual, end of period	302,714,502	269,238,727	262,719,660	12.4 %	2.5%

Effective January 1, 2018, two significant events transpired that have a bearing on the year-over-year comparability of consolidated pretax and net income. One arises from a rule of the Financial Accounting Standards Board ("FASB") that requires the inclusion of unrealized investment gains or losses emanating from changes in the fair value of equity (but not fixed maturity) securities in the determination of pre and post-tax income. The second relates to a reduction in nominal Federal corporate income tax rates from 35% to 21%. The impact of the 2018 rate change on the reported 2017 and 2016 effective tax rates is discussed at the bottom of this page.

The realization of investment gains or losses can be highly discretionary and can be affected by such randomly occurring factors as the timing of individual securities sales, the recording of estimated losses from write-downs of impaired securities, tax-planning and tax-rate change considerations, and modifications of investment management judgments regarding the direction of securities markets or the future prospects of individual investees or industry sectors. The inclusion, starting in 2018, of securities market-driven changes in equity investments' valuations will most likely produce, as it has in 2018, greater period-to-period fluctuations in reported net income, particularly at times of significant instability or volatility in such markets. This accounting change, however, has no effect, on the determination of such critical elements as current income taxes, debt-to-equity ratios, shareholders' equity, or, most importantly, the conduct of insurance subsidiaries' operations and their ability to pay dividends to the ORI holding company parent.

The Financial Highlights table on the previous page shows the components of consolidated pretax and net income to reflect the impact that total realized and, beginning in 2018, unrealized investment gains or losses of equity securities have on period-to-period comparisons. Management uses income exclusive of all investment gains (losses) to analyze, evaluate, and establish accountability for the results of Old Republic's basic insurance operating performance. Net income, however, is the measure of total profitability according to the tenets of generally accepted accounting principles ("GAAP").

The table on the following page presents the major segmented elements of the Company's financial performance. This reflects: 1) the above-cited significant events for 2018, and 2) the special operating charges for 2017 which consisted of: (a) General insurance claims provisions ($8.0) associated with hurricane claim exposures, (b) additional claim and related expense provisions ($130.0) applicable to final settlements and probable dispositions of all known litigated and other claims costs incurred by the Company's RFIG run-off business during the Great Recession years and their aftermath, (c) charges for additional 2017 estimated employee incentive awards ($32.3), and (d) adjustment of previously estimated life insurance reserves and cost assumptions ($9.5).

In the table on the following page, the amounts shown for: (1) underwriting and related services income (loss) represent net premiums, fees, and other income reduced by claim costs and sales and general expenses; and (2) segmented and consolidated pretax income (loss), excluding investment gains (losses), represent the combination of underwriting and related services income (loss) and net investment income, reduced by interest and other charges.

In general, taxable income stemming from: (a) underwriting and related services, and (b) investments in corporate and federal government debt securities are taxed at the nominal tax rates in effect during the reporting periods, while income emanating from: (c) investments in states' and their subdivisions' debt securities, and (d) dividends from equity securities are taxed at a reduced nominal tax rate. The table below shows the effective consolidated income tax rates which result from application of such nominal or nominally-adjusted tax rates to these various components of taxable income.

		2017		
Years Ended December 31:	2018	As Reported	As Adjusted*	2016
Net income (loss)	15.4 %	22.7 %	31.4%	31.9%
Realized investment gains (losses)	21.1 %	(14.6)%	35.0%	35.0%
Unrealized investment gains (losses)	(21.1)%	N/A	N/A	N/A
Net income (loss) excluding investment gains (losses)	17.4 %	38.1 %	30.0%	31.6%

* In the final quarter of 2017, deferred income tax adjustments were made as required to reflect the lower Federal income tax rates which took effect at the beginning of 2018. The adjustments amounted to a deferred income tax charge of $41.8 applied to income excluding investment gains or losses, and a deferred income tax credit of $104.9 applied to investment gains or losses. The 2017 As Adjusted effective income tax rates in the above table reflect the exclusion of such required adjustments.

Years Ended December 31:	Major Segmented and Consolidated Elements of Income (Loss) 2018	2017	2016	2018 vs. 2017	2017 vs. 2016
Net premiums, fees, and other income:					
General insurance	$3,277.1	$3,110.8	$2,936.3	5.3 %	5.9 %
Title insurance	2,336.1	2,287.2	2,206.6	2.1	3.6
Corporate and other	14.6	18.8	20.1	(22.0)	(6.8)
Other income	121.6	102.2	107.3	18.9	(4.7)
Subtotal	5,749.5	5,519.1	5,270.5	4.2	4.7
RFIG run-off business	75.9	122.9	170.0	(38.2)	(27.7)
Consolidated total	$5,825.5	$5,642.0	$5,440.5	3.3 %	3.7 %
Underwriting and related services income (loss):					
General insurance	$ 91.2	$ 84.3	$ 65.5	8.2 %	28.8 %
Title insurance	185.1	206.7	181.7	(10.5)	13.8
Corporate and other (a)	(21.9)	(28.4)	(17.5)	22.7	(62.5)
Subtotal	254.3	262.6	229.7	(3.2)	14.4
RFIG run-off business	29.7	(95.2)	46.6	131.2	N/M
Consolidated total	$ 284.0	$ 167.3	$ 276.3	69.7 %	(39.4)%
Consolidated composite ratio:					
Claim ratio	43.1%	44.7%	44.0%		
Expense ratio	51.6	52.0	50.6		
Composite ratio	94.7%	96.7%	94.6%		
Net investment income:					
General insurance	$ 341.0	$ 318.9	$ 312.1	6.9 %	2.2 %
Title insurance	38.8	37.3	36.2	4.2	3.1
Corporate and other	31.7	31.4	15.4	1.2	103.4
Subtotal	411.7	387.7	363.8	6.2	6.6
RFIG run-off business	20.1	21.7	23.2	(7.2)	(6.4)
Consolidated total	$ 431.8	$ 409.4	$ 387.0	5.5 %	5.8 %
Interest and other charges:					
General insurance	$ 68.3	$ 62.9	$ 57.6		
Title insurance	4.6	6.9	7.6		
Corporate and other (b)	(30.6)	(6.9)	(15.0)		
Subtotal	42.2	63.0	50.2		
RFIG run-off business	—	—	—		
Consolidated total	$ 42.2	$ 63.0	$ 50.2	(33.0)%	25.5 %
Segmented and consolidated pretax income (loss) excluding investment gains (losses):					
General insurance	$ 363.9	$ 340.3	$ 319.9	6.9 %	6.4 %
Title insurance	219.3	237.1	210.2	(7.5)	12.8
Corporate and other	40.4	9.9	13.0	N/M	(24.1)
Subtotal	623.8	587.3	543.3	6.2	8.1
RFIG run-off business	49.9	(73.5)	69.8	167.9	(205.4)
Consolidated pretax income (loss) excluding investment gains (losses)	673.7	513.8	613.1	31.1 %	(16.2)%
Income taxes (credits) on above (c)	117.2	195.7	193.5		
Net income (loss) excluding investment gains (losses)	556.4	318.0	419.6		
Consolidated pretax investment gains (losses):					
Realized from actual transactions	58.2	211.6	77.8		
Unrealized from changes in fair value of equity securities	(293.8)	—	—		
Realized from impairments	—	—	(4.9)		
Consolidated realized and unrealized investment gains (losses)	(235.6)	211.6	72.8		
Income taxes (credits) on investment gains (losses) (c)	(49.6)	(30.8)	25.5		
Net of tax investment gains (losses)	(185.9)	242.4	47.3		
Net income (loss)	$ 370.5	$ 560.5	$ 466.9		
Net operating cash flows:					
Consolidated	$ 760.5	$ 452.8	$ 637.3	68.0 %	(29.0)%
Exclusive of RFIG run-off business	$ 837.0	$ 765.3	$ 739.8	9.4 %	3.4 %

(a) Includes general administrative expenses. / (b) Includes net external and internal debt interest costs and consolidation/elimination entries. / (c) See the table at the bottom of the previous page for information about year-end 2017 deferred tax adjustments.

General Insurance Segment Results - The table below reflects the major elements affecting this segment's financial performance for the periods shown.

	General Insurance Business Segment				
				% Change	
				2018	2017
Years Ended December 31:	2018	2017	2016	vs. 2017	vs. 2016
Net premiums earned	$ 3,277.1	$ 3,110.8	$ 2,936.3	5.3%	5.9%
Net investment income	341.0	318.9	312.1	6.9	2.2
Other income	121.3	101.8	106.2	19.1	(4.1)
Operating revenues	3,739.4	3,531.6	3,354.7	5.9	5.3
Claim costs (a)	2,365.8	2,234.4	2,143.1	5.9	4.3
Sales and general expenses	941.3	893.8	833.9	5.3	7.2
Interest and other costs	68.3	62.9	57.6	8.5	9.2
Operating expenses	3,375.5	3,191.3	3,034.7	5.8	5.2
Segmented pretax operating income (loss) (b)	$ 363.9	$ 340.3	$ 319.9	6.9%	6.4%
Claim ratio	72.2%	71.8%	73.0%		
Expense ratio	25.0	25.5	24.8		
Composite ratio	97.2%	97.3%	97.8%		

(a) General insurance pretax results for the year ended December 31, 2017 include hurricane-related claim costs of $8.0.
(b) In connection with the run-off mortgage guaranty ("MI") and consumer credit indemnity ("CCI") combination, $3.8, ($121.1) and ($33.8) of pretax operating income (loss) for 2018, 2017, and 2016, respectively, were retained by certain general insurance companies pursuant to various quota share and stop loss reinsurance agreements. All of these amounts, however, have been reclassified such that 100% of the CCI run-off business is reported in the RFIG run-off segment.

With few exceptions, 2018 earned premiums grew for most types of coverages and markets served. The cumulative effects of recent years' and ongoing premium rate increases for several insurance products, along with new business production were main contributors to premium growth. The greater premium levels stemmed principally from commercial automobile (trucking), national accounts, executive indemnity and auto warranties. Positive earned premium trends throughout 2017 were unevenly distributed among various insurance coverages and sources of business. Gains were registered most prominently in commercial automobile (trucking), risk management and national accounts, and home and auto warranty. On the other hand, premium growth was constrained by low volume in a large account contractors book of business faced with a particularly competitive market place, and by reduced opportunities in gas and oil energy services and several smaller industry sectors. Premium volume from the new underwriting facility established in early 2015 also added measurably to earned premiums in all three years. Net investment income gained in the context of a slightly higher invested asset base and relatively stable yield environment.

As the table below indicates, claim ratios have been on a fairly consistent downtrend during the past five years. The improvement has arisen from slightly lower estimates of current accident years' claim provisions, and by the lessening impacts from developments of prior years' reserve estimates. The claim ratio increase in 2018 resulted from recurring fiscal twelve month reserve evaluations of current and prior years' developing claim experience. Substantially all of this increase stemmed from the past decade's new books of business that are subject to ongoing adjustments to the underwriting and claim management processes. 2017's unfavorable developments were concentrated in the Company's largest insurance coverages of workers' compensation and general liability which were partially offset by favorable development trends in commercial automobile (trucking).

	Reported Claim Ratio	Effect of Prior Periods' (Favorable)/ Unfavorable Claim Reserves Development	Claim Ratio Excluding Prior Periods' Claim Reserves Development
2014	77.9%	3.9%	74.0%
2015	74.1	1.5	72.6
2016	73.0	0.3	72.7
2017	71.8	0.7	71.1
2018	72.2%	—%	72.2%

As the above table shows, year-over-year operating expenses have remained aligned with earned premiums trends.

Quarterly and even annual claim provisions and the trends they display may not be particularly meaningful indicators of future outcomes for Old Republic's liability-oriented mix of business. Absent significant economic and insurance industry dislocations in the foreseeable future, it is currently anticipated that reported claim ratios can be expected to fall within targeted averages in the high 60 to low 70 percent range. The current mix of business should reflect an expense ratio ranging between 23 and 25 percent. The expense ratio for 2017 was slightly above this long-term operating objective due to additional charges for estimated employee incentive awards. The slightly higher sales and general expense ratio in 2016 resulted mostly from greater costs incurred in the above-noted underwriting facility, additional litigation cost provisions in the year's second quarter, and by a slightly different premium mix and attendant production costs associated with the business' responses to recurring changes in insurance market conditions and opportunities.

Title Insurance Segment Results - The table below reflects the major elements affecting this segment's financial performance for the periods shown.

	Title Insurance Business Segment				
				% Change	
Years Ended December 31:	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
Net premiums and fees earned	$ 2,336.1	$ 2,287.2	$ 2,206.6	2.1 %	3.6%
Net investment income	38.8	37.3	36.2	4.2	3.1
Other income	0.3	0.5	1.2	N/M	(56.4)
Operating revenues	2,375.4	2,325.0	2,244.1	2.2	3.6
Claim costs	48.3	20.8	84.3	131.7	(75.3)
Sales and general expenses	2,103.0	2,060.1	1,941.8	2.1	6.1
Interest and other costs	4.6	6.9	7.6	(33.9)	(8.6)
Operating expenses	2,156.0	2,087.9	2,033.8	3.3	2.7
Segmented pretax operating income (loss)	$ 219.3	$ 237.1	$ 210.2	(7.5)%	12.8%
Claim ratio	2.1%	0.9%	3.8%		
Expense ratio	90.0	90.0	87.9		
Composite ratio	92.1%	90.9%	91.7%		

2018 year-over-year comparison of revenues from title premiums and fees reflect a slowdown in housing and mortgage lending activity during the year. The continuation of a generally positive mortgage rate environment and reasonably strong housing and commercial property markets were major factors in the year-over-year gain in premiums and fees for 2017. By contrast, claim costs for 2018 trended higher as favorable development of prior years' claim reserve estimates edged down. Claim costs for the prior periods were trending lower in the face of declining claims activity since the Great Recession years. The following table shows recent annual claim ratios and the effect of claim development trends:

	Reported Claim Ratio	Effect of Prior Periods' (Favorable)/ Unfavorable Claim Reserves Development	Claim Ratio Excluding Prior Periods' Claim Reserves Development
2014	5.2%	(0.8)%	6.0%
2015	4.9	(0.6)	5.5
2016	3.8	(1.1)	4.9
2017	0.9	(3.3)	4.2
2018	2.1%	(2.0)%	4.1%

Net investment income is reflective of both a relatively stable invested asset base and investment yield environment. The operating expense ratio for the periods reported upon has remained aligned with revenues from premiums and fees.

RFIG Run-off Segment Results - The table below reflects the major elements affecting this segment's financial performance for the periods shown.

	RFIG Run-off Business Segment				
				% Change	
Years Ended December 31:	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
A. Mortgage Insurance (MI)					
Net premiums earned	$ 74.4	$ 109.8	$ 154.1	(32.3)%	(28.7)%
Net investment income	19.2	20.4	22.0	(5.9)	(7.4)
Claim costs (a)	32.1	63.3	52.5	(49.2)	20.4
MI pretax operating income (loss)	$ 46.7	$ 48.9	$ 105.0	(4.5)%	(53.5)%
Claim ratio (a)	43.2%	57.6%	34.1%		
Expense ratio	20.0	16.5	12.0		
Composite ratio	63.2%	74.1%	46.1%		
B. Consumer Credit Insurance (CCI)					
Net premiums earned	$ 1.5	$ 13.0	$ 15.8	(88.3)%	(17.8)%
Net investment income	0.8	1.2	1.1	(29.6)	12.0
Claim costs (a)	(2.2)	134.5	50.0	(101.7)	168.7
CCI pretax operating income (loss) (b)	$ 3.2	$ (122.4)	$ (35.2)	102.6 %	(247.1)%
Claim ratio (a)	N/M	N/M	315.9%		
Expense ratio	N/M	N/M	13.9		
Composite ratio	N/M	N/M	329.8%		
C. Total MI and CCI run-off business					
Net premiums earned	$ 75.9	$ 122.9	$ 170.0	(38.2)%	(27.7)%
Net investment income	20.1	21.7	23.2	(7.2)	(6.4)
Claim costs (a)	29.9	197.8	102.6	(84.9)	92.7
Segmented pretax operating income (loss) (b)	$ 49.9	$ (73.5)	$ 69.8	167.9 %	(205.4)%
Claim ratio (a)	39.4%	160.9%	60.4%		
Expense ratio	21.5	16.6	12.2		
Composite ratio	60.9%	177.5%	72.6%		

(a) RFIG run-off pretax results for the year ended December 31, 2017 include additional claim and related expense provisions of $130.0 applicable to the final settlements and probable dispositions of all known litigated and other claim costs incurred by the Company's run-off Financial Indemnity business during the Great Recession years and their aftermath. Of the total charge, $23.0 related to mortgage guaranty claim costs, and $107.0 was attributable to additional claim provisions in the consumer credit indemnity run-off business.

(b) In connection with the run-off mortgage guaranty ("MI") and consumer credit indemnity ("CCI") combination, $3.8, ($121.1), and ($33.8) of pretax operating income (loss) for 2018, 2017, and 2016, respectively, were retained by certain general insurance companies pursuant to various quota share and stop loss reinsurance agreements. All of these amounts, however, have been reclassified such that 100% of the CCI run-off business is reported in the RFIG run-off segment.

Pretax operating results of the run-off MI and CCI business reflect the expected, continuing drop in net earned premiums from declining risk in force. For the CCI coverage in particular, the much lower premiums in 2018 resulted mostly from the 2017 elimination of a major bank business relationship which had been a significant source of both earned premiums and substantially higher litigated claim costs.

The ratios of MI incurred claim costs to earned premiums were reduced by 27.0, 38.3 and 39.8 percentage points for 2018, 2017 and 2016, respectively. In each instance, the reductions reflect favorable developments of prior years' claim reserves. MI claim costs for 2017, however, had risen most significantly due to third quarter additional claim provisions of $23.0 which added 20.9 percentage points to the claim ratio for the year.

The much more favorable CCI claim ratios for 2018 reflect the absence of the aforementioned litigation-induced claim costs and favorable development of previously established claim reserves. During 2017's third quarter, additional claim provisions in the amount of $107.0 were made to cover the final settlements and probable dispositions of all known litigated and other claim costs incurred during the Great Recession and its aftermath.

Corporate and Other Operating Results - The combination of a small life and accident insurance business and the net costs associated with the parent holding company and its internal corporate services subsidiaries usually produce highly variable results. Earnings variations stem from volatility inherent to the small scale of the life and accident insurance line, net investment income, and net interest charges (credits) pertaining to external and intra-system financing arrangements. Full year 2018 results were enhanced by the elimination of interest costs related to outstanding external debt converted into ORI common stock in March 2018. Additionally, year-over-year comparisons were particularly affected by a charge of $9.5 resulting from a fourth quarter 2017 review and update of previously established estimates of future interest rates, mortality, and persistency in largely inactive life insurance products. The interplay of these various elements is summarized in the following table:

	Corporate and Other Operations		
Years Ended December 31:	2018	2017	2016
Net life and accident premiums earned	$ 14.6	$ 18.8	$ 20.1
Net investment income	31.7	31.4	15.4
Other operating income	(0.1)	(0.1)	(0.1)
Operating revenues	46.3	50.1	35.4
Claim costs	16.7	25.8	17.7
Insurance expenses	4.8	8.2	7.8
Corporate, interest and other expenses - net	(15.6)	6.1	(3.2)
Operating expenses	5.9	40.2	22.4
Corporate and other pretax operating income	$ 40.4	$ 9.9	$ 13.0

Summary Consolidated Balance Sheet - The following table shows Old Republic's consolidated financial position at the dates shown.

	December 31,		
	2018		2017
Assets:			
Cash and fixed maturity securities	$ 9,683.0		$ 10,145.9
Equity securities	3,380.9		3,265.5
Other invested assets	123.4		124.9
Cash and invested assets	13,187.4		13,536.4
Accounts and premiums receivable	1,499.4		1,469.7
Federal income tax recoverable: Current	16.8		—
Prepaid federal income taxes	129.8		114.3
Reinsurance balances recoverable	3,484.5		3,371.8
Sundry assets	1,008.9		911.1
Total	$ 19,327.1		$ 19,403.5
Liabilities and Shareholders' Equity:			
Policy liabilities	$ 2,303.5		$ 2,176.3
Claim reserves	9,471.2		9,237.6
Federal income tax payable: Current	—		6.5
Deferred	10.3		100.5
Debt	981.4		1,448.7
Sundry liabilities	1,414.2		1,700.5
Shareholders' equity	5,146.2	(a)	4,733.3
Total	$ 19,327.1		$ 19,403.5

(a) Reflects the completed conversion of the 3.75% convertible senior notes into ORI common stock in March, 2018.

Cash, Invested Assets, and Shareholders' Equity - The table below shows Old Republic's consolidated cash and invested assets as well as the shareholders' equity balance at the dates shown.

	Cash, Invested Assets, and Shareholders' Equity				
				% Change	
As of December 31:	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
Cash and invested assets:					
Available for sale fixed maturity securities, cash and other invested assets, carried at fair value	$ 8,761.7	$ 9,203.4	$ 9,124.9	(4.8)%	0.9%
Equity securities, carried at fair value	3,380.9	3,265.5	2,896.1	3.5	12.8
Held to maturity, carried at amortized cost	1,044.8	1,067.4	974.8	(2.1)	9.5
Total per balance sheet	$13,187.4	$13,536.4	$12,995.8	(2.6)%	4.2%
Total at original cost for all	$12,950.6	$12,783.4	$12,360.3	1.3 %	3.4%
Shareholders' equity: Total	$ 5,146.2	$ 4,733.3	$ 4,460.6	8.7 %	6.1%
Per common share	$ 17.23	$ 17.72	$ 17.16	(2.8)%	3.3%
Composition of shareholders' equity per share:					
Equity before items below	$ 17.04	$ 16.26	$ 15.92	4.8 %	2.1%
Unrealized investment gains (losses) and other accumulated comprehensive income (loss)	0.19	1.46	1.24		
Total	$ 17.23	$ 17.72	$ 17.16	(2.8)%	3.3%
Segmented composition of shareholders' equity per share:					
Excluding run-off segment	$ 15.73	$ 16.14	$ 15.89	(2.5)%	1.6%
RFIG run-off segment	1.50	1.58	1.27		
Consolidated total	$ 17.23	$ 17.72	$ 17.16	(2.8)%	3.3%

Old Republic's invested assets portfolio is directed in consideration of enterprise-wide risk management objectives. Most importantly, these are intended to ensure solid funding of the insurance subsidiaries' long-term obligations to policyholders and other beneficiaries, as well as the long-term stability of the subsidiaries' capital accounts. To this end, the investment portfolio contains no significant insurance risk-correlated asset exposures to real estate, mortgage-backed securities, collateralized debt obligations ("CDO's"), derivatives, hybrid securities, or illiquid private equity and hedge fund investments. Moreover, the Company does not engage in hedging or securities lending transactions, nor does it invest in securities whose values are predicated on non-regulated financial instruments exhibiting amorphous or unfunded counter-party risk attributes.

As of December 31, 2018, the consolidated investment portfolio reflected an allocation of approximately 74% to fixed-maturity and short-term investments, and 26% to high quality, dividend-paying equity securities. The asset quality of the fixed maturity portfolio has remained at high levels.

Changes in shareholders' equity per share are reflected in the following table. As shown, these resulted mostly from net income, dividend payments to shareholders, and changes in the value of invested assets carried at fair value.

	Shareholders' Equity Per Share		
	December 31,		
	2018	2017	2016
Beginning balance	$ 17.72	$ 17.16	$ 14.98
Changes in shareholders' equity:			
Net income (loss) excluding net investment gains (losses)	1.89	1.21	1.62
Net of tax realized investment gains (losses):			
From actual transactions	0.16	0.53	0.19
From impairments	—	—	(0.01)
From revaluation of deferred taxes	—	0.40	—
Subtotal	0.16	0.93	0.18
Net of tax unrealized investment gains (losses) on securities carried at fair value:			
Reported in net income (loss)	(0.79)	—	—
Reported as other comprehensive income (loss)	(0.59)	0.28	1.12
Subtotal	(1.38)	0.28	1.12
Total net of tax realized and unrealized investment gains (losses)	(1.22)	1.21	1.30
Cash dividends (a)	(0.7800)	(1.7600)	(0.7500)
Debt conversion, stock issuance, and other transactions	(0.38)	(0.10)	0.01
Net change	(0.49)	0.56	2.18
Ending balance	$ 17.23	$ 17.72	$ 17.16
Percentage change for the period	(2.8)%	3.3%	14.6%

(a) Full year 2017 includes a special cash dividend of $1.00 per share.

Capitalization - The following table shows the components of ORI's total capitalization. The most significant change during the year ended December 31, 2018 pertains to the completed conversion of the 3.75% convertible senior notes into ORI common stock in March 2018.

	Capitalization		
	December 31,		
	2018	2017	2016
Debt:			
3.75% Convertible Senior Notes due 2018	$ —	$ 470.6	$ 547.8
4.875% Senior Notes due 2024	396.8	396.2	395.6
3.875% Senior Notes due 2026	545.7	545.1	544.6
ESSOP debt	—	4.2	8.1
Other miscellaneous debt	38.8	32.4	32.4
Total debt	981.4	1,448.7	1,528.7
Common shareholders' equity	5,146.2	4,733.3	4,460.6
Total capitalization	$ 6,127.6	$ 6,182.0	$ 5,989.4
Capitalization ratios:			
Debt	16.0%	23.4%	25.5%
Common shareholders' equity	84.0	76.6	74.5
Total	100.0%	100.0%	100.0%

This section of the Management Analysis of Financial Position and Results of Operations is additive to and should be read in conjunction with the Executive Summary which precedes it.

CRITICAL ACCOUNTING ESTIMATES

The Company's annual financial statements incorporate a large number and types of estimates relative to matters which are highly uncertain at the time the estimates are made. The estimation process required of an insurance enterprise such as Old Republic is by its very nature highly dynamic inasmuch as it necessitates a continuous evaluation, analysis, and quantification of factual data as it becomes known to the Company. As a result, actual experienced outcomes can differ from the estimates made at any point in time and thus affect future periods' reported revenues, expenses, net income or loss, and financial condition.

Old Republic believes that its most critical accounting estimates relate to: a) the determination of other-than-temporary impairments ("OTTI") in the value of investments; b) the valuation of deferred income tax assets; c) the recoverability of reinsured paid and/or outstanding losses; and d) the establishment of reserves for losses and loss adjustment expenses. The major assumptions and methods used in setting these estimates are discussed in the pertinent sections of this Management Analysis and are summarized as follows:

(a) Other-than-temporary impairments in the value of investments:

The Company completes a detailed analysis each quarter to assess whether the decline in the value of any fixed maturity (and prior to 2018, any equity security) investment below its cost basis is deemed other-than-temporary. All securities in an unrealized loss position are reviewed. Prior to 2018, absent issuer-specific circumstances that would result in a contrary conclusion, any equity security with any unrealized investment loss amounting to a 20% or greater decline consecutively during a six month period was considered OTTI. The decline in value of a security deemed OTTI is included as a realized investment loss in the determination of net income and a new cost basis is established for financial reporting purposes.

The Company recognized no OTTI adjustments for the years ended December 31, 2018 and 2017, but $4.9 was recognized in 2016.

(b) The valuation of deferred income tax assets

The Company uses the asset and liability method of calculating deferred income taxes. This method results in the establishment of deferred tax assets and liabilities calculated at currently enacted tax rates that are applicable to the cumulative temporary differences between the financial statement and tax bases of assets and liabilities. Deferred income tax assets are reduced by a valuation allowance when management determines that it is more likely than not that some, or all, of the deferred tax assets will not be realized. At December 31, 2018, 2017 and 2016, the net deferred tax asset (liability) was $(10.3), $(100.5), and $(42.6), respectively. In valuing the gross deferred tax assets, Old Republic considered certain factors including primarily the scheduled reversals of certain deferred tax liabilities, the impact of available carry back and carry forward periods, estimates of future taxable income, and its ability to exercise prudent and feasible tax planning strategies. See Note 1(j) of the Notes to Consolidated Financial Statements for further discussion of the Company's consolidated income tax balances.

(c) The recoverability of reinsured paid and/or outstanding losses

Assets consisting of gross paid losses recoverable from assuming reinsurers, and balance sheet date reserve estimates similarly recoverable in future periods as gross losses are settled and paid, are established at the same time as the gross losses are paid or recorded as reserves. Accordingly, these assets are subject to the same estimation processes and valuations as the related gross amounts as is discussed below. As of the three most recent year ends, paid and outstanding reinsurance recoverable balances ranged between 30.7% and 32.3% and averaged 31.8% of the related gross reserves. See Part I, Item 1(d) for further discussion regarding recoverability of the Company's reinsurance balances.

(d) The reserves for losses and loss adjustment expenses

As discussed in pertinent sections of this management analysis, the reserves for losses and related loss adjustment expenses are based on a wide variety of factors and calculations. Among these the Company believes the most critical are:

- The establishment of expected claim ratios for at least the two to five most recent accident years, particularly for so-called long-tail coverages as to which information about covered losses emerges and becomes more accurately quantifiable over long periods of time. Long-tail coverages generally include workers' compensation, commercial automobile (trucking) liability, general liability, errors and omissions and directors and officers' liability, as well as title insurance. Gross loss reserves related to such long-tail coverages ranged between 91.1% and 95.0%, and averaged 93.3% of gross consolidated claim reserves as of the three most recent year ends. Net of reinsurance recoverables, such reserves ranged between 89.0% and 94.8% and averaged 92.3% as of the same dates.

- Loss trend factors that are considered when establishing the above noted expected claim ratios. These factors take into account such variables as judgments and estimates relative to premium rate trends and adequacy, current and expected interest rates, current and expected social and economic inflation trends, and insurance industry statistical claim trends.

- Loss development factors, expected claim rates and average claim costs, all of which are based on Company and/or industry statistics may also be used to project reported and unreported losses for each accounting period.

Consolidated claim costs developed favorably in the three most recent calendar years. This development had the consequent effect of reducing consolidated annual loss costs for the three most recent years within a range of 3.1% and 5.9%, or by an average of approximately 4.2% per annum. As a percentage of each of these years' consolidated earned premiums and fees, the favorable developments have ranged between 1.4% and 2.8%, and have averaged 1.9%. The variances in prior years' positive or negative claim developments are further discussed within the Incurred Loss Experience section of this document.

In all the above regards the Company anticipates that future periods' financial statements will continue to reflect changes in estimates. As in the past such changes generally result from altered circumstances, the continuum of newly emerging information and its effect on past assumptions and judgments, the effects of securities markets valuations, and changes in inflation rates and future economic conditions beyond the Company's control. As a result, Old Republic cannot predict, quantify, or guaranty the likely impact that probable changes in estimates will have on its future financial condition or results of operations.

FINANCIAL POSITION

The Company's financial position at December 31, 2018 reflected decreases in assets and liabilities of .4% and 3.3%, respectively, and an increase in common shareholders' equity of 8.7% when compared to the immediately preceding year-end. Cash and invested assets represented 68.2% and 69.8% of consolidated assets as of December 31, 2018 and 2017, respectively. As of year-end 2018, the cash and invested asset base decreased by 2.6% to $13,187.4.

Investments - During 2018 and 2017, the Company committed the majority of investable funds to short to intermediate-term fixed maturity securities and higher yielding publicly traded large capitalization equity securities. At both December 31, 2018 and 2017, approximately 99% of the Company's investments consisted of marketable securities. Old Republic continues to adhere to its long-term policy of investing primarily in investment grade, marketable securities. The investment portfolio contains no significant insurance risk-correlated asset exposures to real estate, mortgage-backed securities, collateralized debt obligations ("CDO's"), derivatives, hybrid securities, or illiquid private equity and hedge fund investments. Moreover, the Company does not engage in hedging or securities lending transactions, nor does it invest in securities whose values are predicated on non-regulated financial instruments exhibiting amorphous or unfunded counter-party risk attributes. At December 31, 2018, the Company had no fixed maturity investments in default as to principal and/or interest.

Short-term maturity investment positions reflect a large variety of seasonal and intermediate-term factors including current operating needs, expected operating cash flows, seasonality of quarterly cash flow, debt maturities, and investment strategy considerations. Accordingly, the future level of short-term investments will vary and respond to the interplay of these factors and may, as a result, increase or decrease from current levels.

The Company does not own or utilize derivative financial instruments for the purpose of hedging, enhancing the overall return of its investment portfolio, or reducing the cost of its debt obligations. With regard to its equity portfolio, the Company does not own any options nor does it engage in any type of option writing. Traditional investment management tools and techniques are employed to address the yield and valuation exposures of the invested assets base. The long-term fixed maturity investment portfolio is managed so as to limit various risks inherent in the bond market. Credit risk is addressed through asset diversification and the purchase of investment grade securities. Reinvestment rate risk is reduced by concentrating on non-callable issues, and by taking asset-liability matching considerations into account. Purchases of mortgage and asset backed securities, which have variable principal prepayment options, are generally avoided. Market value risk is limited through the purchase of bonds of intermediate maturity. The combination of these investment management practices is expected to produce a more stable long-term fixed maturity investment portfolio that is not subject to extreme interest rate sensitivity and principal deterioration.

The fair value of the Company's long-term fixed maturity investment portfolio is sensitive, however, to fluctuations in the level of interest rates, but not materially affected by changes in anticipated cash flows caused by any prepayments. The impact of interest rate movements on the long-term fixed maturity investment portfolio generally affects net unrealized gains or losses. As a general rule, rising interest rates enhance currently available yields but typically lead to a reduction in the fair value of existing fixed maturity investments. By contrast, a decline in such rates reduces currently available yields but usually serves to increase the fair value of the existing fixed maturity investment portfolio. All such changes in fair value of available for sale securities are reflected, net of deferred income taxes, directly in the shareholders' equity account, and as a separate component of the statement of comprehensive income. Fixed maturity securities classified as held to maturity are carried at amortized cost, and therefore, fluctuations in unrealized gains and losses do not impact shareholders' equity. Given the Company's inability to forecast or control the movement of interest rates, Old Republic sets the maturity spectrum of its fixed maturity securities portfolio within parameters of estimated liability payouts, and focuses the overall portfolio on high quality investments. By so doing, Old Republic believes it is reasonably assured of its ability to hold securities to maturity as it may deem necessary in changing environments, and of ultimately recovering their aggregate cost.

Possible future declines in fair values for Old Republic's available for sale fixed maturity portfolio would negatively affect the common shareholders' equity account at any point in time, but would not necessarily result in the recognition of realized investment losses. The status and fair value changes of each of the fixed maturity (and prior to 2018, its equity security) investments are reviewed at least once per quarter during the year, and estimates of other-than-temporary impairments in the portfolio's value are evaluated and established at each quarterly balance sheet date. In reviewing investments for other-than-temporary impairment, the Company, in addition to a security's market price history, considers the totality of such factors as the issuer's operating results, financial condition and liquidity, its ability to access capital markets, credit rating trends, most current audited financial statements, industry and securities markets conditions, and analyst expectations to reach its conclusions. Sudden fair value declines caused by such adverse developments as newly emerged or imminent bankruptcy filings, issuer default on significant obligations, or reports of financial accounting developments that bring into question the validity of the issuer's previously reported earnings or financial condition, are recognized as realized losses as soon as credible publicly available information emerges to confirm such developments. Prior to 2018, absent issuer-specific circumstances that would result in a contrary conclusion, any equity security with an unrealized investment loss amounting to a 20% or greater decline consecutively during a six month period was considered other-than-temporarily-impaired. In the event the Company's estimate of other-than-temporary impairments is insufficient at any point in time, future periods' net income (loss) would be affected adversely by the recognition of additional impairment losses, but its financial condition would not necessarily be affected adversely inasmuch as such losses, or a portion of them, could have been recognized previously as unrealized losses in shareholders' equity.

The following tables show certain information relating to the Company's fixed maturity and equity portfolios as of the dates shown:

Credit Quality Ratings of Fixed Maturity Securities (a)

December 31:	2018	2017
Aaa	20.9%	21.6%
Aa	12.8	12.9
A	31.5	31.8
Baa	29.1	27.5
Total investment grade	94.3	93.8
All other (b)	5.7	6.2
Total	100.0%	100.0%

(a) Credit quality ratings referred to herein are a blend of those assigned by the major credit rating agencies for U.S. and Canadian Governments, Agencies, Corporates and Municipal issuers, which are converted to the above ratings classifications.
(b) "All other" includes non-investment grade or non-rated issuers.

Gross Unrealized Losses Stratified by Industry Concentration for Non-Investment Grade Fixed Maturity Securities

December 31, 2018	Amortized Cost	Gross Unrealized Losses
Fixed Maturity Securities by Industry Concentration:		
Energy	$ 182.7	$ 18.8
Health Care	44.1	5.3
Basic Industry	44.1	2.6
Industrial	76.1	2.4
Other (includes 6 industry groups)	129.0	4.9
Total	$ 476.1 (c)	$ 34.2

(c) Represents 5.1% of the total fixed maturity portfolio.

Gross Unrealized Losses Stratified by Industry Concentration for Investment Grade Fixed Maturity Securities

December 31, 2018	Amortized Cost		Gross Unrealized Losses
Fixed Maturity Securities by Industry Concentration:			
Utilities	$ 864.9		$ 18.7
U.S. Government & Agencies	1,119.3		15.4
Municipals	693.5		13.7
Industrial	536.7		13.2
Other (includes 17 industry groups)	2,783.3		57.6
Total	$ 5,997.8	(d)	$ 118.8

(d) Represents 64.3% of the total fixed maturity portfolio.

Gross Unrealized Losses Stratified by Industry Concentration for Equity Securities

December 31, 2018	Cost		Gross Unrealized Losses	
Equity Securities by Industry Concentration:				
Energy	$ 386.7		$ 60.2	
Consumer Non Durable	268.9		52.5	
Technology	76.6		19.8	
Telecom	135.8		18.9	
Other (includes 7 industry groups)	286.5		23.9	
Total	$ 1,154.8	(e)	$ 175.4	(f)

(e) Represents 38.0% of the total equity portfolio.
(f) Represents 5.8% of the cost of the total equity portfolio, while gross unrealized gains represent 17.0% of the equity portfolio.

Gross Unrealized Losses Stratified by Maturity Ranges for All Fixed Maturity Securities

	Amortized Cost of Fixed Maturity Securities		Gross Unrealized Losses	
December 31, 2018	All	Non-Investment Grade Only	All	Non-Investment Grade Only
Maturity Ranges:				
Due in one year or less	$ 371.3	$ 5.9	$ 2.1	$ —
Due after one year through five years	3,219.3	273.3	61.0	14.6
Due after five years through ten years	2,859.3	188.4	88.4	18.6
Due after ten years	24.0	8.5	1.4	.8
Total	$ 6,474.0	$ 476.1	$ 153.0	$ 34.2

Gross Unrealized Losses Stratified by Duration and Amount of Unrealized Losses for All Fixed Maturity Securities

December 31, 2018	Amount of Gross Unrealized Losses: Less than 20% of Cost	20% to 50% of Cost	More than 50% of Cost	Total Gross Unrealized Loss
Number of Months in Unrealized Loss Position:				
Fixed Maturity Securities:				
One to six months	$ 46.8	$ 5.2	$ —	$ 52.0
Seven to twelve months	35.3	1.3	—	36.6
More than twelve months	58.1	6.1	—	64.3
Total	$ 140.2	$ 12.7	$ —	$ 153.0
Number of Issues in Unrealized Loss Position:				
Fixed Maturity Securities:				
One to six months	530	2	—	532
Seven to twelve months	321	1	—	322
More than twelve months	478	2	—	480
Total	1,329	5	—	1,334 (g)

(g) At December 31, 2018 the number of issues in an unrealized loss position represent 68.1% of the total number of such fixed maturity issues held by the Company.

The aging of issues with unrealized losses employs balance sheet date fair value comparisons with an issue's cost. The percentage reduction from such cost reflects the decline as of a specific point in time (December 31, 2018 in the above table) and, accordingly, is not indicative of a security's value having been consistently below its cost at the percentages shown nor throughout the periods shown.

Age Distribution of Fixed Maturity Securities

December 31:	2018	2017
Maturity Ranges:		
Due in one year or less	7.0%	9.2%
Due after one year through five years	51.6	45.5
Due after five years through ten years	40.7	44.1
Due after ten years through fifteen years	.6	1.0
Due after fifteen years	.1	.2
Total	100.0%	100.0%
Average Maturity in Years	4.5	4.7
Duration (h)	4.1	4.2

(h) Duration is used as a measure of bond price sensitivity to interest rate changes. A duration of 4.1 as of December 31, 2018 implies that a 100 basis point parallel increase in interest rates from current levels would result in a possible decline in the fair value of the long-term fixed maturity investment portfolio of approximately 4.1%.

Composition of Unrealized Gains (Losses)

December 31:	2018	2017
Available for Sale Fixed Maturity Securities:		
Amortized cost	$ 8,285.0	$ 8,162.2
Estimated fair value	8,182.8	8,282.3
Net unrealized gains (losses)	$ (102.1)	$ 120.0
Components of net unrealized gains (losses):		
Gross unrealized gains	$ 37.1	$ 147.4
Gross unrealized losses	(139.2)	(27.3)
Net unrealized gains (losses)	$ (102.1)	$ 120.0
Equity Securities:		
Original cost	$ 3,039.1	$ 2,629.9
Estimated fair value	3,380.9	3,265.5
Net unrealized gains (losses)(i)	$ 341.8	$ 635.6
Components of net unrealized gains (losses):		
Gross unrealized gains	$ 517.3	$ 658.8
Gross unrealized losses	(175.4)	(23.2)
Net unrealized gains (losses)(i)	$ 341.8	$ 635.6

(i) Effective January 1, 2018, unrealized gains and losses from changes in fair value of equity securities are included in total realized and unrealized investment gains (losses) in the consolidated statements of income.

Other Assets - Among other major assets, substantially all of the Company's receivables are not past due. Reinsurance recoverable balances on paid or estimated unpaid losses are deemed recoverable from solvent reinsurers or have otherwise been reduced by allowances for estimated amounts unrecoverable. Deferred policy acquisition costs are estimated by taking into account the direct costs relating to the successful acquisition of new or renewal insurance contracts and evaluating their recoverability on the basis of recent trends in claims costs. The Company's deferred policy acquisition cost balances have not fluctuated substantially from period-to-period, and do not represent significant percentages of assets or shareholders' equity.

Liquidity - The parent holding company meets its liquidity and capital needs principally through dividends and interest on intercompany financing arrangements paid by its subsidiaries. The insurance subsidiaries' ability to pay cash dividends to the parent company is generally restricted by law or subject to approval of the insurance regulatory authorities of the states in which they are domiciled. The Company can receive up to $507.8 in dividends from its subsidiaries in 2019 without the prior approval of regulatory authorities. The liquidity achievable through such permitted dividend payments is considered sufficient to cover the parent holding company's currently expected cash outflows represented mostly by interest and scheduled repayments on outstanding debt, reasonably anticipated cash dividend payments to shareholders, modest operating expenses, and the near-term capital needs of its operating company subsidiaries.

Capitalization - Old Republic's total capitalization of $6,127.6 at December 31, 2018 consisted of debt of $981.4 and common shareholders' equity of $5,146.2. Changes in the common shareholders' equity account reflect primarily net income for the year then ended, changes in the fair value of fixed maturity securities, dividend payments and the conversion of all the 2018 Convertible Senior Notes into the Company's common stock.

Old Republic has paid a cash dividend without interruption since the World War II year of 1942 (77 years), and it has raised the regular annual cash dividend payment for each of the past 37 years. The dividend rate is reviewed and approved by the Board of Directors on a quarterly basis each year. In establishing each year's cash dividend rate the Company does not follow a strict formulaic approach. Rather, it favors a gradual rise in the annual dividend rate that is largely reflective of long-term consolidated operating earnings trends. Accordingly, each year's dividend rate is set judgmentally in consideration of such key factors as the dividend paying capacity of the Company's insurance subsidiaries, the trends in average annual statutory and GAAP earnings for the five to ten most recent calendar years, and management's long-term expectations for the Company's consolidated business and its individual operating subsidiaries. In late December 2017, the Board declared a special cash dividend of $1.00 per share payable on January 31, 2018.

Under state insurance regulations, the Company's three mortgage guaranty insurance subsidiaries are required to operate at a maximum risk to capital ratio of 25:1 or otherwise hold minimum amounts of capital based on specified formulas. Since the Company's mortgage insurance subsidiaries have discontinued writing new business the risk-to-capital ratio considerations are therefore no longer of consequence.

Contractual Obligations - The following table shows certain information relating to the required reporting of contractual obligations as of December 31, 2018:

	2019	2020 and 2021	2022 and 2023	2024 and After	Total
Contractual Obligations:					
Debt	$ 8.5	$ 30.3	$ —	$ 950.0	$ 988.8
Interest on Debt	41.8	82.5	81.6	83.4	289.4
Operating Leases	60.4	88.5	56.8	103.6	309.4
Pension Benefits Contributions (a)	6.5	23.5	24.5	7.6	62.1
Claim & Claim Expense Reserves (b)	2,464.6	2,410.8	1,094.4	3,501.2	9,471.2
Total	$ 2,582.3	$ 2,636.0	$ 1,257.4	$ 4,645.8	$ 11,121.8

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(a) Represents estimated minimum funding of contributions for the Old Republic International Salaried Employees Retirement Plan. Funding of the plan is dependent on a number of factors including actual performance versus actuarial assumptions made at the time of the actuarial valuation, as well as the maintenance of certain funding levels relative to regulatory requirements.

(b) Amounts are reported gross of reinsurance. As discussed herein with respect to the nature of loss reserves and the estimating process utilized in their establishment, the Company's loss reserves do not have a contractual maturity date. Estimated gross loss payments are based primarily on historical claim payment patterns, are subject to change due to a wide variety of factors, do not reflect anticipated recoveries under the terms of reinsurance contracts, and cannot be predicted with certainty. Actual future loss payments may differ materially from the current estimates shown in the table above.

RESULTS OF OPERATIONS

Revenues: Premiums & Fees

Pursuant to GAAP applicable to the insurance industry, revenues are recognized as follows:

Substantially all general insurance premiums pertain to annual policies and are reflected in income on a pro-rata basis in association with the related benefits, claims and expenses. Earned but unbilled premiums are generally taken into income on the billing date, while adjustments for retrospective premiums, commissions and similar charges or credits are accrued on the basis of periodic evaluations of current underwriting experience and contractual obligations.

Title premium and fee revenues stemming from the Company's direct operations (which include branch offices of its title insurers and wholly owned agency subsidiaries) represent approximately 26% of 2018 consolidated title business revenues. Such premiums are generally recognized as income at the escrow closing date which approximates the policy effective date. Fee income related to escrow and other closing services is recognized when the related services have been performed and completed. The remaining 74% of consolidated title premium and fee revenues is produced by independent title agents and underwritten title companies. Rather than making estimates that could be subject to significant variance from actual premium and fee production, the Company recognizes revenues from those sources upon receipt. Such receipts can reflect a three to four month lag relative to the effective date of the underlying title policy, and are offset concurrently by production expenses and claim reserve provisions.

The Company's mortgage guaranty premiums primarily stem from monthly installments paid on long-duration, guaranteed renewable insurance policies. Such premiums are written and earned in the month coverage is effective. With respect to relatively few annual or single premium policies, earned premiums are largely recognized on a pro-rata basis over the terms of the policies. As described more fully in the RFIG Run-off Business' Risk Factors for premium income and long-term claim exposures, revenue recognition for insured loans is not appropriately matched to the risk exposure and the consequent recognition of both normal and catastrophic loss occurrences.

The major sources of Old Republic's consolidated earned premiums and fees for the periods shown were as follows:

	Earned Premiums and Fees					
	General	Title	RFIG Run-off	Other	Total	% Change from prior period
Years Ended December 31:						
2016	$ 2,936.3	$ 2,206.6	$ 170.0	$ 20.1	$ 5,333.2	3.0%
2017	3,110.8	2,287.2	122.9	18.8	5,539.7	3.9
2018	$ 3,277.1	$ 2,336.1	$ 75.9	$ 14.6	$ 5,703.9	3.0%

With few exceptions, 2018 general insurance earned premiums grew for most types of coverages and markets served. The cumulative effects of recent years' and ongoing premium rate increases for several insurance products, along with new business production were main contributors to premium growth. The greater premium levels stemmed principally from commercial automobile (trucking), national accounts, executive indemnity and auto warranties. Positive earned premiums trends throughout 2017 were unevenly distributed among various insurance coverages and sources of business. Gains were registered most prominently in commercial automobile (trucking), risk management, national accounts and home and auto warranty. On the other hand, premium growth was constrained by low volume in a large account contractors book of business faced with a particularly competitive market place, and by reduced opportunities in gas and oil energy services and several smaller industry sectors. Premium volume from the new underwriting facility established in early 2015 also added measurably to earned premiums in all three years.

Title Group premium and fee revenues grew by 2.1%, 3.6% and 7.9% in 2018, 2017, and 2016 respectively. 2018 premiums and fees reflect a slowdown in housing and mortgage lending activity during the year. The continuation of a generally positive mortgage rate environment and reasonably strong housing and commercial property markets were major factors in the year-over-year gain in premiums and fees in 2017.

Results of the run-off MI and CCI business reflect the expected, continuing drop in net earned premiums from declining risk in force. For the CCI coverage in particular, the much lower premiums in 2018 resulted mostly from the 2017 elimination of a major bank business relationship which had been a significant source of both earned premiums and substantially higher litigated claim costs.

The percentage allocation of net premiums earned for major insurance coverages in the General Insurance Group was as follows:

	General Insurance Earned Premiums by Type of Coverage					
	Commercial Automobile (mostly trucking)	Workers' Compensation	Financial Indemnity	Inland Marine and Property	General Liability	Other
Years Ended December 31:						
2016	33.7%	36.5%	4.3%	7.4%	5.6%	12.5%
2017	34.6	33.6	4.9	7.6	6.3	13.0
2018	36.8%	31.1%	5.3%	7.7%	6.2%	12.9%

The following table shows the percentage distribution of Title Group premium and fee revenues by production sources:

Title Premium and Fee Production by Source		
	Direct Operations	Independent Title Agents & Other
Years Ended December 31:		
2016	27.9%	72.1%
2017	26.9	73.1
2018	26.1%	73.9%

The following tables provide information on production and related risk exposure trends for Old Republic's mortgage guaranty insurance operation:

	Earned Premiums		Persistency	
Premium and Persistency Trends by Type:	Direct	Net	Traditional Primary	Bulk
Years Ended December 31:				
2016	$ 157.1	$ 154.1	77.7%	72.8%
2017	110.4	109.8	77.9	78.2
2018	$ 74.4	$ 74.4	79.7%	76.3%

The Company's flagship mortgage guaranty insurance carrier ceased the underwriting of new policies effective August 31, 2011 and the existing book of business was placed in run-off operating mode.

While there is no consensus in the marketplace as to the precise definition of "sub-prime", Old Republic generally views loans with credit (FICO) scores less than 620, loans underwritten with reduced levels of documentation and loans with loan to value ratios in excess of 95% as having a higher risk of default. Risk in force concentrations by these attributes are disclosed in the following tables for both traditional primary and bulk production. Premium rates for loans exhibiting greater risk attributes are typically higher in anticipation of potentially greater defaults and claim costs. Additionally, bulk insurance policies, which represent 7.0% of total net risk in force as of year-end 2018, are frequently subject to deductibles and aggregate stop losses which serve to limit the overall risk on a pool of insured loans.

Net Risk in Force

Net Risk in Force By Type:	Traditional Primary	Bulk	Other	Total
As of December 31:				
2016	$ 4,987.9	$ 359.5	$ 20.5	$ 5,367.9
2017	3,888.0	292.4	12.1	4,192.6
2018	$ 3,098.3	$ 235.3	$ 11.2	$ 3,345.0

Analysis of Risk in Force

Risk in Force Distribution By FICO Scores:	FICO less than 620	FICO 620 to 680	FICO Greater than 680	Unscored/ Unavailable
Traditional Primary:				
As of December 31:				
2016	7.2%	30.5%	61.5%	.8%
2017	7.5	31.5	60.2	.8
2018	7.9%	32.2%	59.1%	.8%
Bulk(a):				
As of December 31:				
2016	29.9%	32.0%	38.0%	.1%
2017	31.8	31.7	36.3	.2
2018	33.6%	31.5%	34.8%	.1%

Risk in Force Distribution By Loan to Value ("LTV") Ratio:	LTV 85.0 and below	LTV 85.01 to 90.0	LTV 90.01 to 95.0	LTV Greater than 95.0
Traditional Primary(b):				
As of December 31:				
2016	3.8%	32.1%	30.6%	33.5%
2017	4.0	30.9	30.5	34.6
2018	4.1%	30.7%	29.7%	35.5%
Bulk(a):				
As of December 31:				
2016	46.5%	29.0%	12.3%	12.2%
2017	45.3	29.9	12.6	12.2
2018	43.4%	30.9%	13.1%	12.6%

(a) Bulk pool risk in-force, which represented 8.0% of total bulk risk in-force at December 31, 2018, has been allocated pro-rata based on insurance in-force.

(b) The LTV distribution reflects base LTV ratios which are determined prior to the impact of single premiums financed and paid at the time of loan origination.

Risk in Force Distribution By Top Ten States:

	Traditional Primary									
	TX	FL	GA	IL	CA	NC	PA	NJ	VA	MD
As of December 31:										
2016	6.4%	7.8%	6.0%	5.8%	4.8%	4.6%	4.4%	4.4%	3.6%	3.8%
2017	5.9	8.1	6.0	6.1	4.8	4.4	4.3	4.6	3.7	4.2
2018	5.5%	8.5%	6.0%	6.4%	4.9%	4.1%	4.3%	4.8%	3.8%	4.6%

	Bulk (a)									
	TX	FL	GA	IL	CA	NY	PA	NJ	OH	MD
As of December 31:										
2016	5.3%	8.6%	4.9%	4.2%	12.4%	7.4%	3.7%	4.1%	4.2%	2.6%
2017	5.4	8.3	5.1	4.4	12.4	7.8	3.8	3.4	4.4	2.7
2018	5.6%	8.2%	5.4%	4.6%	12.4%	7.1%	4.0%	2.9%	4.7%	2.8%

Risk in Force Distribution By Level of Documentation:	Full Documentation	Reduced Documentation
Traditional Primary:		
As of December 31:		
2016	92.4%	7.6%
2017	92.3	7.7
2018	92.2%	7.8%
Bulk (a):		
As of December 31:		
2016	68.0%	32.0%
2017	69.4	30.6
2018	71.8%	28.2%

Risk in Force Distribution By Loan Type:	Fixed Rate & ARMs with Resets >=5 Years	ARMs with Resets <5 years
Traditional Primary:		
As of December 31:		
2016	97.2%	2.8%
2017	97.2	2.8
2018	97.2%	2.8%
Bulk (a):		
As of December 31:		
2016	71.3%	28.7%
2017	70.1	29.9
2018	68.6%	31.4%

(a) Bulk pool risk in-force, which represented 8.0% of total bulk risk in-force at December 31, 2018, has been allocated pro-rata based on insurance in-force.

The Company's consumer credit indemnity ("CCI") earned premiums and related risk in force included in the table below have reflected a generally declining trend. The decline is largely due to a discontinuation of active sales efforts since 2008 and from the elimination of a major bank as a source of significant premiums and claims in the third quarter of 2017.The following table shows CCI net premiums earned during the indicated periods and the maximum calculated risk in force at the end of the respective periods. Net earned premiums include additional premium adjustments arising from the variable claim experience of individual policies subject to retrospective rating plans. Risk in force reflects estimates of the maximum risk exposures at the inception of individual policies adjusted for cumulative claim costs and the lower outstanding loan balances attributed to such policies through the end of the periods shown below.

	Net CCI Earned Premiums	Risk in Force
Years Ended December 31:		
2016	$ 15.8	$ 699.7
2017	13.0	140.9
2018	$ 1.5	$ 70.1

Revenues: Net Investment Income

Net investment income is affected by trends in interest and dividend yields for the types of securities in which the Company's funds are invested during each reporting period. The following tables reflect the segmented and consolidated invested asset bases as of the indicated dates, and the investment income earned and resulting yields on such assets. Since the Company can exercise little control over fair values, yields are evaluated on the basis of investment income earned in relation to the cost of the underlying invested assets, though yields based on the fair values of such assets are also shown in the statistics below.

	Invested Assets at Cost					Fair Value Adjust- ment	Invested Assets at Fair Value (a)
	General	Title	RFIG Run-off	Corporate and Other	Total		
As of December 31:							
2017	$ 9,702.7	$ 1,106.2	$ 545.9	$ 1,206.9	$ 12,561.9	$ 756.1	$ 13,318.0
2018	$ 10,162.3	$ 1,105.6	$ 583.6	$ 904.3	$ 12,755.9	$ 238.6	$ 12,994.6

(a) These balances include fixed maturity securities classified as held to maturity which are reported and reflected herein at amortized cost.

	Net Investment Income					Yield at	
	General	Title	RFIG Run-off	Corporate and Other	Total	Original Cost	Fair Value
Years Ended December 31:							
2016	$ 312.1	$ 36.2	$ 23.2	$ 15.4	$ 387.0	3.34%	3.23%
2017	318.9	37.3	21.7	31.4	409.4	3.32	3.14
2018	$ 341.0	$ 38.8	$ 20.1	$ 31.7	$ 431.8	3.41%	3.28%

Consolidated net investment income increased by 5.5% and 5.8% in 2018 and 2017, respectively. This revenue source is affected by changes in the invested asset base which are mainly driven by consolidated operating cash flows, by a concentration of investable assets in interest-bearing securities, and by changes in market rates of return. The yields for the periods presented also reflect an increasingly greater commitment to high quality dividend paying equity securities.

Revenues: Net Investment Gains (Losses)

The Company's investment policies are not designed to maximize or emphasize the realization of investment gains. Rather, these policies aim for a stable source of income from interest and dividends, protection of capital, and the providing of sufficient liquidity to meet insurance underwriting and other obligations as they become payable in the future. Dispositions of fixed maturity securities generally arise from scheduled maturities and early calls; in 2018, 2017, and 2016, 76.3%, 68.1% and 76.0%, respectively, of all such dispositions resulted from these occurrences. The realization of investment gains or losses can be highly discretionary and can be affected by such randomly occurring factors as the timing of individual securities sales, the recording of estimated losses from write-downs of impaired securities, tax-planning and tax-rate change considerations, and modifications of investment management judgments regarding the direction of securities markets or the future prospects of individual investees or industry sectors.

The following table reflects the composition of net investment gains or losses for the periods shown. Gains realized in 2017 were substantially higher than those realized in recent years and stem from managed sales of investment portfolio securities whose values had risen to higher than expected levels over the course of 2017's strong securities market.

Years Ended December 31:	Realized Investment Gains (Losses) from Actual Transactions			Impairment Losses on Securities			Unrealized Gains (Losses) from Changes in Fair Value of Equity Securities	Total Investment Gains (Losses)
	Fixed Maturity Securities	Equity Securities and Miscellaneous Investments	Total	Fixed Maturity Securities	Equity Securities and Miscellaneous Investments	Total		
2016	$ 7.8	$ 69.9	$ 77.8	$ (4.9)	$ —	$ (4.9)	$ —	$ 72.8
2017	16.6	194.9	211.6	—	—	—	—	211.6
2018	$ (4.8)	$ 63.1	$ 58.2	$ —	$ —	$ —	$ (293.8)	$ (235.6)

Expenses: Benefits and Claims

The Company records the benefits, claims and related settlement costs that have been incurred during each accounting period. Total claim costs are affected by the amount of paid claims and the adequacy of reserve estimates established for current and prior years' claim occurrences at each balance sheet date.

The following table shows a breakdown of gross and net of reinsurance claim reserve estimates for major types of insurance coverages as of December 31, 2018 and 2017:

	Claim and Loss Adjustment Expense Reserves			
December 31:	2018		2017	
	Gross	Net	Gross	Net
Workers' compensation	$ 4,864.4	$ 3,090.0	$ 4,752.1	$ 2,993.9
General liability	1,117.7	556.1	1,072.6	565.4
Commercial automobile (mostly trucking)	1,675.2	1,264.9	1,524.8	1,151.8
Other coverages	870.6	624.5	810.8	561.4
Unallocated loss adjustment expense reserves	237.5	230.4	225.1	198.8
Total general insurance reserves	8,765.6	5,766.1	8,385.6	5,471.5
Title	533.4	533.4	559.7	559.7
RFIG Run-off	154.5	154.5	271.7	271.7
Life and accident	17.7	10.8	20.4	13.5
Total claim and loss adjustment expense reserves	$ 9,471.2	$ 6,464.9	$ 9,237.6	$ 6,316.4
Asbestosis and environmental claim reserves included in the above general insurance reserves:				
Amount	$ 105.8	$ 74.4	$ 117.4	$ 96.4
% of total general insurance reserves	1.2%	1.3%	1.4%	1.8%

The Company's reserve for loss and loss adjustment expenses represents the accumulation of estimates of ultimate losses payable, including incurred but not reported losses and loss adjustment expenses. The establishment of claim reserves by the Company's insurance subsidiaries is a reasonably complex and dynamic process influenced by a large variety of factors as further discussed below. Consequently, reserves established are a reflection of the opinions of a large number of persons, of the application and interpretation of historical precedent and trends, of expectations as to future developments, and of management's judgment in interpreting all such factors. At any point in time, the Company is exposed to the incurrence of possibly higher or lower than anticipated claim costs and the resulting changes in estimates are recorded in operations of the periods during which they are made. Increases to prior reserve estimates are often referred to as unfavorable development whereas any changes that decrease previous estimates of the Company's ultimate liability are referred to as favorable development.

Overview of Loss Reserving Process

Most of Old Republic's consolidated claim and related expense reserves stem from its ***general insurance*** business. At December 31, 2018, such reserves accounted for 92.5% and 89.2% of consolidated gross and net of reinsurance reserves, respectively, while similar reserves at December 31, 2017 represented 90.8% and 86.6% of the respective consolidated amounts.

The Company's reserve setting process reflects the nature of its insurance business and the operationally decentralized basis upon which it is conducted. Old Republic's ***general insurance*** operations encompasses a large variety of coverages or classes of commercial insurance; it has negligible exposure to personal insurance coverages such as homeowners or private passenger automobile insurance that exhibit wide diversification of risks, significant frequency of claim occurrences, and high degrees of statistical credibility. Additionally, the Company's insurance subsidiaries do not provide significant amounts of insurance protection for premises; most of its property insurance exposures relate to cargo, incidental property, and insureds' inland marine assets. Consequently, the wide variety of policies issued and commercial insurance customers served require that loss reserves be analyzed and established in the context of the unique or different attributes of each block or class of business produced by the Company. For example, accident liability claims emanating from insured trucking companies or from general aviation customers become known relatively quickly, whereas claims of a general liability nature arising from the building activities of a construction company may emerge over extended periods of time. Similarly, claims filed pursuant to errors and omissions or directors and officers' liability coverages are usually not prone to immediate evaluation or quantification inasmuch as many such claims may be litigated over several years and their ultimate costs may be affected by the vagaries of judged or jury verdicts. Approximately 92% of the *general insurance* group's claim reserves stem from liability insurance coverages for commercial customers which typically require more extended periods of investigation and at times protracted litigation before they are finally settled. As a consequence of these and other factors, Old Republic does not utilize a single, overarching loss reserving approach.

The Company prepares periodic analyses of its loss reserve estimates for its significant insurance coverages. It establishes point estimates for most losses on an insurance coverage line-by-line basis for individual subsidiaries, sub-classes, individual accounts, blocks of business or other unique concentrations of insurance risks such as directors and officers' liability, that have similar attributes. Actuarially or otherwise derived ranges of reserve levels are not utilized as such in setting these reserves. Instead the reported reserves encompass the Company's best point estimates at each reporting date and the overall reserve level at any point in time therefore represents the compilation of a very large number of reported reserve estimates and the results of a variety of formula calculations largely driven by analysis of historical data. Favorable or unfavorable developments of prior year reserves are implicitly covered by the point estimates incorporated in total reserves at each balance sheet date. The Company does not project future variability or make an explicit provision for uncertainty when determining its best estimate of loss reserves. Over the most recent decade actual incurred losses have developed within a reasonable range of their original estimates.

Aggregate loss reserves consist of liability estimates for claims that have been reported ("case") to the Company's insurance subsidiaries and reserves for claims that have been incurred but not yet reported ("IBNR") or whose ultimate costs may not become fully apparent until a future time. Additionally, the Company establishes unallocated loss adjustment expense reserves for loss settlement costs that are not directly related to individual claims. Such reserves are based on prior years' cost experience and trends, and are intended to cover the unallocated costs of claim departments' administration of case and IBNR claims over time. Long-term, disability-type workers' compensation reserves are discounted to present value based on interest rates that range from 3.5% to 4.0%. The amount of discount reflected in the year-end net reserves totaled $216.5, $240.7 and $231.9 as of December 31, 2018, 2017, and 2016, respectively. Interest accretion of $49.0, $20.4, and $24.2 for the years ended December 31, 2018, 2017, and 2016, respectively, was recognized as unfavorable development of prior year reserves within benefits, claims and settlement expenses in the consolidated statements of income.

A large variety of statistical analyses and formula calculations are utilized to provide for IBNR claim costs as well as additional costs that can arise from such factors as monetary and social inflation, changes in claims administration processes, changes in reinsurance ceded and recoverability levels, and expected trends in claim costs and related ratios. Typically, such formulas take into account so-called link ratios that represent prior years' patterns of incurred or paid loss trends between succeeding years, or past experience relative to progressions of the number of claims reported over time and ultimate average costs per claim.

Overall, reserves pertaining to several hundred large individual commercial insurance accounts that exhibit sufficient statistical credibility, and at times may be subject to retrospective premium rating plans or the utilization of varying levels or types of self-insured retentions through captive insurers and similar risk management mechanisms are established on an account by account basis using case reserves and applicable formula-driven methods. Large account reserves are usually set and analyzed for groups of coverages such as workers' compensation, commercial automobile (trucking) and general liability that are typically underwritten jointly for many customers. For certain so-called long-tail categories of insurance such as retained or assumed excess liability or excess workers' compensation, officers and directors' liability, and commercial umbrella liability relative to which claim development patterns are particularly long, more volatile, and immature in their early stages of development, the Company judgmentally establishes the most current accident years' loss reserves on the basis of expected claim ratios. Such expected claim ratios typically reflect currently estimated claim ratios from prior accident years, adjusted for the effect of actual and anticipated rate changes, actual and anticipated changes in coverage, reinsurance, mix of business, and other anticipated changes in external factors such as trends in loss costs or the legal and claims environment. Expected claim ratios are generally used for the two to three most recent accident years depending on the individual class or category of business. As actual claims data emerges in succeeding interim and annual periods, the original accident year claim ratio assumptions are validated or otherwise adjusted sequentially through the application of statistical projection techniques such as the Bornhuetter/Ferguson method which utilizes data from the more mature experience of prior years to arrive at a likely indication of more recent years' loss trends and costs.

Title insurance and related escrow services loss and loss adjustment expense reserves are established as point estimates to cover the projected settlement costs of known as well as IBNR losses related to premium and escrow service revenues of each reporting period. Reserves for known claims are based on an assessment of the facts available to the Company during the settlement process. The point estimates covering all claim reserves take into account IBNR claims based on past experience and evaluations of such variables as changing trends in the types of policies issued, changes in real estate markets and interest rate environments, and changing levels of loan refinancing, all of which can have a bearing on the emergence, number, and ultimate costs of claims.

RFIG Run-off mortgage guaranty insurance reserves for unpaid claims and claim adjustment expenses are recognized only upon an instance of default, defined as an insured mortgage loan for which two or more consecutive monthly payments have been missed. Loss reserves are based on statistical calculations that take into account the number of reported insured mortgage loan defaults as of each balance sheet date, as well as experience-based estimates of loan defaults that have occurred but have not as yet been reported. Further, the loss reserve estimating process takes into account a large number of variables including trends in claim severity, potential salvage recoveries, expected cure rates for reported loan delinquencies at various stages of default, the level of coverage rescissions and claims denials due to material misrepresentation in key underwriting information or non-compliance with prescribed underwriting guidelines, and management judgments relative to future employment levels, housing market activity, and mortgage loan interest costs, demand, and extensions.

The Company has the legal right to rescind mortgage insurance coverage unilaterally as expressly stated in its policy. Moreover, two federal courts that have considered that policy wording have each affirmed that right (See First Tennessee Bank N.A. v. Republic Mortg. Ins. Co., Case No. 2:10-cv-02513-JPM-cgc (W.D. Tenn., Feb. 25, 2011) and JPMorgan Chase Bank N.A. v. Republic Mortg. Ins. Co., Civil Action No. 10-06141 (SRC) (D. NJ, May 4, 2011), each decision citing supporting state law legal precedent). RMIC's mortgage insurance policy provides that the insured represents that all statements made and information provided to it in an application for coverage for a loan, without regard to who made the statements or provided the information, have been made and presented for and on behalf of the insured; and that such statements and information are neither false nor misleading in any material respect, nor omit any fact necessary to make such statements and information not false or misleading in any material respect. According to the policy, if any of those representations are materially false or misleading with respect to a loan, the Company has the right to cancel or rescind coverage for that loan retroactively to commencement of the coverage. Whenever the Company determines that an application contains a material misrepresentation, it either advises the insured in writing of its findings prior to rescinding coverage or exercises its unilateral right to rescind coverage for that loan, stating the reasons for that action in writing and returning the applicable premium. The rescission of coverage in instances of materially faulty representations or warranties provided in applications for insurance is a necessary and prevailing practice throughout the insurance industry. In the case of mortgage guaranty insurance, rescissions have occurred regularly over the years but have been generally immaterial. Since 2008, however, the Company has experienced a much greater incidence of rescissions due to increased levels of observed fraud and misrepresentations in insurance applications pertaining to business underwritten between 2004 and the first half of 2008. As a result, the Company has incorporated certain assumptions regarding the expected levels of coverage rescissions and claim denials in its reserving methodology since 2008. Such estimates, which are evaluated at each balance sheet date, take into account observed as well as historical trends in rescission and denial rates. The table below shows the estimated effects of coverage rescissions and claim denials on loss reserves and settled and incurred losses.

	2018	2017	2016
Estimated reduction in beginning reserve	$ 19.0	$ 29.6	$ 47.5
Total incurred claims and settlement expenses reduced (increased) by changes in estimated rescissions:			
Current year	.9	6.2	8.3
Prior year	(12.3)	(3.7)	(24.8)
Sub-total	(11.4)	2.5	(16.5)
Estimated rescission reduction in paid claims	(4.4)	(13.1)	(1.4)
Estimated reduction in ending reserve	$ 3.2	$ 19.0	$ 29.6

As noted above, the estimated reduction in ending loss reserves reflects, in large measure, a variety of judgments relative to the level of expected coverage rescissions and claim denials on loans that are in default as of each balance sheet date. The provision for insured events of the current year resulted from actual and anticipated rescissions and claim denials attributable to newly reported delinquencies in each respective year. The provision for insured events of prior years resulted from actual rescission and claim denial activity, reinstatement of previously rescinded or denied claims, or revisions in assumptions regarding expected rescission or claim denial rates on outstanding prior year delinquencies. The trends since 2010 reflect a continuing reduction in the level of actual and anticipated rescission and claim denial rates on total outstanding delinquencies. Claims not paid by virtue of rescission or denial represent the Company's estimated contractual risk, before consideration of the impacts of any reinsurance and deductibles or aggregate loss limits, on cases that are settled by the issuance of a rescission or denial notification. Variances between the estimated rescission and actual claim denial rate are reflected in the periods during which they occur.

Although the insured has no right under the policy to appeal a Company claim decision, the insured may, at any time, contest in writing the Company's findings or action with respect to a loan or a claim. In such cases, the Company considers any additional information supplied by the insured. This consideration may lead to further investigation, retraction or confirmation of the initial determination. If the Company concludes that it will reinstate coverage, it advises the insured in writing that it will do so immediately upon receipt of the premium previously returned. Reserves are not adjusted for potential reversals of rescissions or adverse rulings for loans under dispute since such reversals of claim rescissions and denials have historically been immaterial to the reserve estimation process.

Incurred Loss Experience

Management believes that the Company's overall reserving practices have been consistently applied over many years. For at least the past ten years, previously established aggregate reserves have produced reasonable estimates of the cumulative ultimate net costs of claims incurred. However, there are no guarantees that such outcomes will continue, and, accordingly, no representation is made that ultimate net claim and related costs will not develop in future years to be greater or lower than currently established reserve estimates. In management's opinion, however, such potential development is not likely to have a material effect on the Company's consolidated financial position, although it could affect materially its consolidated results of operations for any one annual or interim reporting period. See further discussion in this Annual Report on Form 10-K under Item 1A - Risk Factors.

The following table shows an analysis of changes in aggregate reserves for the Company's losses, claims, and settlement expenses for each of the years shown.

Years Ended December 31:	2018	2017	2016
Gross reserves at beginning of year	$ 9,237.6	$ 9,206.0	$ 9,120.1
Less: reinsurance losses recoverable	2,921.1	2,766.1	2,732.5
Net reserves at beginning of year:			
General Insurance	5,471.5	5,249.9	5,053.1
Title Insurance	559.7	602.0	580.8
RFIG Run-off	271.7	574.0	736.7
Other	13.5	13.8	16.9
Sub-total	6,316.4	6,439.8	6,387.6
Incurred claims and claim adjustment expenses:			
Provisions for insured events of the current year:			
General Insurance	2,346.2	2,192.1	2,115.1
Title Insurance	96.1	95.2	107.7
RFIG Run-off (a)	56.2	297.1	171.3
Other	22.1	20.4	21.7
Sub-total	2,520.7	2,604.9	2,416.0
Change in provision for insured events of prior years:			
General Insurance	(.2)	22.7	9.9
Title Insurance	(47.7)	(74.3)	(23.4)
RFIG Run-off (a)	(26.2)	(99.2)	(68.7)
Other	(3.5)	(2.9)	(3.8)
Sub-total	(77.8)	(153.8)	(86.1)
Total incurred claims and claim adjustment expenses (a)	2,442.9	2,451.0	2,329.9
Payments:			
Claims and claim adjustment expenses attributable to insured events of the current year:			
General Insurance	813.2	765.8	723.5
Title Insurance	9.1	5.0	4.4
RFIG Run-off (b)	3.7	329.4	14.5
Other	16.0	13.9	14.8
Sub-total	842.2	1,114.3	757.4
Claims and claim adjustment expenses attributable to insured events of prior years:			
General Insurance	1,238.1	1,227.3	1,204.5
Title Insurance	65.4	58.2	58.6
RFIG Run-off (b)	143.3	170.6	250.8
Other	5.2	3.9	6.1
Sub-total	1,452.2	1,460.1	1,520.2
Total payments (b)	2,294.5	2,574.4	2,277.6
Amount of reserves for unpaid claims and claim adjustment expenses at the end of each year, net of reinsurance losses recoverable:			
General Insurance	5,766.1	5,471.5	5,249.9
Title Insurance	533.4	559.7	602.0
RFIG Run-off	154.5	271.7	574.0
Other	10.8	13.5	13.8
Sub-total	6,464.9	6,316.4	6,439.8
Reinsurance losses recoverable	3,006.3	2,921.1	2,766.1
Gross reserves at end of year	$ 9,471.2	$ 9,237.6	$ 9,206.0

Excluding the reclassification of CCI from the General Insurance to the RFIG Run-off Business segment, certain elements shown in the preceding table would have been as follows:

	2018	2017	2016
Change in provision for incurred events of prior years:			
General Insurance	$ (6.4)	$ (34.5)	$ 2.5
RFIG Run-off (a)	(20.1)	(42.0)	(61.3)
Payment of claim and claim adjustment expenses attributable to incurred events of the current and prior years:			
General Insurance	2,083.0	2,297.5	1,939.9
RFIG Run-off (b)	$ 115.4	$ 195.8	$ 253.6

(a) In common with all other insurance coverages, RFIG Run-off mortgage guaranty settled and incurred claim and claim adjustment expenses include only those costs actually or expected to be paid by the Company. As previously noted, changes in mortgage guaranty aggregate case, IBNR, and loss adjustment expense reserves shown below and entering into the determination of incurred claim costs, take into account, among a large number of variables, claim cost reductions for anticipated coverage rescissions and claims denials.

The RFIG Run-off mortgage guaranty provision for insured events of the current year was reduced by estimated coverage rescissions and claim denials of $.9, $6.2 and $8.3, respectively, for 2018, 2017 and 2016. The provision for insured events of prior years in 2018, 2017 and 2016 was increased by estimated coverage rescissions and claims denials of $12.3, $3.7 and $24.8, respectively. Prior year development was also affected in varying degrees by differences between actual claim settlements relative to expected experience, by reinstatement of previously rescinded or denied claims, and by subsequent revisions of assumptions in regards to claim frequency, severity or levels of associated claim settlement costs which result from consideration of underlying trends and expectations. The 2017 RFIG Run-off provision for insured events of the current year is inclusive of the claim expense provisions applicable to final settlements and probable dispositions of all known litigated and other claim costs as described further elsewhere in this report.

(b) Rescissions reduced the Company's paid losses by an estimated $4.4, $13.1, and $1.4 for 2018, 2017, and 2016, respectively.

The percentage of net claims, benefits and related settlement expenses incurred as a percentage of premiums and related fee revenues of the Company's three major operating segments and for consolidated operations were as follows:

Years Ended December 31:	2018	2017	2016
General	72.2%	71.8%	73.0%
Title	2.1	.9	3.8
RFIG Run-off	39.4	160.9	60.4
Consolidated claim ratio	43.1%	44.7%	44.0%
Reconciliation of consolidated ratio:			
Provision for insured events of the current year	44.5%	47.5%	45.6%
Change in provision for insured events of prior years:			
net (favorable) unfavorable development	(1.4)	(2.8)	(1.6)
Consolidated claim ratio	43.1%	44.7%	44.0%

The consolidated claim ratio reflects the changing effects of period-to-period contributions of each segment to consolidated results, and this ratio's variances within each segment. For the three most recent calendar years, the above table indicates that the one-year development of consolidated reserves at the beginning of each year produced favorable developments in 2018, 2017, and 2016 which on average decreased the consolidated claim ratio by 1.9%.

The percentage of net claims, benefits and related settlement expenses measured against premiums earned by major types of ***general insurance*** coverage were as follows:

	General Insurance Claim Ratios by Type of Coverage						
	All Coverages	Workers' Compen-sation	Commercial Automobile (mostly trucking)	General Liability	Financial Indemnity	Inland Marine and Property	Other
Years Ended December 31:							
2016	73.0%	76.1%	79.4%	77.5%	45.5%	60.9%	62.2%
2017	71.8	75.5	76.8	73.1	62.1	59.3	59.0
2018	72.2%	70.7%	79.3%	68.9%	73.8%	62.8%	60.1%

The ***general insurance*** claim ratios have been on a fairly consistent downtrend during the past five years. The improvement has arisen from slightly lower estimates of current accident years' claim provisions, and by the lessening impacts from developments of prior years' reserve estimates as more fully described in the Executive Summary of the Management Analysis of Financial Position and Results of Operations.

Unfavorable asbestosis and environmental ("A&E") claim developments, although not material in any of the periods presented, are typically attributable to A&E claim reserves due to periodic re-evaluations of such reserves as well as subsequent reclassifications of other coverages' reserves, most often workers' compensation, deemed assignable to A&E category of losses. Except for a small portion that emanates from ongoing primary insurance operations, a large majority of the A&E claim reserves posted by Old Republic stem mainly from its participations in assumed reinsurance treaties and insurance pools which were discontinued during the 1980's and have since been in run-off status. With respect to the primary portion of gross A&E reserves, Old Republic administers the related claims through its claims personnel as well as outside attorneys, and posted reserves reflect its best estimates of ultimate claim costs. Claims administration for the assumed portion of the Company's A&E exposures is handled by the claims departments of unrelated primary or ceding reinsurance companies. While the Company performs periodic reviews of certain claim files managed by third parties, the overall A&E reserves it establishes respond to the paid claim and case reserve activity reported to the Company as well as available industry statistical data such as so-called survival ratios. Such ratios represent the number of years' average paid losses for the three or five most recent calendar years that are encompassed by an insurer's A&E reserve level at any point in time. According to this simplistic appraisal of an insurer's A&E loss reserve level, Old Republic's average five year paid loss survival ratios stood at 4.3 years (gross) and 5.0 years (net of reinsurance) as of December 31, 2018 and 4.6 years (gross) and 6.3 years (net of reinsurance) as of December 31, 2017. Fluctuations in this ratio between years can be caused by the inconsistent pay out patterns associated with these types of claims. Incurred net losses for A&E claims have averaged .2% of ***general insurance*** group net incurred losses for the five years ended December 31, 2018.

A summary of reserve activity, including estimates for IBNR, relating to A&E claims at December 31, 2018 and 2017 is as follows:

December 31:	2018		2017	
	Gross	Net	Gross	Net
Asbestos:				
Reserves at beginning of year	$ 86.7	$ 75.8	$ 89.6	$ 76.7
Loss and loss expenses incurred	(1.1)	(12.2)	18.3	13.5
Claims and claim adjustment expenses paid	10.1	7.8	21.2	14.4
Reserves at end of year	75.4	55.6	86.7	75.8
Environmental:				
Reserves at beginning of year	30.6	20.6	31.6	20.4
Loss and loss expenses incurred	4.0	1.3	3.2	2.7
Claims and claim adjustment expenses paid	4.3	3.1	4.1	2.4
Reserves at end of year	30.3	18.8	30.6	20.6
Total asbestos and environmental reserves	$ 105.8	$ 74.4	$ 117.4	$ 96.4

Title insurance claim ratios have remained in the single digits for a number of years due to a continuation of favorable trends in claims frequency and severity. 2018's claim costs trended higher as favorable development of prior years' claim reserve estimates edged down as more fully described in the Executive Summary of the Management Analysis of Financial Position and Results of Operations.

The ratios of ***RFIG Run-off - mortgage guaranty*** incurred claim costs to earned premiums reflect favorable developments of prior years' claim reserves as further discussed in the Executive Summary of the Management Analysis of Financial Position and Results of Operations. MI claim costs for 2017 rose most significantly, however, due to an additional claim provision of $23.0 which added 20.9 percentage points to the claim ratio for the year.

The much more favorable **RFIG Run-off - CCI** claim ratio for 2018 reflects the absence of the litigation-induced claim costs and favorable development of previously established claim reserves. The 2017 year-over-year claim ratio comparison was most significantly affected by the additional $107.0 claim and related expense provisions related to the final settlement and probable dispositions of all known litigated and other claim costs.

Certain ***mortgage guaranty*** average claim-related trends are listed below:

	Average Settled Claim Amount (a)		Reported Delinquency Ratio at End of Period		Claims Rescissions and Denials
	Traditional Primary	Bulk	Traditional Primary	Bulk	
Years Ended December 31:					
2016	$ 45,478	$ 48,158	10.53%	25.78%	$ 1.4
2017	47,267	51,446	10.52	23.31	13.1
2018	$ 47,055	$ 54,809	9.38%	16.94%	$ 4.4

(a) Amounts are in whole dollars.

	Traditional Primary Delinquency Ratios for Top Ten States (b):									
	TX	FL	GA	IL	CA	NC	PA	MD	NJ	VA
As of December 31:										
2016	9.1%	11.8%	8.7%	10.7%	6.1%	8.3%	12.7%	12.8%	23.5%	8.6%
2017	11.4	15.6	8.3	10.1	6.0	8.1	12.0	11.5	19.6	8.4
2018	10.0%	9.8%	7.7%	8.7%	5.8%	9.5%	11.4%	10.5%	14.3%	7.9%

	Bulk Delinquency Ratios for Top Ten States (b):									
	TX	FL	GA	IL	CA	OH	PA	MD	NJ	NY
As of December 31:										
2016	20.3%	33.7%	19.6%	23.6%	29.1%	14.1%	28.1%	35.8%	61.0%	53.3%
2017	20.3	34.2	17.8	21.5	26.4	15.0	25.3	24.8	50.3	44.2
2018	14.5%	23.5%	14.5%	19.1%	13.0%	12.4%	21.0%	16.0%	39.7%	32.3%

	Total Delinquency Ratios for Top Ten States (includes "other" business) (b):									
	TX	FL	GA	IL	CA	NC	PA	MD	NJ	VA
As of December 31:										
2016	9.8%	13.4%	9.1%	11.3%	9.3%	8.5%	13.5%	13.5%	25.6%	8.7%
2017	12.1	16.9	8.8	10.6	9.2	8.4	12.8	12.0	21.1	8.6
2018	10.4%	10.6%	8.1%	9.2%	6.8%	9.7%	12.0%	10.7%	15.3%	7.9%

(b) As determined by risk in force as of December 31, 2018, these 10 states represent approximately 52.9%, 57.8%, and 52.8%, of traditional primary, bulk, and total risk in force, respectively.

The following table shows CCI claim-related trends for the periods shown:

	CCI Claim Costs				Reported Delinquency Ratio at End of Period	Claim Rescissions and Denials
	Paid		Incurred			
	Amount	Ratio (a)	Amount	Ratio (a)		
Years Ended December 31:						
2016	$ 11.7	74.0%	$ 50.0	315.9%	2.0%	$ 10.1
2017	304.2	N/M	134.5	N/M	2.6	5.7
2018	$ 31.6	N/M	$ (2.2)	N/M	1.7%	$ .4

(a) Percent of net CCI earned premiums. CCI claim ratios include only those costs actually or expected to be paid by the Company and exclude claims not paid by virtue of coverage rescissions and claim denials as well as unsubstantiated claim submissions. Certain claim rescissions and denials may from time to time become the subject of disagreements between the Company and certain individual insureds. Possible future reversals of such rescissions and denials, however, may not necessarily affect the adequacy of previously established claim reserve levels nor fully impact operating results. These effects could be fully or partially negated by the imposition of additional retrospective premiums and/or the limiting effects of maximum policy limits.

Volatility of Reserve Estimates and Sensitivity

There is a great deal of uncertainty in the estimates of loss and loss adjustment expense reserves, and unanticipated events can have both a favorable or unfavorable impact on such estimates. The Company believes that the factors most responsible, in varying and continually changing degrees, for such favorable or unfavorable development are as follows:

General insurance net claim reserves can be affected by lower than expected frequencies of claims incurred but not reported, the effect of reserve discounts applicable to workers' compensation claims, higher than expected severity of litigated claims in particular, governmental or judicially imposed retroactive conditions in the settlement of claims such as noted elsewhere in this document in regard to black lung disease claims, greater than anticipated inflation rates applicable to repairs and the medical benefits portion of claims, and higher than expected IBNR due to the slower and highly volatile emergence patterns applicable to certain types of claims such as those stemming from litigated, assumed reinsurance, or the A&E types of claims noted above.

Title insurance loss reserve levels can be impacted adversely by such developments as reduced loan refinancing activity, the effect of which can be to lengthen the period during which title policies remain exposed to loss emergence. Such reserve levels can also be affected by reductions in either property values or the volume of transactions which, by virtue of the speculative nature of some real estate developments, can lead to increased occurrences of fraud, defalcations or mechanics' liens.

RFIG Run-off mortgage guaranty net claim reserve levels can be influenced adversely by several factors. These include changes in the mix of insured business toward loans that have a higher probability of default, increases in the average risk per insured loan, the levels of estimated rescission and claim denial activity, the deterioration of regional or national economic conditions leading to a reduction in borrowers' income and thus their ability to make payments on outstanding loans, and reductions in housing values and/or increases in housing supply that can raise the rate at which defaults evolve into claims and affect their overall severity.

With respect to Old Republic's small ***life and accident*** insurance operations, reserve adequacy may be impacted adversely by greater than anticipated medical care cost inflation as well as greater than expected frequency and severity of claims. In life insurance, as in general insurance, concentrations of insured lives coupled with a catastrophic event would represent the Company's largest exposure.

On a consolidated basis, which includes all coverages provided by the Company, the cumulative development on prior year loss reserves over the past ten years through December 31, 2018 has ranged from 7.0% unfavorable in 2010 to 6.3% favorable in 2014 and averaged 2.0% favorable for the ten years. Although management does not have a practical business reason for making projections of likely outcomes of future loss developments, its analysis and evaluation of Old Republic's existing business mix, current aggregate loss reserve levels, and loss development patterns suggests a reasonable likelihood that 2018 year-end loss reserves could ultimately develop within a range of +/- 5%. The most significant factors impacting the potential reserve development for each of the Company's insurance segments is discussed above. Old Republic has generally experienced favorable overall loss developments for the latest ten-year period. While General Insurance has experienced unfavorable developments of previously established reserves during four of the last five years, the current analysis of loss development factors and economic conditions influencing the Company's insurance coverages point to a position of reserve adequacy. In management's opinion, the other segments' loss reserve development patterns (most notably those associated with title and mortgage insurance) show greater variability due to changes in economic conditions which cannot be reasonably anticipated. Consequently, management believes that using a 5% potential range of reserve development provides a reasonable benchmark for a sensitivity analysis of the Company's consolidated reserves as of December 31, 2018.

Reinsurance Programs

To maintain premium production within its capacity and limit maximum losses and risks for which it might become liable under its policies, Old Republic may cede a portion or all of its premiums and liabilities on certain classes of insurance, individual policies, or blocks of business to other insurers and reinsurers. Further discussion of the Company's reinsurance programs can be found in Part 1 of this Annual Report on Form 10-K.

Subsidiaries within the ***general insurance*** segment have generally obtained reinsurance coverage from independent insurance or reinsurance companies pursuant to excess of loss agreements. Under excess of loss reinsurance agreements the Company is generally reimbursed for claim costs exceeding contractually agreed-upon levels. During the three year period ended December 31, 2018, the Company's net retentions have risen gradually within the general insurance segment; however, such changes have not had a material impact on the Company's consolidated financial statements.

Except for relatively few facultative reinsurance cessions covering large risks, the ***title insurance*** segment does not utilize a significant amount of reinsurance to manage its insurance risk.

Generally, the ***RFIG Run-off mortgage guaranty*** insurance risk has historically been reinsured through excess of loss contracts with insurers owned by or affiliated with lending institutions and financial and other intermediaries whose customers are insured by Old Republic's mortgage insurance subsidiaries. Effective December 31, 2008, the Company discontinued excess of loss reinsurance cessions to lenders' captive insurance companies for all new production originated subsequent to the effective date.

The Company does not anticipate any significant changes in its reinsurance programs during 2019.

Expenses: Underwriting Acquisition and Other Expenses

The following table sets forth the expense ratios registered by each major business segment and in consolidation for the periods shown:

	General	Title	RFIG Run-off	Consolidated
Years Ended December 31:				
2016	24.8%	87.9%	12.2%	50.6%
2017	25.5	90.0	16.6	52.0
2018	25.0%	90.0%	21.5%	51.6%

Variations in the Company's consolidated expense ratios reflect a continually changing mix of coverages sold and attendant costs of producing business in the Company's three largest operating segments. To a significant degree, expense ratios for both the general and title insurance segments are mostly reflective of variable costs, such as commissions or similar charges, that rise or decline along with corresponding changes in premium and fee income. Moreover, general operating expenses can contract or expand in differing proportions due to varying levels of operating efficiencies and expense management opportunities in the face of changing market conditions. The General Insurance expense ratio has remained aligned with earned premiums trends while the 2017 ratio was impacted by charges for estimated employee incentive awards. The Title Insurance expense ratio for the periods reported upon remained aligned with revenues from premiums and fees. Finally, the trends in the RFIG Run-off operating expense ratio are primarily reflective of the continuing decline in net premiums inherent in this run-off operation.

Expenses: Total

The composite ratios of the above summarized net claims, benefits and underwriting expenses that reflect the sum total of all the factors enumerated above have been as follows:

	General	Title	RFIG Run-off	Consolidated
Years Ended December 31:				
2016	97.8%	91.7%	72.6%	94.6%
2017	97.3	90.9	177.5	96.7
2018	97.2%	92.1%	60.9%	94.7%

Expenses: Income Taxes

The effective consolidated income tax rates were 15.4%, 22.7%, and 31.9% in 2018, 2017, and 2016, respectively. The rates for each year reflect primarily the varying proportions of pretax operating income (loss) derived from partially tax sheltered investment income (principally tax-exempt interest and dividend income), the combination of fully taxable investment income, investment gains or losses, underwriting and service income, judgments about the recoverability of deferred tax assets, and changes in the federal corporate tax rate.

The Tax Cuts and Jobs Act ("TCJA") was enacted into law on December 22, 2017, thereby requiring that various accounting adjustments be reflected in the consolidated financial statements at year end 2017. The TCJA, among its many elements, lowered the federal corporate tax rate to 21.0% from 35.0%. Accordingly, the Company revalued its deferred tax items in 2017 to reflect the lower tax rate, resulting in a $63.1 income tax credit reflected in the consolidated statements of income.

OTHER INFORMATION

Reference is here made to "Information About Segments of Business" appearing elsewhere herein.

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.

The General Insurance, Title Insurance and Corporate and Other Segments and the RFIG Run-off business maintain customer information and rely upon technology platforms to conduct business. As a result, each of those businesses and the Company are subject to cyber risk. Many of the Company's operating subsidiaries, maintain separate IT systems which reduces the enterprise-wide risks of potential cybersecurity incidents. However, given the potential magnitude of a significant breach, the Company continually evaluates on an enterprise-wide basis its IT hardware, security infrastructure and business practices to respond to these risks and to detect and remediate in a timely manner significant cybersecurity incidents or business process interruptions.

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 I, Item 1A - Risk Factors, of this Annual Report to the Securities and Exchange Commission, which Item is specifically incorporated 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.

($ in Millions)

Market risk represents the potential for loss due to adverse changes in the fair value of financial instruments as a result of changes in interest rates, equity prices, foreign exchange rates and commodity prices. Old Republic's primary market risks consist of interest rate risk associated with investments in fixed maturities and equity price risk associated with investments in equity securities. The Company has no material foreign exchange or commodity risk.

The Company does not own or utilize derivative financial instruments for the purpose of hedging, enhancing the overall return of its investment portfolio, or reducing the cost of its debt obligations. With regard to its equity portfolio, the Company does not own any options nor does it engage in any type of option writing. Traditional investment management tools and techniques are employed to address the yield and valuation exposures of the invested assets base. The long-term fixed maturity investment portfolio is managed so as to limit various risks inherent in the bond market. Credit risk is addressed through asset diversification and the purchase of investment grade securities. Reinvestment rate risk is reduced by concentrating on non-callable issues, and by taking asset-liability matching considerations into account. Purchases of mortgage and asset backed securities, which have variable principal prepayment options, are generally avoided. Market value risk is limited through the purchase of bonds of intermediate maturity. The combination of these investment management practices is expected to produce a more stable long-term fixed maturity investment portfolio that is not subject to extreme interest rate sensitivity and principal deterioration.

The fair value of the Company's long-term fixed maturity investment portfolio is sensitive, however, to fluctuations in the level of interest rates, but not materially affected by changes in anticipated cash flows caused by any prepayments. The impact of interest rate movements on the long-term fixed maturity investment portfolio generally affects net unrealized gains or losses. As a general rule, rising interest rates enhance currently available yields but typically lead to a reduction in the fair value of existing fixed maturity investments. By contrast, a decline in such rates reduces currently available yields but usually serves to increase the fair value of the existing fixed maturity investment portfolio. All such changes in fair value of available for sale securities are reflected, net of deferred income taxes, directly in the shareholders' equity account, and as a separate component of the statement of comprehensive income. Fixed maturity securities classified as held to maturity are carried at amortized cost, and therefore, fluctuations in unrealized gains and losses do not impact shareholders' equity. Given the Company's inability to forecast or control the movement of interest rates, Old Republic sets the maturity spectrum of its fixed maturity securities portfolio within parameters of estimated liability payouts, and focuses the overall portfolio on high quality investments. By so doing, Old Republic believes it is reasonably assured of its ability to hold securities to maturity as it may deem necessary in changing environments, and of ultimately recovering their aggregate cost.

The following table illustrates the hypothetical effect on the fixed income and equity investment portfolios resulting from movements in interest rates and fluctuations in the equity securities markets, using the S&P 500 index as a proxy, at December 31, 2018:

	Estimated Fair Value	Hypothetical Change in Interest Rates or S&P 500	Estimated Fair Value After Hypothetical Change in Interest Rates or S&P 500
Interest Rate Risk:			
Fixed Maturities	$ 9,217.4	100 basis point rate increase	$ 8,844.1
		200 basis point rate increase	8,470.8
		100 basis point rate decrease	9,590.7
		200 basis point rate decrease	$ 9,964.0
Equity Price Risk:			
Equity Securities	$ 3,380.9	10% increase in the S&P 500	$ 3,664.9
		20% increase in the S&P 500	3,948.9
		10% decline in the S&P 500	3,096.9
		20% decline in the S&P 500	$ 2,812.9

Item 8 - Financial Statements and Supplementary Data

Listed below are the consolidated financial statements included herein for Old Republic International Corporation and Subsidiaries:

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Old Republic International Corporation and Subsidiaries

Consolidated Balance Sheets

($ in Millions, Except Share Data)

	December 31, 2018	December 31, 2017
Assets		
Investments:		
Available for sale:		
Fixed maturity securities (at fair value) (amortized cost: $8,285.0 and $8,162.2)	**$ 8,182.8**	$ 8,282.3
Short-term investments (at fair value which approximates cost)	**354.9**	670.1
Total	**8,537.8**	8,952.4
Held to maturity:		
Fixed maturity securities (at amortized cost) (fair value: $1,034.5 and $1,069.2)	**1,044.8**	1,067.4
Equity securities (at fair value) (cost: $3,039.1 and $2,629.9)	**3,380.9**	3,265.5
Other investments	**31.0**	32.5
Total investments	**12,994.6**	13,318.0
Other Assets:		
Cash	**100.3**	125.9
Securities and indebtedness of related parties	**28.4**	12.8
Accrued investment income	**92.4**	92.4
Accounts and notes receivable	**1,499.4**	1,469.7
Federal income tax recoverable: Current	**16.8**	—
Prepaid federal income taxes	**129.8**	114.3
Reinsurance balances and funds held	**166.2**	141.6
Reinsurance recoverable: Paid losses	**55.9**	60.5
Policy and claim reserves	**3,428.6**	3,311.3
Deferred policy acquisition costs	**316.3**	297.8
Sundry assets	**497.8**	458.8
Total Other Assets	**6,332.4**	6,085.5
Total Assets	**$ 19,327.1**	$ 19,403.5
Liabilities, Preferred Stock, and Common Shareholders' Equity		
Liabilities:		
Losses, claims, and settlement expenses	**$ 9,471.2**	$ 9,237.6
Unearned premiums	**2,104.9**	1,971.5
Other policyholders' benefits and funds	**198.6**	204.7
Total policy liabilities and accruals	**11,774.8**	11,413.9
Commissions, expenses, fees, and taxes	**525.4**	547.7
Reinsurance balances and funds	**600.4**	566.9
Federal income tax payable: Current	**—**	6.5
Deferred	**10.3**	100.5
Debt	**981.4**	1,448.7
Sundry liabilities	**288.3**	585.8
Commitments and contingent liabilities		
Total Liabilities	**14,180.8**	14,670.2
Preferred Stock (1)	**—**	—
Common Shareholders' Equity:		
Common stock (1)	**302.7**	269.2
Additional paid-in capital	**1,277.6**	815.2
Retained earnings	**3,849.8**	3,206.9
Accumulated other comprehensive income (loss)	**(210.0)**	474.2
Unallocated ESSOP shares (at cost)	**(73.9)**	(32.4)
Total Common Shareholders' Equity	**5,146.2**	4,733.3
Total Liabilities, Preferred Stock and Common Shareholders' Equity	**$ 19,327.1**	$ 19,403.5

(1) At December 31, 2018 and 2017, there were 75,000,000 shares of $0.01 par value preferred stock authorized, of which no shares were outstanding. As of the same dates, there were 500,000,000 shares of common stock, $1.00 par value, authorized, of which 302,714,502 and 269,238,727 were issued as of December 31, 2018 and 2017, respectively. At December 31, 2018 and 2017, there were 100,000,000 shares of Class B Common Stock, $1.00 par value, authorized, of which no shares were issued.

See accompanying Notes to Consolidated Financial Statements.

Old Republic International Corporation and Subsidiaries

Consolidated Statements of Income

($ in Millions, Except Share Data)

	Years Ended December 31,		
	2018	2017	2016
Revenues:			
Net premiums earned	**$ 5,253.4**	$ 5,080.2	$ 4,868.9
Title, escrow, and other fees	**450.5**	459.5	464.2
Total premiums and fees	**5,703.9**	5,539.7	5,333.2
Net investment income	**431.8**	409.4	387.0
Other income	**121.6**	102.2	107.3
Total operating revenues	**6,257.4**	6,051.5	5,827.6
Investment gains (losses):			
Realized from actual transactions	**58.2**	211.6	77.8
Unrealized from changes in fair value of equity securities	**(293.8)**	—	—
Realized from impairments	**—**	—	(4.9)
Total realized and unrealized investment gains (losses)	**(235.6)**	211.6	72.8
Total revenues	**6,021.8**	6,263.1	5,900.5
Benefits, Claims and Expenses:			
Benefits, claims and settlement expenses	**2,440.9**	2,459.2	2,329.8
Dividends to policyholders	**19.8**	19.5	18.1
Underwriting, acquisition, and other expenses	**3,080.6**	2,995.7	2,816.3
Interest and other charges	**42.2**	63.0	50.2
Total expenses	**5,583.7**	5,537.7	5,214.5
Income (loss) before income taxes (credits)	**438.1**	725.4	686.0
Income Taxes (Credits):			
Current	**114.1**	132.6	190.1
Deferred	**(46.5)**	32.2	28.8
Total	**67.5**	164.8	219.0
Net Income (Loss)	**$ 370.5**	$ 560.5	$ 466.9
Net Income (Loss) Per Share:			
Basic	**$ 1.26**	$ 2.14	$ 1.80
Diluted	**$ 1.24**	$ 1.92	$ 1.62
Average shares outstanding: Basic	**294,248,871**	262,114,533	259,429,298
Diluted	**301,016,076**	299,387,373	296,379,251

See accompanying Notes to Consolidated Financial Statements.

Old Republic International Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

($ in Millions)

	Years Ended December 31,		
	2018	2017	2016
Net Income (Loss) As Reported	**$ 370.5**	$ 560.5	$ 466.9
Other comprehensive income (loss):			
Unrealized gains (losses) on securities:			
Unrealized gains (losses) before reclassifications, not included in the statements of income	**(226.4)**	325.0	522.3
Amounts reclassified as realized investment (gains) losses in the statements of income	**3.1**	(211.6)	(72.8)
Pretax unrealized gains (losses) on securities	**(223.2)**	113.4	449.4
Deferred income taxes (credits)	**(46.9)**	39.5	157.2
Net unrealized gains (losses) on securities, net of tax	**(176.3)**	73.9	292.1
Defined benefit pension plans:			
Net pension adjustment before reclassifications	**3.6**	(28.2)	(1.3)
Amounts reclassified as underwriting, acquisition, and other expenses in the statements of income	**3.2**	.5	.6
Net adjustment related to defined benefit pension plans	**6.9**	(27.7)	(.7)
Deferred income taxes (credits)	**1.4**	(9.7)	(.2)
Net adjustment related to defined benefit pension plans, net of tax	**5.4**	(18.0)	(.4)
Foreign currency translation and other adjustments	**(11.1)**	9.5	2.6
Net adjustments	**(182.0)**	65.4	294.4
Comprehensive Income (Loss)	**$ 188.5**	$ 626.0	$ 761.4

See accompanying Notes to Consolidated Financial Statements.

Old Republic International Corporation and Subsidiaries

Consolidated Statements of Preferred Stock and Common Shareholders' Equity

($ in Millions)

	Years Ended December 31,		
	2018	2017	2016
Convertible Preferred Stock:			
Balance, beginning and end of year	$ —	$ —	$ —
Common Stock:			
Balance, beginning of year	$ 269.2	$ 262.7	$ 261.9
Dividend reinvestment plan	—	—	—
Net issuance of shares under stock based compensation plans	1.1	1.3	.6
Conversion of senior debentures	32.2	5.1	—
Balance, end of year	$ 302.7	$ 269.2	$ 262.7
Additional Paid-in Capital:			
Balance, beginning of year	$ 815.2	$ 713.8	$ 698.0
Dividend reinvestment plan	1.7	.8	.8
Net issuance of shares under stock based compensation plans	15.7	15.0	6.7
Conversion of senior debentures	438.1	73.8	—
Issuance of shares	—	—	1.2
Stock based compensation	4.1	4.1	.7
ESSOP shares released	2.6	7.3	6.2
Balance, end of year	$ 1,277.6	$ 815.2	$ 713.8
Retained Earnings:			
Balance, beginning of year	$ 3,206.9	$ 3,199.6	$ 2,926.5
Reclassification - change in accounting principle	502.1	—	—
Balance, beginning of year, as adjusted	3,708.9	3,199.6	2,926.5
Net income (loss)	370.5	560.5	466.9
Dividends on common shares ($.78, $1.76 and $.75 per common share)	(229.6)	(468.0)	(193.8)
Reclassification of income tax effects of the Tax Cuts and Jobs Act	—	(85.1)	—
Balance, end of year	$ 3,849.8	$ 3,206.9	$ 3,199.6
Accumulated Other Comprehensive Income (Loss):			
Balance, beginning of year	$ 474.2	$ 323.6	$ 29.2
Reclassification - change in accounting principle	(502.1)	—	—
Balance, beginning of year, as adjusted	(27.9)	323.6	29.2
Net unrealized gains (losses) on securities, net of tax	(176.3)	73.9	292.1
Net adjustment related to defined benefit pension plans, net of tax	5.4	(18.0)	(.4)
Foreign currency translation and other adjustments	(11.1)	9.5	2.6
Reclassification of income tax effects of the Tax Cuts and Jobs Act	—	85.1	—
Balance, end of year	$ (210.0)	$ 474.2	$ 323.6
Unallocated ESSOP Shares:			
Balance, beginning of year	$ (32.4)	$ (39.2)	$ (45.8)
ESSOP shares released	8.4	6.8	6.6
Purchase of unallocated ESSOP shares	(50.0)	—	—
Balance, end of year	$ (73.9)	$ (32.4)	$ (39.2)

See accompanying Notes to Consolidated Financial Statements.

Old Republic International Corporation and Subsidiaries
Consolidated Statements of Cash Flows
($ in Millions)

	Years Ended December 31,		
	2018	2017	2016
Cash flows from operating activities:			
Net income (loss)	**$ 370.5**	$ 560.5	$ 466.9
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Deferred policy acquisition costs	**(18.4)**	(23.3)	(18.3)
Premiums and other receivables	**(29.3)**	(79.3)	(59.2)
Unpaid claims and related items	**148.4**	(123.7)	31.4
Unearned premiums and other policyholders' liabilities	**95.1**	152.7	77.6
Income taxes	**(69.5)**	49.5	40.6
Prepaid federal income taxes	**(15.5)**	(31.8)	(19.1)
Reinsurance balances and funds	**13.5**	25.3	33.1
Realized investment (gains) losses from actual transactions	**(58.2)**	(211.6)	(72.8)
Unrealized investment (gains) losses from changes in fair value of equity securities	**293.8**	—	—
Accounts payable, accrued expenses and other	**30.0**	134.5	157.0
Total	**760.5**	452.8	637.3
Cash flows from investing activities:			
Fixed maturity securities:			
Available for sale:			
Maturities and early calls	**964.0**	1,000.6	967.9
Sales	**299.1**	468.4	306.2
Sales of:			
Equity securities	**402.6**	698.5	419.1
Other - net	**19.4**	30.0	56.6
Purchases of:			
Fixed maturity securities:			
Available for sale	**(1,421.9)**	(1,607.2)	(1,166.2)
Held to Maturity	**—**	(114.5)	(632.1)
Equity securities	**(752.5)**	(727.2)	(928.4)
Other - net	**(51.6)**	(54.3)	(47.5)
Purchase of a business	**(13.1)**	—	—
Net decrease (increase) in short-term investments	**314.2**	11.8	(12.1)
Other - net	**.1**	(.1)	—
Total	**(239.5)**	(293.9)	(1,036.4)
Cash flows from financing activities:			
Issuance of debentures and notes	**—**	—	576.8
Issuance of common shares	**13.1**	17.8	8.4
Redemption of debentures and notes	**(4.7)**	(3.9)	(3.5)
Purchase of unallocated ESSOP shares	**(50.0)**	—	—
Dividends on common shares (including a special dividend declared in December 2017 and paid in January 2018 of $269.2)	**(498.8)**	(198.8)	(193.8)
Other - net	**(6.0)**	6.4	(2.8)
Total	**(546.5)**	(178.5)	385.0
Increase (decrease) in cash:	**(25.6)**	(19.7)	(14.1)
Cash, beginning of year	**125.9**	145.7	159.8
Cash, end of year	**$ 100.3**	$ 125.9	$ 145.7
Supplemental cash flow information:			
Cash paid (received) during the period for: Interest	**$ 50.8**	$ 62.5	$ 40.9
Income taxes	**$ 137.2**	$ 106.3	$ 178.6

See accompanying Notes to Consolidated Financial Statements.

Old Republic International Corporation is a Chicago-based insurance holding company with subsidiaries engaged mainly in the general (property and liability), title, and mortgage guaranty ("MI") and consumer credit indemnity ("CCI") run-off businesses. These insurance subsidiaries are organized as the Old Republic General Insurance, Title Insurance and RFIG Run-off Business Groups, and references herein to such groups apply to the Company's subsidiaries engaged in the respective segments of business. A small life and accident insurance business is included in the corporate and other caption of this report. In this report, "Old Republic", or "the Company" refers to Old Republic International Corporation and its subsidiaries as the context requires.

Note 1 - Summary of Significant Accounting Policies - The significant accounting policies employed by Old Republic International Corporation and its subsidiaries are set forth in the following summary.

(a) Accounting Principles - The Company's insurance subsidiaries are managed pursuant to the laws and regulations of the various states in which they operate. As a result, the subsidiaries operate their business in the context of such laws and regulation, and maintain their accounts in conformity with accounting practices prescribed or permitted by various states' insurance regulatory authorities. Federal income taxes and dividends to shareholders are based on financial statements and reports complying with such practices. The statutory accounting requirements vary from the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") of accounting principles generally accepted in the United States of America ("GAAP") in the following major respects: (1) the costs of selling insurance policies are charged to operations immediately, while the related premiums are recognized as income over the terms of the policies; (2) investments in fixed maturity securities designated as available for sale are generally carried at amortized cost rather than their estimated fair value; (3) changes in the fair value of equity securities are recorded directly in earned surplus and not through the income statement as required under GAAP effective January 1, 2018; (4) certain assets classified as "non-admitted assets" are excluded from the balance sheet through a direct charge to earned surplus; (5) changes in deferred income tax assets or liabilities are recorded directly in earned surplus and not through the income statement; (6) mortgage guaranty contingency reserves intended to provide for future catastrophic losses are established as a liability through a charge to earned surplus whereas, GAAP does not allow provisions for future catastrophic losses; (7) title insurance premium reserves, which are intended to cover losses that will be reported at a future date are based on statutory formulas, and changes therein are charged in the income statement against each year's premiums written; (8) certain required formula-derived reserves for general insurance in particular are established for claim reserves in excess of amounts considered adequate by the Company as well as for credits taken relative to reinsurance placed with other insurance companies not licensed in the respective states, all of which are charged directly against earned surplus; and (9) surplus notes are classified as surplus rather than a liability. In consolidating the statutory financial statements of its insurance subsidiaries, the Company has therefore made necessary adjustments to conform their accounts with GAAP. The following table reflects a summary of all such adjustments:

	Shareholders' Equity		Net Income (Loss)		
	December 31,		Years Ended December 31,		
	2018	2017	2018	2017	2016
Statutory totals of insurance company subsidiaries (a):					
General	$ 3,847.3	$ 3,903.7	$ 290.5	$ 348.9	$ 270.3
Title	503.1	545.7	110.5	127.9	113.1
RFIG Run-off	88.0	86.6	44.9	50.5	100.9
Life & Accident	39.8	41.4	.9	1.8	2.3
Sub-total	4,478.2	4,577.4	446.8	529.1	486.6
GAAP totals of non-insurance company subsidiaries and consolidation adjustments	715.8	283.4	8.8	(59.9)	(.9)
Unadjusted totals	5,194.0	4,860.8	455.6	469.2	485.7
Adjustments to conform to GAAP statements:					
Deferred policy acquisition costs	194.8	177.6	17.2	11.7	2.0
Investment adjustment	(65.5)	124.3	(198.2)	—	—
Non-admitted assets	111.1	80.8	—	—	—
Deferred income taxes	(63.9)	(92.3)	38.7	34.7	(34.0)
Mortgage contingency reserves	433.1	395.9	—	—	—
Title insurance premium reserves	545.8	522.5	23.3	27.1	27.0
Loss reserves	(440.4)	(478.8)	38.3	40.5	(15.0)
Surplus notes	(744.5)	(839.5)	—	—	—
Sundry adjustments	(18.6)	(18.2)	(4.4)	(22.9)	1.2
Total adjustments	(48.2)	(127.6)	(85.0)	91.0	(19.0)
Consolidated GAAP totals	$ 5,146.2	$ 4,733.3	$ 370.5	$ 560.5	$ 466.9

(a) The insurance laws of the respective states in which the Company's insurance subsidiaries are incorporated prescribe minimum capital and surplus requirements for the lines of business they are licensed to write. For domestic property and casualty and life and accident insurance companies the National Association of Insurance Commissioners also prescribes risk-based capital ("RBC") requirements. The RBC is a measure of statutory capital in relationship to a formula-driven definition of risk relative to a company's balance sheet and mix of business. The combined RBC ratio of our primary General insurance subsidiaries was 657% and 651% of the company action level RBC at December 31, 2018 and 2017, respectively. The minimum capital requirements for the Company's Title Insurance subsidiaries are established by statute in the respective states of domicile. The minimum regulatory capital requirements are not significant in relationship to the recorded statutory capital of the Company's Title and Life & Accident insurance subsidiaries. At December 31, 2018 and 2017 each of the Company's General, Title, RFIG and Life and Accident insurance subsidiaries exceeded the minimum statutory capital and surplus requirements. Refer to Note 1(s) - Regulatory Matters for a discussion regarding the RFIG Run-off group.

The preparation of financial statements in conformity with either statutory practices or GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

(b) Consolidation Practices - The consolidated financial statements include the accounts of the Company and those of all of its majority owned insurance underwriting and service subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

(c) Statement Presentation - Amounts shown in the consolidated financial statements and applicable notes are stated (except as otherwise indicated and as to share data) in millions, which amounts may not add to totals shown due to truncation. The consolidated financial statements reflect an immaterial adjustment of $11.0 post-tax (or 0.28%) to previously reported shareholders' equity as of January 1, 2015. The adjustment relates to immaterial expense accruals pertaining to the earlier period. Necessary reclassifications are made in prior periods' financial statements whenever appropriate to conform to the most current presentation.

(d) Investments - The Company classifies its fixed maturity securities in terms of those assets relative to which it either (1) has the positive intent and ability to hold until maturity, (2) has available for sale or (3) has the intention of trading.

Fixed maturity securities classified as "available for sale" are included at fair value with changes in such values, net of deferred income taxes, reflected directly in shareholders' equity. Fixed maturity securities classified as "held to maturity" are carried at amortized cost. Equity securities are included at fair value and effective January 1, 2018, changes in such values are reflected as unrealized investment gains (losses) in the consolidated statements of income. Prior to that date, these changes were reflected directly in shareholders' equity. Fair values for fixed maturity securities and equity securities are based on quoted market prices or estimates using values obtained from recognized independent pricing services.

The status and fair value changes of each of the fixed maturity (and prior to 2018, its equity security) investments are reviewed at least once per quarter during the year, and estimates of other-than-temporary impairments ("OTTI") in the portfolio's value are evaluated and established at each quarterly balance sheet date. In reviewing investments for OTTI, the Company, in addition to a security's market price history, considers the totality of such factors as the issuer's operating results, financial condition and liquidity, its ability to access capital markets, credit rating trends, most current audited financial statements, industry and securities markets conditions, and analyst expectations to reach its conclusions. Sudden fair value declines caused by such adverse developments as newly emerged or imminent bankruptcy filings, issuer default on significant obligations, or reports of financial accounting developments that bring into question the validity of the issuer's previously reported earnings or financial condition, are recognized as realized losses as soon as credible publicly available information emerges to confirm such developments. Prior to 2018, absent issuer-specific circumstances that would result in a contrary conclusion, any equity security with an unrealized investment loss amounting to a 20% or greater decline consecutively during a six month period was considered OTTI. In the event the Company's estimate of OTTI is insufficient at any point in time, future periods' net income (loss) would be adversely affected by the recognition of additional impairment losses, but its financial position would not necessarily be affected adversely inasmuch as such losses, or a portion of them, could have been recognized previously as unrealized losses in shareholders' equity. The Company recognized no OTTI adjustments for the years ended December 31, 2018 and 2017 and a $4.9 OTTI adjustment for the year ended December 31, 2016.

The amortized cost and estimated fair values by type and contractual maturity of fixed maturity securities are shown in the following tables. Expected maturities will differ from contractual maturities since borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Cost and Fair Value of Fixed Maturity Securities by Type:				
December 31, 2018:				
Available for sale:				
U.S. & Canadian Governments	$ 1,535.3	$ 5.7	$ 16.5	$ 1,524.4
Corporate	6,749.6	31.4	122.7	6,658.3
	$ 8,285.0	$ 37.1	$ 139.2	$ 8,182.8
Held to maturity:				
Tax-exempt	$ 1,044.8	$ 3.5	$ 13.7	$ 1,034.5
December 31, 2017:				
Available for sale:				
U.S. & Canadian Governments	$ 1,554.3	$ 6.5	$ 8.7	$ 1,552.2
Corporate	6,607.8	140.8	18.6	6,730.0
	$ 8,162.2	$ 147.4	$ 27.3	$ 8,282.3
Held to maturity:				
Tax-exempt	$ 1,067.4	$ 10.0	$ 8.3	$ 1,069.2

	Amortized Cost	Estimated Fair Value
Fixed Maturity Securities Stratified by Contractual Maturity at December 31, 2018:		
Available for sale:		
Due in one year or less	$ 650.4	$ 650.3
Due after one year through five years	4,643.4	4,604.3
Due after five years through ten years	2,921.7	2,856.3
Due after ten years	69.4	71.7
	$ 8,285.0	$ 8,182.8
Held to maturity:		
Due in one year or less	$ —	$ —
Due after one year through five years	171.6	170.1
Due after five years through ten years	873.1	864.4
Due after ten years	—	—
	$ 1,044.8	$ 1,034.5

Bonds and other investments with a statutory carrying value of $855.2 as of December 31, 2018 were on deposit with governmental authorities by the Company's insurance subsidiaries to comply with insurance laws.

The following table reflects the Company's gross unrealized losses and fair value, aggregated by category and length of time that individual available for sale and held to maturity fixed maturity securities have been in an unrealized loss position. Fair value and issuer's cost comparisons follow:

	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2018:						
Fixed Maturity Securities:						
Available for sale:						
U.S. & Canadian Governments	$ 616.7	$ 8.4	$ 487.1	$ 8.1	$ 1,103.9	$ 16.5
Corporate	3,440.8	77.9	1,096.4	44.7	4,537.3	122.7
	$ 4,057.6	$ 86.4	$ 1,583.6	$ 52.8	$ 5,641.2	$ 139.2
Number of available for sale securities in unrealized loss position		760		335		1,095
Held to maturity:						
Tax-exempt	$ 271.9	$ 2.3	$ 407.7	$ 11.4	$ 679.7	$ 13.7
Number of available for sale securities in unrealized loss position		94		145		239
December 31, 2017:						
Fixed Maturity Securities:						
Available for sale:						
U.S. & Canadian Governments	$ 1,080.9	$ 8.6	$ 29.5	$ —	$ 1,110.5	$ 8.7
Corporate	1,660.9	15.0	145.9	3.6	1,806.9	18.6
	$ 2,741.9	$ 23.6	$ 175.5	$ 3.7	$ 2,917.4	$ 27.3
Number of held to maturity securities in unrealized loss position		526		56		582
Held to maturity:						
Tax-exempt	$ 321.9	$ 4.8	$ 134.7	$ 3.4	$ 456.6	$ 8.3
Number of available for sale securities in unrealized loss position		112		48		160

In the above tables the unrealized losses on fixed income securities are primarily deemed to reflect changes in the interest rate environment. As part of its assessment of other-than-temporary impairments, the Company considers its intent to continue to hold the securities, and the likelihood that it will not be required to sell investment securities in an unrealized loss position until cost recovery, principally in consideration of its asset and liability maturity matching objectives.

The following table shows cost and fair value information for equity securities:

	Equity Securities			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2018	$ 3,039.1	$ 517.3	$ 175.4	$ 3,380.9
December 31, 2017	$ 2,629.9	$ 658.8	$ 23.2	$ 3,265.5

At December 31, 2017, the Company held 9 equity securities that had been in an unrealized loss position for less than12 months. Effective January 1, 2018, the Company adopted a new accounting standard which requires the recognition of changes in fair value of equity securities in net income. The effect is shown in the accompanying consolidated financial statements. The cumulative-effect adjustment resulting from the adoption of the new standard was to reclassify $502.1 from accumulated other comprehensive income to retained earnings; total shareholders' equity remained unchanged. During 2018, the Company recognized pretax unrealized investment gains (losses) of $(293.8) emanating from changes in the fair value of equity securities in the consolidated statements of income. Changes in the fair value of equity securities still held at December 31, 2018 was $(244.8) for the year ended December 31, 2018.

Fair Value Measurements - Fair value is defined as the estimated price that is likely to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (an exit price) at the measurement date. A fair value hierarchy is established that prioritizes the sources ("inputs") used to measure fair value into three broad levels: Level 1 inputs are based on quoted market prices in active markets; Level 2 observable inputs are based on corroboration with available market data; and Level 3 unobservable inputs are based on uncorroborated market data or a reporting entity's own assumptions. Following is a description of the valuation methodologies and general classification used for financial instruments measured at fair value.

The Company uses quoted values and other data provided by a nationally recognized independent pricing source as inputs into its quarterly process for determining fair values of fixed maturity and equity securities. To validate the techniques or models used by pricing sources, the Company's review process includes, but is not limited to: (i) initial and ongoing evaluation of methodologies used by outside parties to calculate fair value; and (ii) comparisons with other sources including the fair value estimates based on current market quotations, and with independent fair value estimates provided by the independent investment custodian. The independent pricing source obtains market quotations and actual transaction prices for securities that have quoted prices in active markets and uses their own proprietary method for determining the fair value of securities that are not actively traded. In general, these methods involve the use of "matrix pricing" in which the independent pricing source uses observable market inputs including, but not limited to, investment yields, credit risks and spreads, benchmarking of like securities, broker-dealer quotes, reported trades and sector groupings to determine a reasonable fair value.

Level 1 securities include U.S. and Canadian Treasury notes, publicly traded common stocks, quoted net asset value ("NAV") mutual funds, and short-term investments in highly liquid money market instruments. Level 2 securities generally include corporate bonds, municipal bonds, and certain U.S. and Canadian government agency securities. Securities classified within Level 3 include non-publicly traded bonds and equity securities. There were no significant changes in the fair value of assets measured with the use of significant unobservable inputs as of December 31, 2018 and December 31, 2017.

The following tables show a summary of the fair value of financial assets segregated among the various input levels described above:

	Fair Value Measurements			
As of December 31, 2018:	Level 1	Level 2	Level 3	Total
Available for sale:				
Fixed maturity securities:				
U.S. & Canadian Governments	$ 714.0	$ 810.3	$ —	$ 1,524.4
Corporate	—	6,647.8	10.5	6,658.3
Short-term investments	354.9	—	—	354.9
Held to maturity:				
Fixed maturity securities:				
Tax-exempt	—	1,034.5	—	1,034.5
Equity securities	$ 3,379.2	$ —	$ 1.7	$ 3,380.9
As of December 31, 2017:				
Available for sale:				
Fixed maturity securities:				
U.S. & Canadian Governments	$ 761.4	$ 790.8	$ —	$ 1,552.2
Corporate	—	6,719.5	10.5	6,730.0
Short-term investments	670.1	—	—	670.1
Held to maturity:				
Fixed maturity securities:				
Tax-exempt	—	1,069.2	—	1,069.2
Equity securities	$ 3,264.4	$ —	$ 1.1	$ 3,265.5

There were no transfers between Levels 1, 2 or 3 during 2018 or 2017.

Investment income is reported net of allocated expenses and includes appropriate adjustments for amortization of premium and accretion of discount on fixed maturity securities acquired at other than par value. Dividends on equity securities are credited to income on the ex-dividend date.

Investment gains and losses, which result from sales or write-downs of securities, are reflected as revenues in the income statement and are determined on the basis of amortized value at date of sale for fixed maturity securities, and cost in regard to equity securities; such bases apply to the specific securities sold. Effective January 1, 2018, as above noted, unrealized gains and (losses) from changes in fair value of equity securities are recorded as investment gains (losses) in the income statement. Unrealized investment gains (losses) on fixed maturity securities, net of any deferred income taxes, are recorded directly as a component of accumulated other comprehensive income in shareholders' equity. At December 31, 2018, the Company and its subsidiaries had no non-income producing fixed maturity or equity securities.

The following table reflects the composition of net investment income, net realized gains or losses, and the net change in unrealized investment gains or losses for each of the years shown.

Years Ended December 31:	2018	2017	2016
Investment income from:			
Fixed maturity securities	$ 299.2	$ 293.2	$ 296.6
Equity securities	124.0	110.9	88.2
Short-term investments	9.8	5.4	2.1
Other sources	4.9	4.5	3.9
Gross investment income	438.1	414.1	390.9
Investment expenses (a)	6.2	4.6	3.8
Net investment income	$ 431.8	$ 409.4	$ 387.0
Investment gains (losses):			
From actual transactions:			
Fixed maturity securities:			
Gains	$ 2.4	$ 22.1	$ 15.3
Losses	(7.2)	(5.4)	(7.5)
Net	(4.8)	16.6	7.8
Equity securities:			
Gains	71.9	217.8	95.1
Losses	(10.4)	(23.0)	(25.4)
Net	61.4	194.7	69.7
Other long-term investments, net	1.6	.1	.2
Total from actual transactions	58.2	211.6	77.8
From unrealized changes in fair value of equity securities	(293.8)	—	—
From impairments	—	—	(4.9)
Total realized and unrealized investment gains (losses)	(235.6)	211.6	72.8
Current and deferred income taxes (credits)(b)(c)	(49.6)	(30.8)	25.5
Post tax realized and unrealized investment gains (losses)	$ (185.9)	$ 242.4	$ 47.3
Changes in unrealized investment gains (losses) reflected directly in shareholders' equity on:			
Fixed maturity securities	$ (221.9)	$ (31.2)	$ 119.4
Less: Deferred income taxes (credits)	(46.6)	(10.7)	41.9
	(175.2)	(20.5)	77.5
Equity securities & other long-term investments	(1.3)	144.7	330.0
Less: Deferred income taxes (credits)	(.2)	50.2	115.3
	(1.0)	94.4	214.6
Net changes in unrealized investment gains (losses)	$ (176.3)	$ 73.9	$ 292.1

(a) Investment expenses largely consist of personnel costs and investment management and custody service fees.
(b) Reflects primarily the combination of fully taxable investment gains or losses and judgments about the recoverability of deferred tax assets.
(c) Includes $104.9, for 2017, of deferred income tax credits to adjust to the new 21% tax rate of 2018 pertaining to unrealized gains (losses) as of December 31, 2017. Deferred income taxes on unrealized gains (losses) would normally be a part of the statement of comprehensive income rather than the income statement.

In June 2016, the FASB issued guidance on accounting for credit losses on financial instruments which will be effective in 2020. The guidance will require immediate recognition of expected credit losses for certain financial instruments including (1) reinsurance recoverables, (2) held to maturity securities and (3) accounts and notes receivable. Additionally, the guidance modified the impairment model for available for sale fixed maturity securities. The Company is currently evaluating the guidance to determine the potential impact of its adoption on the Company's consolidated financial statements.

(e) Revenue Recognition - Pursuant to GAAP applicable to the insurance industry, revenues are recognized as follows:

Substantially all general insurance premiums pertain to annual policies and are reflected in income on a pro-rata basis in association with the related benefits, claims, and expenses. Earned but unbilled premiums are generally taken into income on the billing date, while adjustments for retrospective premiums, commissions and similar charges or credits are accrued on the basis of periodic evaluations of current underwriting experience and contractual obligations.

Title premium and fee revenues stemming from the Company's direct operations (which include branch offices of its title insurers and wholly owned agency subsidiaries) represent 26% of 2018, 27% of 2017 and 28% of 2016 consolidated title business revenues. Such premiums are generally recognized as income at the escrow closing date which approximates the policy effective date. Fee income related to escrow and other closing services is recognized when the related services have been performed and completed. The remaining title premium and fee revenues are produced by independent title agents and underwritten title companies. Rather than making estimates that could be subject to significant variance from actual premium and fee production, the Company recognizes revenues from those sources upon receipt. Such receipts can reflect a three to four month lag relative to the effective date of the underlying title policy, and are offset concurrently by production expenses and claim reserve provisions.

The Company's mortgage guaranty premiums primarily stem from monthly installments paid on long-duration, guaranteed renewable insurance policies. Such premiums are written and earned in the month coverage is effective. With respect to relatively few annual or single premium policies, earned premiums are largely recognized on a pro-rata basis over the terms of the policies. Recognition of normal or catastrophic claim costs, however, occurs only upon an instance of default, defined as the occurrence of two or more consecutively missed monthly payments. Accordingly, GAAP revenue recognition for insured loans is not appropriately matched to the risk exposure and the consequent recognition of both normal and most significantly, future catastrophic loss occurrences for which current reserve provisions are not permitted. As a result, mortgage guaranty GAAP earnings for any individual year or series of years may be materially adversely affected, particularly by cyclical catastrophic loss events such as the mortgage insurance industry experienced between 2007 and 2012. Reported GAAP earnings and financial condition form, in part, the basis for significant judgments and strategic evaluations made by management, analysts, investors, and other users of the financial statements issued by mortgage guaranty companies. The risk exists that such judgments and evaluations are at least partially based on GAAP financial information that does not match revenues and expenses and is therefore not reflective of the long-term normal and catastrophic risk exposures assumed by mortgage guaranty insurers at any point in time.

The Company recognized total contract revenue from customers of $166.8, $155.1 and $151.4 during 2018, 2017 and 2016, respectively. Of these amounts, approximately $105.4 (63.2%), $97.1 (62.6%) and $92.7 (61.2%) were generated from claims handling and related ancillary services (i.e. risk control services) provided to customers within the Company’s General Insurance segment. Claims handling revenues are recognized on a straight-line basis over the contract period (generally one year) which is commensurate with the entity’s efforts relative to claims adjudication. The related ancillary services revenues are recognized as services are provided and invoiced to the customer. Additionally, revenues from contracts with customers generated from the Company’s Title Insurance segment, consisting primarily of valuation and default title services, and software licensing arrangements totaled $55.8 (33.5%), $52.5 (33.9%) and $53.0 (35.0%) for the years ended December 31, 2018, 2017 and 2016, respectively. Such revenues are generally recognized at a point in time upon completion and invoicing of the services, or in the case of software maintenance agreements, on a straight-line basis over the life of the contract (generally one year).

(f) Deferred Policy Acquisition Costs - Various insurance subsidiaries of the Company defer direct costs related to the successful production of business. Deferred costs consist principally of commissions, premium taxes and policy issuance expenses.

With respect to most coverages, deferred acquisition costs are amortized on the same basis as the related premiums are earned or, alternatively, over the periods during which premiums will be paid. To the extent that future revenues on existing policies are not adequate to cover related costs and expenses, deferred policy acquisition costs are charged to earnings.

The following table shows a reconciliation of deferred acquisition costs between succeeding balance sheet dates.

Years Ended December 31:	2018	2017	2016
Deferred, beginning of year	$ 297.8	$ 274.0	$ 255.4
Acquisition costs deferred:			
Commissions - net of reinsurance	332.2	308.7	253.0
Premium taxes	123.5	117.1	107.8
Salaries and other underwriting expenses	52.3	51.9	51.4
Sub-total	508.1	477.8	412.3
Amortization charged to income	(489.6)	(454.0)	(393.7)
Change for the year	18.5	23.7	18.6
Deferred, end of year	$ 316.3	$ 297.8	$ 274.0

(g) Unearned Premiums - Unearned premium reserves are generally calculated by application of pro-rata factors to premiums in force. At December 31, 2018 and 2017, unearned premiums consisted of the following:

As of December 31:	2018	2017
General Insurance Group	$ 2,101.8	$ 1,966.4
RFIG Run-off Business	3.0	5.1
Total	$ 2,104.9	$ 1,971.5

(h) Losses, Claims and Settlement Expenses - The establishment of claim reserves by the Company's insurance subsidiaries is a reasonably complex and dynamic process influenced by a large variety of factors. These factors principally include past experience applicable to the anticipated costs of various types of claims, continually evolving and changing legal theories emanating from the judicial system, recurring accounting, statistical, and actuarial studies, the professional experience and expertise of the Company's claim departments' personnel or attorneys and independent claim adjusters, ongoing changes in claim frequency or severity patterns such as those caused by natural disasters, illnesses, accidents, work-related injuries, and changes in general and industry-specific economic conditions. Consequently, the reserves established are a reflection of the opinions of a large number of persons, of the application and interpretation of historical precedent and trends, of expectations as to future developments, and of management's judgment in interpreting all such factors. At any point in time, the Company is exposed to the incurrence of possibly higher or lower than anticipated claim costs due to all of these factors, and to the evolution, interpretation, and expansion of tort law, as well as the effects of unexpected jury verdicts.

All reserves are therefore based on estimates which are periodically reviewed and evaluated in the light of emerging claim experience and changing circumstances. The resulting changes in estimates are recorded in operations of the periods during which they are made. Return and additional premiums and policyholders' dividends, all of which tend to be affected by development of claims in future years, may offset, in whole or in part, favorable or unfavorable claim developments for certain coverages such as workers' compensation, portions of which are written under loss sensitive programs that provide for such adjustments. The Company believes that its overall reserving practices have been consistently applied over many years, and that its aggregate net reserves have generally resulted in reasonable approximations of the ultimate net costs of claims incurred. However, no representation is made nor is any guaranty given that ultimate net claim and related costs will not develop in future years to be greater or lower than currently established reserve estimates.

General Insurance reserves are established to provide for the ultimate expected cost of settling unpaid losses and claims reported at each balance sheet date. Such reserves are based on continually evolving assessments of the facts available to the Company during the settlement process which may stretch over long periods of time. Long-term disability or pension type workers' compensation reserves are discounted to present value based on interest rates ranging from 3.5% to 4.0%. The amount of discount reflected in the year-end net reserves totaled $216.5, $240.7, and $231.9 as of December 31, 2018, 2017, and 2016, respectively. Interest accretion of $49.0, $20.4 and $24.2 for the years ended December 31, 2018, 2017, and 2016, respectively, was recognized as unfavorable development of prior year reserves within benefits, claims and settlement expenses in the consolidated statements of income. Losses and claims incurred but not reported ("IBNR"), as well as expenses required to settle losses and claims are established on the basis of a large number of formulas that take into account various criteria, including historical cost experience and anticipated costs of servicing reinsured and other risks. As applicable, estimates of possible recoveries from salvage or subrogation opportunities are considered in the establishment of such reserves. Overall claim and claim expense reserves incorporate amounts covering net estimates of unusual claims such as those emanating from asbestosis and environmental ("A&E") exposures as discussed below. Such reserves can affect claim costs and related claim ratios for such insurance coverages as general liability, commercial automobile (truck), workers' compensation, and property.

Early in 2001, the Federal Department of Labor revised the Federal Black Lung Program regulations. The revisions basically require a reevaluation of previously settled, denied, or new occupational disease claims in the context of newly devised, more lenient standards when such claims are resubmitted. Following a number of challenges and appeals by the insurance and coal mining industries, the revised regulations were, for the most part, upheld in June, 2002 and are to be applied prospectively. Since the final quarter of 2001 black lung claims filed or refiled pursuant to these revised regulations have increased, though the volume of new claim reports has abated in recent years.

In March 2010, federal regulations were revised once again as part of the Patient Protection and Affordability Act that reinstates two provisions that can potentially benefit claimants. In response to this most recent legislation and the above noted 2001 change, black lung claims filed or refiled have risen once increased. The vast majority of claims filed to date against Old Republic pertain to business underwritten through loss sensitive programs that permit the charge of additional or refund of return premiums to wholly or partially offset changes in estimated claim costs, or to business underwritten as a service carrier on behalf of various industry-wide involuntary market (i.e. assigned risk) pools. A much smaller portion pertains to business produced on a traditional risk transfer basis. The Company has established applicable reserves for claims as they have been reported and for claims not as yet reported on the basis of its historical experience as well as assumptions relative to the effect of the revised regulations.

Old Republic's reserve estimates also include provisions for indemnity and settlement costs for various asbestosis and environmental impairment ("A&E") claims that have been filed in the normal course of business against a number of its insurance subsidiaries. Many such claims relate to policies incepting prior to 1985, including many issued during a short period between 1981 and 1982 pursuant to an agency agreement canceled in 1982. Over the years, the Company's property and liability insurance subsidiaries have typically issued general liability insurance policies with face amounts ranging between $1.0 and $2.0 and rarely exceeding $10.0. Such policies have, in turn, been subject to reinsurance cessions which have typically reduced the subsidiaries' net retentions to $.5 or less as to each claim. Old Republic's exposure to A&E claims cannot, however, be calculated by conventional insurance reserving methods for a variety of reasons, including: a) the absence of statistically valid data inasmuch as such claims generally involve long reporting delays and very often uncertainty as to the number and identity of insureds against whom such claims have arisen or will arise; and b) the litigation history of such or similar claims for insurance industry members which has produced inconsistent court decisions with regard to such questions as when an alleged loss occurred, which policies provide coverage, how a loss is to be allocated among potentially responsible insureds and/or their insurance carriers, how policy coverage exclusions are to be interpreted, what types of environmental impairment or toxic tort claims are covered, when the insurer's duty to defend is triggered, how policy limits are to be calculated, and whether clean-up costs constitute property damage. Over time, the Executive Branch and/or the Congress of the United States have proposed or considered changes in the legislation and rules affecting the determination of liability for environmental and asbestosis claims. As of December 31, 2018, however, there is no solid evidence to suggest that possible future changes might mitigate or reduce some or all of these claim exposures. Because of the above issues and uncertainties, estimation of reserves for losses and allocated loss adjustment expenses for A&E claims in particular is much more difficult or impossible to quantify with a high degree of precision. Accordingly, no representation can be made that the Company's reserves for such claims and related costs will not prove to be overstated or understated in the future. At December 31, 2018 and 2017, Old Republic's aggregate indemnity and loss adjustment expense reserves specifically identified with A&E exposures amounted to $105.8 and $117.4 gross, respectively, and $74.4 and $96.4 net of reinsurance, respectively. Old Republic's average five year paid loss survival ratios stood at 4.3 years (gross) and 5.0 years (net of reinsurance) as of December 31, 2018 and 4.6 years (gross) and 6.3 years (net of reinsurance) as of December 31, 2017. Fluctuations in this ratio between years can be caused by the inconsistent pay out patterns associated with these types of claims.

The Company believes that its overall reserving practices have been consistently applied over many years, and that its aggregate reserves have generally resulted in reasonable approximations of the ultimate net costs of claims incurred. However, no representation is made nor is any guaranty given that ultimate net claim and related costs will not develop in future years to be greater or lower than currently established reserve estimates.

Title insurance and related escrow services loss and loss adjustment expense reserves are established as point estimates to cover the projected settlement costs of known as well as IBNR losses related to premium and escrow service revenues of each reporting period. Reserves for known claims are based on an assessment of the facts available to the Company during the settlement process. The point estimates covering all claim reserves take into account IBNR claims based on past experience and evaluations of such variables as changing trends in the types of policies issued, changes in real estate markets and interest rate environments, and changing levels of loan refinancing, all of which can have a bearing on the emergence, number, and ultimate cost of claims.

RFIG Run-off mortgage guaranty insurance reserves for unpaid claims and claim adjustment expenses are recognized only upon an instance of default, defined as an insured mortgage loan for which two or more consecutive monthly payments have been missed. Loss reserves are based on statistical calculations that take into account the number of reported insured mortgage loan defaults as of each balance sheet date, as well as experience-based estimates of loan defaults that have occurred but have not as yet been reported. Further, the loss reserve estimating process takes into account a large number of variables including trends in claim severity, potential salvage recoveries, expected cure rates for reported loan delinquencies at various stages of default, the level of coverage rescissions and claims denials due to material misrepresentation in key underwriting information or non-compliance with prescribed underwriting guidelines, and management judgments relative to future employment levels, housing market activity, and mortgage loan interest costs, demand, and extensions.

The Company has the legal right to rescind mortgage insurance coverage unilaterally as expressly stated in its policy. Moreover, two federal courts that have considered that policy wording have each affirmed that right (See First Tennessee Bank N.A. v. Republic Mortg. Ins. Co., Case No. 2:10-cv-02513-JPM-cgc (W.D. Tenn., Feb. 25, 2011) and JPMorgan Chase Bank N.A. v. Republic Mortg. Ins. Co., Civil Action No. 10-06141 (SRC) (D. NJ, May 4, 2011), each decision citing supporting state law legal precedent). RMIC's mortgage insurance policy provides that the insured represents that all statements made and information provided to it in an application for coverage for a loan, without regard to who made the statements or provided the information, have been made and presented for and on behalf of the insured; and that such statements and information are neither false nor misleading in any material respect, nor omit any fact necessary to make such statements and information not false or misleading in any material respect. According to the policy, if any of those representations are materially false or misleading with respect to a loan, the Company has the right to cancel or rescind coverage for that loan retroactively to commencement of the coverage. Whenever the Company determines that an application contains a material misrepresentation, it either advises the insured in writing of its findings prior to rescinding coverage or exercises its unilateral right to rescind coverage for that loan, stating the reasons for that action in writing and returning the applicable premium. The rescission of coverage in instances of materially faulty representations or warranties provided in applications for insurance is a necessary and prevailing practice throughout the insurance industry. In the case of mortgage guaranty insurance, rescissions have occurred regularly over the years but have been generally immaterial. Since 2008, however, the Company has experienced a much greater incidence of rescissions due to increased levels of observed fraud and misrepresentations in insurance applications pertaining to business underwritten between 2004 and the first half of 2008. As a result, the Company has incorporated certain assumptions regarding the expected levels of coverage rescissions and claim denials in its reserving methodology since 2008. Such estimates, which are evaluated at each balance sheet date, take into account observed as well as historical trends in rescission and denial rates. The table below shows the estimated effects of coverage rescissions and claim denials on loss reserves and settled and incurred losses.

	2018	2017	2016
Estimated reduction in beginning reserve	$ 19.0	$ 29.6	$ 47.5
Total incurred claims and settlement expenses reduced (increased) by changes in estimated rescissions:			
Current year	.9	6.2	8.3
Prior year	(12.3)	(3.7)	(24.8)
Sub-total	(11.4)	2.5	(16.5)
Estimated rescission reduction in paid claims	(4.4)	(13.1)	(1.4)
Estimated reduction in ending reserve	$ 3.2	$ 19.0	$ 29.6

As above-noted, the estimated reduction in ending loss reserves reflects, in large measure, a variety of judgments relative to the level of expected coverage rescissions and claim denials on loans that are in default as of each balance sheet date. The provision for insured events of the current year resulted from actual and anticipated rescissions and claim denials attributable to newly reported delinquencies in each respective year. The provision for insured events of prior years resulted from actual rescission and claim denial activity, reinstatement of previously rescinded or denied claims, or revisions in assumptions regarding expected rescission or claim denial rates on outstanding prior year delinquencies. The trends since 2010 reflect a continuing reduction in the level of actual and anticipated rescission and claim denial rates on total outstanding delinquencies. Claims not paid by virtue of rescission or denial represent the Company's estimated contractual risk, before consideration of the impacts of any reinsurance and deductibles or aggregate loss limits, on cases that are settled by the issuance of a rescission or denial notification. Variances between the estimated rescission and actual claim denial rate are reflected in the periods during which they occur.

Although the insured has no right under the policy to appeal a Company claim decision, the insured may, at any time, contest in writing the Company's findings or action with respect to a loan or a claim. In such cases, the Company considers any additional information supplied by the insured. This consideration may lead to further investigation, retraction or confirmation of the initial determination. If the Company concludes that it will reinstate coverage, it advises the insured in writing that it will do so immediately upon receipt of the premium previously returned. Reserves are not adjusted for potential reversals of rescissions or adverse rulings for loans under dispute since such reversals of claim rescissions and denials have historically been immaterial to the reserve estimation process.

In addition to the above reserve elements, the Company establishes reserves for loss settlement costs that are not directly related to individual claims. Such reserves are based on prior years' cost experience and trends, and are intended to cover the unallocated costs of claim departments' administration of known and IBNR claims.

The following table shows an analysis of changes in aggregate reserves for the Company's losses, claims and settlement expenses for each of the years shown.

Years Ended December 31:	2018	2017	2016
Gross reserves at beginning of year	$ 9,237.6	$ 9,206.0	$ 9,120.1
Less: reinsurance losses recoverable	2,921.1	2,766.1	2,732.5
Net reserves at beginning of year:			
General Insurance	5,471.5	5,249.9	5,053.1
Title Insurance	559.7	602.0	580.8
RFIG Run-off	271.7	574.0	736.7
Other	13.5	13.8	16.9
Sub-total	6,316.4	6,439.8	6,387.6
Incurred claims and claim adjustment expenses:			
Provisions for insured events of the current year:			
General Insurance	2,346.2	2,192.1	2,115.1
Title Insurance	96.1	95.2	107.7
RFIG Run-off (a)	56.2	297.1	171.3
Other	22.1	20.4	21.7
Sub-total	2,520.7	2,604.9	2,416.0
Change in provision for insured events of prior years:			
General Insurance	(.2)	22.7	9.9
Title Insurance	(47.7)	(74.3)	(23.4)
RFIG Run-off (a)	(26.2)	(99.2)	(68.7)
Other	(3.5)	(2.9)	(3.8)
Sub-total	(77.8)	(153.8)	(86.1)
Total incurred claims and claim adjustment expenses (a)	2,442.9	2,451.0	2,329.9
Payments:			
Claims and claim adjustment expenses attributable to insured events of the current year:			
General Insurance	813.2	765.8	723.5
Title Insurance	9.1	5.0	4.4
RFIG Run-off (b)	3.7	329.4	14.5
Other	16.0	13.9	14.8
Sub-total	842.2	1,114.3	757.4
Claims and claim adjustment expenses attributable to insured events of prior years:			
General Insurance	1,238.1	1,227.3	1,204.5
Title Insurance	65.4	58.2	58.6
RFIG Run-off (b)	143.3	170.6	250.8
Other	5.2	3.9	6.1
Sub-total	1,452.2	1,460.1	1,520.2
Total payments (b)	2,294.5	2,574.4	2,277.6
Amount of reserves for unpaid claims and claim adjustment expenses at the end of each year, net of reinsurance losses recoverable:			
General Insurance	5,766.1	5,471.5	5,249.9
Title Insurance	533.4	559.7	602.0
RFIG Run-off	154.5	271.7	574.0
Other	10.8	13.5	13.8
Sub-total	6,464.9	6,316.4	6,439.8
Reinsurance losses recoverable	3,006.3	2,921.1	2,766.1
Gross reserves at end of year	$ 9,471.2	$ 9,237.6	$ 9,206.0

Excluding the reclassification of CCI from the General Insurance to the RFIG Run-off Business segment, certain elements shown in the preceding table would have been as follows:

	2018	2017	2016
Change in provision for incurred events of prior years:			
General Insurance	$ (6.4)	$ (34.5)	$ 2.5
RFIG Run-off (a)	(20.1)	(42.0)	(61.3)
Payment of claim and claim adjustment expenses attributable to incurred events of the current and prior years:			
General Insurance	2,083.0	2,297.5	1,939.9
RFIG Run-off (b)	$ 115.4	$ 195.8	$ 253.6

(a) In common with all other insurance coverages, RFIG Run-off mortgage guaranty settled and incurred claim and claim adjustment expenses include only those costs actually or expected to be paid by the Company. As previously noted, changes in mortgage guaranty aggregate case, IBNR, and loss adjustment expense reserves shown below and entering into the determination of incurred claim costs, take into account, among a large number of variables, claim cost reductions for anticipated coverage rescissions and claims denials.

The RFIG Run-off mortgage guaranty provision for insured events of the current year was reduced by estimated coverage rescissions and claims denials of $.9, $6.2 and $8.3, respectively, for 2018, 2017 and 2016. The provision for insured events of prior years in 2018, 2017 and 2016 was increased by estimated coverage rescissions and claims denials of $12.3, $3.7 and $24.8, respectively. Prior year development was also affected in varying degrees by differences between actual claim settlements relative to expected experience, by reinstatement of previously rescinded or denied claims, and by subsequent revisions of assumptions in regards to claim frequency, severity or levels of associated claim settlement costs which result from consideration of underlying trends and expectations. The 2017 RFIG Run-off provision for insured events of the current year is inclusive of the claim expense provisions applicable to final settlements and probable dispositions of all known litigated and other claim costs as described further elsewhere in this report.

(b) Rescissions reduced the Company's paid losses by an estimated $4.4, $13.1, and $1.4 for 2018, 2017, and 2016, respectively.

For the three most recent calendar years, the above table indicates that the one-year development of consolidated reserves at the beginning of each year produced favorable developments of 1.2%, 2.4%, and 1.3% for 2018, 2017 and 2016, respectively, with average favorable annual developments of 1.7%. The Company believes that the factors most responsible, in varying and continually changing degrees, for favorable or unfavorable reserve developments include, as to many general insurance coverages, the effect of reserve discounts applicable to workers' compensation claims, higher than expected severity of litigated claims in particular, governmental or judicially imposed retroactive conditions in the settlement of claims such as noted above in regard to black lung disease claims, greater than anticipated inflation rates applicable to repairs and the medical portion of claims in particular, and higher than expected claims incurred but not reported due to the slower and highly volatile emergence patterns applicable to certain types of claims such as those stemming from litigated, assumed reinsurance, or the A&E types of claims noted above. In 2018, 2017, and 2016, the Company experienced unfavorable developments of previously established reserves concentrated in its largest insurance coverages. Title claim costs were lower in the face of declining claims activity since the Great Recession years. As to mortgage guaranty and the CCI coverage, changes in favorable or unfavorable reserve development result from differences in originally estimated salvage and subrogation recoveries, sales and prices of homes that can impact claim costs upon the disposition of foreclosed properties, changes in regional or local economic conditions and employment levels, the number of coverage rescissions and claims denials due to material misrepresentation in key underwriting information or non-compliance with prescribed underwriting guidelines, the extent of loan refinancing activity that can reduce the period of time over which a policy remains at risk, and lower than expected frequencies of claims incurred but not reported.

The following represents the Company's incurred and paid loss development tables for the major types of insurance coverages as of December 31, 2018. The information about incurred and paid claims development for the years ended December 31, 2009 to 2017 is presented as supplementary information.

Accident Year	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance (Undiscounted) — For the Years Ended December 31, Supplementary Information (Unaudited) 2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	As of December 31, 2018 — Total of Incurred-but-Not-Reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims*
2009	$ 520.7	$ 516.9	$ 534.7	$ 544.4	$ 542.9	$ 559.8	$ 564.6	$ 563.8	$ 562.3	$ 566.8	$ 23.8	55,944
2010		485.1	480.0	521.5	545.3	569.1	563.1	564.0	563.5	563.2	22.9	57,758
2011			558.6	567.3	595.3	622.5	643.0	641.7	649.3	634.9	52.2	53,313
2012				629.3	647.2	670.6	678.1	676.4	671.1	660.5	83.8	49,888
2013					700.9	705.3	716.9	722.7	726.3	717.2	114.8	48,983
2014						780.9	792.8	786.4	784.9	777.0	181.3	54,088
2015							794.3	792.6	787.3	785.5	239.6	55,074
2016								756.1	752.9	745.7	280.7	52,149
2017									727.0	713.9	298.7	51,041
2018										698.6	413.9	40,872
									Total	$ 6,863.8	(A)	

* Reported claims are accumulated on an individual claimant basis and exclude external reinsurance assumed and participation in residual market pools as claim frequency information is not available.

Accident Year	Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance — For the Years Ended December 31, Supplementary Information (Unaudited) 2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
2009	$ 113.8	$ 263.6	$ 351.4	$ 404.2	$ 440.2	$ 469.4	$ 468.1	$ 478.8	$ 487.7	$ 494.5	
2010		118.9	279.8	370.1	427.9	464.0	466.5	482.8	496.1	507.2	
2011			112.6	266.7	361.4	424.0	469.8	503.4	526.4	539.7	
2012				113.1	265.8	361.8	426.7	469.5	496.6	518.4	
2013					107.6	274.3	381.2	449.8	501.9	526.8	
2014						116.9	293.7	397.1	466.0	499.5	
2015							109.0	274.9	379.3	435.1	
2016								102.5	253.5	334.4	
2017									99.6	244.6	
2018										94.8	
									Total	$ 4,195.5	(B)

Net incurred claims and allocated claim adjustment expenses (A)	$ 6,863.8
Less: net paid claims and allocated claim adjustment expenses (B)	4,195.5
Sub-total	2,668.3
All outstanding liabilities before 2009, net of reinsurance	638.2
Liabilities for claims and allocated claim adjustment expenses, net of reinsurance	$ 3,306.5

General Liability

	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance (Undiscounted)										As of December 31, 2018	
	For the Years Ended December 31,											
Accident	Supplementary Information (Unaudited)										Total of Incurred-but-Not-Reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims*
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
2009	$ 88.6	$ 87.9	$ 88.2	$ 83.1	$ 89.7	$ 107.6	$ 107.4	$ 105.3	$ 102.5	$ 103.3	$ 4.6	6,138
2010		68.4	67.8	66.6	64.7	70.4	69.6	68.6	68.6	67.9	4.6	5,372
2011			72.5	71.5	72.9	80.0	95.8	96.0	94.6	94.4	8.8	4,726
2012				95.0	91.2	89.2	100.9	107.2	109.6	108.2	11.6	5,265
2013					95.7	96.7	96.5	107.8	106.7	106.0	13.0	5,506
2014						107.0	110.4	109.3	111.0	117.0	22.7	5,962
2015							96.0	96.3	99.2	102.3	26.9	5,477
2016								92.4	96.7	98.8	39.8	83,134
2017									111.2	121.4	50.4	460,485
2018										120.5	72.0	379,861
										$ 1,040.4	(A)	

* Reported claims are accumulated on an individual claimant basis and exclude external reinsurance assumed and participation in residual market pools as claim frequency information is not available. The increases beginning in 2016 are due to the addition of a national account with higher frequency yet lower severity than the existing book of business.

	Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance										
	For the Years Ended December 31,										
Accident	Supplementary Information (Unaudited)										
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
2009	$ 2.4	$ 7.8	$ 25.5	$ 37.0	$ 50.3	$ 67.8	$ 77.1	$ 85.3	$ 87.9	$ 92.8	
2010		3.9	10.8	20.8	31.1	44.3	52.1	55.5	56.4	59.6	
2011			2.5	12.1	26.0	43.6	58.6	68.9	75.3	80.7	
2012				5.5	18.8	36.0	50.8	67.4	75.8	86.4	
2013					4.0	13.6	34.3	58.4	76.1	85.1	
2014						5.8	15.8	31.9	52.8	73.5	
2015							6.3	16.0	29.5	47.4	
2016								7.1	18.5	34.8	
2017									5.7	25.9	
2018										6.9	
										$ 593.5	(B)

Net incurred claims and allocated claim adjustment expenses (A)	$ 1,040.4
Less: net paid claims and allocated claim adjustment expenses (B)	593.5
Sub-total	446.9
All outstanding liabilities before 2009, net of reinsurance	109.2
Liabilities for claims and allocated claim adjustment expenses, net of reinsurance	$ 556.1

Accident Year	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance (Undiscounted) — For the Years Ended December 31, Supplementary Information (Unaudited) 2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	As of December 31, 2018: Total of Incurred-but-Not-Reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims*
2009	$ 538.0	$ 491.0	$ 459.2	$ 437.9	$ 434.1	$ 424.9	$ 407.0	$ 402.7	$ 401.5	$ 399.1	$ 1.5	79,213
2010		578.8	531.6	506.7	500.1	496.6	494.9	479.9	473.7	473.5	4.6	92,188
2011			584.2	575.5	551.4	543.8	549.9	549.0	539.3	537.2	5.8	96,782
2012				617.0	605.1	579.6	575.0	573.1	559.5	558.9	8.5	98,034
2013					654.6	649.8	668.5	669.6	660.2	646.8	13.6	96,979
2014						678.9	689.2	691.7	688.7	689.3	16.8	103,175
2015							712.4	710.5	729.9	721.6	29.2	104,704
2016								755.9	769.0	786.1	42.8	109,950
2017									788.7	819.1	21.4	115,579
2018										883.2	11.0	114,157
										$ 6,515.3	(A)	

* Reported claims are accumulated on an individual claimant basis and exclude external reinsurance assumed and participation in residual market pools as claim frequency information is not available.

Accident Year	Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance — For the Years Ended December 31, Supplementary Information (Unaudited) 2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
2009	$ 177.8	$ 269.2	$ 325.1	$ 358.6	$ 377.0	$ 386.8	$ 394.0	$ 396.6	$ 397.1	$ 397.3	
2010		200.0	305.8	372.7	423.8	449.4	460.0	465.7	466.6	467.6	
2011			223.1	352.7	436.2	483.2	511.6	523.0	525.0	526.6	
2012				229.0	351.4	442.9	498.6	525.9	540.0	544.8	
2013					248.3	398.1	511.1	578.1	612.0	623.3	
2014						267.4	430.5	536.9	606.1	641.0	
2015							265.1	438.9	542.0	626.4	
2016								290.2	469.7	585.2	
2017									307.9	512.0	
2018										330.0	
										$ 5,254.8	(B)

Net incurred claims and allocated claim adjustment expenses (A)	$ 6,515.3
Less: net paid claims and allocated claim adjustment expenses (B)	5,254.8
Sub-total	1,260.4
All outstanding liabilities before 2009, net of reinsurance	4.5
Liabilities for claims and allocated claim adjustment expenses, net of reinsurance	$ 1,264.9

The following represents a reconciliation of the incurred and paid loss development tables to total claim and loss adjustment expense reserves as reported in the consolidated balance sheet.

	December 31, 2018	2017
Net claim and allocated loss adjustment expense reserves:		
Workers' compensation (a)	$ 3,090.0	$ 2,993.9
General liability	556.1	565.4
Commercial automobile	1,264.9	1,151.8
Three above coverages combined	4,911.1	4,711.2
Other short-duration insurance coverages	624.5	561.4
Subtotal	5,535.6	5,272.6
Reinsurance recoverable on claim reserves:		
Workers' compensation	1,774.3	1,758.2
General liability	561.5	507.2
Commercial automobile	410.2	372.9
Three above coverages combined	2,746.2	2,638.4
Other short-duration insurance coverages	246.1	249.4
Subtotal	2,992.3	2,887.8
Insurance coverages other than short-duration	660.5	764.8
Unallocated loss adjustment expense reserves	282.6	312.2
	943.2	1,077.1
Gross claim and loss adjustment expense reserves	$ 9,471.2	$ 9,237.6

(a) The amount of discount reflected in the year-end net reserves totaled $216.5 and $240.7 as of December 31, 2018 and 2017, respectively.

The table below is supplementary information and presents the historical average annual percentage payout of incurred claims by age, net of reinsurance.

	Supplementary Information (Unaudited)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Workers' compensation	16.1%	23.3%	14.2%	9.3%	6.3%	3.7%	2.4%	2.1%	1.8%	1.2%
General liability	4.9%	10.3%	15.7%	16.7%	16.3%	11.1%	7.6%	5.0%	3.5%	4.8%
Commercial automobile	39.5%	23.3%	15.2%	10.0%	5.1%	2.2%	1.1%	.4%	.2%	—%

(i) Reinsurance - The cost of reinsurance is recognized over the terms of reinsurance contracts. Amounts recoverable from reinsurers for loss and loss adjustment expenses are estimated in a manner consistent with the claim liability associated with the reinsured business. The Company evaluates the financial condition of its reinsurers on a regular basis. Allowances are established for amounts deemed uncollectible and are included in the Company's net claim and claim expense reserves.

(j) Income Taxes - The Company and most of its subsidiaries file a consolidated tax return and provide for income taxes payable currently. Deferred income taxes included in the accompanying consolidated financial statements will not necessarily become payable or recoverable in the future. The Company uses the asset and liability method of calculating deferred income taxes. This method results in the establishment of deferred tax assets and liabilities, calculated at currently enacted tax rates that are applied to the cumulative temporary differences between the financial statement and tax bases of assets and liabilities.

The Tax Cuts and Jobs Act ("TCJA") was enacted into law on December 22, 2017, thereby requiring that various accounting adjustments be reflected in the consolidated financial statements at year-end 2017. The TCJA, among its many elements, lowered the nominal federal corporate tax rate to 21.0% from 35.0%. Accordingly, the Company revalued its deferred tax items in 2017 to reflect the lower tax rate, resulting in a $63.1 income tax credit reflected in the consolidated statements of income.

The Internal Revenue Service ("IRS") requires the Company's insurance subsidiaries to discount loss reserves using either company specific payment patterns, or industry average tables published by the IRS. The Company has previously elected to follow the IRS industry average tables. The TCJA requires the IRS to publish tables linking the interest rates used to discount loss reserves to the corporate bond yield curve as opposed to the Federal mid-term rates used under the old law. In December of 2018, the IRS published the updated tables. Accordingly, the Company recorded an adjustment based on the application of the new IRS published discount rates to ending December 31, 2017 loss reserves which resulted in an increase to deferred tax assets of approximately $36.5 and a corresponding increase to deferred tax liabilities. The deferred tax liability is being amortized into taxable income over 8 years, with no impact to the Company's effective tax rate.

Furthermore, the Company elected to early adopt income tax accounting guidance issued by the FASB in February 2018, which allows for the reclassification of the income tax effects of TCJA on items within accumulated other comprehensive income to retained earnings. The reclassification adjustment, which consisted of the revaluation of net deferred taxes on net unrealized gains (losses) on securities and pension adjustments, resulted in an increase to accumulated other comprehensive income and a corresponding decrease to retained earnings of $85.1 as of December 31, 2017.

The provision for combined current and deferred income taxes (credits) reflected in the consolidated statements of income does not bear the usual relationship to income before income taxes (credits) as the result of permanent and other differences between pretax income or loss and taxable income or loss determined under existing tax regulations. The more significant differences, their effect on the statutory income tax rate (credit), and the resulting effective income tax rates (credits) are summarized below:

Years Ended December 31:	2018	2017	2016
Statutory tax rate (credit)	21.0%	35.0%	35.0%
Tax rate increases (decreases):			
Tax-exempt interest	(.8)	(.8)	(.5)
Dividends received exclusion	(2.4)	(3.2)	(2.6)
Foreign income (loss) reattribution	(.1)	(.1)	(.1)
Impact of tax rate change on deferred tax inventory	—	(8.7)	—
Meals & entertainment	.5	.3	.3
Prior year adjustments	(2.4)	—	(.3)
Other items - net	(.4)	.2	.1
Effective tax rate (credit)	15.4%	22.7%	31.9%

The tax effects of temporary differences that give rise to significant portions of the Company's net deferred tax assets (liabilities) are as follows at the dates shown:

December 31:	2018	2017	2016
Deferred Tax Assets:			
Losses, claims, and settlement expenses	$ 189.8	$ 159.2	$ 337.7
Pension and deferred compensation plans	47.8	49.1	71.5
Impairment losses on investments	—	.2	1.7
Net operating loss carryforward	15.8	17.9	33.3
AMT credit carryforward	9.0	9.6	9.6
Other temporary differences	18.0	18.2	33.6
Total deferred tax assets	280.8	254.5	487.5
Deferred Tax Liabilities:			
Unearned premium reserves	33.4	30.5	48.5
Deferred policy acquisition costs	62.6	59.5	91.7
Mortgage guaranty insurers' contingency reserves	86.5	77.9	114.3
Amortization of fixed maturity securities	2.6	3.0	5.8
Net unrealized investment gains	57.4	164.2	232.6
Title plants and records	2.9	2.9	4.9
Tax reform transition adjustment on unpaid losses, claims and settlement expenses	32.0	—	—
Other temporary differences	13.4	16.9	31.9
Total deferred tax liabilities	291.0	355.1	529.9
Net deferred tax assets (liabilities)	$ (10.3)	$ (100.5)	$ (42.6)

At December 31, 2018, the Company had available net operating loss ("NOL") carryforwards of $75.6 which will expire in years 2022 through 2029, and a $9.0 alternative minimum tax ("AMT") credit carryforward which does not expire. The NOL carryforward is subject to the limitations set by Section 382 of the Internal Revenue Code and is available to reduce future years' taxable income by a maximum of $9.8 each year until expiration.

In valuing the deferred tax assets, the Company considered certain factors including primarily the scheduled reversals of certain deferred tax liabilities, estimates of future taxable income, the impact of available carryback and carryforward periods, as well as the availability of certain tax planning strategies. The Company estimates that all gross deferred tax assets at year-end 2018 will more likely than not be fully realized.

Pursuant to special provisions of the Internal Revenue Code pertaining to mortgage guaranty insurers, a contingency reserve (established in accordance with insurance regulations designed to protect policyholders against extraordinary volumes of claims) is deductible from gross income. The deduction is allowed only to the extent that U.S. government non-interest bearing tax and loss bonds are purchased and held in an amount equal to the tax benefit attributable to such deduction. For Federal income tax purposes, amounts deducted from the contingency reserve are taken into gross statutory taxable income in the period in which they are released. Contingency reserves may be released when incurred losses exceed thresholds established under state law or regulation, upon special request and approval by state insurance regulators, or in any event, upon the expiration of ten years. For 2018 tax purposes, the Company recognized a contingency reserve deduction of $41.0 and consequently, will acquire the necessary U.S. Treasury Tax and Loss Bonds in 2019.

Tax positions taken or expected to be taken in a tax return by the Company are recognized in the financial statements when it is more likely than not that the position would be sustained upon examination by tax authorities. To the best of management's knowledge there are no tax uncertainties that are expected to result in significant increases or decreases to unrecognized tax benefits within the next twelve month period. The Company views its income tax exposures as primarily consisting of timing differences whereby the ultimate deductibility of a taxable amount is highly certain but the timing of its deductibility is uncertain. Such differences relate principally to the timing of deductions for loss and premium reserves. As in prior examinations, the Internal Revenue Service (IRS) could assert that claim reserve deductions were overstated thereby reducing the Company's statutory taxable income in any particular year. The Company believes that it establishes its reserves fairly and consistently at each balance sheet date, and that it would succeed in defending its tax position in these regards. Because of the impact of deferred tax accounting, the possible accelerated payment of tax to the IRS would not necessarily affect the annual effective tax rate. The Company classifies interest and penalties as income tax expense in the consolidated statement of income. Although the Company is not currently under audit by the IRS, 2015 and subsequent tax years remain open and are subject to examination.

(k) Property and Equipment - Property and equipment is generally depreciated or amortized over the estimated useful lives of the assets, (2 to 27 years), substantially by the straight-line method. Depreciation and amortization expenses related to property and equipment were $27.6, $27.2 and $29.6 in 2018, 2017, and 2016, respectively. Expenditures for maintenance and repairs are charged to income as incurred, and expenditures for major renewals and additions are capitalized.

(l) Title Plants and Records - Title plants and records are carried at original cost or appraised value at the date of purchase. Such values represent the cost of producing or acquiring interests in title records and indexes and the appraised value of purchased subsidiaries' title records and indexes at dates of acquisition. The cost of maintaining, updating, and operating title records is charged to income as incurred. Title records and indexes are ordinarily not amortized unless events or circumstances indicate that the carrying amount of the capitalized costs may not be recoverable.

(m) Goodwill and Intangible Assets - The following table presents the components of the Company's goodwill balance:

	General	Title	RFIG Run-off	Other	Total
January 1, 2017	$ 116.2	$ 44.3	$ —	$ .1	$ 160.7
Acquisitions	—	—	—	—	—
Impairments	—	—	—	—	—
December 31, 2017	116.2	44.3	—	.1	160.7
Acquisitions	—	13.2	—	—	13.2
Impairments	—	—	—	—	—
December 31, 2018	$ 116.2	$ 57.5	$ —	$ .1	$ 174.0

Goodwill resulting from business combinations is not amortizable against operations but must be tested annually for possible impairment of its continued value. Intangible assets with definitive lives are amortized against future operating results; whereas indefinite-lived intangibles are tested annually for impairment. Annual testing did not result in any impairment charges for the periods presented. Reporting units with goodwill balances had estimated fair values in excess of their carrying values.

(n) Employee Benefit Plans - The Company had an active pension plan (the "Plan") covering a portion of its work force until December 31, 2013. The Plan is a defined benefit plan pursuant to which pension payments are based primarily on years of service and employee compensation near retirement. The Plan was closed to new participants and benefits were frozen as of December 31, 2013. As a result, eligible employees retain all of the vested rights as of the effective date of the freeze. While additional benefits no longer accrue, the Company's cumulative obligation continues to be subject to further adjustment due to changes in actuarial assumptions such as expected mortality and changes in interest rates.

The funded status of a pension plan is measured as of December 31 of each year, as the difference between the fair value of plan assets and the projected benefit obligation. The underfunded status of the Plan is recognized as a net pension liability; offsetting entries are reflected as a component of shareholders' equity in accumulated other comprehensive income, net of deferred taxes. The effects of these measurements and the resulting funded status of the Plan are reflected below.

Years Ended December 31:	2018	2017	2016
Projected Benefit Obligation			
Projected benefit obligation at beginning of year	$ 579.2	$ 537.5	$ 523.7
Increases (decreases) during the year attributable to:			
Interest cost	20.8	22.5	23.2
Actuarial (gains) losses	(44.4)	42.0	12.5
Benefits paid	(25.4)	(22.8)	(21.9)
Net increase (decrease) for the year	(49.1)	41.6	13.7
Projected benefit obligation at end of year	$ 530.1	$ 579.2	$ 537.5

Years Ended December 31:	2018	2017	2016
Fair Value of Net Assets Available for Plan Benefits			
Fair value of net assets available for plan benefits			
At beginning of the year	$ 453.7	$ 427.1	$ 409.2
Increases (decreases) during the year attributable to:			
Actual return on plan assets	(12.0)	44.5	39.9
Sponsor contributions	14.0	4.8	—
Benefits paid	(25.4)	(22.8)	(21.9)
Net increase (decrease) for year	(23.5)	26.6	17.9
Fair value of net assets available for plan benefits			
At end of the year	$ 430.2	$ 453.7	$ 427.1
Funded Status	$ (99.8)	$ (125.4)	$ (110.3)
Amounts recognized in accumulated other comprehensive income	$ (137.1)	$ (142.0)	$ (117.0)

Funding of the plan is dependent on a number of factors including actual performance versus actuarial assumptions made at the time of the actuarial valuation, as well as the maintenance of certain funding levels relative to regulatory requirements. The Company expects to make cash contributions of $6.5 in calendar year 2019.

Net periodic pension expense (income) recognized during 2018, 2017 and 2016 was $(6.6), $(5.0), and $(2.9), respectively.

The projected benefit obligation and net periodic benefit cost for the Plan were determined using the following weighted-average assumptions:

	Projected Benefit Obligation		Net Periodic Benefit Cost		
As of December 31:	2018	2017	2018	2017	2016
Settlement discount rates	4.40%	3.70%	3.70%	4.30%	4.55%
Long-term rates of return on plans' assets	N/A	N/A	7.00%	7.25%	7.25%

The assumed settlement discount rates were determined by matching the current estimate of the Plan's projected cash outflows against spot rate yields on a portfolio of high quality bonds as of the measurement date. To develop the expected long-term rate of return on assets assumption, historical returns and the future return expectations for each asset class, as well as the target asset allocation of the pension portfolio were considered. The investment policy of the Plan takes into account the matching of assets and liabilities, appropriate risk aversion, liquidity needs, the preservation of capital, and the attainment of modest growth. The weighted-average asset allocations of the Plan were as follows:

As of December 31:	2018	2017	Investment Policy Asset Allocation % Range Target
Equity securities:			
Common shares of Company stock	13.5%	13.3%	
Other	67.7	70.9	
Sub-total	81.2	84.2	40% to 80%
Fixed maturity securities	15.6	12.5	15% to 60%
Other	3.2	3.3	1% to 10%
Total	100.0%	100.0%	

Quoted values and other data provided by the respective investment custodians are used as inputs for determining fair value of the Plan's debt and equity securities. The custodians are understood to obtain market quotations and actual transaction prices for securities that have quoted prices in active markets and use their own proprietary method for determining the fair value of securities that are not actively traded. In general, these methods involve the use of "matrix pricing" in which the investment custodian uses observable inputs, including, but not limited to, investment yields, credit risks and spreads, benchmarking of like securities, broker-dealer quotes, reported trades and sector groupings to determine a reasonable fair value.

The following tables present a summary of the Plan's assets segregated among the various input levels described in Note 1(d).

	Fair Value Measurements			
As of December 31, 2018:	Level 1	Level 2	Level 3	Total
Equity securities:				
Common shares of Company stock	$ 58.2	$ —	$ —	$ 58.2
Other	272.0	—	—	272.0
Sub-total	330.2	—	—	330.2
Fixed maturity securities	4.0	63.2	—	67.3
Other	8.4	—	3.9	12.3
Total at fair value	$ 342.7	$ 63.2	$ 3.9	409.9
Securities at net asset value				20.3
Total				$ 430.2
As of December 31, 2017:				
Equity securities:				
Common shares of Company stock	$ 60.4	$ —	$ —	$ 60.4
Other	306.6	—	—	306.6
Sub-total	367.1	—	—	367.1
Fixed maturity securities	4.0	52.5	—	56.6
Other	9.0	—	3.0	12.0
Total at fair value	$ 380.2	$ 52.5	$ 3.0	435.8
Securities at net asset value				17.9
Total				$ 453.7

Level 1 assets include U.S. Treasury notes, publicly traded common stocks, mutual funds and short-term investments. Level 2 assets generally include corporate and government agency bonds. Level 3 assets primarily consist of an immediate participation guaranteed fund.

The benefits expected to be paid as of December 31, 2018 for the next 10 years are as follows: 2019: $28.7; 2020: $29.9; 2021: $32.4; 2022 $31.9; 2023: $32.7 and for the five years after 2023: $168.4.

The Company has a number of profit sharing and other incentive compensation programs for the benefit of a substantial number of its employees. The costs related to such programs are summarized below:

Years Ended December 31:	2018	2017	2016
ESSOP	$ 12.9	$ 15.6	$ 12.8
Other profit sharing plans	20.7	17.8	12.2
Cash and deferred incentive compensation	$ 46.7	$ 68.5	$ 36.8

A majority of the Company's employees participate in the ESSOP. Company contributions are provided in the form of Old Republic common stock. Dividends on shares are allocated to participants as earnings, and likewise invested in Company stock; dividends on unallocated shares are used to pay debt service costs. The Company's annual contributions are based on a formula that takes the growth in net operating income per share over consecutive five year periods into account. During 2015, the ESSOP purchased 2,200,000 shares of Old Republic common stock for $34.0. The purchases were financed by a loan from the Company. During 2018, the ESSOP purchased 2,383,625 shares of Old Republic common stock for $50.0. The purchases were financed by loans to the ESSOP from participating subsidiaries. As of December 31, 2018, there were 15,522,110 Old Republic common shares owned by the ESSOP, of which 11,040,882 were allocated to employees' account balances. There are no repurchase obligations in existence. See Note 3(b).

(o) Escrow Funds - Segregated cash deposit accounts and the offsetting liabilities for escrow deposits in connection with Title Insurance Group real estate transactions in the same amounts ($1,701.0 and $1,502.6 at December 31, 2018 and 2017, respectively) are not included as assets or liabilities in the accompanying consolidated balance sheets as the escrow funds are not available for regular operations.

(p) Earnings Per Share - Consolidated basic earnings per share excludes the dilutive effect of common stock equivalents and is computed by dividing income (loss) available to common stockholders by the weighted-average number of common shares actually outstanding for the year. Diluted earnings per share are similarly calculated with the inclusion of dilutive common stock equivalents. The following table provides a reconciliation of net income (loss) and the number of shares used in basic and diluted earnings per share calculations.

Years Ended December 31:	2018	2017	2016
Numerator:			
Net income (loss)	$ 370.5	$ 560.5	$ 466.9
Numerator for basic earnings per share - income (loss) available to common stockholders	370.5	560.5	466.9
Adjustment for interest expense incurred on assumed conversion of convertible notes	3.1	14.0	14.6
Numerator for diluted earnings per share - income (loss) available to common stockholders after assumed conversion of convertible notes	$ 373.6	$ 574.5	$ 481.5
Denominator:			
Denominator for basic earnings per share - weighted-average shares (a)	294,248,871	262,114,533	259,429,298
Effect of dilutive securities - stock based compensation awards	1,398,329	1,589,286	1,260,094
Effect of dilutive securities - convertible notes	5,368,876	35,683,554	35,689,859
Denominator for diluted earnings per share - adjusted weighted-average shares and assumed conversion of convertible notes (a)	301,016,076	299,387,373	296,379,251
Earnings per share: Basic	$ 1.26	$ 2.14	$ 1.80
Diluted	$ 1.24	$ 1.92	$ 1.62
Anti-dilutive common stock equivalents excluded from earning per share computations:			
Stock based compensation awards	—	1,380,000	1,676,175

(a) In calculating earnings per share, pertinent accounting rules require that common shares owned by the Company's Employee Savings and Stock Ownership Plan that are as yet unallocated to participants in the plan be excluded from the calculation. Such shares are issued and outstanding, and have the same voting and other rights applicable to all other common shares.

(q) Concentration of Credit Risk - The Company is not exposed to material concentrations of credit risks as to any one issuer of investment securities.

(r) Stock Based Compensation - As periodically amended, the Company has had a stock based compensation plan in effect for certain eligible key employees since 1978. Under the 2016 Incentive Compensation Plan (the "Plan"), 15.0 million shares became available for future awards. The maximum number of options available as of December 31, 2018 for future issuance under this amended plan was approximately 10.5 million shares.

The exercise price of stock options is equal to the closing market price of the Company's common stock on the date of grant, and the contractual life of the grant is generally ten years from the date of the grant. Options granted may be exercised to the extent of 10% of the number of shares covered thereby as of December 31st of the year of the grant and, cumulatively, to the extent of an additional 15%, 20%, 25% and 30% on and after the second through fifth calendar years, respectively. Effective in 2014, options granted to employees who meet certain retirement eligibility provisions are fully vested on the date of grant.

The following table presents the stock based compensation expense and income tax benefit recognized in the financial statements:

Years Ended December 31:	2018	2017	2016
Stock based compensation expense	$ 3.8	$ 3.5	$ 3.1
Income tax benefit	$ .8	$ 1.2	$ 1.0

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes-Merton Model. The following table presents the key assumptions used to value the awards granted during the periods presented. Expected volatilities are based on the historical experience of Old Republic's common stock. The expected term of stock options represents the period of time that stock options granted are assumed to be outstanding. The Company uses historical data to estimate the effect of stock option exercise and employee departure behavior; groups of employees that have similar historical behavior are considered separately for valuation purposes. The risk-free rate of return for periods within the contractual term of the share option is based on the U.S. Treasury rate in effect at the time of the grant.

	2018	2017	2016
Expected volatility	.20	.22	.26
Expected dividends	4.03%	3.97%	4.32%
Expected term (in years)	7	7	7
Risk-free rate	2.81%	2.29%	1.77%

A summary of stock option activity under the plan as of December 31, 2018, 2017 and 2016, and changes in outstanding options during the years then ended is presented below:

	As of and for the Years Ended December 31,					
	2018		2017		2016	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	6,565,019	$ 15.76	8,243,025	$ 15.77	9,875,574	$ 16.60
Granted	1,539,500	20.98	1,403,500	19.98	1,230,050	18.14
Exercised	881,917	12.86	1,337,881	12.65	619,874	12.18
Forfeited and expired	59,035	16.54	1,743,625	21.60	2,242,725	21.71
Outstanding at end of year	7,163,567	17.24	6,565,019	15.76	8,243,025	15.77
Exercisable at end of year	4,556,350	$ 15.83	4,228,259	$ 14.42	6,095,111	$ 15.59
Weighted average fair value of options granted during the year (a)	$ 2.71	per share	$ 2.81	per share	$ 2.77	per share

(a) Based on the Black-Scholes option pricing model and the assumptions outlined above.

A summary of stock options outstanding and exercisable at December 31, 2018 follows:

		Options Outstanding			Options Exercisable	
			Weighted - Average			
Exercise Prices	Year(s) of Grant	Number Out-Standing	Remaining Contractual Life	Exercise Price	Number Exercisable	Weighted Average Exercise Price
$10.48	2009	79,220	0.25	$ 10.48	79,220	$ 10.48
$12.08	2010	161,340	1.25	12.08	161,340	12.08
$12.33	2011	346,980	2.25	12.33	346,980	12.33
$10.80	2012	386,063	3.25	10.80	386,063	10.80
$12.57	2013	510,047	4.25	12.57	510,047	12.57
$16.06	2014	795,470	5.25	16.06	795,470	16.06
$15.26	2015	835,264	6.25	15.26	624,521	15.26
$18.14	2016	1,159,218	7.25	18.14	668,390	18.14
$19.98	2017	1,354,665	8.25	19.98	571,503	19.98
$20.98	2018	1,535,300	9.25	20.98	412,816	20.98
Total		7,163,567		$ 17.24	4,556,350	$ 15.83

As of December 31, 2018, there was $3.0 of total unrecognized compensation cost related to nonvested stock-based compensation arrangements granted under the plan. That cost is expected to be recognized over a weighted average period of approximately 3 years.

The cash received from stock option exercises, the total intrinsic value of stock options exercised, and the actual tax benefit realized for the tax deductions from option exercises are as follows:

	2018	2017	2016
Cash received from stock option exercise	$ 11.3	$ 16.9	$ 7.5
Intrinsic value of stock options exercised	7.5	10.5	3.9
Actual tax benefit realized for tax deductions from stock options exercised	$ 1.5	$ 3.6	$ 1.3

At December 31, 2018, the Company had restricted common stock issued to certain employees which are expected to vest over a weighted average period of approximately 3 years. During the vesting period, restricted shares are nontransferable and subject to forfeiture. Compensation expense for the restricted stock award is recognized over the vesting period of the award and was immaterial for the years ended December 31, 2018, 2017 and 2016.

In March 2016, the FASB issued guidance intended to simplify certain aspects of accounting for share-based payment award transactions which became effective beginning in 2017. The Company's adoption of this guidance did not have a material impact on the consolidated financial statements.

(s) Regulatory Matters - The material increases in mortgage guaranty insurance claims and loss payments that began in 2007 gradually depleted RMIC's statutory capital base and forced it to discontinue writing new business in 2011. The insurance laws of 16 jurisdictions, including RMIC's and its sister company, Republic Mortgage Guaranty Insurance Corporation ("RMGIC's") domiciliary state of North Carolina, require a mortgage insurer to maintain a minimum amount of statutory capital relative to risk in force (or a similar measure) in order to continue to write new business. The formulations currently allow for a maximum risk-to-capital ratio of 25 to 1, or alternatively stated, a “minimum policyholder position” (“MPP”) of one-twenty-fifth of the total risk in force. The failure to maintain the prescribed minimum capital level in a particular state generally requires a mortgage insurer to immediately stop writing new business until it reestablishes the required level of capital or receives a waiver of the requirement from a state's insurance regulatory authority. RMIC breached the minimum capital requirement during the third quarter of 2010. RMIC and its sister company RMGIC were placed under administrative supervision by the North Carolina Department of Insurance ("NCDOI") in 2012 and ultimately ordered to defer the payment of 40% of all settled claims as a deferred payment obligation ("DPO").

On July 1, 2014, the NCDOI issued a Final Order approving an Amended and Restated Corrective Plan (the "Amended Plan") submitted jointly on April 16, 2014, by RMIC and RMGIC. Under the Amended Plan, RMIC and RMGIC were authorized to pay 100% of their DPOs accrued as of June 30, 2014, and to settle all subsequent valid claims entirely in cash, without establishing any DPOs. In anticipation of receiving this Final Order, ORI invested $125.0 in cash and securities in RMIC in June 2014. In mid-July 2014, in furtherance of the Final Order, RMIC and RMGIC processed payments of their accumulated DPO balances of approximately $657.0 relating to fully settled claims charged to periods extending between January 19, 2012 and June 30, 2014. The NCDOI subsequently terminated the summary orders which placed RMIC and RMGIC under administrative supervision effective December 8, 2017, thereby releasing both companies from its supervision as they were eminently solvent.

As of December 31, 2018, RFIG's mortgage insurance subsidiaries had total statutory capital, inclusive of a contingency reserve of $433.1, of $515.0, which was $395.5 above the required MPP of $119.5.

Note 2 - Debt - Consolidated debt of Old Republic and its subsidiaries is summarized below:

December 31:	2018		2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
3.75% Convertible Senior Notes due 2018	$ —	$ —	$ 470.6	$ 652.2
4.875% Senior Notes due 2024	396.8	415.6	396.2	430.3
3.875% Senior Notes due 2026	545.7	523.3	545.1	553.9
ESSOP debt	—	—	4.2	4.2
Other miscellaneous debt	38.8	38.8	32.4	32.5
Total debt	$ 981.4	$ 977.9	$ 1,448.7	$ 1,673.2

On August 26, 2016, the Company completed a public offering of $550.0 aggregate principal amount of Senior Notes. The notes bear interest at a rate of 3.875% per year and mature on August 26, 2026.

On September 23, 2014, the Company completed a public offering of $400.0 aggregate principal amount of Senior Notes. The notes bear interest at a rate of 4.875% per year and mature on October 1, 2024.

In early March, 2011 the Company completed a public offering of $550.0 aggregate principal amount of Convertible Senior Notes with a maturity date of March 15, 2018. During 2017, $79.0 of the Notes were converted into 5,146,127 common shares and during the first quarter 2018, the Company's outstanding aggregate principal amount was converted into 32,229,787 shares of common stock.

Scheduled maturities of the above debt at the respective year ends are as follows: 2019: $8.5; 2020: $8.6; 2021: $21.6; 2022: $0; 2023 and after: $950.0. During 2018, 2017 and 2016, $47.2, $64.5 and $50.9, respectively, of interest expense on debt was charged to consolidated operations.

Fair Value Measurements - The Company utilizes indicative market prices, which incorporate recent actual market transactions and current bid/ask quotations to estimate the fair value of outstanding debt securities that are classified within Level 2 of the fair value hierarchy as presented below. The Company uses an internally generated interest yield market matrix table, which incorporates maturity, coupon rate, credit quality, structure and current market conditions to estimate the fair value of its outstanding debt securities that are classified within Level 3.

The following table shows a summary of financial liabilities disclosed, but not carried, at fair value, segregated among the various input levels described in Note 1(d) above:

	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Financial Liabilities:					
Debt:					
December 31, 2018	$ 981.4	$ 977.9	$ —	$ 939.0	$ 38.8
December 31, 2017	$ 1,448.7	$ 1,673.2	$ —	$ 1,636.5	$ 36.7

Note 3 - Shareholders' Equity

(a) Preferred Stock - At December 31, 2018, there were 75,000,000 shares of preferred stock authorized. The Company has designated one series of preferred stock: 10,000,000 shares of Series A Junior Participating Preferred Stock (Series A). No shares have been issued or are outstanding. The Series A Stock, if and when issued, shall pay a dividend of the greater of $1.00 or 100 times (subject to adjustment) the aggregate per share amount (payable in kind) of all non-cash dividend or other distributions, other than a dividend payable in shares of common stock declared on the common stock of the Company. Each share of Series A stock shall have 100 votes on each matter submitted to a vote of the shareholders.

(b) Common Stock - At December 31, 2018, there were 500,000,000 shares of common stock authorized. At the same date, there were 100,000,000 shares of Class "B" common stock authorized, though none were issued or outstanding. Class "B" common shares have the same rights as common shares except for being entitled to 1/10th of a vote per share.

Common stock held by the ESSOP is classified as a charge to the common shareholders' equity account until it is allocated to participating employees' accounts contemporaneously with the repayment of the ESSOP debt incurred for its acquisition. Such unallocated shares are not considered outstanding for purposes of calculating earnings per share. Dividends on unallocated shares are used to pay debt service costs.

(c) Cash Dividend Restrictions - The payment of cash dividends by the Company is principally dependent upon the amount of its insurance subsidiaries' statutory policyholders' surplus available for dividend distribution. The insurance subsidiaries' ability to pay cash dividends to the Company is in turn generally restricted by law or subject to approval of the insurance regulatory authorities of the states in which they are domiciled. These authorities recognize only statutory accounting practices for determining financial position, results of operations, and the ability of an insurer to pay dividends to its shareholders. Based on year-end 2018 data, the maximum amount of dividends payable to the Company by its insurance and a small number of non-insurance company subsidiaries during 2019 without the prior approval of appropriate regulatory authorities is approximately $507.8. Cash dividends declared during 2018, 2017 and 2016 to the Company by its subsidiaries amounted to $412.3, $367.3 and $317.6, respectively.

(d) Cash Dividends - In late December 2017 the Board declared a special cash dividend of $1.00 per share which was paid on January 31, 2018.

Note 4 - Commitments and Contingent Liabilities:

(a) Reinsurance and Retention Limits - In order to maintain premium production within their capacity and to limit maximum losses for which they might become liable under its policies, Old Republic's insurance subsidiaries, as is the common practice in the insurance industry, may cede all or a portion of their premiums and related liabilities on certain classes of insurance, individual policies, or blocks of business to other insurers and reinsurers. Although the ceding of insurance does not ordinarily discharge an insurer from its direct liability to a policyholder, it is industry practice to establish the reinsured part of risks as the liability of the reinsurer. Old Republic also employs retrospective premium and a large variety of risk-sharing procedures and arrangements for parts of its business in order to reduce underwriting losses for which it might become liable under insurance policies it issues. To the extent that any reinsurance companies, retrospective related risks, or producers might be unable to meet their obligations under existing reinsurance, retrospective insurance and production agreements, Old Republic would be liable for the defaulted amounts. In these regards, however, the Company generally protects itself by withholding funds, by securing indemnity agreements, by obtaining surety bonds, or by otherwise collateralizing such obligations through irrevocable letters of credit, cash or securities.

Except as noted in the following paragraph, reinsurance protection on property and liability coverages generally limits the net loss on most individual claims to a maximum of: $5.2 for workers' compensation; $6.4 for commercial automobile (trucking) liability; $6.4 for general liability; $12.0 for executive protection (directors & officers and errors & omissions); $2.0 for aviation; and $5.0 for property coverages. Title insurance risk assumptions are generally limited to a maximum of $500.0 as to any one policy. The vast majority of title policies issued, however, carry exposures of less than $1.0. The average direct primary mortgage guaranty exposure is (in whole dollars) $37,700 per insured loan.

Since January 1, 2005, the Company has had maximum treaty reinsurance coverage of up to $200.0 for its workers' compensation exposures. Pursuant to regulatory requirements, however, all workers' compensation primary insurers such as the Company remain liable for unlimited amounts in excess of reinsured limits. Other than the substantial concentration of workers' compensation losses caused by the September 11, 2001 terrorist attack on America, to the best of the Company's knowledge there had not been a similar accumulation of claims in a single location from a single occurrence prior to that event. Nevertheless, the possibility continues to exist that non-reinsured losses could, depending on a wide range of severity and frequency assumptions, aggregate several hundred million dollars to an insurer such as the Company. Such aggregation of losses could occur in the event of a catastrophe such as an earthquake that could lead to the death or injury of a large number of persons concentrated in a single facility such as a high rise building.

As a result of the September 11, 2001 terrorist attack on America, the reinsurance industry eliminated coverage from substantially all contracts for claims arising from acts of terrorism. Primary insurers like the Company thus became fully exposed to such claims. Late in 2002, the Terrorism Risk Insurance Act of 2002 (the "TRIA") was signed into law, immediately establishing a temporary federal reinsurance program administered by the Secretary of the Treasury. The program applied to insured commercial property and casualty losses resulting from an act of terrorism, as defined in the TRIA. Congress extended and modified the program in late 2005 through the Terrorism Risk Insurance Revision and Extension Act of 2005 (the "TRIREA"). TRIREA expired on December 31, 2007. Congress enacted a revised program in December 2007 through the Terrorism Risk Insurance Program Reauthorization Act (the "TRIPRA") of 2007, a seven year extension that expired December 2014. In January 2015, Congress passed the TRIPRA of 2015 that extended the program through 2020.

The TRIA automatically voided all policy exclusions which were in effect for terrorism related losses and obligated insurers to offer terrorism coverage with most commercial property and casualty insurance lines. The TRIREA revised the definition of "property and casualty insurance" to exclude commercial automobile, burglary and theft, surety, professional liability and farm owners multi-peril insurance. TRIPRA did not make any further changes to the definition of property and casualty insurance, however, it did include domestic acts of terrorism within the scope of the program. Although insurers are permitted to charge an additional premium for terrorism coverage, insureds may reject the coverage. Under TRIPRA, the program's protection is not triggered for losses arising from an act of terrorism until the industry first suffers losses in excess of a prescribed aggregate deductible during any one year. The program deductible trigger is $180 and $200 for 2019 and 2020, respectively. Once the program trigger is met, the program will be responsible for a fixed percentage of the Company's terrorism losses that exceed its deductible which ranges from 85% in 2015 and declines by one percentage point per year until it reaches 80% in 2020. The Company's deductible amounts to 20% of direct earned premium on eligible property and casualty insurance coverages. The Company currently reinsures limits on a treaty basis of $195.0 in excess of $5.0 for claims arising from certain acts of terrorism for casualty clash and catastrophe workers' compensation liability insurance coverages. The Company also purchases facultative reinsurance on certain accounts in excess of $200.0 to manage the Company's net exposure.

Reinsurance ceded by the Company's insurance subsidiaries in the ordinary course of business is typically placed on an excess of loss basis. Under excess of loss reinsurance agreements, the companies are generally reimbursed for losses exceeding contractually agreed-upon levels. Quota share reinsurance is most often effected between the Company's insurance subsidiaries and industry-wide assigned risk plans or captive insurers owned by assureds. Under quota share reinsurance, the Company remits to the assuming entity an agreed-upon percentage of premiums written and is reimbursed for underwriting expenses and proportionately related claims costs.

Reinsurance recoverable asset balances represent amounts due from or credited by assuming reinsurers for paid and unpaid claims and premium reserves. Such reinsurance balances are recoverable from non-admitted foreign and certain other reinsurers such as captive insurance companies owned by assureds, as well as similar balances or credits arising from policies that are retrospectively rated or subject to assureds' high deductible retentions, are substantially collateralized by letters of credit, securities, and other financial instruments. Old Republic evaluates on a regular basis the financial condition of its assuming reinsurers and assureds who purchase its retrospectively rated or self-insured deductible policies. Estimates of unrecoverable amounts totaling $- and $15.9 at December 31, 2018 and 2017, respectively, are included in the Company's net claim and claim expense reserves since reinsurance, retrospectively rated, and self-insured deductible policies and contracts do not relieve Old Republic from its direct obligations to assureds or their beneficiaries.

At December 31, 2018, the Company's General Insurance Group's ten largest reinsurers represented approximately 53% of the total consolidated reinsurance recoverable on paid and unpaid losses, with Munich Re America, Inc. the largest reinsurer representing 10.9% of the total recoverable balance. Of the balances due from these ten reinsurers, 57.2% was recoverable from A or better rated reinsurance companies, 5.9% from an industry-wide insurance assigned risk pool, 30.3% from foreign unrated companies, and 6.6% from domestic unrated companies.

The following information relates to reinsurance and related data for the General Insurance and RFIG Run-off Groups for the three years ended December 31, 2018. Reinsurance transactions of the Title Insurance Group and small life and accident insurance operation are not material.

Years Ended December 31:		2018	2017	2016
General Insurance Group				
Written premiums:	Direct	$ 4,673.4	$ 4,422.4	$ 4,091.6
	Assumed	58.1	59.0	48.4
	Ceded	$ 1,351.1	$ 1,236.2	$ 1,134.7
Earned premiums:	Direct	$ 4,534.8	$ 4,307.5	$ 4,005.3
	Assumed	55.8	49.7	50.8
	Ceded	$ 1,313.5	$ 1,246.4	$ 1,119.8
Claims ceded		$ 745.0	$ 728.0	$ 620.6
RFIG Run-off Business				
Written premiums:	Direct	$ 73.9	$ 119.0	$ 168.6
	Assumed	—	—	—
	Ceded	$ —	$ .5	$ 2.9
Earned premiums:	Direct	$ 75.9	$ 123.5	$ 173.0
	Assumed	—	—	—
	Ceded	$ —	$ .5	$ 2.9
Claims ceded		$ —	$ —	$ .1
Mortgage Guaranty Insurance in force as of December 31:				
	Direct	$ 13,100.5	$ 16,543.9	$ 21,370.9
	Assumed	—	—	—
	Ceded	$ —	$ 2.4	$ 14.3

(b) Leases - Some of the Company's subsidiaries maintain their offices in leased premises. A number of these leases provide for the payment of real estate taxes, insurance, and other operating expenses. Rental expenses for leased premises amounted to $57.9, $55.0 and $52.6 in 2018, 2017 and 2016, respectively. In addition, several of the Company's subsidiaries also lease other equipment resulting in lease expense of $11.0, $10.2 and $10.8 for the same periods. At December 31, 2018, aggregate minimum rental commitments (net of expected sub-lease receipts) under noncancellable operating leases are summarized as follows: 2019: $60.4; 2020: $48.9; 2021: $39.5; 2022: $32.7; 2023: $24.0; 2024 and after: $103.6.

In February 2016, the FASB issued guidance on lease accounting which will be effective in 2019 and requires balance sheet recognition of all leases with a term greater than 12 months. The Company anticipates that its transition adjustment will result in the establishment of a right of use asset and lease liability which is currently estimated to be less than 2.0% of consolidated assets and liabilities. The Company therefore has concluded that its prospective adoption of this guidance will not have a material impact on its consolidated financial statements.

(c) General - In the normal course of business, the Company and its subsidiaries are subject to various contingent liabilities, including possible income tax assessments resulting from tax law interpretations or issues raised by taxing or regulatory authorities in their regular examinations, catastrophic claim occurrences not indemnified by reinsurers such as noted at 4(a) above, or failure to collect all amounts on its investments or balances due from assureds and reinsurers. The Company does not have a basis for anticipating any significant losses or costs that could result from any known or existing contingencies.

From time to time, in order to assure possible liquidity needs, the Company may guaranty the timely payment of principal and/or interest on certain intercompany balances, debt, or other securities held by some of its insurance and non-insurance affiliates. At December 31, 2018, the aggregate principal amount of such guaranties was $12.5.

(d) Legal Proceedings - Legal proceedings against the Company and its subsidiaries routinely arise in the normal course of business and usually pertain to claim matters related to insurance policies and contracts issued by its insurance subsidiaries. At year-end 2018, the Company did not have material non-claim litigation exposures in its consolidated business for which adequate claim and related expense provisions had not been made.

Note 5 - Consolidated Quarterly Results - Unaudited - Old Republic's consolidated quarterly operating results for the two years ended December 31, 2018 is presented below. In management's opinion, however, quarterly operating results for insurance enterprises such as the Company is not indicative of results to be achieved in succeeding quarters or years. The long-term nature of the insurance business, seasonal and cyclical factors affecting premium production, the fortuitous nature and, at times, delayed emergence of claims, and changes in yields on invested assets are some of the factors necessitating a review of operating results, changes in shareholders' equity, and cash flows for periods of several years to obtain a proper indicator of performance trends. The data below should be read in conjunction with the "Management Analysis of Financial Position and Results of Operations".

In management's opinion, normal recurring adjustments necessary for a fair statement of quarterly results have been reflected in the data which follows.

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Year Ended December 31, 2018:				
Operating Summary:				
Net premiums, fees, and other income	$ 1,361.0	$ 1,450.4	$ 1,535.2	$ 1,478.8
Net investment income and investment gains (losses)	(30.6)	180.2	244.5	(197.9)
Total revenues	1,330.4	1,630.7	1,779.7	1,280.9
Benefits, claims, and expenses	1,336.4	1,384.0	1,444.6	1,418.5
Net income (loss)	$ 4.0	$ 197.7	$ 275.2	$ (106.5)
Net income (loss) per share: Basic	$ .01	$ .66	$ .92	$ (.36)
Diluted	$ .01	$ .66	$ .92	$ (.36)
Average shares outstanding:				
Basic	278,116,902	299,738,944	299,006,345	299,080,914
Diluted	279,528,034	301,075,469	300,374,004	299,080,914
Year Ended December 31, 2017:				
Operating Summary:				
Net premiums, fees, and other income	$ 1,328.6	$ 1,391.0	$ 1,453.9	$ 1,468.3
Net investment income and investment gains (losses)	116.1	107.9	139.1	257.8
Total revenues	1,444.8	1,499.0	1,593.0	1,726.2
Benefits, claims, and expenses	1,280.1	1,352.7	1,533.3	1,371.5
Net income (loss)	$ 113.1	$ 101.6	$ 46.1	$ 299.6
Net income (loss) per share: Basic	$ .43	$ .39	$ .18	$ 1.13
Diluted	$ .39	$ .35	$ .17	$ 1.01
Average shares outstanding:				
Basic	260,784,905	261,080,770	261,380,896	264,041,834
Diluted	298,239,349	298,313,246	298,529,626	300,846,014

Note 6 - Information About Segments of Business - The Company is engaged in the single business of insurance underwriting and related services. It conducts its' operations through a number of regulated insurance company subsidiaries organized into three major segments, namely its' General Insurance Group (property and liability insurance), Title Insurance Group and the Republic Financial Indemnity Group Run-off Business. The results of a small life and accident insurance business are included with those of the parent holding company and its internal corporate services subsidiaries. Each of the Company's segments underwrites and services only those insurance coverages which may be written by it pursuant to state insurance regulations and corporate charter provisions.

The Company does not derive over 10% of its consolidated revenues from any one customer. Revenues and assets connected with foreign operations are not significant in relation to consolidated totals.

The General Insurance Group provides property and liability insurance primarily to commercial clients. Old Republic does not have a meaningful participation in personal insurance coverages. Commercial automobile (trucking) and workers' compensation are the largest types of coverages underwritten by the General Insurance Group, accounting for 32.5% and 31.4%, respectively, of the Group's direct premiums written in 2018. The remaining premiums written by the General Insurance Group are derived largely from a wide variety of coverages, including general liability, general aviation, directors and officers indemnity, fidelity and surety indemnities, and home and auto warranties.

The title insurance business consists primarily of the issuance of policies to real estate purchasers and investors based upon searches of the public records which contain information concerning interests in real property. The policy insures against losses arising out of defects, loans and encumbrances affecting the insured title and not excluded or excepted from the coverage of the policy.

Private mortgage insurance produced by the RFIG Run-off Business protects mortgage lenders and investors from default related losses on residential mortgage loans made primarily to homebuyers who make down payments of less than 20% of the home's purchase price. The RFIG Run-off mortgage guaranty operations insures only first mortgage loans, primarily on residential properties having one-to-four family dwelling units. CCI policies provide limited indemnity coverage to lenders and other financial intermediaries. The coverage is for the risk of non-payment of loan balances by individual buyers and borrowers.

The accounting policies of the segments parallel those described in the summary of significant accounting policies pertinent thereto.

Segmented and Consolidated Results

Years Ended December 31:	2018	2017	2016
General Insurance:			
Net premiums earned	$ 3,277.1	$ 3,110.8	$ 2,936.3
Net investment income and other income	462.3	420.8	418.4
Total revenues excluding investment gains (losses)	$ 3,739.4	$ 3,531.6	$ 3,354.7
Segment pretax operating income (loss) (a)(c)	$ 363.9	$ 340.3	$ 319.9
Income tax expense (credits) on above	$ 62.6	$ 170.6	$ 94.6
Title Insurance:			
Net premiums earned	$ 1,885.6	$ 1,827.6	$ 1,742.4
Title, escrow and other fees	450.5	459.5	464.2
Sub-total	2,336.1	2,287.2	2,206.6
Net investment income and other income	39.2	37.8	37.4
Total revenues excluding investment gains (losses)	$ 2,375.4	$ 2,325.0	$ 2,244.1
Segment pretax operating income (loss) (a)	$ 219.3	$ 237.1	$ 210.2
Income tax expense (credits) on above	$ 46.2	$ 79.7	$ 74.3
RFIG Run-off Business:			
Net premiums earned	$ 75.9	$ 122.9	$ 170.0
Net investment income and other income	20.1	21.7	23.2
Total revenues excluding investment gains (losses)	$ 96.1	$ 144.6	$ 193.2
Segment pretax operating income (loss) (d)	$ 49.9	$ (73.5)	$ 69.8
Income tax expense (credits) on above	$ 10.1	$ (77.0)	$ 24.0
Consolidated Revenues:			
Total revenues of above Company segments	$ 6,211.0	$ 6,001.4	$ 5,792.1
Other sources (b)	169.1	170.3	130.4
Consolidated investment gains (losses):			
Realized from actual transactions	58.2	211.6	72.8
Unrealized from changes in fair value of equity securities	(293.8)	—	—
Total realized and unrealized investment gains (losses)	(235.6)	211.6	72.8
Consolidation elimination adjustments	(122.7)	(120.1)	(94.9)
Consolidated revenues	$ 6,021.8	$ 6,263.1	$ 5,900.5
Consolidated Pretax Income (Loss):			
Total segment pretax operating income (loss) of above Company segments	$ 633.2	$ 503.9	$ 600.0
Other sources - net (b)	40.4	9.9	13.0
Consolidated investment gains (losses):			
Realized from actual transactions	58.2	211.6	72.8
Unrealized from changes in fair value of equity securities	(293.8)	—	—
Total realized and unrealized investment gains (losses)	(235.6)	211.6	72.8
Consolidated income (loss) before income taxes (credits)	$ 438.1	$ 725.4	$ 686.0
Consolidated Income Tax Expense (Credits):			
Total income tax expense (credits) of above Company segments	$ 119.0	$ 173.3	$ 193.0
Other sources - net (b)	(1.8)	22.4	.4
Income tax expense (credits) on consolidated realized and unrealized investment gains (losses)	(49.6)	(30.8)	25.5
Consolidated income tax expense (credits)	$ 67.5	$ 164.8	$ 219.0

December 31:	2018	2017
Consolidated Assets:		
General Insurance	$ 16,411.4	$ 16,055.5
Title Insurance	1,452.2	1,466.0
RFIG Run-off Business	736.7	805.0
Total assets of above company segments	18,600.3	18,326.6
Other assets (b)	1,028.9	1,440.9
Consolidation elimination adjustments	(302.2)	(364.0)
Consolidated assets	$ 19,327.1	$ 19,403.5

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In the above tables, net premiums earned on a GAAP basis differ slightly from statutory amounts due to certain differences in calculations of unearned premium reserves under each accounting method.

(a) Segment pretax operating income (loss) is reported net of interest charges on intercompany financing arrangements with Old Republic's holding company parent for the following segments: General - $68.0, $57.2 and $51.9 for the years ended December 31, 2018, 2017, and 2016, respectively; Title - $6.1, $7.8 and $8.4 for the years ended December 31, 2018, 2017, and 2016, respectively.
(b) Includes amounts for a small life and accident insurance business as well as those of the parent holding company and its internal corporate services subsidiaries.
(c) General Insurance income before taxes (credits) for 2017 includes hurricane-related claim costs of $8.0.
(d) RFIG Run-off segment pretax operating income (loss) for 2017 include additional claim and related expense provisions of $130.0. These costs apply to the final settlements and probable dispositions of all known litigated and other claim costs incurred by the Company's run-off Financial Indemnity business during the Great Recession years and their aftermath.

Note 7 - Transactions with Affiliates:

The Company is affiliated with a policyholder owned mutual insurer, American Business & Mercantile Insurance Mutual, Inc. ("AB&M" or "the Mutual") whose formation it sponsored in 1981. The Mutual is managed through a service agreement with several Old Republic subsidiaries. AB&M's underwriting operations are limited to certain types of coverages not provided by Old Republic, and to a small amount of intercompany reinsurance placements. The following table shows certain unaudited information reflective of such business:

	Assumed from Old Republic			Ceded to Old Republic		
Years Ended December 31:	2018	2017	2016	2018	2017	2016
Premiums earned	$ 2.3	$ 3.0	$ 3.8	$ .4	$ .5	$ .6
Commissions and fees	.7	.6	1.0	—	—	—
Losses and loss expenses	(2.3)	2.0	4.5	(.5)	.1	.8
Loss and loss expense reserves	11.9	15.0	15.3	4.0	4.9	5.2
Unearned premiums	$ —	$ —	$ 1.4	$ —	$ .1	$ .1

As of December 31, 2018 and 2017, the Mutual's statutory capital included surplus notes due to Old Republic of $10.5 out of total statutory capital of $36.5 and $32.7, respectively. AB&M's accounts are not consolidated with Old Republic's since it is owned by its policyholders and, in any event, their inclusion would not have a significant effect on Old Republic's consolidated financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and board of directors
Old Republic International Corporation:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Old Republic International Corporation and subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of income, comprehensive income, preferred stock and common shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes and financial statement schedules I to VI (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Change in Accounting Principle

As discussed in Note 1(d) to the consolidated financial statements, the Company changed its method of accounting for equity securities measured at fair value with changes in the fair value recognized through income effective January 1, 2018 due to the adoption of ASU 2016-01, *Financial Instruments*.

Basis for Opinion

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting under Item 9A of the 2018 Annual Report on Form 10-K. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ KPMG LLP

We have served as the Company's auditor since 2010.

Chicago, Illinois
February 28, 2019

Management's Responsibility for Financial Statements

Management is responsible for the preparation of the Company's consolidated financial statements and related information appearing in this report. Management believes that the consolidated financial statements fairly reflect the form and substance of transactions and that the financial statements reasonably present the Company's financial position and results of operations in conformity with generally accepted accounting principles. Management also has included in the Company's financial statement amounts that are based on estimates and judgments which it believes are reasonable under the circumstances.

The independent registered public accounting firm has advised that they audit the Company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board, as stated in its reports, included herein.

The Board of Directors of the Company has an Audit Committee composed of six non-management Directors. The committee meets periodically with financial management, the internal auditors and the independent registered public accounting firm to review accounting, control, auditing and financial reporting matters.

Item 9 - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A - Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's principal executive officer and its principal accounting officer have evaluated the Company's disclosure controls and procedures as of the end of the period covered by this annual report. Based upon their evaluation, the principal executive officer and principal accounting officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective for the above referenced evaluation period.

Changes in Internal Control

During the three month period ended December 31, 2018, there were no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal accounting officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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

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

Based on our evaluation under the framework in *Internal Control - Integrated Framework (2013),* our management concluded that our internal control over financial reporting was effective as of December 31, 2018. KPMG LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2018. Their report is shown on page 95 in this Annual Report.

Item 9B - Other Information

Pursuant to the requirements of Section 303A.12(a) of the New York Stock Exchange Listed Company Manual, the Company has filed the Annual CEO Certification with the New York Stock Exchange on June 22, 2018.

PART III

Item 10 - Directors, Executive Officers, and Corporate Governance
Executive Officers of the Registrant

The following table sets forth certain information as of December 31, 2018, regarding the senior officers of the Company:

Name	Age	Position
Charles S. Boone	65	Senior Vice President - Investments since August 2001.
John R. Heitkamp, Jr.	64	Senior Vice President, Secretary and General Counsel since July 2014.
Karl W. Mueller	59	Senior Vice President and Chief Financial Officer since October 2004.
R. Scott Rager	70	Executive Vice Chairman of the Board since June 2018; Senior Vice President - General Insurance since July 2006.
Craig R. Smiddy	54	President and Chief Operating Office since June 2018; President and Chief Operating Officer of Old Republic General Insurance Companies since August 2015 and August 2013, respectively. Prior to joining Old Republic, Mr. Smiddy was President of the Specialty Markets Division of Munich Reinsurance America, Inc.
Rande K. Yeager	70	Senior Vice President - Title Insurance since March 2003; Chairman and Chief Executive Officer of Old Republic Title Insurance Companies since July 2010 and March 2002 respectively.
Aldo C. Zucaro	79	Chairman of the Board, Chief Executive Officer, and Director since 1993, 1990 and 1976, respectively; Chairman and Chief Executive Officer of Republic Financial Indemnity Group, Inc. since December 2013.

The term of office of each officer of the Company expires on the date of the annual meeting of the board of directors, which is generally held in May of each year. There is no family relationship between any of the executive officers named above. Each of these named officers have been employed in senior capacities with the Company and/or its subsidiaries for the past five years.

The Company will file with the Commission a definitive proxy statement pursuant to Regulation 14a in connection with its Annual Meeting of Shareholders to be held on May 24, 2019. A list of Directors appears on the "Signature" page of this report. Information about the Company's directors is contained in the Company's definitive proxy statement for the 2018 Annual Meeting of shareholders, which is incorporated herein by reference.

The Company has adopted a code of ethics that applies to its principal executive officer and principal financial officer. A copy has been filed with the Commission and appears as Exhibit (14) in the exhibit index under item 15. The Company has also posted the text of its code of ethics on its internet website at www.oldrepublic.com.

Item 11 - Executive Compensation

Information with respect to this Item is incorporated herein by reference to the section entitled "Executive Compensation" in the Company's proxy statement in connection with the Annual Meeting of Shareholders to be held on May 24, 2019, which will be on file with the Commission.

Item 12 - Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information with respect to this Item is incorporated herein by reference to the sections entitled "General Information" and "Principal Holders of Securities" in the Company's proxy statement to be filed with the Commission in connection with the Annual Meeting of Shareholders to be held on May 24, 2019.

Item 13 - Certain Relationships and Related Transactions

Information with respect to this Item is incorporated herein by reference to the sections entitled "Procedures for the Approval of Related Person Transactions" and "The Board of Directors Responsibilities and Independence" contained in the Company's Proxy Statement in connection with the Annual Meeting of Shareholders to be held on May 24, 2019, which will be on file with the Commission.

Item 14 - Principal Accountant Fees and Services

Information with respect to this Item is incorporated herein by reference to the paragraphs following Item 2 concerning the "Ratification of the Selection of an Independent Registered Public Accounting Firm" contained in the Company's Proxy Statement in connection with the Annual Meeting of Shareholders to be held on May 24, 2019, which will be on file with the Commission.

PART IV

Item 15 - Exhibits

Documents filed as a part of this report:

1. Financial statements: See Item 8, Index to Financial Statements.
2. See exhibit index on page 112 of this report.
3. Financial Statement Schedules.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized (Name, Title or Principal Capacity, and Date).

(Registrant): **Old Republic International Corporation**

By: /s/ Aldo C. Zucaro 02/28/19
Aldo C. Zucaro, Chairman of the Board, Date
Chief Executive Officer and Director

By: /s/ Karl W. Mueller 02/28/19
Karl W. Mueller, Senior Vice President, Date
Chief Financial Officer, and
Principal Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated (Name, Title or Principal Capacity, and Date).

/s/ Steven J. Bateman	/s/ Glenn W. Reed
Steven J. Bateman, Director*	Glenn W. Reed, Director*
/s/ Harrington Bischof	/s/ Arnold L. Steiner
Harrington Bischof, Director*	Arnold L. Steiner, Director*
/s/ Jimmy A. Dew	/s/ Fredricka Taubitz
Jimmy A. Dew, Director*	Fredricka Taubitz, Director*
/s/ John M. Dixon	/s/ Charles F. Titterton
John M. Dixon, Director*	Charles F. Titterton, Director*
/s/ Charles J. Kovaleski	/s/ Dennis P. Van Mieghem
Charles J. Kovaleski, Director*	Dennis P. Van Mieghem, Director*
/s/ Spencer LeRoy, III	/s/ Steven Walker
Spencer LeRoy, III, Director*	Steven Walker, Director*

* By /s/ Aldo C. Zucaro
Attorney-in-fact
Date: February 28, 2019

INDEX TO FINANCIAL STATEMENT SCHEDULES

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES

Schedule	I -	Summary of Investments - Other than Investments in Related Parties as of December 31, 2018
Schedule	II -	Condensed Financial Information of Registrant as of December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016
Schedule	III -	Supplementary Insurance Information for the years ended December 31, 2018, 2017 and 2016
Schedule	IV -	Reinsurance for the years ended December 31, 2018, 2017 and 2016
Schedule	V -	Valuation and Qualifying Accounts for the years ended December 31, 2018, 2017 and 2016
Schedule	VI -	Supplemental Information Concerning Property - Casualty Insurance Operations for the years ended December 31, 2018, 2017 and 2016

Schedules other than those listed are omitted for the reason that they are not required, are not applicable or that equivalent information has been included in the financial statements, notes thereto, or elsewhere herein.

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES

SCHEDULE I - SUMMARY OF INVESTMENTS - OTHER THAN INVESTMENTS IN RELATED PARTIES

As of December 31, 2018

($ in Millions)

Column A	Column B	Column C	Column D
Type of investment	Cost (1)	Fair Value	Amount at which shown in balance sheet
Available for sale:			
Fixed maturity securities:			
United States Government and government agencies and authorities	$ 1,401.6	$ 1,391.2	$ 1,391.2
Foreign government	133.7	133.1	133.1
Corporate, industrial and all other	6,749.6	6,658.3	6,658.3
	8,285.0	$ 8,182.8	8,182.8
Short-term investments	354.9		354.9
Total	8,639.9		8,537.8
Equity securities:			
Non-redeemable preferred stocks	.6	$ 1.1	1.1
Common stocks:			
Banks, trusts and insurance companies	127.7	186.2	186.2
Industrial, miscellaneous and all other	2,910.8	3,193.5	3,193.5
	3,039.1	$ 3,380.9	3,380.9
Held to maturity:			
Fixed maturity securities:			
States, municipalities and political subdivisions	1,044.8		1,044.8
Other investments	31.0		31.0
Total Investments	$ 12,754.9		$ 12,994.6

(1) Represents original cost of equity securities, and as to fixed maturities, original cost reduced by repayments and adjusted for amortization of premium or accrual of discount.

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES

SCHEDULE II - CONDENSED FINANCIAL INFORMATION OF REGISTRANT

BALANCE SHEETS

OLD REPUBLIC INTERNATIONAL CORPORATION (PARENT COMPANY)

($ in Millions)

	December 31, 2018	December 31, 2017
Assets:		
Bonds and notes	$ 10.5	$ 10.5
Short-term investments	6.2	272.9
Cash	5.0	20.0
Investments in, and indebtedness of related parties	6,276.3	6,365.6
Other assets	86.0	88.1
Total Assets	$ 6,384.2	$ 6,757.3
Liabilities and Common Shareholders' Equity:		
Liabilities:		
Accounts payable and accrued expenses	$ 150.2	$ 473.3
Debt and debt equivalents	975.0	1,448.7
Indebtedness to affiliates and subsidiaries	112.7	101.9
Commitments and contingent liabilities		
Total Liabilities	1,238.0	2,024.0
Common Shareholders' Equity:		
Common stock	302.7	269.2
Additional paid-in capital	1,277.6	815.2
Retained earnings	3,849.8	3,206.9
Accumulated other comprehensive income (loss)	(210.0)	474.2
Unallocated ESSOP shares (at cost)	(73.9)	(32.4)
Total Common Shareholders' Equity	5,146.2	4,733.3
Total Liabilities and Common Shareholders' Equity	$ 6,384.2	$ 6,757.3

See accompanying Notes to Condensed Financial Statements.

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES

SCHEDULE II - CONDENSED FINANCIAL INFORMATION OF REGISTRANT

STATEMENTS OF INCOME

OLD REPUBLIC INTERNATIONAL CORPORATION (PARENT COMPANY)

($ in Millions)

	Years Ended December 31,		
	2018	2017	2016
Revenues:			
Investment income from subsidiaries	$ 101.7	$ 100.1	$ 76.3
Real estate and other income	5.0	4.8	4.7
Other investment income	2.0	2.0	.7
Total revenues	108.9	107.0	81.7
Expenses:			
Interest - subsidiaries	2.1	.4	.3
Interest - other	47.0	64.5	50.9
Real estate and other expenses	4.6	3.8	4.1
General expenses, taxes and fees	15.3	12.6	11.5
Total expenses	69.1	81.5	66.9
Revenues, net of expenses	39.7	25.4	14.8
Federal income taxes (credits)	1.5	34.1	4.4
Income (loss) before equity in earnings (losses) of subsidiaries	38.2	(8.6)	10.4
Equity in Earnings (Losses) of Subsidiaries:			
Dividends received	412.3	367.4	317.6
Earnings (losses) in excess of dividends	(80.0)	201.7	138.9
Net Income (Loss)	$ 370.5	$ 560.5	$ 466.9

See accompanying Notes to Condensed Financial Statements.

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES

SCHEDULE II - CONDENSED FINANCIAL INFORMATION OF REGISTRANT

STATEMENTS OF CASH FLOWS

OLD REPUBLIC INTERNATIONAL CORPORATION (PARENT COMPANY)

($ in Millions)

	Years Ended December 31,		
	2018	2017	2016
Cash flows from operating activities:			
Net income (loss)	$ 370.5	$ 560.5	$ 466.9
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Accounts receivable	.2	(.1)	.2
Income taxes - net	(23.4)	41.9	(8.5)
Excess of equity in net (income) loss of subsidiaries over cash dividends received	80.0	(201.9)	(138.9)
Accounts payable, accrued expenses and other	2.2	7.9	12.3
Total	429.6	408.2	332.1
Cash flows from investing activities:			
Sale of fixed assets for company use	—	—	.3
Net repayment (issuance) of notes to related parties	(114.2)	7.3	(665.2)
Net decrease (increase) in short-term investments	266.6	(69.0)	(54.9)
Investment in, and indebtedness of related parties-net	(104.0)	(178.7)	2.6
Total	48.3	(240.4)	(717.1)
Cash flows from financing activities:			
Issuance of debentures and notes	—	—	576.8
Net receipt (repayment) of notes and loans from related parties	50.7	17.3	(2.7)
Issuance of common shares	13.1	17.8	8.4
Redemption of debentures and notes	(4.7)	(3.9)	(3.5)
Purchase of unallocated ESSOP shares	(50.0)	—	—
Dividends on common shares	(498.8)	(198.8)	(193.8)
Other - net	(3.1)	(.2)	(1.5)
Total	(492.8)	(167.8)	383.5
Increase (decrease) in cash	(14.9)	—	(1.5)
Cash, beginning of year	20.0	19.9	21.4
Cash, end of year	$ 5.0	$ 20.0	$ 19.9

See accompanying Notes to Condensed Financial Statements.

Note 1 - Summary of Significant Accounting Policies

Old Republic International Corporation's ("the Company" or "Old Republic") condensed financial statements are presented in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") of accounting principles generally accepted in the United States of America ("GAAP") and should be read in conjunction with the consolidated financial statements and notes thereto of Old Republic International Corporation and Subsidiaries included in its Annual Report on Form 10-K.

Note 2 - Investments in Consolidated Subsidiaries

Old Republic International Corporation's investments in consolidated subsidiaries are reflected in the condensed financial statements in accordance with the equity method of accounting. Undistributed earnings in excess of dividends received are recorded as separate line items in the condensed statements of income.

Note 3 - Debt

On August 26, 2016, the Company completed a public offering of $550.0 aggregate principal amount of Senior Notes. The notes bear interest at a rate of 3.875% per year and mature on August 26, 2026.

On September 23, 2014, the Company completed a public offering of $400.0 aggregate principal amount of Senior Notes. The notes bear interest at a rate of 4.875% per year and mature on October 1, 2024.

In early March, 2011 the Company completed a public offering of $550.0 aggregate principal amount of Convertible Senior Notes with a maturity date of March 15, 2018. During 2017, $79.0 of the Notes were converted into 5,146,127 common shares and during the first quarter 2018, the Company's outstanding aggregate principal amount was converted into 32,229,787 shares of common stock.

In 2008, the Company secured a ten year $30.0 bank loan to enable its Employees Savings and Stock Ownership Plan ("ESSOP") to purchase Old Republic common stock. Principal amount of $4.2 was outstanding as of December 31, 2017. The average yield of the ESSOP bank loan was 4.57% at December 31, 2017.

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES
SCHEDULE III - SUPPLEMENTARY INSURANCE INFORMATION
For the Years Ended December 31, 2018, 2017 and 2016
($ in Millions)

Column A	Column B	Column C	Column D	Column E	Column F
Segment	Deferred Policy Acquisition Costs	Losses, Claims and Settlement Expenses	Unearned Premiums	Other Policyholders' Benefits and Funds	Premium Revenue
Year Ended December 31, 2018:					
Insurance Underwriting:					
General Insurance Group	$ 314.1	$ 5,766.1	$ 1,696.4	$ 130.8	$ 3,277.1
Title Insurance Group	—	533.4	—	6.3	1,885.6
RFIG Run-off Business	—	154.5	3.0	—	75.9
Corporate & Other (1)	2.2	10.8	—	44.6	14.6
Reinsurance Recoverable (2)	—	3,006.3	405.4	16.8	—
Consolidated	$ 316.3	$ 9,471.2	$ 2,104.9	$ 198.6	$ 5,253.4
Year Ended December 31, 2017:					
Insurance Underwriting:					
General Insurance Group	$ 294.3	$ 5,471.5	$ 1,597.3	$ 130.2	$ 3,110.8
Title Insurance Group	—	559.7	—	6.8	1,827.6
RFIG Run-off Business	—	271.7	5.1	—	122.9
Corporate & Other (1)	3.4	13.5	—	46.4	18.8
Reinsurance Recoverable (2)	—	2,921.1	369.0	21.1	—
Consolidated	$ 297.8	$ 9,237.6	$ 1,971.5	$ 204.7	$ 5,080.2
Year Ended December 31, 2016:					
Insurance Underwriting:					
General Insurance Group	$ 266.4	$ 5,249.9	$ 1,455.8	$ 123.1	$ 2,936.3
Title Insurance Group	—	602.0	—	7.3	1,742.4
RFIG Run-off Business	—	574.0	8.6	—	170.0
Corporate & Other (1)	7.5	13.8	—	37.9	20.1
Reinsurance Recoverable (2)	—	2,766.1	378.4	23.5	—
Consolidated	$ 274.0	$ 9,206.0	$ 1,842.9	$ 192.0	$ 4,868.9

(1) Includes amounts for a small life and accident insurance business as well as those of the parent holding company, its internal corporate services subsidiaries and consolidation elimination adjustments.
(2) In accordance with GAAP, reinsured losses and unearned premiums are to be reported as assets. Assets and liabilities were, as a result, increased by corresponding amounts of approximately $3.4 billion, $3.3 billion, and $3.1 billion at December 31, 2018, 2017 and 2016, respectively. This accounting treatment does not have any effect on the Company's results of operations.

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES

SCHEDULE III - SUPPLEMENTARY INSURANCE INFORMATION

For the Years Ended December 31, 2018, 2017 and 2016

($ in Millions)

Column A	Column G	Column H	Column I	Column J	Column K
Segment	Net Investment Income	Benefits, Claims, Losses and Settlement Expenses	Amortization of Deferred Policy Acquisition Costs	Other Operating Expenses	Premiums Written
Year Ended December 31, 2018:					
Insurance Underwriting:					
General Insurance Group	$ 341.0	$ 2,365.8	$ 488.4	$ 521.2	$ 3,380.4
Title Insurance Group	38.8	48.3	—	2,107.7	1,885.6
RFIG Run-off Business	20.1	29.9	—	16.3	73.9
Corporate & Other (1)	31.7	16.7	1.2	(12.0)	14.6
Reinsurance Recoverable (2)	—	—	—	—	—
Consolidated	$ 431.8	$ 2,460.7	$ 489.6	$ 2,633.2	$ 5,354.7
Year Ended December 31, 2017:					
Insurance Underwriting:					
General Insurance Group	$ 318.9	$ 2,234.4	$ 449.9	$ 506.8	$ 3,245.2
Title Insurance Group	37.3	20.8	—	2,067.0	1,827.6
RFIG Run-off Business	21.7	197.8	—	20.3	118.4
Corporate & Other (1)	31.4	25.7	4.1	10.3	18.8
Reinsurance Recoverable (2)	—	—	—	—	—
Consolidated	$ 409.4	$ 2,478.8	$ 454.0	$ 2,604.7	$ 5,210.1
Year Ended December 31, 2016:					
Insurance Underwriting:					
General Insurance Group	$ 312.1	$ 2,143.1	$ 389.1	$ 502.4	$ 3,005.3
Title Insurance Group	36.2	84.3	—	1,949.4	1,742.4
RFIG Run-off Business	23.2	102.6	—	20.8	165.6
Corporate & Other (1)	15.4	17.7	4.6	—	20.1
Reinsurance Recoverable (2)	—	—	—	—	—
Consolidated	$ 387.0	$ 2,347.9	$ 393.7	$ 2,472.8	$ 4,933.6

(1) Includes amounts for a small life and accident insurance business as well as those of the parent holding company, its internal corporate services subsidiaries and consolidation elimination adjustments.

(2) In accordance with GAAP, reinsured losses and unearned premiums are to be reported as assets. Assets and liabilities were, as a result, increased by corresponding amounts of approximately $3.4 billion, $3.3 billion, and $3.1 billion at December 31, 2018, 2017 and 2016, respectively. This accounting treatment does not have any effect on the Company's results of operations.

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES

SCHEDULE IV - REINSURANCE

For the years ended December 31, 2018, 2017 and 2016

($ in Millions)

Column A	Column B	Column C	Column D	Column E	Column F
	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	Percentage of amount assumed to net
Year Ended December 31, 2018:					
Life insurance in force	$ 3,383.2	$ 1,865.4	$ —	$ 1,517.7	—%
Premium Revenues:					
General Insurance	$ 4,534.8	$ 1,313.5	$ 55.8	$ 3,277.1	1.7%
Title Insurance	1,883.3	—	2.3	1,885.6	.1
RFIG Run-off	75.9	—	—	75.9	—
Life and Health Insurance:					
Life insurance	11.9	5.0	—	6.8	—
Accident and health insurance	22.3	14.5	—	7.8	—
Total Life & Health Insurance	34.3	19.6	—	14.6	—
Consolidating adjustments	—	(3.4)	(3.4)	—	—
Consolidated	$ 6,528.4	$ 1,329.7	$ 54.6	$ 5,253.4	1.0%
Year Ended December 31, 2017:					
Life insurance in force	$ 4,860.6	$ 2,552.5	$ —	$ 2,308.0	—%
Premium Revenues:					
General Insurance	$ 4,307.5	$ 1,246.4	$ 49.7	$ 3,110.8	1.6%
Title Insurance	1,825.7	.2	2.0	1,827.6	.1
RFIG Run-off	123.5	.5	—	122.9	—
Life and Health Insurance:					
Life insurance	13.3	6.2	—	7.1	—
Accident and health insurance	26.4	14.7	—	11.6	—
Total Life & Health Insurance	39.8	20.9	—	18.8	—
Consolidating adjustments	—	(3.7)	(3.7)	—	—
Consolidated	$ 6,296.6	$ 1,264.5	$ 48.1	$ 5,080.2	.9%
Year Ended December 31, 2016:					
Life insurance in force	$ 5,825.9	$ 3,005.6	$ —	$ 2,820.3	—%
Premium Revenues:					
General Insurance	$ 4,005.3	$ 1,119.8	$ 50.8	$ 2,936.3	1.7%
Title Insurance	1,740.5	—	1.9	1,742.4	.1
RFIG Run-off	173.0	2.9	—	170.0	—
Life and Health Insurance:					
Life insurance	15.8	5.0	—	10.8	—
Accident and health insurance	31.9	22.5	—	9.3	—
Total Life & Health Insurance	47.7	27.5	—	20.1	—
Consolidating adjustments	—	(7.0)	(7.0)	—	—
Consolidated	$ 5,966.7	$ 1,143.4	$ 45.7	$ 4,868.9	.9%

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES

SCHEDULE V - VALUATION AND QUALIFYING ACCOUNTS

For the years ended December 31, 2018, 2017 and 2016

($ in Millions)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts - Describe	Deductions - Describe	Balance at End of Period
Year Ended December 31, 2018:					
Deducted from Asset Accounts:					
Reserve for unrecoverable reinsurance (1)	$ 15.9	$ —	$ —	$ (15.9)	$ —
Year Ended December 31, 2017:					
Deducted from Asset Accounts:					
Reserve for unrecoverable reinsurance	$ 15.9	$ —	$ —	$ —	$ 15.9
Year Ended December 31, 2016:					
Deducted from Asset Accounts:					
Reserve for unrecoverable reinsurance	$ 15.9	$ —	$ —	$ —	$ 15.9

(1) Reflects the reduction of allowances for unrecoverable reinsurance no longer deemed necessary.

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES
SCHEDULE VI - SUPPLEMENTAL INFORMATION CONCERNING
PROPERTY-CASUALTY INSURANCE OPERATIONS
For the years ended December 31, 2018, 2017 and 2016
($ in Millions)

Column A	Column B	Column C	Column D	Column E
Affiliation With Registrant (1)	Deferred Policy Acquisition Costs	Reserves for Unpaid Claims and Claim Adjustment Expenses (2)	Discount, If Any, Deducted in Column C	Unearned Premiums (2)
Year Ended December 31:				
2018	$ 314.1	$ 5,756.0	$ 216.5	$ 1,696.4
2017	294.3	5,495.3	240.7	1,597.3
2016	266.4	5,443.4	231.9	1,455.8

Column A	Column F	Column G	Column H: Claims and Claim Adjustment Expenses Incurred Related to	
Affiliation With Registrant (1)	Earned Premiums	Net Investment Income	Current Year	Prior Years
Year Ended December 31:				
2018	$ 3,278.6	$ 341.9	$ 2,350.2	$ (6.4)
2017	3,123.8	320.2	2,383.8	(34.5)
2016	2,952.1	313.3	2,172.5	2.5

Column A	Column I	Column J	Column K
Affiliation With Registrant (1)	Amortization of Deferred Policy Acquisition Costs	Paid Claims and Claim Adjustment Expenses	Premiums Written
Year Ended December 31:			
2018	$ 488.4	$ 2,083.0	$ 3,382.0
2017	449.9	2,297.5	3,257.2
2016	389.1	1,939.9	3,021.8

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(1) Includes consolidated property-casualty entities. The amounts relating to the Company's unconsolidated property-casualty subsidiaries and the proportionate share of the registrant's and its subsidiaries' 50%-or-less owned property-casualty equity investees are immaterial and have, therefore, been omitted from this schedule.
(2) See note (2) to Schedule III.

EXHIBIT INDEX

An index of exhibits required by Item 601 of Regulation S-K follows:

(3) Articles of incorporation and by-laws.

(A) * Restated Certificate of Incorporation. (Exhibit 3(A) to Registrant's June 30, 2014 report on Form 10-Q).

(B) * Restated By-laws. (Exhibit 99.2 to Form 8-K filed August 23, 2013).

(4) Instruments defining the rights of security holders, including indentures.

(A) * Amended and Restated Rights Agreement dated as of June 26, 2017 between Old Republic International Corporation and Wells Fargo Bank, NA. (Exhibit 4.1 to Registrant's Form 8-A/A filed August 28, 2017).

(B) * Agreement to furnish certain long-term debt instruments to the Securities & Exchange Commission upon request. (Exhibit 4(D) to Registrant's Form 8 dated August 28, 1987).

(C) * Form of Indenture dated as of August 15, 1992 between Old Republic International Corporation and the Wilmington Trust Company, as Trustee (refiled as Exhibit 4.1 to Registrant's Form 8-K filed April 22, 2009).

(D) * Supplemental Indenture No. 1 dated as of June 15, 1997, supplementing the Indenture. (Exhibit 4.3 to the Registrant's Form 8-A filed June 16, 1997).

(E) * Supplemental Indenture No. 2 dated as of December 31, 1997 supplementing the Indenture. (Exhibit 4.3 to the Registrant's Form S-3/A filed January 7, 1998).

(F) * Fifth Supplemental Indenture dated as of September 25, 2014 between Old Republic International Corporation and the Wilmington Trust Company, as Trustee. (Exhibit 4.1 to Registrant's Form 8-K filed September 25, 2014).

(G) * Sixth Supplemental Indenture dated as of August 26, 2016 between Old Republic International Corporation and the Wilmington Trust Company, as Trustee. (Exhibit 4.1 to Registrant's Form 8-K filed August 26, 2016).

(10) Material contracts.

** (A) Old Republic International Corporation Key Employees Performance Recognition Plan.

** (B) * Amended and Restated Old Republic International Corporation 2006 Incentive Compensation Plan. (Exhibit 10(a) to Registrant's March 31, 2014 report on From 10-Q).

** (C) * Amended and Restated Old Republic International Corporation Executives Excess Benefits Pension Plan. (Exhibit 10(F) to Registrant's Annual Report on Form 10-K for 2008).

** (D) * Old Republic International Corporation 2016 Incentive Compensation Plan. (Exhibit 99.1 to Registrant's Form 8-K filed May 28, 2015).

** (E) * Forms of Agreement for Old Republic International Corporation to use as a Sign-On Restricted Stock Award or as a Restricted Stock Award for awards granted to certain employees or officers of the Registrant or its Subsidiaries. (Exhibit 10(F) to Registrant's Annual Report on Form 10-K for 2017).

** (F) Form of Indemnity Agreement between Old Republic International Corporation and each of its directors and certain officers.

(H) * Form of Tax Sharing Agreement between Old Republic International Corporation and each of its subsidiary companies. (Exhibit 10(a) to Registrant's March 31, 2013 report on Form 10-Q).

(21) Subsidiaries of the registrant.

(23.1) Consent of KPMG LLP.

(24) Powers of attorney.

(Exhibit Index, Continued)

(31.1)	Certification by Aldo C. Zucaro, Chief Executive Officer, pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbannes-Oxley Act of 2002.
(31.2)	Certification by Karl W. Mueller, Chief Financial Officer, pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbannes-Oxley Act of 2002.
(32.1)	Certification by Aldo C. Zucaro, Chief Executive Officer, pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbannes-Oxley Act of 2002.
(32.2)	Certification by Karl W. Mueller, Chief Financial Officer, pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbannes-Oxley Act of 2002.
(101.INS)	XBRL Instance Document
(101.SCH)	XBRL Taxonomy Extension Schema
(101.CAL)	XBRL Taxonomy Extension Calculation Linkbase
(101.DEF)	XBRL Taxonomy Extension Definition Linkbase
(101.LAB)	XBRL Taxonomy Extension Label Linkbase
(101.PRE)	XBRL Taxonomy Extension Presentation Linkbase

* Exhibit incorporated herein by reference.

** Denotes a management or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 601 of Regulation S-K.

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OLD REPUBLIC INTERNATIONAL CORPORATION

NOTICE OF ANNUAL MEETING OF THE SHAREHOLDERS

TIME AND DATE	3:00 P.M. Central Daylight Time, Friday, May 24, 2019
PLACE	Old Republic Building 22nd Floor Conference Center 307 N. Michigan Avenue Chicago, Illinois 60601
ITEMS OF BUSINESS	• To elect five members of the Class 2 Board of Directors, each for a term of three years. • To ratify the selection of KPMG LLP ("KPMG") as the Company's independent registered public accounting firm for 2019. • To vote in an advisory capacity concerning the Company's executive compensation. • To vote in an advisory capacity on a properly made proposal submitted by a shareholder. • To transact such other business as may properly come before the meeting and any adjournment or postponement thereof.
RECORD DATE	You can vote if you are a shareholder of record on March 29, 2019.
ANNUAL REPORT TO SHAREHOLDERS	Our annual report to shareholders for 2018 is printed together with this proxy statement. The Company's Forms 10-K, 10-Q and other reports to shareholders may also be accessed through our website at www.oldrepublic.com or by writing to Investor Relations at the Company address.
PROXY VOTING	It is important that your shares be represented and voted at the Annual Meeting of the Shareholders. You can vote your shares by completing and returning your proxy card, by voting on the Internet, or by telephone.

April 15, 2019

By order of the Board of Directors

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

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Proxy Statement

OLD REPUBLIC INTERNATIONAL CORPORATION
ANNUAL MEETING OF THE SHAREHOLDERS
May 24, 2019

GENERAL INFORMATION

This Proxy Statement is being furnished to the shareholders of Old Republic International Corporation, a Delaware insurance holding corporation (together with its subsidiaries, the “Company”, “Old Republic” or “ORI”), with its executive office at 307 North Michigan Avenue, Chicago, Illinois 60601. This Statement is furnished in connection with the solicitation of proxies by ORI’s Board of Directors for use at the Annual Meeting of the Shareholders to be held on May 24, 2019 and any adjournments thereof. The approximate date on which this proxy statement and the accompanying proxy are first being sent to the shareholders is April 15, 2019.

Your proxy may be revoked at any time before shares are voted by written notification addressed to the persons named therein as proxies, and mailed or delivered to the Company at the above address. All shares represented by effective proxies will be voted at the meeting and at any adjournments thereof.

If the enclosed proxy is properly executed and returned in time for voting, the shares represented thereby will be voted as indicated thereon. If no specification is made, the proxy will be voted by the Company’s proxy committee (whose members are listed on the proxy card) for: (a) the election of the director nominees named below (or substitutes thereof if any nominees are unable or refuse to serve); (b) the selection of the Company’s independent registered public accounting firm; (c) the advisory vote concerning the Company’s executive compensation as recommended by the Board of Directors; (d) against the submitted shareholder proposal, if made; and (e) in the discretion of the proxy committee upon any other matters which may properly come before the meeting.

The Company has one class of voting stock outstanding - Common Stock, $1.00 par value per share (“Common Stock”). On March 29, 2019, there were 302,921,681 shares of Common Stock outstanding and entitled to one vote each on all matters to be considered at the meeting. Shareholders of record as of the close of business on that date are entitled to notice of and to vote at the meeting. There are no cumulative voting rights with respect to the election of directors.

VOTING PROCEDURES

The Company’s Restated Certificate of Incorporation and Restated By-laws prescribe voting procedures for certain, but not all corporate actions. When no procedures are prescribed, the General Corporation Law of the State of Delaware applies. Matters presented at the Company’s Shareholder Meetings are decided as follows: (1) directors are elected by a plurality of the shares present in person or by proxy at the meeting and entitled to vote; (2) amendments to the Company’s Restated Certificate of Incorporation are determined by the affirmative vote of the majority of shares outstanding and entitled to vote, except for: (a) amendments that concern approval thresholds for plans of merger or other business transactions not unanimously approved by the Board of Directors, which require the approval of 80% of the shares entitled to vote, or (b) amendments that concern the number or terms of the Board of Directors, which require the approval of 66-2/3% of the shares entitled to vote; (3) shareholder action to repeal, alter, amend or adopt new by-laws, which require the approval of 66% of the shares entitled to vote; and (4) all other matters are determined by the affirmative vote of the majority of shares present in person or by proxy at the meeting and entitled to vote.

Under Delaware law, the votes at the Company’s Annual Meeting of the Shareholders will be counted by the inspectors of election appointed by the Chairman at the meeting. The inspectors are charged with ascertaining the number of shares outstanding, the number of shares present, whether in person or by proxy, and the validity of all proxies. The inspectors are entitled to rule on any voting challenges and are responsible for the tabulation of the voting results.

A quorum for the Company’s Annual Meeting of the Shareholders is one third of the shares outstanding and entitled to vote appearing in person or by proxy at the meeting. Under Delaware law, abstentions are counted in determining the quorum of the meeting and as having voted on any proposal on which an abstention is voted. Therefore, on those proposals that require a plurality vote of the shares entitled to vote in person or by proxy at the meeting, the vote of an abstention has no effect. However, on those proposals that require an affirmative vote of at least a majority of shares present in person or by proxy at the meeting, the vote of an abstention has the effect of a vote against the proposal.

Shares beneficially owned but registered in the name of a broker or bank will be counted for the determination of a quorum for the meeting if there is a discretionary voting item on the meeting agenda within the meaning of section 402.08 of the New York Stock Exchange ("NYSE") Listed Company Manual. If there is a discretionary item on the agenda and the broker or bank does not vote these shares (a "non-vote"), they will not be counted as having voted on the proposal. Therefore, on those proposals that require a plurality or at least a majority vote of the shares at the meeting that are entitled to vote, a non-vote will have no effect. However, on those proposals that require an affirmative vote of at least a majority of the shares outstanding that are entitled to vote, a non-vote has the effect of a vote against the proposal. If there are no discretionary voting items on the meeting agenda, shares beneficially held in the name of a broker or bank shall not be counted in determining a quorum. This year Item 2 is a discretionary voting item; all other items are non-discretionary.

Shareholders can simplify their voting and save Old Republic expense by voting by telephone or by Internet. If you vote by telephone or Internet, you need not mail back your proxy card. Telephone and Internet voting information is provided on your proxy card. A Control Number, located on the proxy card, is designed to verify your identity and allow you to vote your shares and confirm that your voting instructions have been properly recorded. If your shares are held in the name of a bank or broker, follow the voting instructions on the form you receive from that firm. To revoke a proxy given, or change your vote cast, by telephone or Internet, you must do so by following the directions on your proxy card, provided such changes are made by 11:59 PM, Eastern Daylight Time on May 23, 2019.

HOUSEHOLDING OF PROXIES

The Securities and Exchange Commission ("SEC") has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for annual reports and proxy statements with respect to two or more shareholders sharing the same address by delivering a single annual report and/or proxy statement addressed to those shareholders. This process, which is commonly referred to as "householding," potentially provides extra convenience for shareholders and cost savings for companies. The Company and some brokers who distribute annual reports and proxy materials may deliver a single annual report and/or proxy statement to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders.

Once you have received notice from your broker or the Company that your broker or the Company will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. You may request to receive promptly at any time a separate copy of our annual report or proxy statement by sending a written request to the Company at the above address, attention Investor Relations, or by visiting our website, www.oldrepublic.com and downloading this material.

If, at any time, you no longer wish to participate in householding and would prefer to receive a separate annual report and proxy statement in the future, please notify your broker if your shares are held in a brokerage account, or if you hold registered shares, the Company's transfer agent, EQ Shareowner Services, P.O. Box 64874, St. Paul, MN 55164, phone number 800-401-1957.

OTHER MATTERS FOR THE ANNUAL MEETING OF THE SHAREHOLDERS

The Company knows of no matters, other than those referred to herein, that will be presented at the meeting. If, however, any other appropriate business should properly be presented at the meeting, the proxies named in the enclosed form of proxy will vote the proxies in accordance with their best judgment.

EXPENSES OF SOLICITATION

All expenses incident to the solicitation of proxies by the Company will be paid by the Company. In addition to solicitation by mail, the Company has retained D. F. King & Company of New York City, to assist in the solicitation of proxies. Fees for this solicitation are expected to be approximately $9,000. The Company intends to reimburse brokerage houses and other custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred in forwarding copies of solicitation material to beneficial owners of Common Stock held of record by such persons. In a limited number of instances, regular employees of the Company may solicit proxies in person or by telephone.

PRINCIPAL HOLDERS OF SECURITIES

The following tabulation shows with respect to (i) each person who is known to be the beneficial owner of more than 5% of the Common Stock of the Company; (ii) the Company's Employees Savings and Stock Ownership Plan (ESSOP); (iii) each director and executive officer of the Company (including nominees); and (iv) all directors and executive officers, as a group: (a) the total number of shares of Common Stock beneficially owned as of March 29, 2019, except as otherwise noted, and (b) the percent of the class of Common Stock so owned:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(*)
Common Stock Shareholders' beneficial ownership of more than 5% of the Common Stock and the ESSOP ownership	BlackRock, Inc. 55 East 52nd Street New York, New York 10022	31,855,862 (1)	10.5
	The Vanguard Group 100 Vanguard Blvd. Malvern, Pennsylvania 19355	27,297,773 (1)	9.0
	State Street Corporation State Street Financial Center One Lincoln Street Boston, Massachusetts 02111	21,981,051 (1)	7.3
	Old Republic International Corporation Employees Savings and Stock Ownership Trust 307 N. Michigan Avenue Chicago, Illinois 60601	15,055,318 (2)	5.0

Common Stock	Name of Beneficial Owner	Shares Subject to Stock Options(*)	Shares Held by Employee Plans(*)(2)(3)	Other Shares Beneficially Owned(*)	Total	Percent of Class (*)
Directors' and Executive Officers'(including nominees) Beneficial Ownership	Steven J. Bateman	0	0	15,412	15,412	**
	Harrington Bischof	0	0	20,239	20,239 (4)	**
	Jimmy A. Dew	0	122,269	745,657	867,926 (5)	0.3
	John M. Dixon	0	0	21,061	21,061	**
	Charles J. Kovaleski	0	0	5,586	5,586	**
	Spencer LeRoy III	0	0	100,686	100,686 (6)	**
	Peter B. McNitt(***)	0	0	0	0	**
	Karl W. Mueller	198,000	20,151	22,009	240,160	0.1
	R. Scott Rager	340,000	85,783	2,500	428,283	0.1
	Glenn W. Reed	0	0	5,000	5,000	**
	Craig R. Smiddy	47,000	12,424	6,720	66,144	**
	Arnold L. Steiner	0	0	752,438	752,438 (7)	0.3
	Fredricka Taubitz	0	0	19,000	19,000	**
	Charles F. Titterton	0	0	22,813	22,813 (8)	**
	Dennis Van Mieghem	0	0	17,800	17,800 (9)	**
	Steven R. Walker	0	0	60,000	60,000 (10)	**
	Rande K. Yeager	146,500	46,953	45,297	238,750	0.1
	Aldo C. Zucaro	740,000	640,185	1,260,080	2,640,265	0.9
	Directors and Executive Officers, as a group (20)	1,622,275	994,677	3,178,909	5,795,861	1.9

* Calculated pursuant to Rule 13d-3(d) of the Securities Exchange Act of 1934. Unless otherwise stated below, each such person has sole voting and investment power with respect to all such shares. Under Rule 13d-3(d), shares not outstanding that are subject to options, warrants, rights or conversion privileges exercisable within 60 days are deemed outstanding for the purpose of calculating the number and percentage owned by such person, but are not deemed outstanding for the purpose of calculating the percentage owned by each other person listed. None of the options shown for executive officers were exercised prior to the Company's record date and therefore are not eligible to vote at the Annual Meeting of the Shareholders.

** Less than one-tenth of one percent.

*** Mr. McNitt joined the Board on January 30, 2019.

(1) Reflects the number of shares as of December 31, 2018 shown in the most recent Schedule 13G filings with the SEC. BlackRock, Inc. has reported sole voting for 30,455,586 shares and sole dispositive power for 31,855,862 shares. The Vanguard Group has reported that it has sole and shared voting power for 137,736 and 32,495 shares, respectively and sole and shared dispositive power for 27,152,997 shares and 144,776 shares, respectively. State Street Corporation has reported that it has shared voting power for 20,902,629 shares and shared dispositive power for 21,981,051 shares.

(2) Reflects the number of shares held as of December 31, 2018 as follows:

(a) Under the terms of the Old Republic International Corporation Employees Savings and Stock Ownership Plan ("ESSOP"), a participant is entitled to vote the Company Common Stock held by the ESSOP, the shares of which have been allocated to the participant's account. The Executive Committee of the Company is authorized to vote the Company Common Stock held by the ESSOP until such time as the shares of such stock have been allocated to a participant's account or where a participant fails to exercise his or her voting rights. In these regards, the Executive Committee may be deemed to have sole investment power with respect to unallocated stock and shared power for allocated stock held by the ESSOP.

(b) In addition to the ESSOP, the Old Republic International Employees Retirement Plan holds an aggregate of 2,964,150 shares of the Company's Common Stock not included in this table. The voting of these shares is controlled, directly or indirectly in a fiduciary capacity, by the Executive Committee.

(c) The trustees of the Company's Baseline Security Plan ("BSP"), on December 31, 2018, owned an aggregate of 728,016 shares of the Company Common Stock. These shares are not included in this table, because each participant is entitled to vote the shares of the Company's Common Stock held by the BSP that have been allocated to their account.

(d) American Business & Mercantile Insurance Mutual Inc. ("ABM") and its subsidiary own 1,268,700 shares of the Company's Common Stock. ABM is a mutual insurer controlled by its policyholders and indirectly by the Company through management agreements, the ownership of its surplus notes, and by directors and officers who are employees of the Company.

(3) Includes only the shares that have been allocated to the employer matching and employee savings accounts of the director or executive officer as a participant in the ESSOP. Excludes those shares for which the director or executive officer may be deemed to have investment and voting power as a result of being a member of the Executive Committee. These numbers include shares of the Company's Common Stock held by the BSP for Mr. Rager.

(4) Includes 8,437 shares held in an IRA trust for Mr. Bischof's benefit.

(5) Includes 315,908 shares owned by Mr. Dew's wife and 93,682 shares held in an IRA trust for Mr. Dew.

(6) Includes 40,587 shares held in IRA or Roth IRA trusts for Mr. LeRoy's benefit.

(7) Includes 270,237 shares owned by Mr. Steiner directly, 391,000 shares held in trust for Mr. Steiner's children, for which he is a co-trustee, and 91,201 shares held by the Steiner Foundation for which Mr. Steiner disclaims beneficial ownership.

(8) Includes 6,775 shares held in IRA and SEP-IRA trusts for Mr. Titterton's benefit.

(9) Includes 12,125 shares held in an IRA trust for Mr. Van Mieghem's benefit.

(10) Includes 26,000 shares held in IRA and SEP-IRA trusts for Mr. Walker's benefit, and 22,000 shares held by his wife.

ITEM 1
ELECTION OF DIRECTORS

The following table lists the nominees and continuing directors of the Company. Five Class 2 directors are to be elected at the Annual Meeting of the Shareholders for a term of three years and until their successors are elected and qualified. The nominees are current directors standing for re-election. It is intended that, in the absence of contrary specifications, votes will be cast pursuant to the enclosed proxies for the election of such nominees. Should any of the nominees become unable or unwilling to accept nomination or election, it is intended that, in the absence of contrary specifications, the proxies will be voted for the balance of those named and for a substitute nominee or nominees. However, the Company does not expect such an occurrence. All of the nominees have consented to be slated and to serve as directors if elected.

Mr. Charles J. Kovaleski was elected a Class 3 director in August 2018. Mr. Kovaleski shall stand for election as a director, in due course, with the other members of Class 3 in 2020. Mr. Kovaleski is a retired attorney and was with Attorneys' Title Insurance Fund, Orlando, Florida from 1980 to 2009. He also served as an officer with one of the Company's subsidiaries between 2009 and 2016. Mr. Kovaleski is not considered independent and is not a member of any committees.

Mr. Peter B. McNitt was elected a Class 1 director in January 2019. Mr. McNitt shall stand for election as a director with the other members of Class 1 in 2021. Mr. McNitt is the retired Vice Chair of BMO Harris Bank. He qualifies as an independent director, and was named a member of the Audit and the Compensation Committees when he was elected.

Messrs. Kovaleski and McNitt were both known at various times by several of the Company directors and the Chairman of the Board ("Chairman") and Chief Executive Officer ("CEO") prior to their election. The Governance and Nominating Committee approved the selection of each, and each was unanimously elected by the Board of Directors. No third party was involved in the recruitment or selection of Mr. Kovaleski and Mr. McNitt as a director and no fee was paid to any individual or entity in connection with such selection. Given the reasons and background information cited next to each nominee's name below, the Board of Directors believes that each of the nominees and the other continuing directors are eminently qualified to serve Old Republic's shareholders and other stakeholders.

Name	Age	Positions with Company, Business Experience and Qualifications
Nominees for Election: CLASS 2 (Term to expire in 2022)		
Steven J. Bateman	60	Director since 2017. An audit partner with the accounting firm of PricewaterhouseCoopers LLP until his retirement, he had a 37 year career as an auditor and business advisor for a large number of organizations engaged in all major insurance fields. During that period of time, he gained a wealth of knowledge and experience in the business and the risk factors associated with the insurance industry. His background and experience will harmonize extremely well with the Company's business and the Board's governance objectives.
Jimmy A. Dew	78	Director since 1980. Formerly Vice Chairman of Old Republic's subsidiary, Republic Mortgage Insurance Company ("RMIC"), of which he was a co-founder in 1973. His knowledge of RMIC gained in an executive capacity since its founding and his long service on Old Republic's Board make him fully conversant with the insurance industry and its risk factors.
John M. Dixon	79	Director since 2003. Formerly Chief Executive Partner with the law firm of Chapman and Cutler, Chicago, Illinois until his retirement in 2002. His qualifications include his extensive background as an attorney and his knowledge of corporate law and the risk factors of corporations like the Company.
Glenn W. Reed	66	Director since 2017. Mr. Reed served as a Managing Director of The Vanguard Group, Inc., one of the world's largest asset-management firms until his retirement from the firm in 2017. While at Vanguard, Mr. Reed had overall responsibility for Vanguard's corporate finance and mutual fund finance functions, most recently heading up the firm's Strategy division. Prior to joining Vanguard in 2007, he served as general counsel for a multi-line health and life insurance company following a 21-year career in the partnership of the Chicago-based law firm of Gardner, Carton & Douglas (now Drinker Biddle). This long-term experience and deep knowledge gained in these fields of endeavor harmonize extremely well with the Company's business needs and the Board's governance objectives.
Dennis P. Van Mieghem	78	Director since 2004. A CPA by training, he was the Partner in charge of the National Insurance Tax Practice of the accounting firm of KPMG LLP until his 1998 retirement. With this background, he brings significant experience and knowledge of the insurance industry and its risk factors to Old Republic's Board.
Continuing Directors: CLASS 3 (Term expires in 2020)		
Charles J. Kovaleski	70	Director since August 2018. Retired as an attorney, he was formerly with Attorneys' Title Insurance Fund, Orlando, Florida as well as an officer with one of the Company's Title subsidiaries for many years. He brings extensive general business experience to Old Republic's Board particularly in real estate and title insurance.
Arnold L. Steiner	81	Director since 1974. Retired for more than five years from Steiner Bank, Birmingham, Alabama of which he was President and a substantial owner. He has long and significant experience in financial businesses and has extensive knowledge of the Company and its risk factors.
Fredricka Taubitz	75	Director since 2003. A CPA by training, she was until 2000 Executive Vice President and Chief Financial Officer of Zenith National Insurance Corp. Until 1985, she was a partner with the accounting firm of Coopers & Lybrand (now PricewaterhouseCoopers LLP). During her long professional career she has gained significant experience in, and knowledge of, the business and the risk factors associated with the insurance industry.
Aldo C. Zucaro	80	Director since 1976. Chairman of the Board and Chief Executive Officer of the Company and various subsidiaries since 1993. A CPA by training, he brings a significant background as a former insurance specialist partner with Coopers & Lybrand (now PricewaterhouseCoopers LLP), and long-term experience with the insurance industry in general, and the Company in particular, since 1970.

Continuing Directors: CLASS 1 (Term expires in 2021)		
Harrington Bischof	84	Director since 1997. President of Pandora Capital Corporation since 1996. Formerly Senior Advisor with Prudential Securities, Inc. and prior to that, a senior investment banker with the firms of Merrill, Lynch & Co. and White, Weld & Co. His experience in business, investment banking, and international finance are of significant value to the Company's corporate governance.
Spencer LeRoy III	73	Director since 2015. Until his retirement in 2014, he was Senior Vice President, Secretary and General Counsel of the Company since 1992. Prior to that, he was a partner with the law firm of Lord, Bissell and Brook, now known as Locke Lord LLP. His legal career involved all aspects of insurance, corporate governance and financial-related matters. Mr. LeRoy has a long and significant legal experience and extensive knowledge of the Company and its risk factors.
Peter B. McNitt	64	Director since January 30, 2019. He is the retired Vice Chair of BMO Harris Bank; a position he held since 2006. Prior to that, he led BMO Harris' U.S. Corporate Banking as Executive Vice President and U.S. Investment Banking as Executive Managing Director. He has long-term experience and deep knowledge gained during his more than 40 year-long career. His wide range of responsibilities focused on the delivery of the full breadth of wealth, and commercial and investment banking services to customers.
Charles F. Titterton	77	Director since 2004. Formerly Director – Insurance Group with Standard & Poor's Corp. ("S&P") until 2003. He has significant business experience and knowledge of the risk factors connected with the insurance industry by virtue of his long career as a lending officer with a major banking institution and with S&P.
Steven R. Walker	74	Director since 2006. Formerly Senior Counsel and Partner with Leland, Parachini, Steinberg, Matzger & Melnick, LLP, attorneys, San Francisco, California. He has significant experience as both an attorney and a business manager during a long career focused on the title insurance industry.

BOARD OF DIRECTORS' RECOMMENDATION

The Board of Directors recommends a vote FOR the Class 2 directors listed above. Proxies solicited by the Board of Directors will be voted in favor of the election of these nominees unless shareholders specify to the contrary. The results of this vote shall be disclosed in a filing made with the SEC shortly after the Annual Meeting of the Shareholders and will be available for review on the Company's website, www.oldrepublic.com.

CORPORATE GOVERNANCE: BINDING ORGANIZATION, PURPOSE, AND LONG-TERM STRATEGY

Old Republic is **Organized** as a for-profit, shareholder-owned insurance holding company chartered under the General Corporation Law of the State of Delaware. As a holding company, it has no operations of its own; rather its primary assets are the stock and debt instruments issued by its many subsidiaries. Nearly all of its consolidated business is conducted through 29 insurance underwriting subsidiaries which are chartered in 11 states and three foreign jurisdictions, most notably in Canada. The Company also owns the equity and debt securities of over 100 other subsidiaries. Each of these subsidiaries is charged with producing revenues, managing risk, and providing claims management and other services for the insurance underwriting subsidiaries and outside parties.

This typical organizational structure ensures that Old Republic remains firmly established as a legal person with an indefinite life. Shareholders—long- or short-term investors in the Company's shares—are not the direct owners of its assets or properties. Their rights are limited by Delaware law, which provides that shareholders delegate to the board of directors the responsibility for controlling, directing, and using those assets and properties based on the directors' business judgment. In purchasing, holding, or selling shares of Old Republic common stock, shareholders can do so with confidence that the board of directors' successful, long-standing governance practices are guided by its charter and bylaws, which they consistently observe.

Our insurance subsidiaries are vested with a public trust. Accepting premiums and insurance-related fees from policyholders and other buyers of related services forms the basis of this trust. This makes policyholders critically important stakeholders. They depend on the subsidiaries' ability to meet their just obligations of financial indemnity over long periods of time. In observance of these relationships, state insurance laws impose certain requirements on insurance companies to dutifully protect the legitimate interests of policyholders, as well as the community at large. As a result, Old Republic is by necessity governed for the long run envisaged by the long-term promises of financial indemnity, and the public trust imbued in its insurance subsidiaries. Together with the principles and practices contained in the charter and bylaws, governance is intended to purposefully ensure the following:

- Operation of the business within the law, with integrity, and in a socially responsible manner
- Maintenance of the business's competitive position to enable the continued growth of economic value in a fairly balanced way for the interests of all stakeholders

Old Republic's **Purpose** is clearly stated in our mission statement: 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, shareholders, and other important stakeholders place in us. Our ***Lodestar*** embodies the Company's mission by binding organization, purpose, and long-term strategy into a coordinated whole.

We pursue our mission and purpose in light of the long-standing principles and practices of 1) our governance, 2) our service culture, 3) our value system, 4) the institutional memory that binds successive generations of managers, and 5) respectful appreciation of our people and the intellectual capital they bring to managing our wide-ranging business. In operating a business within America's free enterprise system, we're keenly focused on achieving two interrelated outcomes over time:

A. ***Create long-term value for all stakeholders***, including shareholders, policyholders, our people, and the American community at large. We believe that this desired outcome is best achieved by:
   - Continuously enhancing the Company's competitive position, which increases its economic value to all stakeholders in a cohesive and socially responsible manner.
   - Steadily building the sustainability of the business's competitiveness and earnings prospects. This adds to our financial and intellectual capital while at the same time:
     - Providing a necessary financial cushion to support insurance obligations in the event they prove greater than anticipated.
     - Enhancing the Company's ability to handle its insurance risk-bearing and dispersing functions to meet society's increasing demands for protecting the property and other values that a growing economy produces.

   We use all of these means to achieve our purpose and help meet the community's long-term expectations of economic growth, sustainable employment, and a rising tax base to accomplish social goals.

B. ***Create long-term value for long-term shareholders***, whose interests are aligned with our Mission as they provide and support the retention of paid-in capital and the accumulated earnings retained in the business. We measure this value creation by these interrelated financial outcomes:
   - The consecutive 10-year compound annual total returns provided by Old Republic's common stock performance in the marketplace. This is calculated as the annual combination of the change in market value and the reinvested cash dividend we pay.
   - The consecutive 10-year compound annual total returns seen in Old Republic's common stock book value. This is calculated as the annual combination of the change in book value per share, plus our cash dividend.
   - The consecutive 10-year annual total return on shareholders' equity. This is calculated by dividing net operating income (excluding both realized and unrealized investment gains or losses) by shareholders' equity (which also excludes those factors).

   In assessing the first two of these economic outcomes, we seek to achieve consecutive 10-year financial performance that exceeds the following benchmarks: 1) the annual year-over-year and compounded increases in the Nominal Gross Domestic Product (GDP), 2) the annual and compounded total return of the Standard & Poor's (S&P) 500 Index, and 3) the annual and compounded return of the S&P Insurance Index. The charts on pages 10 to 12 reflect our success in these regards.

The overall **Strategy** we've followed over the decades has been fully aligned with our Mission and governing principles. The linchpin of this strategy is the conservative, long-term management of Old Republic's balance sheet. In this approach, periodic income statements are simply the linked economic outcomes from two succeeding balance sheet dates. The maintenance of a strong financial position supports the insurance subsidiaries' risk-taking and obligations to policyholders, and underlies our stewardship in the interest of all stakeholders. We accomplish this through enterprise risk management principles generally, and with insurance underwriting discipline in particular. The discipline rests on key operating tenets of our business:

- Employing disciplined risk selection, evaluation, and pricing practices to reduce the possibility of adverse risk selection and the uncertainty of insurance underwriting outcomes
- Focusing on diversification and spreading of insured risks by geography and among industries that are core to the North American economy, while staying in areas in which we are intellectually competent and operationally proficient
- Emphasizing a balanced mix of insurance coverages for all industries we serve, in which we are knowledgeable and which exert economically balanced demands on our risk-bearing capital
- Reducing and mitigating insured exposures through underwriting risk-sharing arrangements with policyholders to:
  - Encourage a greater partnership approach to the costing and management of risk
  - Bring greater efficiencies to capital management

Following these time-tested insurance underwriting disciplines and risk-management principles has enabled us to produce industry-beating underwriting results over the last five decades. For instance, our largest business segment, General Insurance, has generated better-than-industry-composite underwriting ratios for 41 years, matched the industry in four years, and has been less successful than the industry in only five of the past fifty years.

Achieving positive underwriting results is complemented by investment income, which we derive from the combined investments of underwriting cash flows, shareholders' capital, and funds provided by debt holders. Through the years, this combination has led to 1) rising earnings over cycles, 2) the maintenance of balance sheet strength, and 3) increasing cash dividends to all shareholders. The strategy is evaluated and reestablished each year by the Board of Directors at the same time it reviews and approves management's annual operating and capital allocation budgets. The evaluation includes, among other things, these major considerations:

- The diversification of the business by types of insurance coverages and product distribution
- The business's performance over the natural multi-year cycles in the insurance industry. Reviews of 10-year trends are favored, as these likely encompass one or two economic and/or insurance underwriting cycles. This allows enough time for the cycles to run their course, for premium rates and underwriting changes to appear in financial results, and for reserved claim costs to be quantified with greater finality and effect
- The allocation of capital to Old Republic's key insurance underwriting subsidiaries, in consideration of their relative risk-taking appetites and abilities, and their accumulated reserves to pay claims

Old Republic's capital management strategy is underpinned by these consistent objectives:

- Retaining high, economically justifiable independent financial ratings for the Company's insurance underwriting subsidiaries
- Assuring a realistically consistent increase over time in cash dividend payments based on the Company's earnings power and trends. These payments benefit all shareholders directly or as beneficiaries of their financial assets, as these are directed in common by institutional investment managers held to fiduciary obligations

Old Republic's dedication to a program of steadily rising cash dividends rests on our belief that its long-term shareholders can benefit from a total return on their investment, whether measured by:

- The combination of the annual cash dividend and change in the Company's book value per share, or
- The combination of the annual cash dividend and change in year-end market value per share

Old Republic's consistent cash dividend policy has produced these results:

- Dividend payments have been made without interruption since 1942 (in 77 of the Company's 95 years)
- The annual cash dividend rate has been raised in each of the past 37 years
- Old Republic is one of just 100 American companies out of thousands that have posted at least 25 consecutive years of annual dividend growth (according to *Mergent's Dividend Achievers*)

In directing capital management and the related dividend policies, Old Republic has stayed away from stock buybacks. In the relatively few instances when its capital coffers have been more than ample for foreseeable business needs, the Board has chosen to pay an extra cash dividend (most recently at the end of 2017). This preferred approach treats all shareholders alike from the standpoints of both cash flows and equitable maintenance of book value per share.

The binding of organization, purpose, and long-term strategy is buttressed by Old Republic's bylaws and charter provisions from which its long-established policies of corporate governance emanate. The structure and policies of this governance are discussed in the following two Proxy sections on pages 13 to 16:

- Leadership Structure and Risk Management, and
- Board of Directors' Responsibilities and Independence

In their totality, the policies have enabled a necessary emphasis on the stability, continuity, and sustainability of the enterprise as primary objectives for achieving long-term value for *all* stakeholders. The chart on page 12 shows how we've succeeded in blending governance with organization, purpose, and strategy in the interest of all stakeholders. The information is shown for the 51 years, ending in 2018. The 1968 starting year was chosen because it gave rise to the Company's ultimate transformation from the Old Republic Life Insurance Company predecessor to Old Republic International Corporation in 1969. The chart reflects a large number of annual and ten-year comparisons between ORI's total book and market value returns, and the three aforementioned benchmarks. A retrospective review and analysis of the data reflects two significant observations with respect to the ten-year comparisons:

- We believe that Old Republic's stock performance fell short in the 1979 – 1988 period due to accelerated diversification activity effected by acquiring various companies in exchange for our common stock and forming new joint underwriting ventures. Together these transactions caused temporary dilutions of book value and earnings per share. In later years, however, most of these became solid contributors to our consolidated performance.
- We also believe that our performance fell short in the 1999 – 2008 period due to the adverse impact of the Great Recession on Old Republic's investment in the financial indemnity segment. This business has been in run-off operating mode since 2012.

As previously stated, Old Republic measures its total book and market returns against three benchmarks: a) the annual year-over-year and compounded annual changes in the Nominal Gross Domestic Product (GDP), b) the annual and compounded annual returns of the S&P 500 Index, and c) the annual and compounded annual returns of the S&P Insurance Index. In the five ten-years periods reflected in the table immediately below and its related detailed table on page 12, Old Republic's total compounded book return exceeded the compounded annual returns of those three benchmarks in eight of thirteen comparisons (61%), and the Company's total compounded market return exceed the compounded annual returns of the three benchmarks in ten of thirteen comparisons (77%). Therefore, collectively, Old Republic outperformed the benchmarks 69% of the time.

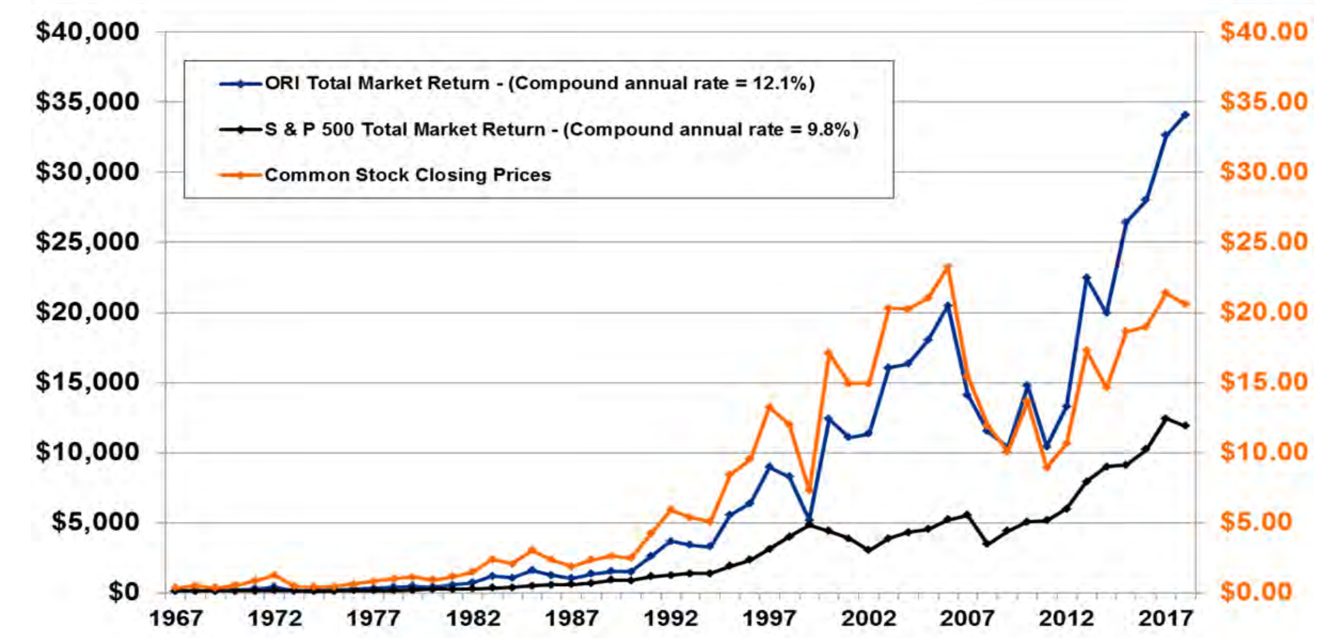
The following, taken from the 51 year chart on page 12, summarizes ORI's common stock annual compounded performance compared with the selected benchmarks.

	Old Republic		**Selected Benchmarks**		
Period	**Total Book Return**	**Total Market Return**	**GDP Index**	**S&P 500 Total Market Return**	**S&P Insurance Total Market Return**
Ten Years:					
1969 – 1978	17.5%	10.7%	9.6%	3.2%	
1979 – 1988	16.0	13.0	8.3	16.3	
1989 – 1998	13.5	20.2	5.6	19.2	16.3%*
1999 – 2008	9.4	3.5	5.0	–1.4	–4.2
2009 – 2018	6.0%	11.8%	3.4%	13.1%	11.0%
2018 Only	1.6%	4.8%	5.5%	–4.4%	–11.2%
51 Years 1968–2018	12.5%	12.2%	6.4%	9.8%	7.0%**

* 9 years only, with 1989 as the base year, as this index was not available before 1990 / ** 29 years only.

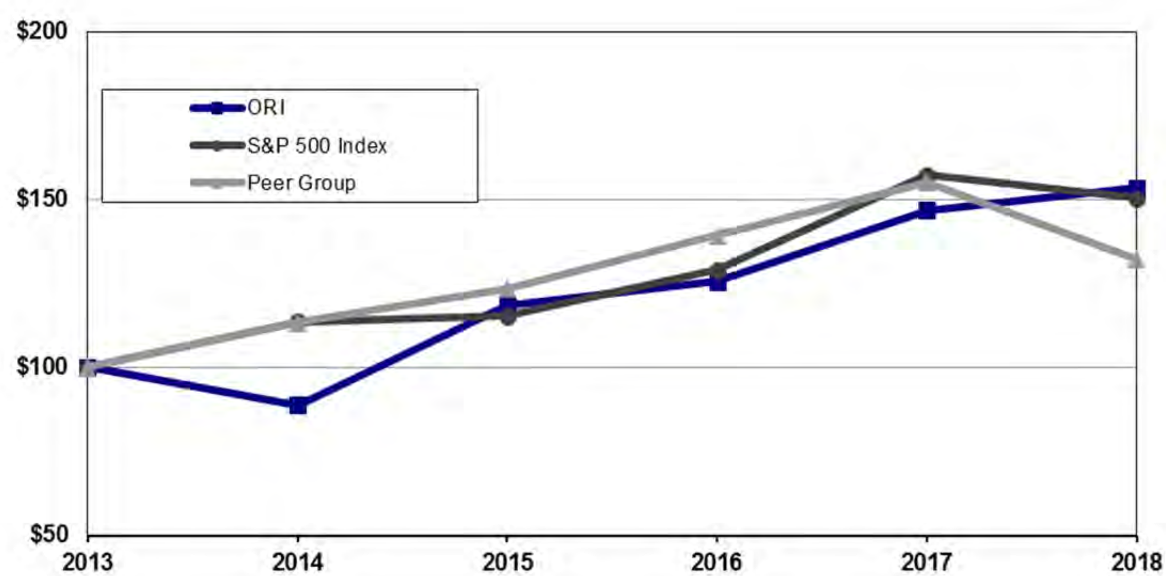
The next two tables also portray the relative market performance of Old Republic's common stock in comparison with the selected benchmark and a peer group of companies.

ORI: Fifty One Years Total Market Value Return Compared with the S&P 500 Index



Five Year Peer Group Comparisons of Total Returns

Company Name / Index	Base Period Dec13	Indexed Returns Years Ending Dec14	Dec15	Dec16	Dec17	Dec18
Old Republic International Corp	$100.00	$ 88.85	$118.44	$125.65	$146.81	$153.39
S&P 500 Index	100.00	113.69	115.26	129.05	157.22	150.33
Peer Group	100.00	113.38	123.49	139.31	155.21	132.29



The Peer Group has been approved by the Compensation Committee of Old Republic's Board of Directors. The Peer Group consists of American Financial Group, Inc.; American International Group, Inc.; W.R. Berkley Corporation; Chubb Limited; Cincinnati Financial Corporation; CNA Financial Corporation; Fidelity National Financial, Inc.; First American Financial Corporation; The Hartford Financial Services Group, Inc.; Stewart Information Services Corporation; and The Travelers Companies, Inc.

OLD REPUBLIC INTERNATIONAL CORPORATION
Total Returns Compared to Nominal GDP and Selected S&P Indices' Returns

	Old Republic International Corporation (1)					Nominal Gross Domestic Product (GDP)(2)	S&P 500 Index (3)	S&P Insurance Index (3)
Year	Year End Book Value	Year End Market Price	Annual Cash Dividend Declared	Total Book Value Annual & Compounded Return	Total Market Annual & Compounded Return	Total Annual & Compounded Return	Total Annual & Compounded Return	Total Annual & Compounded Return
1967	$0.243	$0.338						
1968	0.280	0.472	$0.007	18.2%	41.8%	9.4%	11.0%	
1969	0.312	0.336	0.010	15.1%	-26.6%	8.2%	-8.4%	
1970	0.360	0.528	0.012	19.2%	60.7%	5.5%	3.9%	
1971	0.472	0.840	0.014	34.9%	61.7%	8.5%	14.3%	
1972	0.480	1.240	0.016	5.1%	49.5%	9.8%	19.0%	
1973	0.472	0.456	0.018	2.2%	-61.7%	11.4%	-14.7%	
1974	0.376	0.408	0.020	-16.1%	-6.1%	8.4%	-26.5%	
1975	0.288	0.440	0.020	-18.1%	12.7%	9.0%	37.2%	
1976	0.560	0.624	0.011	98.3%	44.4%	11.2%	23.9%	
1977	0.792	0.792	0.022	45.3%	30.4%	11.1%	-7.2%	
1978	0.976	0.976	0.033	27.4%	27.4%	13.0%	6.6%	
10 Year Compound Annual Growth Rate				**17.5%**	**10.7%**	**9.6%**	**3.2%**	
1979	1.080	1.112	0.052	16.0%	19.3%	11.7%	18.6%	
1980	1.224	0.888	0.054	18.3%	-15.3%	8.8%	32.5%	
1981	1.392	1.144	0.054	18.1%	34.9%	12.2%	-4.9%	
1982	1.648	1.456	0.056	22.4%	32.2%	4.3%	21.5%	
1983	1.888	2.353	0.058	18.1%	65.6%	8.7%	22.6%	
1984	2.208	2.039	0.059	20.1%	-11.0%	11.1%	6.3%	
1985	2.304	3.014	0.062	7.1%	51.3%	7.5%	31.7%	
1986	2.528	2.316	0.065	12.5%	-21.5%	5.5%	18.7%	
1987	2.952	1.861	0.068	19.5%	-17.2%	6.0%	5.3%	
1988	3.152	2.345	0.071	9.2%	30.0%	7.9%	16.6%	
10 Year Compound Annual Growth Rate				**16.0%**	**13.0%**	**8.3%**	**16.3%**	
1989	3.544	2.604	0.076	14.8%	14.2%	7.7%	31.7%	
1990	3.920	2.465	0.081	12.9%	-2.3%	5.7%	-3.2%	-13.5%
1991	4.456	4.207	0.086	15.9%	75.0%	3.3%	30.4%	29.3%
1992	5.072	5.896	0.094	15.3%	42.7%	5.9%	7.6%	18.4%
1993	5.744	5.363	0.102	15.3%	-7.4%	5.2%	10.1%	5.2%
1994	6.112	5.037	0.111	8.3%	-4.0%	6.3%	1.3%	-0.3%
1995	7.248	8.415	0.121	20.6%	70.1%	4.8%	37.5%	41.0%
1996	7.768	9.511	0.148	9.2%	15.1%	5.7%	22.9%	23.5%
1997	8.312	13.222	0.178	9.3%	41.2%	6.2%	33.3%	46.4%
1998	9.216	12.000	0.206	13.4%	-7.8%	5.7%	28.5%	9.7%
10 Year Compound Annual Growth Rate				**13.5%**	**20.2%**	**5.6%**	**19.2%**	**16.3%**
1999	9.590	7.267	0.262	6.9%	-37.5%	6.3%	21.0%	7.4%
2000	11.000	17.066	0.294	17.8%	142.1%	6.5%	-9.1%	34.9%
2001	12.480	14.938	0.314	16.3%	-10.6%	3.2%	-11.9%	-12.4%
2002	13.960	14.934	0.336	14.6%	2.0%	3.4%	-22.1%	-20.7%
2003	15.650	20.288	0.890 *	18.5%	42.4%	4.8%	28.7%	21.0%
2004	16.940	20.240	0.403	10.8%	1.9%	6.6%	10.9%	7.2%
2005	17.530	21.008	1.312 *	11.2%	10.5%	6.7%	4.9%	14.1%
2006	18.910	23.280	0.590	11.2%	13.9%	6.0%	15.8%	10.9%
2007	19.710	15.410	0.630	7.6%	-31.5%	4.6%	5.6%	-6.3%
2008	15.910	11.920	0.670	-15.9%	-18.0%	1.8%	-37.0%	-58.1%
10 Year Compound Growth Rate				**9.4%**	**3.5%**	**5.0%**	**-1.4%**	**-4.2%**
2009	16.490	10.040	0.680	7.9%	-10.1%	-1.8%	26.4%	13.9%
2010	16.160	13.630	0.690	2.2%	43.4%	3.8%	15.1%	15.8%
2011	14.760	8.920	0.700	-4.3%	-27.2%	3.7%	2.1%	-8.3%
2012	14.030	10.650	0.710	-0.1%	23.4%	4.2%	16.0%	19.1%
2013	14.640	17.270	0.720	9.5%	70.7%	3.6%	32.4%	46.7%
2014	15.150	14.630	0.730	8.5%	-11.2%	4.4%	13.7%	8.3%
2015	14.980	18.630	0.740	3.8%	33.4%	4.0%	1.4%	2.3%
2016	17.160	19.000	0.750	19.6%	6.2%	2.7%	12.0%	17.6%
2017	17.720	21.380	1.760 *	13.5%	16.9%	4.2%	21.8%	16.2%
2018	$17.230	$20.570	$0.780	1.6%	4.8%	5.5%	-4.4%	-11.2%
10 Year Compound Annual Growth Rate				**6.0%**	**11.8%**	**3.4%**	**13.1%**	**11.0%**
51 Year Compound Annual Growth Rate				**12.5%**	**12.2%**	**6.4%**	**9.8%**	**7.0%**

Note: (*) Includes special year-end cash dividends of $1.000, $0.800, and $0.534 per share at December 31, 2017, 2005, and 2003, respectively.

Sources: (1) Old Republic Database
(2) Nominal Gross Domestic Product from Federal Reserve Bank St. Louis, with 2018 estimate.
(3) Standard & Poor's Indices from S&P Global Market Intelligence LLC. Data for years 1989 and prior is not available for the S&P Insurance Index. Accordingly, the compound growth rate for 1989–1998 is for 9 years only, while the rate for 1989–2018 is for 29 years only.

LEADERSHIP STRUCTURE AND RISK MANAGEMENT

The Company's leadership structure and its risk management processes are overseen and monitored by the Board of Directors. The Board believes that the Company's decades-long joining of the Chairman and CEO positions is best suited to ensure the long-term value, stability and management of the most important assets necessary for the accomplishment of its Mission. In this light, Old Republic's Board holds management singularly accountable for protecting and enhancing the value of these and all other assets. It therefore holds its CEO responsible for setting the proper tone in shaping and nurturing the institution's culture and values in the interests of shareholders and all other stakeholders. Most critically, these include the policyholders to whom long-term promises of financial indemnity and stability are made by the Company's insurance subsidiaries, the employees who possess the intellectual capital and business relationships necessary for the conduct and success of the Company, the debt holders who extend a portion of the capital at risk, and the regulators who are charged with protecting the public interest vested in the Company's insurance businesses. To meet these responsibilities and objectives, the Board expects the CEO to be a knowledgeable and well-rounded leader who, as chief enterprise risk manager, is fully dedicated to Old Republic's overall Mission and is best qualified to address and balance the interests of all stakeholders.

In the Board's sole discretion, the Chairman and CEO positions may be separated and assigned to two individuals with extensive and complementary operating knowledge of the Company. Under the Board's long-standing corporate governance philosophy, such a separation would be intended to be temporary and to occur in unusual circumstances or during transitions of senior management authority. While the Board has determined that the advantages of a joint Chairman and CEO position outweigh the theoretical benefits of a separated leadership structure, it has established a **Lead Independent Director** position. In Old Republic's practice, the Lead Independent Director is appointed from among the independent directors and serves as that group's liaison to the Chairman and CEO. In his or her capacity, the Lead Independent Director may preside at Board meetings in the Chairman's absence, provide input to meeting agendas of the full Board, the meetings of independent directors, and Board committees, and act as liaison among various committees' chairmen in the resolution of inter-committee governance matters that may arise from time to time.

Old Republic's multi-faceted business is managed through a relatively flat, non-bureaucratic organizational structure. The CEO has primary responsibility for managing enterprise-wide risk exposures. The Company avoids management by committee and other organizational impediments to the free flow of information and effective decision making. Long-established control processes are in place, and a variety of long-established methods are utilized to coordinate system-wide risk taking and risk management objectives. These processes and methods are based on these major functions: lines of business responsibility, enterprise functions, and internal audit and peer reviews.

The lines of business operations managers are responsible for identifying, monitoring, quantifying, and mitigating all insurance underwriting risks falling within their areas of responsibility. These managers use reports covering annual, quarterly or monthly time frames to identify the status and content of insured risk, including pricing or underwriting changes. These management reports ensure the continuity and timeliness of appropriate risk management monitoring and enterprise-wide oversight of existing or emerging issues.

The enterprise functions incorporate system-wide risk management, including asset/liability matching that is aligned with underwriting exposure, regulatory and public interest compliance, finance, actuarial, and legal functions. These functions are independent of lines of business operations and are coordinated on an enterprise-wide basis by the Chairman and CEO and other executive officers.

The internal audit, as well as related underwriting and claims management peer review functions and processes, provide reasonably independent assessments of management performance and internal control systems. Internal audit activities are intended to give reasonable assurance that resources are adequately protected and that significant financial, managerial and operating information is materially complete, accurate and reliable. This process is also intended to ensure that associates' actions are in compliance with corporate policies, standards, procedures, internal control guidelines, and applicable laws and regulations.

The corporate culture, the actions of all our people, and the continuity of their employment are most critical to the Company's risk management processes. Old Republic's Code of Business Conduct and Ethics provides a framework for all employees to conduct themselves with the highest integrity in the delivery of the Company's services to its customers and in connection with all Company relationships and activities.

BOARD OF DIRECTORS' RESPONSIBILITIES AND INDEPENDENCE

Old Republic believes that good corporate governance begins with a board of directors that has full appreciation of the Company's special place as a holding company for state-regulated insurance underwriting companies that are vested with a public trust. In consideration of the governance features set forth in the Company's Corporate Governance Guidelines (see Governance section at www.oldrepublic.com), Old Republic seeks to attract and has retained for many years Board members who possess certain critical personal characteristics, most importantly: (i) intelligence, honesty, good judgment, high ethics, and standards of integrity, fairness and responsibility, (ii) respect within the candidate's social, business and professional community for his or her integrity, ethics, principles and insights; (iii) demonstrated analytic ability; and (iv) ability and initiative to frame insightful questions, to challenge questionable assumptions collegially, and to disagree in a constructive fashion in such circumstances as may arise in the course of the Company's activities.

The Board of Directors' main responsibility is to oversee the Company's operations, directly and through several committees operating cohesively and collegially. In exercising this responsibility, each director is expected to utilize his or her business judgment in the best interests of the Company, its shareholders and all other stakeholders. The Board's oversight duties include the following:

- Ascertain that strategies and policies are in place to encourage the growth of consolidated earnings and shareholders' equity over the long term;
- Ascertain that the Company's business is managed in a sound and conservative manner that takes into account the public interest vested in its insurance subsidiaries;
- Provide advice and counsel to management on business opportunities and strategies;
- Review and approve major corporate transactions;
- Monitor the adequacy of the Company's internal control and financial reporting systems and practices to safeguard assets and to comply with applicable laws and regulations;
- Ascertain that appropriate policies and practices are in place for managing the identified risks faced by the enterprise;
- Evaluate periodically the performance of the Chairman and CEO in the context of the Company's Mission and performance metrics;
- Review and approve senior management's base and incentive compensation taking into account the business's performance gauged by its intermediate and long-term returns on equity, growth of operating earnings, and financial soundness;
- Periodically review senior management development and succession plans at corporate and operating subsidiary levels;
- Select and recommend for shareholder election candidates deemed qualified for Board service;
- Select and retain an independent registered public accounting firm for the principal purpose of expressing its opinion on the annual financial statements and internal controls over financial reporting of the Company and its subsidiaries;
- Act as the Board of Directors of the Company's significant insurance company subsidiaries; and
- Monitor, review and approve the operations and major policy decisions of the Company's insurance subsidiaries.

In considering *the qualifications and independence of Board members and candidates*, the Governance and Nominating Committee and full Board seek to identify individuals who, at a minimum:

- Satisfy the requirements for director independence, as set out in the Company's Corporate Governance Guidelines, in the Listed Company Standards of the NYSE, and in the regulations of the SEC;
- Are, or have been, senior executives of businesses or professional organizations; and
- Have significant business, financial, accounting and/or legal backgrounds that lend themselves to the unique nature of the Company's insurance underwriting operations in addressing market, customer, and societal needs.

In attracting and retaining members of the Board of Directors, the Company adheres faithfully to a non-discrimination policy. In addition to the personal characteristics already noted, Old Republic places great value on members' long-term, successful experience in businesses and professions that can add meaningfully to its mission's purpose and long-term strategy. In these regards, long board tenure is favored as it enables a knowledge-based, long-term perspective on the Company's business, and provides greater assurance of stability, continuity, and sustainability of the enterprise and its mission. To these ends, Old Republic's and its key insurance underwriting subsidiaries' boards of directors have been classified into three classes for many decades. This staggered board organization recognizes policyholders' dependence on the insurance underwriting subsidiaries' stability and reliability to meet their just obligations of financial indemnity over long periods of time.

The long-term orientation to board service notwithstanding, the Company has a directors' retirement policy applicable to members who have attained age 75. Pursuant to this policy, the Board, at its meeting to slate directors for 2019, evaluated the qualifications and long-term and continuing contributions of Messrs. Dew, Dixon, and Van Mieghem as directors. The Board, with these three individuals abstaining, unanimously recommended waiving the policy's application and slated these incumbent directors for re-election.

Twelve of the Company's directors have been affirmatively determined to qualify as "independent" directors in accordance with Section 303A.02 of the Listed Company Standards of the NYSE, Rule 10C-1 and item 407 (a) of Regulation S-K of the SEC. Neither they nor any members of their immediate families have had any of the types of disqualifying relationships with the Company or any of its subsidiaries during 2018 or the two years prior to that, as set forth in subsection (b) of Section 303A.02 of the NYSE's Listed Company Standards. The independent directors, who are listed below, selected a Lead Independent Director from among themselves and met on a regular basis during 2018 in executive sessions without management present. The Lead Independent Director is nominated by the Governance and Nominating Committee and is elected annually by the independent directors. Arnold L. Steiner was Lead Independent Director for 2018 and continues in that capacity. The independent directors vote on the Lead Independent Director position each year. The entire Board and each of its standing Committees conduct an annual self-evaluation, which includes a determination of each member's independence.

Directors receive a broad array of public and internal proprietary information upon becoming members of the Board. This enables them to become familiar with the Company's business, strategic plans, significant financial, accounting and management matters, compliance programs, conflict of interest policies, Code of Business Conduct and Ethics (see Code of Business Conduct and Ethics in the Governance section at www.oldrepublic.com), Corporate Governance Guidelines (see Governance section at www.oldrepublic.com), principal officers, and the independent registered public accounting firm. Further, the Company supports directors taking advantage of, and attending director education programs whenever convenient and appropriate. Even with such assistance and in part as the result of the specialized nature of the Company's businesses and the regulatory framework in which it operates, it is the Company's view that some time is typically required for a new director to develop knowledge of the Company's business. Reflecting this necessary personal development, each director is expected to serve two or more three-year terms on the Company's classified Board, on several of its key insurance subsidiaries' boards, and on one or more Board Committees. Owing to the risk-taking nature of much of the Company's business, a demonstrated long-term orientation in a Board member's business dealings and thought processes is considered very important.

Periodically, the Board of Directors reviews the Company's principles and practices of corporate governance. These were most recently reviewed during March 2019 meetings when it concluded that Old Republic's current corporate governance principles and practices, including plurality voting for directors, the Rights Plan, and the absence of so-called proxy access provisions, are necessarily interwoven with:

- The tenets of its long-held business governance practices, and
- The critically important long-term orientation they serve and perpetuate.

As already discussed, the governance principles and practices emphasize stability, continuity, and sustainability of the enterprise as primary objectives for achieving the greatest long-term value for all stakeholders. To safeguard these objectives, the Company has had a shareholders' rights plan in place for more than three decades. The plan, which was once again renewed in 2017 for a ten-year term, is intended to deter possible opportunistic hostile tender offers and other abusive takeover transactions that may favor one group of shareholders over another. The plan imposes substantial dilution upon any shareholder who acquires in excess of 20% of Old Republic shares without prior board approval. As a legally valid and powerful tool, the plan underpins and protects the Board's ability to reject an unsolicited takeover proposal that it believes, in the good faith of its business judgment, is inadequate and not in the best long-term interests of Old Republic and all of its shareholders and other stakeholders.

As part of its governance duties, the Board reviews the Annual Meeting of the Shareholders vote concerning directors as well as other matters on the agenda. It has historically considered votes withheld from the election of a director as the equivalent to a vote against the director. In the event that any director receives a significant withhold vote in an election, the Governance and Nominating Committee is committed to investigating the reason or reasons for such a withhold vote. Following its investigation, the Committee can make such recommendations to the full Board as are appropriate in light of the circumstances. Such actions may include a request that the director resign, but it is possible that no action may be recommended.

The Board reviewed the 2018 Annual Meeting of the Shareholders vote, including the significant withheld votes that each director received. It concluded that certain shareholders, including significant institutional shareholders, withheld votes for directors because the corporate governance positions of the Company may not be consistent with certain stated preferences of those institutional shareholders and certain proxy advisory firms. As a result of its review, the Board determined not to request the resignations of any of the Class 1 directors following the 2018 shareholder meeting.

Membership on the Company's Audit, Compensation, and Governance and Nominating Committees consists exclusively of independent directors. The members, chairpersons and vice-chairpersons of these Committees are recommended each year to the Board by the Governance and Nominating Committee in consultation with the Executive Committee. Each of the three Committees has the authority and funding to retain independent advisors or counsel as necessary and appropriate in the fulfillment of its duties. Each chairperson sets the agenda of their respective Committee's meetings, consulting as necessary and appropriate with the Chairman of the Board and CEO. All directors have full and free access to the Company's management.

PROCEDURES FOR THE APPROVAL OF RELATED PERSON TRANSACTIONS

In addition to a Code of Business Conduct and Ethics and a Code of Ethics for the Principal Executive Officer and Senior Financial Officer, Old Republic also has a ***conflict of interest policy,*** which is circulated annually and acknowledged by all directors, officers and key employees of the Company and its subsidiaries. This policy states that no director, officer, or employee of the Company or its subsidiaries may acquire or retain any interest that conflicts with the interest of the Company. This includes direct or indirect interests in entities or individuals doing business with the Company or its subsidiaries. If such a conflict occurs, the director, officer or employee is required to make a written disclosure of the conflict to the Company for evaluation by the Audit Committee or full Board of Directors.

The directors, officers and affected employees are required to notify the Company of the actual or potential existence of a ***related party transaction***, as defined by the Listed Company Standards of the NYSE and the SEC rules. Directors are required to notify the Chairman of the Board, unless the Chairman is an affected director, in which case he or she is required to notify the Lead Independent Director. Executive officers are required to notify the CEO, unless the CEO is the affected executive, in which case he or she is required to notify the Chairman or Lead Independent Director, as appropriate. Under the procedures, the CEO, Chairman or Lead Independent Director, as applicable, must conduct a preliminary inquiry into the facts relating to any existing or potential related party transaction. If, based upon the inquiry and the advice of legal counsel, the CEO, Chairman or Lead Independent Director, as applicable, believe that an actual or potential related party transaction exists, he or she is required to notify the entire Board. In turn, the Board is required to conduct a full inquiry into the facts and circumstances concerning a conflicted transaction and to determine the appropriate actions, if any, for the Company to take. Any director who is the subject of an existing or potential related party transaction will not participate in the decision-making process of the Board relating to what actions, if any, shall be taken by the Company with respect to such transaction.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and directors, and persons who own more than ten percent of the Company's Common Stock, to file reports of ownership and changes in ownership with the SEC. Based solely on reports and other information submitted by executive officers, directors and such other persons required to file, the Company believes that during the year ended December 31, 2018, all reports required by Section 16(a) have been properly filed, except that Mr. Walker filed a late report reflecting an offsetting sale following an unintended purchase transaction.

THE BOARD AND ITS COMMITTEES

The Board of Directors met four times, once each quarter, and participated in one interim telephonic meeting in 2018. Each incumbent director attended at least 75% of the aggregate of the meetings of the Board and committees on which each served. The Company does not require its Board of Directors to attend the Annual Meeting of the Shareholders, as such meeting is conducted by the Chairman and CEO who is the designated executive to speak with one voice in the representation of the entire Board of Directors for these and other purposes.

The following table shows the membership of the Board of Directors and its Committees as of the date of this proxy statement.

BOARD AND COMMITTEE MEMBERSHIP

			Committees			
Director	**Independent Directors(a)**	**Other Directors(b)**	**Audit**	**Compensation**	**Executive**	**Governance and Nominating**
Steven J. Bateman	●		●(c)	●		
Harrington Bischof	●			●	●	●
Jimmy A. Dew	●			●		
John M. Dixon	●			●(d)	●	●
Charles J. Kovaleski (e)		●				
Spencer LeRoy III	●					●
Peter B. McNitt (f)	●		●(c)	●		
Glenn W. Reed	●		●	●		●
Arnold L. Steiner	●(g)			●	●	●
Fredricka Taubitz	●		●(c)(d)	●		
Charles F. Titterton	●		●(c)			●(d)
Dennis P. Van Mieghem	●		●(c)(h)	●(h)		
Steven R. Walker	●		●		●	●(h)
Aldo C. Zucaro		●			●(d)	
Number of meetings	5	5	7	5	4	5

(a) Independent Director as that term is defined in SEC Rules and the Listed Company Standards of the NYSE.
(b) The Other Director classification includes all directors who are members of management, or do not currently meet the standard indicated in (a) above.
(c) Financial Experts as that term is defined in SEC Regulation S-K.
(d) Chairman
(e) Mr. Charles J. Kovaleski was elected as a director on August 23, 2018 and only attended Board meetings after that date.
(f) Mr. Peter B. McNitt was elected as a director on January 30, 2019 and did not attend meetings prior to that date.
(g) Lead Independent Director
(h) Vice-Chairman

Audit Committee

Members:	Steven J. Bateman	Charles F. Titterton
	Peter B. McNitt	Dennis P. Van Mieghem, Vice-Chairman
	Glenn W. Reed	Steven R. Walker
	Fredricka Taubitz, Chairman	

The **Audit Committee** operates pursuant to a written charter approved by the Board of Directors, performs an annual self-evaluation, and like all other Board committees reports through its chairman in making recommendations to the full Board. While information appearing on the Company's website is not incorporated by reference in this proxy statement, the Committee's charter may be viewed at www.oldrepublic.com. Printed copies are available to shareholders upon request.

The Audit Committee is organized to assist the Board in monitoring: (1) the integrity of the Company's financial statements and the effectiveness of the Company's internal controls over financial reporting, (2) the Company's compliance with legal and regulatory requirements, (3) the qualifications and independence of the registered public accounting firm, and (4) the qualifications and performance of the Company's internal audit function. Further, it is charged with preparing the annual report required by SEC rules to be included in the Company's proxy statement (which is printed below), and serving as the audit committee of each of the Company's regulated insurance subsidiaries to the extent required by the National Association of Insurance Commissioners' Model Audit Rule.

The Audit Committee held seven meetings during 2018 with the Company's independent registered public accounting firm and management, four of which were held prior to the Company's filing of quarterly reports on SEC Form 10-Q and its annual report on SEC Form 10-K.

Old Republic has dedicated significant resources across the enterprise to monitor and address its cyber and information security risks. A working group established across all operating subsidiaries meets regularly and reports to members of senior management. On a quarterly basis, management updates the Audit Committee on current issues. Third party consultants are retained at the parent level and their expertise is available to all subsidiaries.

Each Audit Committee member has been affirmatively determined by the Board of Directors to qualify as "independent" in accordance with SEC Rule 10A-3(b)(1) and the NYSE's Listed Company Standards. Five members of the Committee are deemed to qualify as audit committee financial experts as that term is defined in SEC Regulation S-K. No member served on the audit committees of three or more unrelated publicly held companies.

Compensation Committee

Members:	Steven J. Bateman	Glenn W. Reed
	Harrington Bischof	Arnold L. Steiner
	Jimmy A. Dew	Fredricka Taubitz
	John M. Dixon, Chairman	Dennis P. Van Mieghem, Vice Chairman
	Peter B. McNitt	

The **Compensation Committee** operates pursuant to a written charter approved by the Board of Directors, performs an annual self-evaluation and, like all other Board committees, reports through its chairman in making recommendations to the full Board. While information appearing on the Company's website is not incorporated by reference in this proxy statement, the Committee's charter may be viewed at www.oldrepublic.com. Printed copies are available to shareholders upon request.

The Compensation Committee is responsible for: (1) evaluating the CEO's performance and setting compensation ("compensation" meaning the annual salary, bonus, incentive and equity compensation package), (2) reviewing and approving, with input from the CEO and President of the Company, the evaluation and compensation of certain other executive officers and senior executives of the Company and its subsidiaries, (3) reviewing and advising on general levels of compensation of other employees, (4) reviewing the Company's pension, incentive compensation and stock option plans, (5) preparing the annual report (which is printed below) required by SEC rules to be included in the Company's proxy statement (6) retaining compensation consultants, independent legal counsel or other advisers, and (7) taking such other actions as may be necessary to perform its functions. The Committee is also responsible for reviewing directors' compensation.

Each Compensation Committee member has been affirmatively determined by the Board of Directors to qualify as "independent" in accordance with SEC rules and the NYSE's Listed Company Standards. The independence and possible conflicts of interest of consultants, counsels or advisors retained by the committee (as required by the NYSE's Listed Company Standards and SEC Rule 10C-1) are taken into consideration when they are selected. Inquiries into any possible conflicts of interest are made when such persons are retained and annually thereafter, if their services are continued.

In 2012 and 2016, the Committee retained Frederic W. Cook & Co., Inc., to review the Company's compensation programs and procedures applicable to the Company's executive officers. In 2018, the review of directors' compensation was added to that of executive officers. In each case, the consultant was asked to provide a comparison of the compensation programs of companies similar in size, operation and organization to the Company, including a review of a peer group of companies determined by the Committee to be appropriate for comparison. The consultant has not performed any other work for the Company or any of its subsidiaries and has played no role in recommending the amount and form of compensation for the executive officers or directors of the Company. The consultant is considered independent according to SEC Rule 10C-1 and the requirements of the Dodd-Frank Act. All Compensation recommendations are made solely by the Compensation Committee following consultation with the CEO and the President regarding the Company's executive officers (other than the CEO and the President) and other senior members of the Company's management.

The Compensation Committee, at the direction of the Board, has reviewed the Company's compensation policies and practices and has concluded that they do not encourage ORI's senior executives or employees at large to take unnecessary or excessive risks to attain short-term results, or that could adversely affect management of the Company for the long run.

Executive Committee

Members:	Harrington Bischof	Steven R. Walker
	John M. Dixon	Aldo C. Zucaro, Chairman
	Arnold L. Steiner	

The **Executive Committee** operates pursuant to a written charter approved by the Board of Directors, performs an annual self-evaluation and, like all other Board committees, reports through its chairman in making recommendations to the full Board. While not incorporated by reference in this proxy statement, the Committee's charter may be viewed at www.oldrepublic.com. Printed copies are available to shareholders upon request.

Pursuant to its charter, the Executive Committee (1) acts as the Company's finance committee and reviews and approves the Company's investment policies, (2) reviews and approves the Company's dividend and capitalization policies, (3) monitors the Company's enterprise risk management¸ (4) analyzes potential acquisitions or divestitures by the Company or its subsidiaries, (5) annually reviews and evaluates management development and executive succession plans, (6) oversees the Company's pension, BSP and ESSOP, and other significant benefit plans, and (7) makes any necessary and appropriate recommendations to the Governance and Nominating Committee regarding Board and Committee membership.

Governance and Nominating Committee

Members:	Harrington Bischof	Arnold L. Steiner
	John M. Dixon	Charles F. Titterton, Chairman
	Spencer LeRoy III	Steven R. Walker, Vice Chairman
	Glenn W. Reed	

The **Governance and Nominating Committee** is organized to oversee the Company's policies relative to the size, composition and qualifications of the Board of Directors. The Committee operates pursuant to a written charter approved by the Board of Directors, performs an annual self-evaluation, and, like all other Board committees, reports through its chairman in making recommendations to the full Board. While not incorporated by reference in this proxy statement, the Committee's charter may be viewed at www.oldrepublic.com. Printed copies are available to shareholders upon request.

The Governance and Nominating Committee is authorized to: (1) establish procedures and qualification criteria to identify and recommend qualified candidates for election to the Board, taking into consideration any recommendations from the Executive Committee, (2) review annually the qualifications and requirements of the member directors, the structure and performance of Board Committees and, jointly with the Compensation Committee, the compensation for Board members, (3) develop, recommend and annually reassess the Corporate Governance Guidelines applicable to the Company, (4) periodically review, in conjunction with the Executive Committee, the Company's succession plans with respect to the CEO and other senior officers, (5) maintain and recommend changes to the Board-approved Code of Business Conduct and Ethics and the Code of Ethics for the Principal Executive Officer and Senior Financial Officer, and (6) serve in an advisory capacity to the Board and its Chairman on matters of the organizational and governance structure of the Company.

The Committee believes that the Board's membership is appropriately diverse as a group in the context of Old Republic's long-term stewardship in the interest of all shareholders and other stakeholders. The Board of Directors is currently composed of fourteen persons of whom twelve are classified as independent. While total membership may vary from time to time, it is the Company's longer-term objective to have a Board consisting of nine to eleven members with at least 80% qualifying as independent. In conjunction with the responsibilities listed at (1) and (2) immediately above, the Committee evaluates and proposes new and continuing candidates for Board membership. In these regards, the Committee takes into account the factors set forth in the two paragraphs that address "the qualifications and independence of Board members and candidates…" on pages 14 and 15 of this Proxy Statement.

The Committee may consider director candidates nominated by shareholders. Any name presented for consideration must be submitted to the Committee's Chairman with a copy to the Secretary no later than 120 days before the anniversary date of the Company's last proxy statement in order to be included in the Company's proxy statement or on its form of proxy. It should be accompanied by a comprehensive description of the person's qualifications plus additional sources of relevant information that will assist the Committee in its review of the person's background and qualifications before making a determination of the candidate's fitness to serve. All candidates nominated by shareholders will be evaluated with the same minimum criteria discussed in this proxy statement. A candidate who does not display such criteria will not be recommended by the Committee for membership on the Board. Given the long-term, regulated nature of the Company's business, nominees will not be considered if they are regarded simply as representatives of a particular shareholder or group of shareholders with a short-term agenda and not oriented toward the demands of a regulated insurance business vested with the public interest.

Each Governance and Nominating Committee member has been affirmatively determined by the Board of Directors to qualify as "independent" in accordance with SEC rules and the NYSE's Listed Company Standards.

SHAREHOLDER COMMUNICATIONS WITH THE BOARD

The Company and its Board speak with one voice through its Chairman and CEO. However, shareholders of the Company and other interested parties may communicate with the Lead Independent Director, the independent directors, the Board of Directors as a whole, or with any individual director. Such communications must be in writing and sent to Old Republic International Corporation, c/o Secretary, 307 N. Michigan Ave, Chicago, IL 60601. The Secretary will promptly forward such communications to the intended recipient.

ITEM 2
RATIFICATION OF THE SELECTION OF AN INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

In accordance with its charter, the Audit Committee has selected the firm of KPMG LLP ("KPMG"), an independent registered public accounting firm, to be the Company's independent registered public accounting firm for the year 2019. The selection has been approved by the Board of Directors and remains subject to a review of KPMG's proposed fee and scope of the audit. In the ordinary course of corporate governance, the Board of Directors is asking and recommending that the shareholders ratify this selection subject to the Committee's acceptance of KPMG's proposed fee and audit scope. The Company is not required to take any action as a result of the outcome of the vote on this proposal. However, in the event the shareholders fail to ratify this selection, the Board of Directors and the Audit Committee will investigate the reasons for the shareholders' rejection and may consider whether to retain KPMG or to appoint another independent registered public accounting firm. Even if the selection of KPMG is ratified, the Board of Directors and Audit Committee, at their discretion, may direct the appointment of a different independent registered public accounting firm if they believe that such a change would be in the best interests of the Company's shareholders and other stakeholders.

EXTERNAL AUDIT SERVICES

The Audit Committee had previously selected KPMG as the Company's independent registered public accounting firm to examine its consolidated financial statements for the year ended December 31, 2018. A member of KPMG will be invited to attend the Company's Annual Meeting of the Shareholders. He or she will be provided with an opportunity to make a statement, if so desired, and will be available to respond to appropriate questions.

KPMG's aggregate fees for professional services for 2018 and 2017 are shown below.

Type of Fees	2018	2017
Audit Fees	$5,475,108	$5,337,680
Audit Related Fees	167,992	27,100
Tax Fees	—	—
All Other Fees	—	—
Total	$5,643,100	$5,364,780

The term "Audit Fees" refers to expenses covering: (a) professional services rendered by the auditors for the audit of the Company's consolidated annual financial statements and internal control over financial reporting included in the Company's Form 10-K, (b) reviews without audit of financial statements included in the Company's Forms 10-Q, and (c) services normally provided by the auditors in connection with mandated audits of statutory financial statements and filings. "Audit Related Fees" refers to charges for assurance and related services by the auditors that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees". Audits of most of the Company's employee benefit plans are performed by an independent audit firm other than KPMG. "Tax Fees" refers to fees for professional services rendered by the auditors for tax compliance. The term "All Other Fees" refers to fees for products and services provided by the auditors, other than those reported under the preceding categories.

The charter of the Audit Committee requires that it preapprove all non-audit work by the Company's independent registered public accounting firm. In determining whether to approve non-audit services, the Committee considers whether the services in question facilitate the performance of the audit, improve the Company's financial reporting process or are otherwise in the Company's and its shareholders' interests. All of the Audit-Related Fees billed to the Company in 2018 and 2017 were approved by the Audit Committee pursuant to the pre-approval waiver requirements of SEC Regulation S-X.

KPMG has advised the Committee of its independence with respect to the Company.

BOARD OF DIRECTORS' RECOMMENDATION

The Board of Directors recommends a vote FOR the selection of KPMG as the Company's independent registered public accounting firm, subject to the Audit Committee's approval of that firm's fee and audit scope proposal for 2019. Proxies solicited by the Board of Directors will be voted in favor of the selection of this firm unless shareholders specify to the contrary. The results of this vote will be disclosed in a filing made with the SEC shortly after the Annual Meeting of the Shareholders and will be available for review on the Company's website, www.oldrepublic.com.

AUDIT COMMITTEE REPORT FOR 2018

In accordance with its written charter, the Audit Committee performs the oversight role assigned to it by the Board of Directors. As part of its oversight responsibilities, the Audit Committee appointed KPMG as the Company's independent registered public accounting firm for 2018.

Management has responsibility for preparing the Company's financial statements as well as for the Company's financial reporting process. KPMG is responsible for expressing an opinion on the conformity of the Company's audited financial statements with U.S. Generally Accepted Accounting Principles.

The Audit Committee met with KPMG, with and without management representatives present, to discuss the results of its examinations, its evaluations of the Company's internal control over financial reporting, and the overall quality of the Company's financial reporting. During 2018, the Audit Committee reviewed the interim financial and other information contained in each quarterly report on Form 10-Q filed with the SEC with the Chief Executive Officer, Chief Financial Officer, and KPMG prior to its filing. The Annual Report on Form 10-K was similarly reviewed. In addition, the Audit Committee took up with KPMG matters required to be discussed by the Public Company Accounting Oversight Board ("PCAOB") Auditing Standard No. 1301. Further, the Audit Committee received and discussed the written communications from KPMG required by applicable requirements of the PCAOB regarding KPMG's independence. The Audit Committee reviewed the Company's internal audit function, including the reporting obligations and proposed audit plans and periodic reports summarizing the results of internal auditing activities. The Audit Committee met regularly with the Company's legal counsel to review the status of litigation involving the Company or its subsidiaries and to ascertain that the Company complied with applicable laws and regulations.

Following all of these discussions and reviews, the Audit Committee recommended to the Board of Directors and the Board approved the inclusion of the audited financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

By the Audit Committee

Steven J. Bateman
Glenn W. Reed
Fredricka Taubitz, Chairman
Charles F. Titterton
Dennis P. Van Mieghem, Vice Chairman
Steven R. Walker

COMPENSATION MATTERS

COMPENSATION COMMITTEE REPORT FOR 2018

The Compensation Committee met its oversight responsibilities for the year 2018 by reviewing and discussing with the Company's management the Compensation Discussion and Analysis ("CD&A") contained in this proxy statement. Based upon this review, its discussions and its activities, the Compensation Committee recommended that the CD&A be included in this proxy statement.

By the Compensation Committee:

Steven J. Bateman	Glenn W. Reed
Harrington Bischof	Arnold L. Steiner
Jimmy A. Dew	Fredricka Taubitz
John M. Dixon, Chairman	Dennis P. Van Mieghem, Vice-Chairman

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the members of the Compensation Committee has served within the last three years as an officer or employee of the Company or any of its subsidiaries, nor has any executive officer of the Company served as a director or member of a compensation committee for any company that employs any director of the Company or member of the Compensation Committee.

DIRECTORS' COMPENSATION

Since 2016, the directors have received an annual retainer of $120,000, plus an additional annual committee fee of $12,000 for each committee on which they served. Effective January 1, 2019, this annual retainer and fee will increase to $130,000 and $13,000, respectively. The Lead Independent Director, Mr. Steiner, and the chairmen of the Governance and Nominating and Compensation Committees, Messrs. Titterton and Dixon, each received an additional annual retainer of $12,000 from 2016 to 2018; this amount will increase to $13,000 in 2019. Ms. Taubitz, as Chairman of the Audit Committee, received an additional annual retainer of $18,000 since 2016 and this amount will increase to $19,500 for 2019. Each of the Committees' Vice-Chairmen received an additional retainer of $6,000 for the same three-year period and this amount will increase to $6,500 for 2019. Independent directors also serve as directors of regulated subsidiaries of the Company and these fees cover service on such subsidiary boards and related committees. Directors' compensation is reviewed annually, and any changes are recommended by the Compensation Committee, in consultation with the CEO and any independent consultant retained by the Compensation Committee for that purpose. The Compensation Committee's recommendations are, in turn, voted upon by the full Board. Directors who are employees of the Company or its subsidiaries receive no compensation for their services as directors or committee members.

Non-employee directors are not currently eligible for stock awards, stock options, incentive compensation awards, deferred compensation awards, pensions, or any other compensation programs or arrangements that the Company might offer to its employees or those of its subsidiaries. Independent directors may not receive any form of compensation from the Company other than director's fees in order to remain qualified as independent. Mr. Zucaro, as an employee of the Company, has his compensation reported in the Summary Compensation Table shown elsewhere in this proxy statement. Mr. Dew, who is retired from Republic Mortgage Insurance Company ("RMIC"), a subsidiary of the Company, and Mr. LeRoy, who is the retired General Counsel of the Company, have received no non-retirement compensation from RMIC or the Company during the last three years other than the annual retainer and committee fees that other directors receive. As such, each has been determined to be an "independent director" by the Board as that term is used in Section 303A.02 of the Listed Company Standards of the NYSE, Rule 10C-1 and item 407 (a) of Regulation S-K of the SEC.

The following table lists the compensation paid to each director of the Company eligible to receive such fees. In addition to director fees, the Company and its subsidiaries either directly pay or reimburse directors for travel, lodging and related expenses incurred in attending director or Committee meetings.

2018 Directors' Compensation

Name	Fees Earned or Paid in Cash
Steven J. Bateman	$ 144,000
Harrington Bischof	156,000
Jimmy A. Dew	132,000
John M. Dixon	168,000
Charles J. Kovaleski (1)	45,000
Spencer LeRoy III	132,000
Glenn W. Reed	152,000
Arnold L. Steiner	168,000
Fredricka Taubitz	162,000
Charles F. Titterton	156,000
Dennis Van Mieghem	156,000
Steven R. Walker	162,000

(1) In 2018, Mr. Kovaleski received compensation for his service on the Company's Board and for his service on the board of governors of Attorneys' Title Fund Services, LLC. Mr. Kovaleski's compensation for his service on the Company's Board was $40,000 in 2018, which reflects the fact that he was elected a director in August 2018 and did not serve on any Committees during the year. He received $5,000 for his service on the board of governors of Attorneys' Title Fund Services, LLC. Mr. Kovaleski's compensation in the table above does not reflect a special award he received for 2017 (and paid in 2018) of $399,808 (consisting of a cash award of $295,194 and an equity award of 4,986 shares with a value of $104,614 at the award date). This award was made under the Company's Incentive Compensation Plan to Mr. Kovaleski, a former employee of the Title Insurance segment, because certain pre-set, five-year underwriting/service income performance objectives for the Title Insurance segment were satisfied in 2017. Mr. Kovaleski resigned from the board of governors of Attorneys' Title Fund Services, LLC effective December 31, 2018.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy and Objectives

Compensation levels are set to enable the Company to attract, reward and retain key executives and other associates critical to its long-term success. The Board of Directors believes that compensation paid to executive officers with major policy setting responsibilities should be closely aligned with the Company's performance on both a short-term and long-term basis. In this regard, incentive compensation is established principally on the basis of: (a) premiums and fees growth, (b) achieved returns on equity in excess of a preset minimum, (c) growth in operating earnings, and (d) underwriting results over minimum five-year periods. For all executive officers, senior members of management, and key employees, compensation is based in part on these factors, as well as on their individual performances in the long-term interest of the Company.

Executive officers including the CEO and Chief Financial Officer ("CFO"), do not have employment contracts. They and all other associates of the Company and its subsidiaries are "employees-at-will". Compensation for most senior members of management is set annually by the Compensation Committee of the Board of Directors based either on its sole determination or in consultation with the CEO and/or the President. The Company does not generally set any salary, incentive award or stock option based on targets or conditions for its executive officers that will automatically result in salary increases or awards based solely on the achievement of such targets or conditions. Rather, the Company attempts to make the total compensation paid to executive officers, the most senior members of management and its other employees reflective of the financial performance achieved by the Company and the individual divisions or operating units for which they work. In certain cases, employees' individual performance is subjectively evaluated and their incentive compensation is set at levels reasonably competitive with Old Republic's understanding of compensation employment benefit levels at other companies in the insurance industry. In reaching compensation decisions, the Company does not measure each individual element of compensation against similar elements paid by other companies or its peer group, nor is any compensation element or the total compensation paid to any executive based solely on comparisons with those of other companies or their executives.

The Board of Directors and Compensation Committee reviewed last year's shareholder vote concerning executive compensation and took into account that vote along with all other considerations in its review and determination of compensation for the current year. In the normal course of events, the Committee expects to also consider that vote and future votes concerning executive compensation when reviewing any possible changes in compensation programs.

The companies Old Republic has selected as members of its peer group for 2018 are: American Financial Group, Inc., American International Group, Inc., W. R. Berkley Corporation, Chubb Limited, Cincinnati Financial Corporation, CNA Financial Corporation, Fidelity National Financial, Inc., First American Financial Corporation, The Hartford Financial Services Group, Inc., Stewart Information Services Corporation and The Travelers Companies, Inc. (A comparison of the aggregate stock performance of Old Republic and this peer group appears in the chart in Part II of the Company's Annual Report on Form 10-K, and on page 11 of this Proxy statement.)

Executive Performance Considered in Reaching Compensation Decisions

Old Republic rewards performance that the Compensation Committee believes will lead to both the short and long-term success of the Company and its subsidiaries. The Committee evaluates the Company's CEO performance and compensation primarily in the context of the following factors.

- Vision and planning in managing the Company for the long-run
- Strategies established and implemented to accomplish this important objective
- Leadership qualities
- Judgment in making decisions regarding plans and general management of the Company's affairs
- Commitment to achieving goals, especially when faced with adversity
- Ability in setting objectives and promoting the best interests of the Company's shareholders, the beneficiaries of its subsidiaries' insurance policies, and those of other stakeholders
- Adherence to high ethical standards that promote and protect the Company's good name, culture and reputation

None of these factors is given any greater weight than another. Rather, each Compensation Committee member subjectively reviews these factors in the aggregate and exercises his or her best professional business judgment in reaching conclusions. The Committee independently evaluates the CEO's performance and compensation, and that of other key executive officers in consultation with the CEO and other members of the Office of the Chief Executive Officer as circumstances warrant. The performance of certain non-policy-making senior members of the Company's management is similarly reviewed.

Elements of Compensation and the Factors and Rationale in Determining Compensation Amounts

The compensation paid to the CEO, other executive officers, and senior members of the Company's and key operating subsidiaries' management is usually composed of the following basic elements treated as a total compensation package:

- Annual salary;
- Awards issued under the Key Employee Performance Recognition Plan ("KEPRP") maintained by the Company or any one of its subsidiaries, which are usually comprised of both cash and deferred compensation. These awards are principally based on the factors described in the first paragraph under Compensation Philosophy and Objectives. In relatively few cases, special awards based upon individuals' performances or extraordinary contributions in any one year or longer period of time may also be made;
- Awards issued under the Incentive Compensation Plan (traditionally stock options); and
- Other employment benefits such as life and health insurance programs, the ESSOP, and the BSP.

The following table shows the segmented sources of Old Republic's pretax operating income and its net operating income or loss for the past five years. The level and trends in earnings of such segments and their past and most recent contributions to the Company's growth in the shareholders' equity account are important considerations in the determination of cash and stock option incentive compensation for executive officers and other senior members of the Company's executive team.

	Segmented Results ($ in Millions)				
	2018	2017	2016	2015	2014
Segmented and consolidated pretax income (loss) excluding investment gains (losses):					
General insurance	$ 363.9	$ 340.3	$ 319.9	$ 336.4	$ 221.3
Title insurance	219.3	237.1	210.2	166.8	99.5
Corporate and other (a)	40.4	9.9	13.0	7.6	5.7
Subtotal	623.8	587.3	543.3	511.0	326.7
RFIG run-off business	49.9	(73.5)	69.8	29.4	10.3
Consolidated pretax income (loss) excluding investment gains (losses)	673.7	513.8	613.1	540.4	337.1
Income taxes (credits) on above (b)	117.2	195.7	193.5	177.7	104.3
Net income (loss) excluding investment gains (losses)	$ 556.4	$ 318.0	$ 419.6	$ 362.7	$ 232.7

(a) Represents amounts for Old Republic's holding company parent, minor corporate services subsidiaries, and a small life and accident insurance operation.
(b) 2017 Includes $41.8 of deferred income tax expense to adjust to the 21% tax rate of 2018 pertaining to operations as of December 31, 2017.

SUMMARY COMPENSATION TABLE

The following table shows the compensation summary for the senior policy-making executive officers. Bonus and stock option awards for Messrs. Zucaro, Mueller, Rager, and Smiddy are based to a significant degree on the Company's consolidated results, while Mr. Yeager's compensation is largely based on the results of the Title Insurance segment.

Please See Continuation on Next Page

SUMMARY COMPENSATION TABLE

(a) Name and Principal Positions	(b) Year	(c) Salary	(d) Bonus (1)	(e) Value of Stock Option Awards (2)	(f) Change in Pension Value and Nonqualified Deferred Compensation Earnings (3)(4)	(g) All Other Compensation (5)	(h) Total ($)
Aldo C. Zucaro	2018	$ 936,667	$ 797,332	$ 308,000	$ 1,076,134 (3)	$ 17,158	$ 3,135,291
ORI Chairman and	2017	911,666	740,899	327,000	645,543 (3)	19,527	2,644,635
Chief Executive Officer	2016	895,000	636,809	350,000	306,047 (3)	18,017	2,205,873
	2015	870,000	582,978	268,000	416,266 (3)	18,526	2,155,770
	2014	855,000	31,109	306,000	368,087	17,110	1,577,306
Karl W. Mueller	2018	481,667	256,810	138,600	— (3)	19,001	896,078
ORI Senior Vice President	2017	471,666	239,969	129,165	47,946	18,694	907,440
and Chief Financial Officer	2016	465,000	209,901	131,250	288	17,657	824,096
	2015	455,000	191,344	73,700	— (3)	16,610	736,654
	2014	445,000	140,701	107,100	63,151	13,034	768,986
R. Scott Rager	2018	530,833	756,682	184,800	—	37,644	1,510,009
ORI Executive Vice Chairman	2017	518,333	690,673	179,850	—	33,506	1,422,362
	2016	510,000	602,869	175,000	—	32,469	1,320,338
	2015	500,000	544,828	80,400	—	31,145	1,156,373
	2014	490,000	303,977	113,220	—	30,571	937,768
Craig R. Smiddy	2018	581,667	622,105	154,000	—	14,990	1,372,762
ORI President and Chief	2017	494,999	562,367	98,100	—	14,888	1,170,354
Operating Officer	2016	485,000	473,349	87,500	—	14,277	1,060,126
	2015	475,000	428,780	33,500	—	13,518	950,798
	2014	460,000	375,000	44,370	—	13,112	892,482
Rande K. Yeager	2018	529,712	684,219	138,600	— (3)	20,760	1,373,291
Chairman and Chief	2017	519,134	2,093,977(6)	171,675	41,806	21,741	2,848,333
Executive Officer −	2016	510,000	686,357	140,000	26,674	20,704	1,383,735
Title Insurance Group	2015	495,000	606,369	80,400	— (3)	19,965	1,201,734
	2014	485,000	387,952	114,750	93,014	21,085	1,101,801

(1) The awards in this column are made pursuant to the ORI KEPRP, or in the case of Mr. Yeager, the KEPRP of the Title Insurance Group. Awards attributed to any one year are based on calculations and Compensation Committee approvals made in the following year. Column (d) of the table includes the combined cash and deferred incentive compensation awards granted under the Company's KEPRP or similar plans maintained by its subsidiaries. Effective with the performance year 2017, the first $50,000 of KEPRP awards is paid in cash. For 2016, the first $37,500 was paid in cash, and in prior years the first $25,000 of any award was paid in cash. For awards in excess of these amounts, 50% of the excess is paid in cash and 50% is deferred. The deferred amounts included in this column are usually not payable before the person retires at 55 years of age or later. The deferred amounts accrue interest for awards made after 2004. The amounts set forth for all executive officers include the amount of the present year award and the amount of interest accrued during the year on deferred balances from prior years' awards. For Mr. Zucaro, the amount for 2014 represents only interest on his prior years' deferred awards as he received no award in that year. See footnote (6) with regard to a special award granted to Mr. Yeager also included in his column (d) bonus for 2017.

(2) The awards in this column (e) are made pursuant to the Incentive Compensation Plan. The value of options is calculated pursuant to the Black-Scholes model. The option values represent the estimated present value as of the date the options were granted. Accordingly, the option awards included under this column were granted in the years shown and reflect, among other factors previously noted, an evaluation of earnings trends and returns on equity for prior years. The significant factors and assumptions incorporated in the Black-Scholes model used to estimate the value of the options include the following:

a) Options are issued with an exercise price equal to 100% of the per share value at the close of trading (the "Fair Market Value") of Common Stock on the business day immediately preceding the date of grant. The "Grant Date" shall be the date the Compensation Committee grants an option and the date from which the option term shall be measured.

b) The term of each option is 10 years (unless such terms are otherwise shortened or forfeited due to termination of employment) and it is assumed that these executives will hold these options for an average of 8 years.

c) Specific interest rates are used for valuing the awards. Such rates are predicated on the interest rate on U.S. Treasury securities on the date of grant with a maturity date corresponding to that of the expected option life.

d) A stock price volatility factor is utilized in valuing the option awards. This factor is calculated using daily stock prices for the period prior to the Grant Date corresponding with the expected option life.

e) Expected annual dividend yields ranging between 4.0% and 5.1% are used in the calculation of the awards.

The ultimate value of the options will depend on the future market price of the Company's Common Stock which cannot be forecasted with reasonable accuracy. The actual value, if any, that an optionee may realize upon exercise of an option will be based on the excess of the market value over the exercise price on the date the option is exercised.

(3) Represents the aggregate change in the actuarial present value of the accumulated benefits under Old Republic's defined benefit pension plan ("the Company's pension plan"). Plan benefits were frozen as of December 31, 2013. The year-over-year change in the present value of accumulated benefits resulted in negative amounts in 2015 for Messrs. Mueller and Yeager ($11,927 and $90,632, respectively) because of changes in the underlying actuarial assumptions. SEC rules require that these negative changes be treated as zeros. For Mr. Zucaro, there was a negative impact of $16,376 for the Company's pension plan and a positive impact of $432,642 for the Old Republic International Corporation Executives Excess Benefit Plan ("the Excess Benefit Plan") for a combined net positive impact of $416,266 for 2015. For 2016, the year-over-

year change in the present value of accumulated benefits for Mr. Zucaro, had a negative impact of $55,211 for the Company's pension plan and a positive impact of $361,258 for the Excess Benefit Plan for a combined net positive impact of $306,047. For 2017, the year-over-year change in the present value of accumulated benefits for Mr. Zucaro had a negative impact of $205,520 for the Company's pension plan and a positive impact of $851,063 for the Excess Benefit Plan for a combined net positive impact of $645,543. For 2018, the year-over-year change in the present value of accumulated benefits resulted in negative amounts for Messrs. Mueller and Yeager of $23,264 and $117,997, respectively, because of changes in the underlying actuarial assumptions. SEC rules require that these negative changes be treated as zeros. For Mr. Zucaro, there was a negative impact of $228,233 for the Company's pension plan and a positive impact of $1,076,134 for the Excess Benefit Plan for a combined net positive impact of $1,304.367.

(4) The Company does not have any non-qualified deferred compensation plans that credit above market or preferential earnings to participants.

(5) Includes all minor amounts covering: (a) the Company's matching contribution to the executive officers' ESSOP accounts, (b) the Company's contribution to the executive officer's Baseline Security Plan ("BSP") accounts, (c) the value of the Company's group term life insurance plan treated as income, (d) the value of the personal use of any vehicle supplied for Company business, and (e) the personal value of meals and club dues incurred for Company business.

(6) Mr. Yeager's bonus for 2017 consists of an award of $649,219 (inclusive of accrued interest on prior years' deferred balance) under the KEPRP of the Title insurance segment, and an additional award of $1,444,758 (consisting of a cash award of $1,066,721 and an equity award with a value of $378,037) resulting from satisfaction in 2017 of pre-set, five-year underwriting/service income performance objectives of the Title insurance segment under the Incentive Compensation Plan.

CEO PAY RATIO DISCLOSURE

The Compensation Committee and Board of Directors believe that executive compensation, particularly as it applies to the Company's CEO as well as in appropriately similar degrees to other senior executives throughout ORI's holding company system, should be related to the responsibilities undertaken, and be consistent with the Company's intermediate and long-term performance. In this context, and in accordance with the requirements of The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), as well as the SEC rules adopted pursuant to it, the Company is reporting the ratio of the total annual compensation of the CEO to that of the "Median Employee".

The CEO's compensation used for this calculation is the same as is shown in the Summary Compensation Table immediately above. The total annual compensation for the Median Employee was determined by preparing a list of all United States ("U.S.") based employees of the Company's U.S. subsidiaries at year-end 2018 (excluding the CEO) in the order of the highest to the lowest total annual compensation. The number of non-U.S. employees was excluded as they accounted for approximately 129 persons employed in Canada out of a total of approximately 8,918 Company employees. Pursuant to the SEC rule, the compensation of those non-U.S. employees was considered to be de minimis. The compensation for employees who did not work for the Company or one of its subsidiaries for all of 2018 was annualized in arriving at the Median Employee's compensation. The Median Employee's total compensation was established by using the same elements of compensation as are shown in the Summary Compensation Table for the CEO.

The total annual compensation of the Company's CEO – Aldo C. Zucaro:	$ 3,135,291
The total annual compensation of the Median Employee:	$ 75,697
Ratio of the CEO's compensation to the Median Employee:	41.4 to 1

Annual Salary Compensation Practices

The Company's objective in regard to all of its employees is to set annual salaries at amounts that:

- Are reasonably competitive in the context of prevailing salary scales in the insurance industry, and
- Provide a fixed, reasonable source of annual income in context of individual work responsibilities.

The primary factors considered, in varying degrees, in the establishment of annual salaries for certain executive officers and other senior members of the Company's management are:

- Business size and complexity of operations with which the person is associated;
- The person's level of responsibility and experience;
- The success of the business unit with which the person is principally engaged; and
- The evaluation of the manager's contribution to the business unit's success.

When making these evaluations, the prevailing salary scales in the insurance industry, the annual consumer price index, the trends in salary levels in published or private compilations and reports, and the data contained in the proxy statements of selected publicly held insurance organizations are taken into account. No formula, set benchmark or matrix is used in determining annual salary adjustments. The decision regarding each executive officer is subjectively based upon all of the above factors, with the Compensation Committee members exercising their business judgment in consultation with the CEO, as to all executive officers other than the CEO himself. With respect to the latter, the Compensation Committee has sole authority for establishing his compensation.

The salaries of the executive officers are reviewed on an annual basis during the first quarter of the year, and concurrently with a promotion or other significant change in responsibilities. Prior compensation, prior cash and/or deferred incentive awards, bonuses and prior gains from the exercise of stock options are not taken into account when setting current annual salaries for the CEO, CFO and any other executive officer of the Company.

Incentive Awards and Bonuses

The Company uses incentive awards, usually comprised of cash and deferred amounts, as well as periodic performance bonuses. Incentive awards and bonuses are intended to reward and retain eligible executive officers, other senior members of the Company's management and other key employees. They are also intended to provide an opportunity and incentive to increase compensation based on management's and the Compensation Committee's review of their performance. Incentive awards and bonuses may be awarded under the Company's KEPRP or under the Company's Incentive Compensation Plan. Awards made to the Named Executive Officers and other executive officers set forth in the Summary Compensation Table were approved by the Compensation Committee.

Key Employee Performance Recognition Plans

Under the Company's KEPRP a performance recognition pool is calculated each year for allocation among eligible key employees of the Company and its participating subsidiaries, including the CEO and CFO and other executive officers. Employees eligible to share in this pool are selected by the Compensation Committee in consultation with the CEO. Each year the CEO recommends the total amount of the pool and the Compensation Committee makes the sole determination with regard to the total amount of the pool and the award thereunder, if any, granted to the CEO. The Committee then approves the award recommendations for the CFO and the senior members of management based upon their performance evaluation and the CEO's recommendations. The eligibility and awards of other key employees are also approved by the Compensation Committee following the CEO's recommendation. All awards are based on the positions and responsibilities of the key employees, the perceived value of their accomplishments to the Company, their expected future contributions to Old Republic, and the other relevant factors previously addressed in this discussion and analysis. The Compensation Committee's evaluation of all such factors is made subjectively based on its members' business judgment.

Each year's pool amount takes into account pre-established objectives approved by the Compensation Committee. Calculation of the pool is made in accordance with a detailed formula that incorporates such factors as: (a) the eligible participating employees' annual salaries, and the five-year running averages for: (b) the growth in premiums and fees; (c) underwriting/service income; (d) operating earnings (excluding income from realized or unrealized investment gains or losses) and (e) return on equity in excess of a minimum target return equal to two times the mean of the five-year average post-tax yield on 10-year and 20-year U.S. Treasury Securities. The impact of the RFIG run-off on consolidated earnings is excluded from calculations. The pool is generally limited to a percentage of plan participants' aggregate annual base salaries and a percentage of the latest five years' average net operating earnings. Up to 50% of any one year's pool amount maybe carried forward for up to three years for later allocation. There is no prescribed guarantee or limit as to how much of the year's available pool would be awarded to each participant.

As previously noted, effective with the performance year 2017, the first $50,000 of any KEPRP award is paid in cash. For 2016, the first $37,500 was paid in cash, and for prior years, the first $25,000 was paid in cash. For awards in excess of those amounts, 50% of the excess is paid in cash and 50% is deferred. The deferred balance of the award vests at the rate of 10% per year of participation. Deferred balances accrued after 2004 are credited with interest at a rate approved annually by the Compensation Committee. Plan participants become vested in their deferred account balances upon being employed for 10 years after first becoming eligible or upon a change of control of the Company. Benefits are payable in a set number of equal installments, beginning no earlier than age 55, following termination of employment, death, disability, or retirement, or in total upon a change in control of the Company. Distributions for executive officers can begin no earlier than six months following termination of employment from full time service.

In addition to ORI's KEPRP, substantially similar plans are maintained for several individual subsidiaries or segments of business and each of these plans generally operates in the same basic fashion as the Company's KEPRP. The award pool for each other KEPRP is also established according to detailed formulas that also take into account the above indicated factors for such plans.

Incentive awards under the KEPRP are usually made in conjunction with awards under the Incentive Compensation Plan, usually stock options, but may also include cash and other equity awards. Any such awards are typically determined in the first quarter of the year for eligible employees who are employed as of the award date. The awards follow the receipt of the independent registered public accounting firm's reports on the financial statements of the preceding year and an evaluation of any pertinent and significant post-balance sheet events and business trends by the Compensation Committee.

Deferred Compensation under the KEPRP

The following table sets forth certain information regarding the portion of KEPRP awards that constitute non-qualified deferred compensation made to the executives listed in the Summary Compensation Table. It shows the pro forma balances of their deferred accounts as of December 31, 2018. As described above, the individuals listed had no discretion as to whether they wished to defer any awards made to them by the Company and were not permitted to voluntarily make contributions of their own to the Company's KEPRP.

Nonqualified Deferred Compensation

Name	Company's Contributions in 2018(1)	Aggregate Interest Earnings 2018	Aggregate Deferred Balance as of December 31, 2018
Aldo C. Zucaro	$350,000	$47,332	$8,171,655
Karl W. Mueller	95,000	16,810	973,948
R. Scott Rager	332,500	61,682	4,242,881
Craig R. Smiddy	277,500	17,105	1,332,851
Rande K. Yeager	305,000	24,219	1,732,786

(1) The amounts in this column are the portion of current year KEPRP awards that are mandatorily deferred pursuant to the terms of that plan.

Stock Option or Restricted Stock Awards under Incentive Compensation Plan

The Company believes senior executive officers and other members of the Company's and its subsidiaries' management who make substantial contributions to long-term performance should have an equity ownership in the Company to better align their interests with those of the shareholders. Old Republic has had non-qualified stock option plans in place for more than thirty years. The most recent plan, "The 2016 Incentive Compensation Plan" (the "Incentive Compensation Plan") was approved by shareholders and became effective in 2016.

Under the Incentive Compensation Plan, an award to a participant may be in the form of a stock option or restricted stock ("Award Shares"), a performance award in the form of cash or deferred cash award ("Performance Award"), or a combination of these items. The Compensation Committee has the authority to: (i) select the participants to whom awards may be granted; (ii) determine the type or types of awards to be granted to each participant; (iii) determine the number of Award Shares, if any, to be covered by any award; (iv) determine the terms and conditions of any Performance Award; (v) determine whether, to what extent, and under what circumstances Performance Awards shall be deferred; and (vi) determine whether, or to what extent and under what circumstances any award shall be canceled or suspended. On the effective date of the Incentive Compensation Plan, 15,000,000 shares became available for awards. It is expected that stock options will be the primary Award Shares under the Incentive Compensation Plan although Award Shares may also include restricted stock awards in some instances.

The above stated objectives of the Incentive Compensation Plan are to encourage:

- An alignment of shareholder and employee interests
- Employee efforts to grow shareholder value
- A long-term commitment to the Company by employee-shareowners

Accordingly, stock option grants have not been limited to the CEO, CFO and senior executive officers but have also been granted to several hundred employees of the Company and its subsidiaries. The factors considered when making stock option awards include:

- The achievements of the individual
- The overall performance of the Company
- The performance of the subsidiary or division to which the individual is attached
- The past and anticipated contributions of the individual to the Company's success

No formula, set benchmark or matrix is used in determining stock option awards. The relative significance of the above factors with respect to awards granted to the CEO, CFO, other executive officers and all other employees is determined subjectively by the Compensation Committee. In this regard it gives consideration to the segmented and consolidated results of the Company using business judgment and consultation with the CEO for awards other than his own. The aggregate number of option shares granted annually over the past three years to all employees, including the CEO, CFO, the executive officers of the Company and all senior members of the Company has been less than 0.6% of the then outstanding Common Stock of the Company.

Option awards, like KEPRP awards, are typically made once a year, usually during the first quarter following receipt of the independent registered public accounting firm's report on the financial statements for the preceding year. The Compensation Committee approves a total pool of option shares, and the individual options granted to the CEO and the other executive officers and senior members of the Company and its subsidiaries' management. The options' exercise price is the fair market value of the Company's Common Stock, as defined by the Plan, on the day before the Grant Date.

When making these awards, the other sources of compensation for the participant, such as base salary and any other incentive awards, are taken into account so as to achieve a reasonable balance of cash and future income or value. The grant of options and their strike price are not linked to any Company action such as the release of earnings and have typically occurred during March of each year with notifications to recipients in concurrence with their annual compensation review.

Stock Option Grants During 2018

The following table sets forth certain information regarding options to purchase shares of Common Stock granted in 2018 to the executive officers listed in the Summary Compensation Table. The value of these options is calculated pursuant to the Black-Scholes model. Additional information about how these values are determined is disclosed as part of the Summary Compensation Table.

Stock Option Grants

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Option Award
Aldo C. Zucaro	2/20/18	100,000	$20.98	$308,000
Karl W. Mueller	2/20/18	45,000	20.98	138,600
R. Scott Rager	2/20/18	60,000	20.98	184,800
Craig R. Smiddy	2/20/18	50,000	20.98	154,000
Rande K. Yeager	2/20/18	45,000	20.98	138,600

The term of each option is 10 years from the Grant Date. Options are exercisable in accordance with the following vesting schedule: 10% at the end of the year of grant, and thereafter annually at the rates of 15%, 20%, 25% and 30% so that at the end of the 5^{th} fiscal year after the grant they are 100% vested. If the optionee dies, retires in good standing after age 57, or becomes disabled, vesting acceleration occurs. In such cases and in the event of change in control of the Company, vesting accelerates to the extent of the higher of 10% of the shares covered for each year of service by the optionee or the actual vested percentage plus 50% of the unvested remaining shares. In the case of any option granted after January 1, 2014 to an optionee who, as of the Grant Date: (i) has attained age 65, (ii) is currently an employee of the Company or a subsidiary, and (iii) has been employed by the Company or a subsidiary for ten (10) years or longer, such options are considered fully vested as of the Grant Date.

Exercises of Stock Options During 2018

The following table sets forth certain information regarding options to purchase shares of Common Stock exercised during 2018 by the executive officers named in the Summary Compensation Table.

Exercises of Stock Options During 2018

Name	Option Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise
Aldo C. Zucaro	—	—
Karl W. Mueller (1)	15,000	$198,785
R. Scott Rager	—	—
Craig R. Smiddy	—	—
Rande K. Yeager	—	—

(1) During 2018, Mr. Mueller exercised an option granted to him in 2009, as such, the value realized that is shown above had accrued over the years since that option was granted.

Equity Compensation Plan Information

The following table sets forth certain information regarding securities authorized for issuance under stock option plans as of year-end 2018. The Company sponsors the stock option plan that has been approved by the shareholders.

Equity Compensation Plan Status as of Year End 2018

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	7,163,567	$17.24	10,569,560
Equity compensation plans not approved by security holders	—	—	—
Total	7,163,567*	$17.24	10,569,560

(*) A total of 79,220 options included in this total were either exercised or expired on March 25, 2019.

The following table sets forth information regarding the unexercised options held by the persons listed in the Summary Compensation Table. This table shows the option exercise price for each exercisable and un-exercisable option held by each individual and the date upon which each option expires.

Outstanding Equity Awards at Year End 2018

	Number of Securities			
Name	**Underlying Unexercised Options Exercisable**	**Underlying Unexercised Options Unexercisable**	**Option Exercise Price**	**Option Expiration Date**
Aldo C. Zucaro	100,000	—	$ 12.33	03/23/21
	70,000	—	10.80	03/21/22
	70,000	—	12.57	03/20/23
	100,000	—	16.06	03/19/24
	100,000	—	15.26	03/19/25
	100,000	—	18.14	03/23/26
	100,000	—	19.98	03/22/27
	100,000	—	20.98	02/20/28
Karl W. Mueller	17,500	—	12.08	03/25/20
	30,000	—	12.33	03/23/21
	32,500	—	10.80	03/21/22
	32,500	—	12.57	03/20/23
	35,000	—	16.06	03/19/24
	19,250	8,250	15.26	03/19/25
	16,875	20,625	18.14	03/23/26
	9,875	29,625	19.98	03/22/27
	4,500	40,500	20.98	02/20/28
R. Scott Rager	13,000	—	12.08	03/25/20
	30,000	—	12.33	03/23/21
	32,500	—	10.80	03/21/22
	32,500	—	12.57	03/20/23
	37,000	—	16.06	03/19/24
	30,000	—	15.26	03/19/25
	50,000	—	18.14	03/23/26
	55,000	—	19.98	03/22/27
	60,000	—	20.98	02/20/28
Craig R. Smiddy	14,500	—	16.06	03/19/24
	8,750	3,750	15.26	03/19/25
	11,250	13,750	18.14	03/23/26
	7,500	22,500	19.98	03/22/27
	5,000	45,000	20.98	02/20/28
Rande K. Yeager	9,000	—	12.57	03/20/23
	40,000	—	18.14	03/23/26
	52,500	—	19.98	03/22/27
	45,000	—	20.98	02/20/28

The following table sets forth a summary of all stock options that have been granted to Company employees, inclusive of those persons listed in the Summary Compensation Table. This table highlights the fact that the compensation of employees in the form of stock options can be illusory due to the decline in price of the Company's Common Stock following the award of an option at a set exercise price. In the past 10 years, a total of approximately $30.1 million (or an average of $3.0 million per year) was expensed by the Company in accordance with generally accepted accounting principles.

		Options Outstanding	Weighted – Average		Options Exercisable	
Ranges of Exercise Prices	Year(s) of Grant	Number Outstanding	Remaining Contractual Life	Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 10.48	2009	79,220	0.25	$ 10.48	79,220	$ 10.48
$ 12.08	2010	161,340	1.25	12.08	161,340	12.08
$ 12.33	2011	346,980	2.25	12.33	346,980	12.33
$ 10.80	2012	386,063	3.25	10.80	386,063	10.80
$ 12.57	2013	510,047	4.25	12.57	510,047	12.57
$ 16.06	2014	795,470	5.25	16.06	795,470	16.06
$ 15.26	2015	835,264	6.25	15.26	624,521	15.26
$ 18.14	2016	1,159,218	7.25	18.14	668,390	18.14
$ 19.98	2017	1,354,665	8.25	19.98	571,503	19.98
$ 20.98	2018	1,535,300	9.25	20.98	412,816	20.98
Total		7,163,567		$ 17.24	4,556,350	$ 15.83

Financial Restatement

The Company has adopted a policy that, to the extent permitted by law, the Company will seek to recoup any incentive-based compensation paid to any current or former executive officer if: (i) the amount of such payment was based on the achievement of certain financial results that were subsequently the subject of a restatement, (ii) the Board determines that such executive officer engaged in misconduct that resulted in the obligation to restate, and (iii) a lower payment would have been made to the executive officer based upon the restated financial results.

Hedging Prohibited

The Company has adopted a policy prohibiting any director or executive officer (a covered individual) from hedging the economic risk of his or her ownership of the Company's securities. Under this policy, a covered individual is prohibited from entering into any derivative transaction on the Company's securities (e.g., any short-sale, forward, option, collar, etc.). Further, the policy does not allow a covered individual to pledge the Company's securities at any time, which included having Company securities in a margin account or using Company securities as collateral for a loan.

Change of Control, Severance or Retirement

None of the executive officers or any other employee of the Company and its subsidiaries have employment contracts. All are considered "at-will" employees. Further, the Company has no change of control or severance agreements such as "golden parachutes" in place for any of its executive officers. However, the benefit plans referred to above would be affected, in limited ways, by a change of control of the Company. Such an event would not result in additional compensation or benefits being paid to any executive officer or employee for the Company. Rather, the effect would be to accelerate the vesting of benefits under these plans and require the immediate payment of all deferred balances under such plans.

The above notwithstanding, the Company and its Board of Directors retain the right to enter into employment contracts or institute "golden parachutes" and similar benefits for its executive officers and other key employees immediately, and at any time as circumstances may warrant to protect the Company's business interests. There is no assurance, however, that any selected executives would agree to any such contracts.

Tax Deductibility of Compensation

Prior to the passage of the Tax Cuts and Jobs Act in December 2017, Section 162(m) of the Internal Revenue Code contained an exception to the $1,000,000 limitation on the amount of compensation paid to the Company's five most highly paid executive officers that was deductible by the Company, where the excess compensation was "performance-based" compensation meeting certain requirements. The Tax Cuts and Jobs Act eliminated the performance-based exception, resulting in the loss of the ability to deduct compensation expenses over $1,000,000 for the Company's Named Executive Officers. The effect of this elimination is not consequential to the Company and the tax deductibility of compensation has never been considered in setting compensation amounts for these officers.

Stock Ownership Guidelines

The Company encourages all of its employees to own Company common stock directly or through employee benefit plans such as its 401(k) ESSOP. All of its executive officers and directors own shares of the Company's common stock, with the exception of Mr. McNitt who joined the Board in late January of this year. The table on page 3 shows the nature and amount of such holdings.

Additionally, the Company has an equity ownership policy for its directors and senior officers. Pursuant to this policy, directors are required to acquire holdings in the Company's Common Stock with a value of at least $250,000. New directors are allowed to take three years during which to acquire such ownership, with the valuation of the shares equivalent to the greater of the current market value attained at any point in time, or the original acquisition cost. All of the Company's directors are currently in compliance with this policy. For certain other senior officers of the Company, the recommended value of Common Stock ownership is based upon the following multiples of the officer's base salary:

CEO of the Company	6 times
President of the Company	4 times
Certain other senior officers of the Company and its subsidiaries	1.5 times

The value of all shares of Company Common Stock owned directly or held in employee benefit accounts by such officers, together with the value of deferred compensation accounts, are considered for meeting these objectives. Newly appointed senior officers subject to this policy have five years to meet the pertinent requirement. Officers who are promoted to a position that has a stated ownership requirement of the Company's Common Stock have three years from such promotion to meet the applicable requirement. All of the Company's Directors and executive officers either currently hold in excess of the requirement that applies to them or are within the time period permitted for compliance.

Pension Plan and Baseline Security Plan

The Old Republic International Corporation Salaried Employees Restated Retirement Plan ("Company Pension Plan") assumed the obligations and assets of other retirement plans maintained by certain subsidiaries. All of these plans have been closed to new employees for many years. Finally, the accrued benefit levels available to each participant in the Company Plan were frozen at December 31, 2013 and no new benefits have accrued to participants since that date.

Under the Company Pension Plan, as it applies to Messrs. Zucaro and Mueller, benefits are determined by taking into account 1.5% of the participant's "Final Average Monthly Earnings" (1/60th of the aggregate earnings of the employee during the period of the five consecutive years of service out of the last ten consecutive years of service that results in the highest "Final Average Monthly Earnings") multiplied by the participant's years of service. Earnings include base salary and commissions, but exclude bonuses and cash and deferred incentive compensation awards granted under any Company or subsidiaries' incentive plans or KEPRPs. Early retirement benefits are available under the Company Plan for persons who are eligible and elect to retire after attaining age 55 provided they have at least five years of vested service with the Company. In this case, early retirement benefits are adjusted based upon the participant's age at retirement. The adjustment begins at 50% of normal benefits at age 55. For participants age 55 to 60, the early retirement benefits increase by 3.33% per year. Between ages 60 and 65, they increase by 6.66% per year until they reach 100%. Vested benefits must be paid upon an employee's attainment of age 70 1/2. Mr. Mueller is currently eligible for early retirement benefits under the Company Plan. Messrs. Rager and Smiddy are not participants in the Company Pension Plan or any pension plan previously sponsored by a subsidiary of the Company.

Under the Pension Plan, as it applies to Mr. Yeager, who has attained age 65, the monthly benefit is 1.20% of the participant's Final Average Monthly Earnings up to the Social Security Integration Level, and 1.75% of the amount in excess of that level, multiplied by the participant's years of credited service limited to a maximum of 30 years. Early retirement benefits are available for persons who are eligible and elect to retire after attaining age 55 and completing 10 years of vesting service, or after attaining age 60. In the case of early retirement, benefits are reduced by .458% for each month preceding the participant attaining age 65.

For a number of years the Company maintained the Old Republic International Corporation Executives Excess Benefit Plan ("Excess Benefit Plan") to provide certain key executives with pension benefits in excess of those provided by the Company Pension Plan because of government imposed limitations capping benefit payments. The Excess Benefit Plan was administered by the Compensation Committee of the Board of Directors, which selected the employees eligible to participate in this plan. Mr. Zucaro is the only continuing executive officer who qualified for participation under the Excess Benefit Plan, as this plan has been closed to new participants for over a decade. Further, the accrued benefits under this plan were also frozen as of December 31, 2013 and no additional future benefits will accrue to Mr. Zucaro under it.

The following table sets forth the payments and present value of the estimated benefits payable to executive officers under the above described pension plans.

Pension Benefits

Name	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit (1)	Payments During Last Fiscal Year
Aldo C. Zucaro	Company Plan	36.4	$ 1,886,667	$ 247,168
	Excess Benefit Plan	36.4	8,180,706	—
Karl W. Mueller	Company Plan	8.3	345,806	—
R. Scott Rager	None	—	—	—
Craig R. Smiddy	None	—	—	—
Rande K. Yeager	Company Plan	26.6	1,243,555	—

(1) The present value of accumulated benefits payable following assumed retirement is calculated using interest and mortality assumptions consistent with those used for financial reporting purposes with respect to the companies' audited financial statements. No discount is assumed for separation prior to retirement due to death, disability or termination of employment. The amount shown is based upon accrued service through year end 2013 when Plan benefits were frozen.

The Baseline Security Plan ("BSP") was established by the Company, in part as a replacement for various 401(k) plans maintained by a number of its subsidiaries. Eligibility for participation in the BSP is similar to eligibility under the Company's 401(k) ESSOP discussed below. The BSP is noncontributory by participants although IRA roll-over contributions are permitted. The annual Company contributions are performance-based with an emphasis on the long-term underwriting and related services profitability of the individual subsidiaries or groups thereof that employ participants. Contributions are approved each year by ORI's Compensation Committee and Board of Directors following the receipt of all pertinent audit reports for the Company and its individual subsidiaries and operating centers. Contributions are characterized as a percentage of each eligible employee's annual base salary.

Employees Savings and Stock Ownership Plan (ESSOP)

The ESSOP, which has been in place since 1978, is intended to encourage all of ORI's eligible employees to save on a tax-advantaged manner and benefit from Company matching contributions in the form of ORI Common Stock to build a stake in the Company's business. As of March 29, 2019, the ESSOP held approximately 5.0% of ORI's Common Stock.

Eligible employees who elect to participate in the ESSOP by saving a portion of their pay may receive a Company match ranging from 20% to 140% of a maximum of 6% of the participant's first $150,000 in eligible annual compensation. The matching formula is based upon the percentages saved and the increase in the Company's five-years' running average of net operating earnings growth per share, adjusted for the effect of the RFIG run-off. Employees' savings are invested, at the employees' direction, in a number of publicly-traded mutual funds, and they may elect to purchase the Company's Common Stock as an investment option. Employer contributions are invested exclusively in the Company's Common Stock. Employees with three or more years of service as of the prior year's end may diversify the annual contribution of Company Common Stock into alternative mutual funds available for investment. Further, employees may also diversify all of the prior contributions of Company Common Stock at any time into such mutual funds. The number of times that employees may change their investments into or out of the Company's Common Stock is subject to an annual limitation. A participant becomes vested in the account balance allocated from employer contributions upon being totally and permanently disabled, death, or upon the earlier of attaining age 65 or being employed for 6 years. Vesting occurs in increments of 20% per year, beginning after one year of service. Benefits are payable upon termination of service, death or disability, or following retirement, and are subject to minimum distribution requirements set forth under the Internal Revenue Code. At the election of the participant, benefits derived from employer contributions are payable either in cash or the Company's Common Stock.

Other Benefits

The Company does not provide for the disbursement of significant values by way of perquisites or personal benefits to its executive officers or any other employees. Such benefits as may in fact be provided in very limited circumstances include the personal value attributed to the use of Company-supplied automobiles, the personal value of club memberships, and the value of certain personal meals incurred in connection with Company business. The value of these benefits to the CEO, CFO and other listed executive officers were insignificant and are included with other amounts in the "All Other Compensation" column of the Summary Compensation Table appearing elsewhere in this proxy statement.

ITEM 3
VOTE ON EXECUTIVE COMPENSATION

BACKGROUND

It is Old Republic's policy to provide full disclosure concerning its compensation philosophy and corporate governance. At the Company's 2018 Annual Meeting of the Shareholders, more than 95% of the shares voted in approval of the Company's executive compensation. However, in accordance with the Company's full disclosure policy and intents, shareholders are again asked to endorse the Company's compensation philosophy by adopting the following resolution that is commonly called a "Say-on-Pay" proposal.

The Board of Directors and the Compensation Committee, in particular, review the elements of Company compensation each year. Special attention is devoted to the compensation of the executive officers and other senior members of the Company's management. In general, the Company seeks to align executive compensation with shareholder value on an annual and long-term basis through a combination of base pay and annual and long-term incentives. The Company believes that its history of long-term growth over many decades is, in part, a result of its compensation programs that encourage a longer-term pursuit of growth objectives and the building of long-term shareholder value rather than short-term results. A more detailed review of those programs and the awards for 2018 to the executive officers of the Company are reported elsewhere in this proxy statement. The Board of Directors and Compensation Committee believe the Company's performance and executive compensation have been aligned and balanced with shareholder returns in recent years. This vote is therefore not intended to address any one specific element of compensation or the compensation paid to any one individual. Rather, the resolution concerns the overall philosophy, makeup and amounts of compensation paid to executive officers as a group.

2018 EXECUTIVE COMPENSATION VOTE

At the Company's 2018 Annual Meeting of the Shareholders more than 95% of shares present in person or by proxy voted to approve the Company's executive compensation for 2017. The Compensation Committee and Board of Directors considered this vote when it reviewed executive compensation for 2018.

PROPOSED RESOLUTION

Resolved, that the shareholders of the Company approve the compensation policies, practices and procedures as set forth in the Compensation Discussion and Analysis section of this proxy statement for its executive officers.

ADVISORY VOTE

This vote is advisory and is not binding upon the Board of Directors. The vote is intended to be a measure of the shareholders overall approval of the handling of the Company's executive compensation matters. Therefore, the vote will not result in a change or clawback of any existing or future compensation of any individual. Nor will this vote necessarily result in a change in the elements or compensation programs of the Company, as those decisions remain vested in the Board of Directors. However, if the shareholders fail to give this proposal a favorable vote, the Board of Directors and Compensation Committee shall investigate the reasons the resolution did not receive a majority vote. Further, this vote will be taken into consideration when future changes are considered in the elements of compensation, when compensation programs are adopted or changed, and when compensation amounts or incentive awards are approved for executive officers and the other senior members of the Company's management. The results of this vote shall be disclosed in a filing made with the SEC shortly after the Annual Meeting of the Shareholders and will be available for review on the Company's website, www.oldrepublic.com.

BOARD OF DIRECTORS' RECOMMENDATION

The Board of Directors recommends a vote FOR this proposal. Proxies solicited by the Board of Directors shall be voted in favor of this proposal unless shareholders specify to the contrary in their proxies.

ITEM 4
SHAREHOLDER PROPOSAL by the
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM ("CalPERS")

The Secretary of the Company has received a written notice that CalPERS, as a shareholder, intends to re-introduce a resolution at the Company's Annual Meeting of the Shareholders. The Company's Secretary will provide the formal name, address and number of shares held by the proponent of this proposal to any shareholder, upon receipt of a request for such information. The proposed resolution and a supporting statement are presented verbatim below.

PROPOSAL

RESOLVED: Shareholders of Old Republic International Corporation ("Company"), ask the board of directors ("Board") to adopt, and present for shareholder approval, a "proxy access" bylaw. Such a bylaw shall require Company to include in its proxy materials prepared for a shareholder meeting at which directors are to be elected, the name, the Disclosure and the Statement (each as defined herein) of any person nominated for election to the board by a shareholder or group ("Nominator") that meets the criteria established below. Company shall allow shareholders to vote on such nominee on Company's proxy card.

The number of shareholder-nominated candidates appearing in proxy materials shall not exceed the larger of 2 or one quarter of the directors then serving. This bylaw, which shall supplement existing rights under Company bylaws, should provide that Nominator must:

a) have beneficially owned 3% or more of Company's outstanding common stock continuously for at least three years before submitting the nomination;
b) give Company, within the time period identified in its bylaws, written notice of the information required by the bylaws and any Securities and Exchange Commission rules about (i) the nominee, including consent to being named in the proxy materials and to serving as director if elected; and (ii) Nominator, including proof it owns the required shares (the "Disclosure"); and
c) certify that (i) it will assume liability stemming from any legal or regulatory violation arising out of Nominator's communications with Company shareholders, including the Disclosure and the Statement; (ii) it will comply with all applicable laws and regulations if it uses soliciting material other than Company's proxy materials; and (iii) to the best of its knowledge, the required shares were acquired in the ordinary course of business and not to change or influence control at Company.

Nominator may submit with the Disclosure a statement not exceeding 500 words in support of the nominee (the "Statement"). The Board shall adopt procedures for promptly resolving disputes over whether notice of a nomination was timely, whether the Disclosure and the Statement satisfy the bylaw and applicable federal regulations, and the priority to be given to multiple nominations exceeding the one-quarter limit.

SUPPORTING STATEMENT

We believe proxy access is fundamental to a sustainable system of governance that fosters director accountability and long-term value creation.

The CFA Institute's 2014 assessment of pertinent academic studies and the use of proxy access in other markets similarly concluded that proxy access:

- Would "benefit both the markets and corporate boardrooms, with little cost or disruption."
- Has the potential to raise overall US market capitalization by up to $140.3 billion if adopted market-wide.[1]

1. http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2014.n9.1

A growing number of companies continue to adopt the provision – rejecting the common corporate assertion that proxy access is costly, distracting, and favored primarily by special interests.

We urge shareholders to vote FOR this proposal.

OLD REPUBLIC'S STATEMENT IN OPPOSITION TO THE CalPERS SHAREHOLDER PROPOSAL

Currently, the Company has no rule or by-law concerning proxy access. Accordingly, this matter is properly governed by Delaware General Corporation Law and SEC law and regulations. In its supporting statement, the shareholder relies on academic studies to support its contention that proxy access increases directors' accountability and long-term value creation. Addressing accountability first, Old Republic's governance structure already provides shareholders with various opportunities to hold the Board accountable in the nomination and election of directors. The Company's governance structure currently provides:

- Shareholders the ability to call special meetings and take action by written consent outside the context of an annual meeting of shareholders.
- That in the event that any director receives a significant withhold vote in an election, the Governance and Nominating Committee have stated that they would investigate the reason or reasons for such a withhold vote and following its investigation, the Committee would make such recommendations to the full Board as are appropriate in light of the facts and circumstances that they discover.
- Shareholders have the ability to recommend director candidates to Old Republic's Governance and Nominating Committee. Such nominees would be evaluated and considered using the same criteria as are used for all candidates and would be reviewed with the same consideration made for the Company's needs as all other candidates.
- A strong independent leadership structure, including a Lead Independent Director who is appointed from among the independent directors.

Currently, twelve of the fourteen Company directors are independent under the rules of the NYSE and the SEC and are under no obligation to follow the lead of the Company's management. Moreover, based on the beneficial ownership of approximately 1.9% of the Company's outstanding Common Stock by the directors and executive officers of the company, as a group, and the ownership of approximately 6.6% of Old Republic's outstanding stock by its employees' ESSOP, pension and other benefit plans, the interests of the Company's directors, executive officers and employees (a combined 8.5% interest) are fully aligned with those of the shareholders. In these regards, the Board believes that this alignment of interests among these groups along with the intellectual capital that they have invested in Old Republic, demonstrate that they, as a group, are committed to the Company's performance over the long-run, and are thus responsive to the concerns of shareholders as serious investors in Old Republic's business.

The Company also has an effective director nomination process. In this regard, the Board of Directors' Governance and Nominating Committee follows an approach designed to obtain a reasonable balance between skills, tenure and experience in the slating and retention of directors. The Committee is always open to considering all candidates nominated by outside shareholders. As discussed on pages 14 to 16 and 19 to 20 of this proxy statement, the Committee's policy is that it will evaluate each candidate on the basis of all the criteria, background qualifications, and experience.

The supporting statement to the shareholder's proposal asserts that in addition to fostering director accountability, it would also result in long-term value creation. The Board of Directors is unaware of any empirical evidence that such value creation would in fact occur. In these regards, the Board believes that much of what passes as best practices of corporate governance propounded by certain academic circles and shareholder advisory services that are unregulated and not sanctioned by U.S. Government institutions such as the Securities and Exchange Commission or State chartering authorities is based on theories largely distanced from real business life considerations. Moreover, the academic studies cited by the shareholder are not unanimous in concluding that proxy access may, in fact, increase US market capitalization. On this basis, the Board views much of the current academic theory relating to proxy access and other so called governance practices to be speculative in nature, and as attempts for one-size-fits-all financial and social engineering unrelated to the uniqueness of individual institutions such as Old Republic, their culture, proprietary business models, and their long-term operating and value creating objectives.

The Board of Directors has considered the proposal by CalPERS, as it has in previous years following the vote on a similar CalPERS proposal at the Annual Meeting of the Shareholders. In each case, the Board of Directors reviewed the Company's corporate governance practices and the Proxy Access proposal CalPERS made, in the context of the totality of Old Republic's system of corporate governance. The Board has determined that the system Old Republic has in place, and which has been consistently adhered to during decades of the Company's existence as an independent publicly-held insurance holding company, best suits the Company and its shareholders and all other stakeholders' interests.

The Board is of the view that the Company's performance over decades provides empirical evidence that its established system of governance is singularly suited to support, promote, and execute the Company's Purpose, Mission, and long-term strategy set out at pages 7 to 12. It believes that results speak louder than theory and that Old Republic's governance structure has helped produce better than industry-wide value creation for all long-term investors and other stakeholders. Please refer to the charts on pages 10-12.

Viewed against the backdrop of the Company's financial performance over the many decades, the Board believes that its shareholders have had and will continue to have the opportunity to hold Directors accountable under its long-standing method of operations and governance for the long run management of the enterprise. Accordingly, the Board does not believe that the shareholder's proposal would necessarily result in more effective corporate governance or long-term value creation on behalf of shareholders and other stakeholders.

VOTE REQUIRED WITH RESPECT TO THE CALPERS SHAREHOLER PROPOSAL

If this advisory proposal is properly presented at the Annual Meeting of the Shareholders, approval requires the affirmative vote of a majority of the shares present at the Meeting, in person or represented by proxy, and entitled to vote. Proxies submitted without direction pursuant to this solicitation will be voted AGAINST the CalPERS shareholder proposal. Abstentions will have the same effect as a vote against the proposal. Brokers will not have discretionary authority to vote on this proposal, so there could be broker non-votes. Broker non-votes will have no effect on the vote. The result of this vote shall be disclosed in a filing made with the SEC shortly after the Annual Meeting of the Shareholders and will be available for review on the Company's website, www.oldrepublic.com.

BOARD OF DIRECTORS' RECOMMENDATION

The Company's Board believes that this proposal is not in the shareholders' best long-term interests, and recommends a vote AGAINST it. Proxies solicited by the Board of Directors shall be voted AGAINST this proposal unless shareholders specifically vote for it in their proxies.

OTHER INFORMATION

SHAREHOLDER PROPOSALS FOR THE 2020 ANNUAL MEETING OF THE SHAREHOLDERS

In order for a proposal by a shareholder of the Company to be included in the Company's proxy statement and form of proxy for the 2020 Annual Meeting of the Shareholders, the proposal must be received by the Company no later than 120 days before the anniversary date of the Company's last proxy statement (December 16).

This proxy statement is filed by order of the Board of Directors.

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

Chicago, Illinois
April 15, 2019

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