



OLD REPUBLIC INTERNATIONAL CORPORATION

Annual Review 2018



MANAGING OLD REPUBLIC FOR THE LONG RUN



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ABOUT OLD REPUBLIC

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

Our 95th Year

(\$ in Millions, Except Per Share Data)

Consolidated Data			
	2018	2017	% Change
Total Revenues	\$ 6,021.8	\$ 6,263.1	-3.9%
Pretax Income (Loss)	438.1	725.4	-39.6
Net Income (Loss) Excluding Investment Gains (Losses): Total	556.4	318.0	75.0
Per Share-Diluted	1.86	1.11	67.6
Net Income (Loss): Total	370.5	560.5	-33.9
Per Share-Diluted	1.24	1.92	-35.4
Operating Cash Flow	760.5	452.8	68.0
Assets	19,327.1	19,403.5	-4
Common Shareholders' Equity: Total	5,146.2	4,733.3	8.7
Per Share	17.23	17.72	-2.8
Cash and Invested Assets Per Share	44.14	50.67	-12.9
Cash Dividends Per Share*	\$.78	\$ 1.76	-55.7%

* A special cash dividend of \$1.00 per share was declared in late December 2017 in addition of the regular quarterly dividend payment of \$0.19 per share.

Segments of Business						
	Revenues			Pretax Income (Loss)		
	2018	2017	% Change	2018	2017	% Change
General Insurance	\$3,739.4	\$3,531.6	5.9%	\$363.9	\$340.3	6.9%
Title Insurance	2,375.4	2,325.0	2.2	219.3	237.1	-7.5
Corporate & Other	46.3	50.1	-7.5	40.4	9.9	N/M
Subtotal	6,161.3	5,906.8	4.3	623.8	587.3	6.2
RFIG Run-off	96.1	144.6	-33.5	49.9	(73.5)	167.9
Subtotal	6,257.4	6,051.5	3.4	673.7	513.8	31.1
Investment Gains (Losses):						
Realized From Actual Transactions	58.2	211.6	-72.5	58.2	211.6	-72.5
Unrealized From Changes in Fair Value of Equity Securities	(293.8)	-	N/A	(293.8)	-	N/A
Subtotal	(235.6)	211.6	-211.3	(235.6)	211.6	-211.3
Consolidated	\$6,021.8	\$6,263.1	-3.9%	\$438.1	\$725.4	-39.6%

N/A = Not applicable
N/M = Not meaningful



The very nature of insurance requires we manage our business for the long run. The prices (premiums) charged for most products are set without knowing for certain what the ultimate benefit and claim costs will be. We also can't know when they will be paid, which may be many years after a policy was issued or expired.

SUCCESS COMES FROM FOCUS AND STAYING POWER

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

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

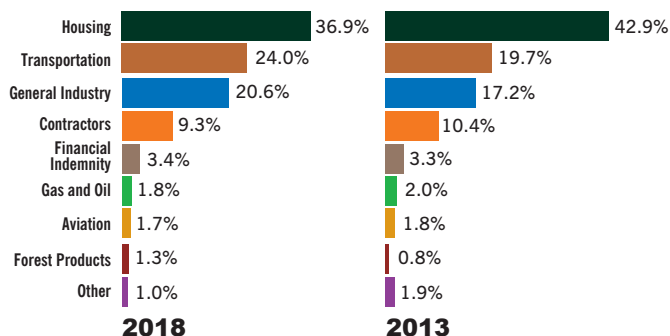
Maintaining a sound financial condition requires us to minimize balance sheet leverage in three ways. One: we avoid excessive debt. Two: we manage asset and liability risks. This allows Old Republic to cover different types of exposures across economic sectors and among insurance coverages. Three: we maintain a capital cushion to see us through any unexpected harsh events.

LONG-TERM VIEW CREATES VALUE FOR ASSURED AND SHAREHOLDERS

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

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

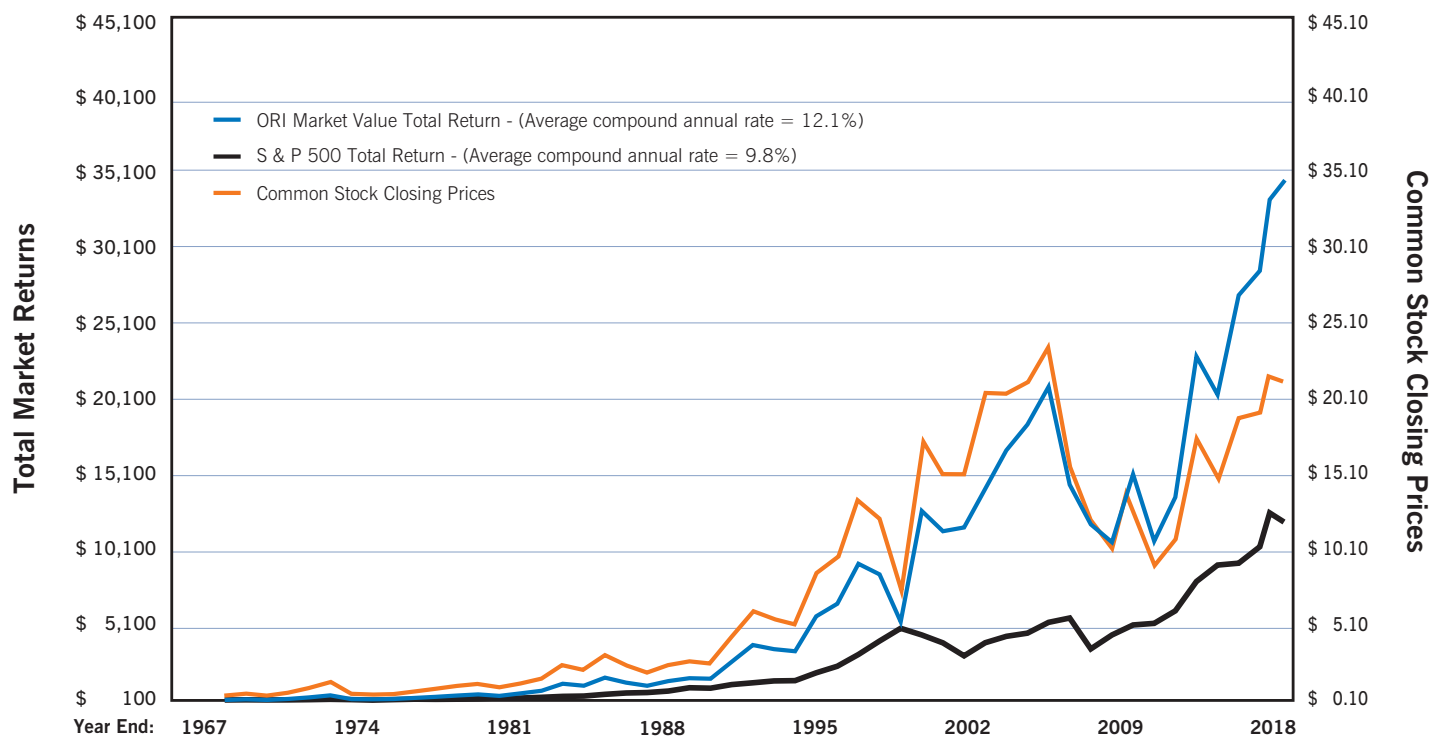
Consolidated Gross Premiums and Fees by Major Industry



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

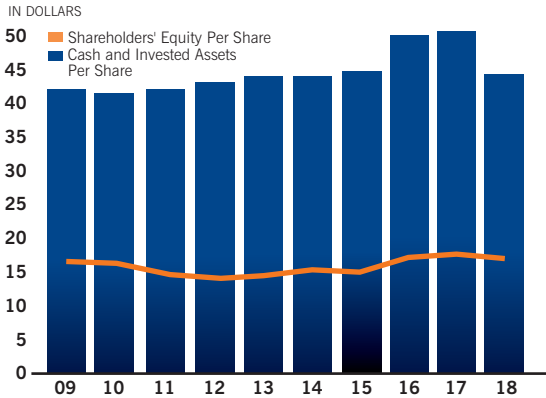
OLD REPUBLIC INTERNATIONAL MARKET VALUE RETURN COMPARED WITH S&P 500

The chart compares the total market return through December 31, 2018 of \$100 invested at year-end 1967 in Old Republic common stock (with each year's cash dividends reinvested in the Company's shares at then-current market value), versus the S&P 500 and its cash dividends reinvested in this index.





**Cash and Invested Assets Per Share
Shareholders' Equity Per Share**

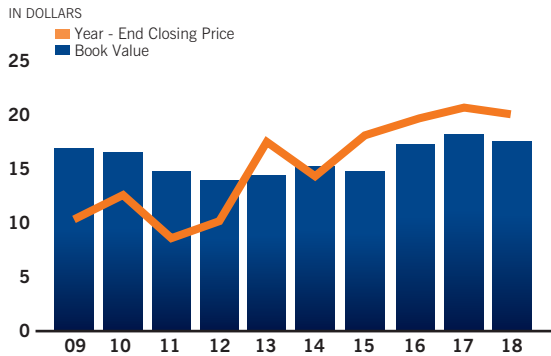


Old Republic's cash and invested assets and shareholders' equity per share have kept pace with and reflect changes in operating cash flows, investment market values, and earnings.

Our commitment to creating long-term shareholder value has created generally consistent growth in four areas: our quality invested asset base, bottom line, book value, and cash dividend. Old Republic has paid regular cash dividends on common shares without interruption since 1942. In addition, the annual dividend rate has risen in each of the last 37 years. We are one of only 298 companies—out of the thousands that are publicly traded—to have posted at least 10 consecutive years of annual dividend growth. In addition, Old Republic is one of just 100 companies, out of thousands considered, to post at least 25 consecutive years of annual cash dividend growth, according to the most recent edition of *Mergent's Dividend Achievers*.

Please see the accompanying Annual Report Letter and its attached statistical table.

Per Share Data



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



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:

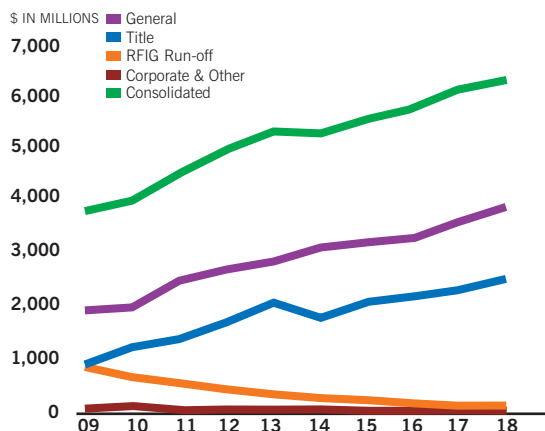
- ★ 2018 net income before all types of investment gains or losses reached a record \$556.4 million, or \$1.86 per average diluted share. This contrasted with 2017 results of \$318.0 million and \$1.11, respectively. The two major factors accounting for this difference were 1) abnormal charges and litigation 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.

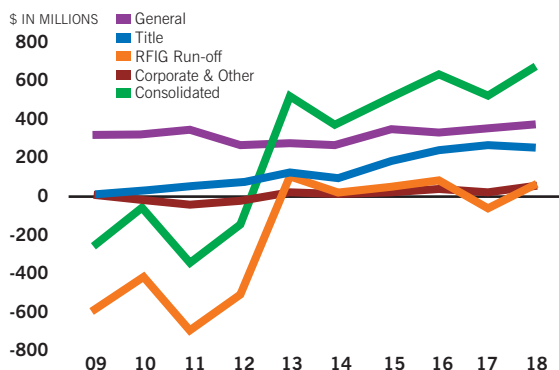


Segmented Operating Revenue Trends



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

Segmented Pretax Operating Income Trends



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

★ 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

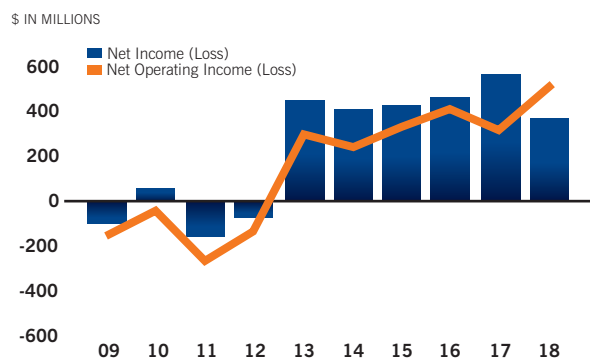
underwriting ratio. That highlights the basic symmetry between underwriting and services income and pretax income, excluding all investment gains or losses.

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.

CONSOLIDATED EARNINGS	(\$ in millions)					
	Actual 2018	Pro Forma				
		2017	2016	2015	2014	2013
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

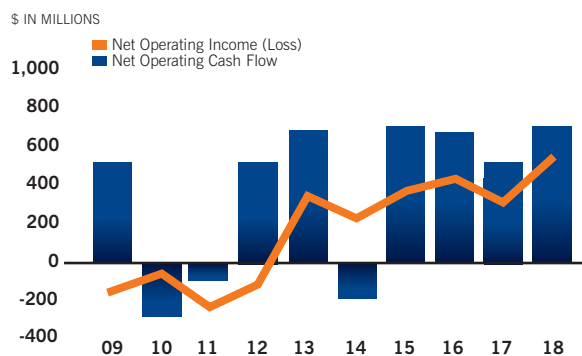
The table on the next page shows an array of numbers purposefully arranged in 11 sections. We believe the information in sections A to G and at J highlights the most meaningful, realistic indicators of our segmented and consolidated financial performance.

Net Income (Loss) Net Operating Income (Loss)



Old Republic's significant decline in earnings from 2009 to 2012 was related to the downturn in housing and mortgage lending sectors of the American economy. A turnaround to profitability in our Mortgage Guaranty line and continuing improvement in our Title and General businesses provided significant boosts to Old Republic's consolidated earnings.

Net Operating Income (Loss) Net Operating Cash Flow



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



ANNUAL REPORT LETTER

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 investments 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

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.

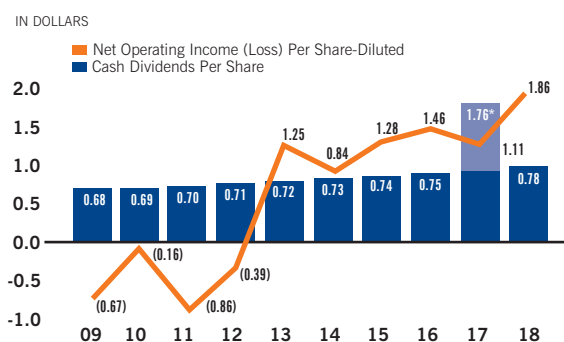
The equities portfolio (limited to fewer than 100 issues at year-end 2018) is structured to contribute a measure of capital appreciation over time. Since 2013, realized gains in the investment portfolio have averaged about \$142.3 million per year, and represented 27.2% of their combination with net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

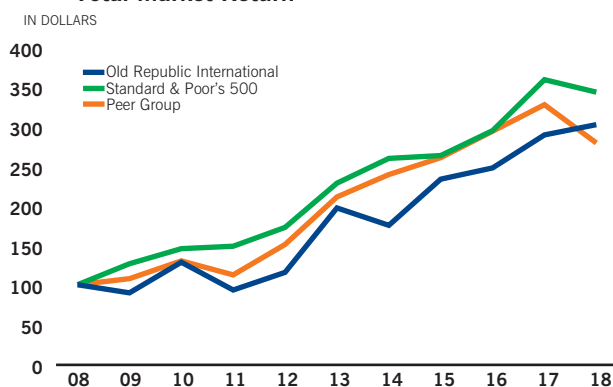
For these reasons, the portfolio contains no significant insurance risk-correlated exposures to collateralized debt obligations (CDOs), derivatives, hybrid, hedge-fund, private-equity securities with limited liquidity, or other securities whose values are largely based on non-regulated financial instruments. 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.

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



* Includes a special dividend of \$1.00 per common share in 2017. Regular cash dividends have increased in each of the past 37 years, even though earnings per share have reflected some variability.

Total Market Return



This chart compares Old Republic's total market return for the past ten years with that of the S&P 500 and a Peer Group of insurance businesses included in the Company's 2018 Form 10K.



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.

Our Community: The Public Interest

We're an insurance business vested with the public interest. All is done right, within the law, and with integrity.

Our Capital Providers: Shareholders & Debt Holders

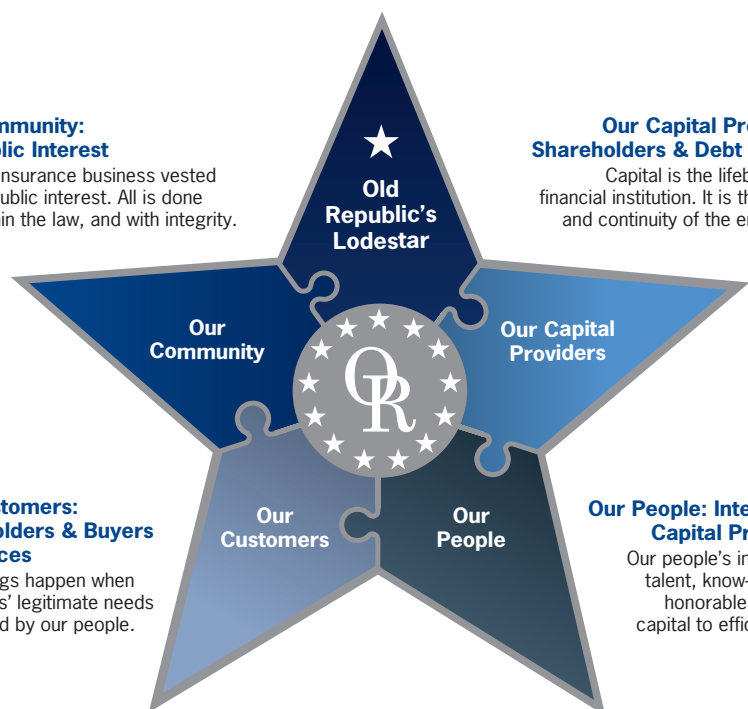
Capital is the lifeblood of a financial institution. It is the source and continuity of the enterprise.

Our Customers: Policyholders & Buyers of Services

Good things happen when customers' legitimate needs are fulfilled by our people.

Our People: Intellectual Capital Providers

Our people's intellectual talent, know-how, and honorable work put capital to efficient use.





OLD REPUBLIC 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.

Period	Old Republic		GDP Index	Selected benchmarks	
	Total book return	Total market return		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 & SELECTED S&P INDICES' RETURNS

(a) Year	Old Republic International Corporation (1)					Nominal Gross Domestic Product (GDP) (2)	S&P 500 Index (3)	S&P Insurance Index (3)
	(b) Year End Book Value	(c) Year End Market Price	(d) Annual Cash Dividend Declared	(e) Total Book Value Annual & Compounded Return	(f) Total Market Annual & Compounded Return	(g) Total Annual & Compounded Return	(h) Total Annual & Compounded Return	(i) 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 Annual Compound 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 Annual Compound 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 Annual Compound 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 Annual 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 Annual Compound Growth Rate				6.0%	11.8%	3.4%	13.1%	11.0%
51 Year Annual Compound 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.



The Old Republic General Insurance Group (ORGIG) is our largest segment. It includes 19 U.S. and offshore insurance underwriting subsidiaries, plus many agency and related services companies. We serve customers in the U.S. and Canada.

Each company focuses on a specific property and liability market. This means they offer a full suite of risk management and insurance solutions that are customized for industries they know well.

We specialize in three markets:

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

Every company has the same core values and traditions of delivering on promises of financial indemnity. Our brand name, and reputation for reliability and stability through the ups and downs of industry cycles, gives us a lasting competitive advantage.

For 2018, ORGIG experienced reasonably stable contributions from underwriting and investment income. Its financial condition remained very strong, as the key ratios at the bottom of the financial summary show. The rest of this section explains how ORGIG’s subsidiaries contribute to its financial performance, strength, and growth prospects.

Geographic Distribution of Direct Premiums Written			
	2009	2017	2018
UNITED STATES			
Northeast	5.4%	10.4%	10.0%
Mid-Atlantic	5.9	6.8	6.9
Southeast	17.0	17.0	16.8
Southwest	15.2	12.6	13.2
East North Central	14.3	13.0	12.3
West North Central	16.0	12.6	12.2
Mountain	9.6	6.7	6.8
Western	14.9	18.0	17.9
FOREIGN (Principally Canada)	1.7	2.9	3.9
	100.0%	100.0%	100.0%

OLD REPUBLIC GENERAL INSURANCE GROUP, INC.

CONSOLIDATED PROPERTY AND LIABILITY INSURANCE BUSINESS

(\$ in Millions)

		2018	2017	2016	2015	2014
Financial Position	Cash, Fixed Maturity Securities	\$ 8,293.6	\$ 8,255.9	\$ 7,969.1	\$ 7,448.1	\$ 7,148.8
	Equity Securities	2,133.0	2,078.5	1,878.7	1,500.6	1,386.5
	Other Invested Assets	107.1	106.5	107.0	101.4	95.0
	Reinsurance Recoverable	3,488.1	3,376.0	3,252.4	3,196.0	3,420.8
	Sundry Assets	2,389.4	2,238.4	2,098.4	2,276.6	2,200.2
		\$ 16,411.4	\$16,055.5	\$15,305.7	\$14,523.0	\$ 14,251.8
	Claim Reserves	\$ 8,756.8	\$ 8,410.8	\$ 8,203.0	\$ 7,931.2	\$ 7,821.8
	Unearned Premiums	2,102.3	1,967.4	1,835.3	1,739.2	1,606.5
	Other Liabilities	2,527.5	2,497.2	2,310.0	2,121.6	1,860.3
	Equity	3,024.6	3,179.9	2,957.2	2,730.9	2,963.0
	\$ 16,411.4	\$16,055.5	\$15,305.7	\$14,523.0	\$ 14,251.8	
Operating Results	Net Premiums Written	\$ 3,380.4	\$ 3,245.2	\$ 3,005.3	\$ 2,985.5	\$ 2,846.8
	Net Premiums Earned	\$ 3,277.1	\$ 3,110.8	\$ 2,936.3	\$ 2,894.7	\$ 2,735.6
	Net Investment Income	341.0	318.9	312.1	312.1	278.8
	Other Income	121.3	101.8	106.2	106.3	99.0
		3,739.4	3,531.6	3,354.7	3,313.3	3,113.5
	Claim Costs	2,346.0	2,214.8	2,125.0	2,125.6	2,117.8
	Policyholders' Dividends	19.8	19.5	18.1	17.9	14.4
	Sales and General Expenses	941.3	893.8	833.9	786.6	726.3
	Interest and Other Costs	68.3	62.9	57.6	46.6	33.5
		3,375.5	3,191.3	3,034.7	2,976.8	2,892.2
Pretax Operating Income	\$ 363.9	\$ 340.3	\$ 319.9	\$ 336.4	\$ 221.3	
Operating Cash Flow	\$ 654.7	\$ 570.7	\$ 525.8	\$ 663.0	\$ 567.1	
Underwriting Statistics	All Coverages Combined:					
	Paid Loss Ratio	62.6%	64.1%	65.7%	62.0%	63.2%
	Incurred Loss Ratio	71.6%	71.2%	72.4%	73.5%	77.4%
	Dividend Ratio	.6%	.6%	.6%	.6%	.5%
	Expense Ratio	25.0%	25.5%	24.8%	23.5%	22.9%
	Composite Ratio	97.2%	97.3%	97.8%	97.6%	100.8%
	Liability Coverages:					
	Earned Premiums	\$ 2,120.9	\$ 2,032.5	\$ 1,963.3	\$ 1,989.0	\$ 1,934.3
	Loss Ratio	75.9%	76.2%	78.5%	80.6%	82.6%
	Dividend Ratio	.6%	.6%	.6%	.5%	.5%
Other Coverages:						
Earned Premiums	\$ 1,154.8	\$ 1,077.1	\$ 974.1	\$ 908.0	\$ 801.5	
Loss Ratio	63.5%	62.1%	60.5%	57.3%	65.0%	
Dividend Ratio	.2%	.2%	.3%	.4%	.4%	
Composition of Pretax Operating Income (Loss)	Underwriting/Service Income (Loss)	\$ 91.2	\$ 84.3	\$ 65.5	\$ 70.8	\$ (23.9)
	Net Investment Income	341.0	318.9	312.1	312.1	278.8
	Interest and Other Costs	(68.3)	(62.9)	(57.6)	(46.6)	(33.5)
	Pretax Operating Income	\$ 363.9	\$ 340.3	\$ 319.9	\$ 336.4	\$ 221.3
	Pretax Operating Margin	9.7%	9.6%	9.5%	10.2%	7.1%
Key Ratios	Net Premiums Written to Equity	1.1x	1.0x	1.0x	1.1x	1.0x
	Net Claim Reserves to Equity	189%	172%	182%	189%	162%
	Cash and Invested Assets to Liabilities	106%	109%	109%	105%	109%

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



BITCO Insurance Companies (BITCO) offers insurance services to the construction, light manufacturing, wholesalers/distributors, forest products, onshore oil and gas services, and public entities sectors of the U.S. economy. This industry specialization differentiates BITCO. As a commercial insurance underwriter, it also uses both traditional risk transfer products and alternative large-deductible programs to meet assureds' unique needs.

The company distributes insurance products through a network of independent agents in five U.S. regions. From 16 full-service branch offices, we provide agents and assureds tailored, high-quality services using a specialty program management approach.

In 2018, the highly competitive construction market impeded top-line growth as we protected underwriting margins. We expect this trend to continue in the foreseeable future. Our light manufacturing, wholesaler/distributor, and tailored public entity workers' compensation also is being hampered by the challenges of a competitive marketplace.

On the other hand, our forest products coverage produced record premiums, as this sector continued to expand. We see further promise for our onshore oil and gas book of business. This should increase in the mid-single digits, as demand rises and the price of crude remains profitable.

In the face of these plusses and minuses, we remain resolute in pursuing long-term underwriting profitability. As always, this will be driven by the strength of our people's intellectual talent and commitment to industry specialization, backed by a solid balance sheet. BITCO's high, independent financial ratings attest to the long-term value of its promises of financial indemnity.

Great West Casualty Company (Great West) specializes in insurance products for the trucking industry. Its primary coverages are commercial auto liability, physical damage, cargo, inland marine, and workers' compensation.

For over 60 years, Great West's mission has been "to be 'the' premier provider of insurance products and services for truckers" in the U.S. We do the same in Canada, through our Old Republic Insurance Company of Canada affiliate. Our long-term strategy emphasizes targeted production through a specialized agency force, which shares our understanding of and commitment to the trucking industry.

In 2018, premiums grew at a slower rate than in recent years, because we're committed to underwriting quality and adequate pricing. The composite underwriting ratio remained favorable and added to bottom-line growth.

While the economic landscape may change, our focus remains on top-line growth and long-term profitability. We will accomplish this by living up to our franchise statement: "The Difference is Service®."

Old Republic Aerospace, Inc. (ORAE), our aviation insurance division, saw an upturn in pricing for most of its business in 2018. This led to a modest improvement in top- and bottom-line results.

We experienced improved terms of trade in both General Aviation and Major Risks. This reflected a long-overdue upturn in the aviation business cycle. On the other hand, the Aviation Workers Compensation coverages experienced single-digit rate deterioration, as the lower loss ratios of recent years supported rating flexibility.

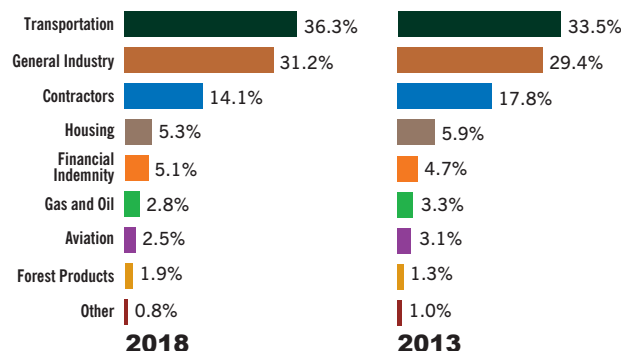
ORAE benefited from investing in top quality underwriting and claims talent. These people attracted and retained profitable, high quality business through the ups and downs of the cycle. Their performance also enhanced the confidence of our independent agency network, which appreciated the financial stability and consistency of our business.

The outlook for 2019 is optimistic. We expect further tightening of market capacity and additional top-line growth for ORAE's targeted product offerings. Our disciplined underwriting approach over the course of the cycle put us in a strong position to benefit from the current market upturn.

Old Republic Contractors Insurance Group (ORCIG) is a specialty underwriter of contractors' insurance exposures, contractors' wrap-ups, and public-private partnership programs. Our target is large commercial contractors and managers of complex risk projects.

Customers appreciate our value proposition and commitment, construction experience, and ability to design customized solutions. In addition to our specialized underwriting expertise, clients recognize our best in class claims and loss prevention services. They receive real value for their loss-mitigation and

Gross Premiums by Industry Served



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





loss control programs. These factors differentiate us in the very competitive construction insurance marketplace.

ORCIG's client retention rates are trending up and continue to provide a strong foundation for growth. We are committed to maintaining responsible underwriting that supports our long-term approach to the business: no matter where we are in the market cycle. Construction spending in the U.S. grew for the seventh consecutive year in 2018. We expect construction growth trends to moderate somewhat in 2019. However, we still anticipate mid-single digit growth this year.

Old Republic General Insurance Corporation (ORGENCO) is a well-capitalized insurer and reinsurer. The Company performs two basic functions. First, it is the primary policy-issuer for the ORCIG book of business. Second, as an important part of our capital management process, it provides meaningful reinsurance capacity to a number of General Insurance Group affiliated companies. We currently limit ORGENCO's reinsurance business from outside sources to managing long-terminated accounts.

Reinsurance is a long-tail business, because obligations can take years to appear. ORGENCO's claim reserve structure is designed to underscore this. In 2018, the Company once again posted a favorable composite underwriting ratio. At the end of the year, statutory capital resources reached nearly \$670 million. This ranked ORGENCO as one of the largest individual risk bearers in Old Republic's family of companies.

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

Premiums written increased 18.6% over the last five years. In 2018, however, premiums written were



down 3.0% due to a slowdown in home resales. The composite underwriting ratio of claims and expenses rose last year, which reflected the decline in net premiums.

We expect ORHP to post managed growth in 2019. The business is in a good position to increase sales—from both resale and renewal products—while generating positive underwriting results.

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

ORINSCO and its 96-year-old life and accident affiliated company have been leaders in providing alternative market solutions since the late 1940s. Our operating philosophy has been to underwrite primary liability insurance products for customers that

want to retain a significant portion of their own exposures. We believe companies with a stake in the financial results of their insurance program will benefit from longer-term pricing stability, efficiency, and continuity of coverage from us.

ORINSCO has statutory capital resources of \$1.1 billion. These are largely committed to specialty insurance products underwritten by 1) Old Republic Aerospace (ORAE), 2) Old Republic Insured Automotive Services (ORIAS), 3) Old Republic Professional Liability (ORPRO), and 4) Old Republic Risk Management (ORRM). The Company occasionally provides supportive reinsurance capacity to its property and liability insurance affiliates as they need it.

Old Republic Insurance Company of Canada (ORINSCO/Canada) is a federally licensed property and liability insurance company based in Ontario. Its principal business is underwriting long-haul trucking and select accident and health programs. The Company also provides coverage in Canada in concert with our affiliates—Great West Casualty, Old Republic Aerospace, and Old Republic Risk Management—for customers with cross-border operations.

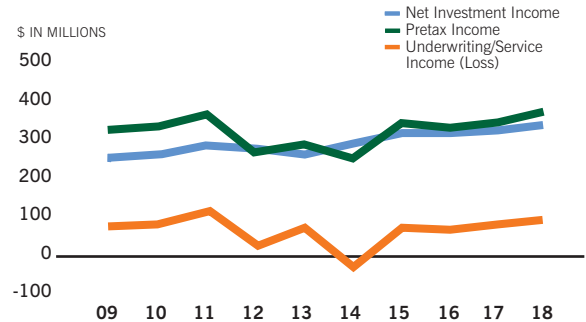
In 2018, we achieved strong premium increases coupled with growing and positive underwriting results. Continued profitable expansion is expected in 2019, due to the unrelenting focus we bring to underwriting discipline and customer service.

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

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

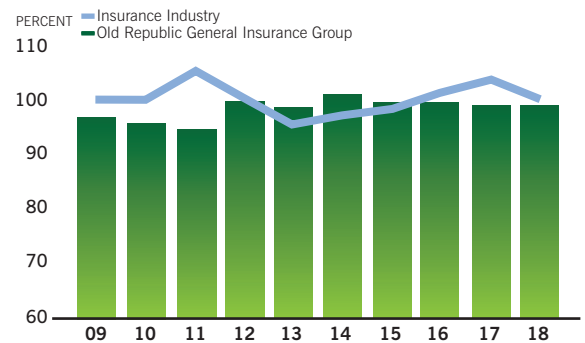
In 2018, ORIAS saw its premium volume decline by approximately 6%. While the automobile market is expected to see weakening conditions in 2019, we remain optimistic about our prospects. Our plan is to retain and gain business through a focus on careful and disciplined underwriting, and by providing superior customer service.

Sources of Pretax Income



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

Composite Underwriting Ratio



The Group’s property and liability underwriting results have outperformed the industry average in 8 of the past 10 years and 21 of the past 25 years.



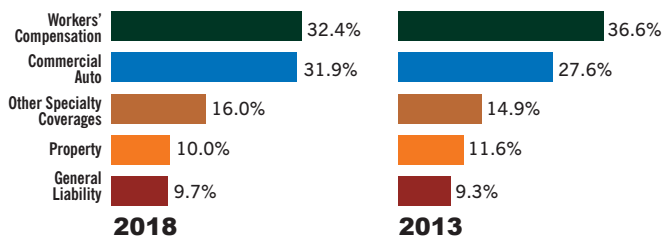


Old Republic Professional Liability, Inc. (ORPRO) is a premier underwriter of management and professional liability insurance products. These include directors and officers liability (D&O), employment practices liability (EPL), fiduciary liability, and lawyers and miscellaneous professional liability insurance for public, private and non-profit organizations. Nearly all of the business is underwritten as a division of Old Republic Insurance Company.

ORPRO has decades-long experience serving all industries and is a market leader in technology, biotechnology, and life sciences. We continue to expand our product line-up, covering management liability exposures geared toward private and publicly held companies as well as select law firms. ORPRO's seasoned and respected underwriters provide innovative, flexible, and sophisticated insurance solutions. Our customer retention rate usually exceeds 90%. Thoughtful underwriting coupled with effective resolution of complex financial indemnity claims underlie our many years of underwriting profitability.

In 2018, ORPRO's overall premiums grew in double digits. This primarily came from two sources: 1) single-digit rate increases, and 2) new business production from additional underwriting staff, new product offerings, and geographic expansion. Continued expansion will be tempered by maintaining both risk selection and pricing discipline, as the D&O market adjusts to the rising number of claims and the increasing loss costs associated with them.

Gross Premiums by Major Coverage



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

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

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

services for sizable insurance buyers. These offerings include the use of large deductibles, self-insurance, and captive reinsurance mechanisms, as well as the unbundling of other necessary risk management services.

Our 2018 results continued to reflect strong account retention, organic growth, and new customers. We invested in our underwriting capabilities by expanding a special facility to help assess and manage risk. This new initiative will help us maintain strong underwriting discipline as we continue to grow our business. Overall, 2018 saw greater profitability and higher client penetration.

The Old Republic brand is well known in this industry sector for high quality service, stability, a superior service platform, responsiveness, and flexibility to meet customer needs. We continue to invest in technology enhancements, training and development initiatives while focusing on improvements in our production processes. Our determined efforts make us cautiously optimistic that 2019 will yield favorable underwriting results.

Old Republic Specialty Insurance Underwriters, Inc. (ORSIU) was formed early in 2015 as our newest joint underwriting venture. The Company focuses on two segments of specialty insurance. The first provides alternative insurance risk management for public entities and nonprofit organizations. The second offers specialty insurance programs managed by independent program administrators, using an unbundled service model for claims and loss control.

Our team averages more than 20 years of insurance and reinsurance experience, covering most types of property and liability coverages. We partner with specialists that are committed to providing high service levels and tailored products for targeted customers groups.

Steady production growth continued in 2018, keeping us on target with our long-term objectives. Our brand awareness strategy is paying off, as we quickly become one of the top markets in the alternative

risk and specialty insurance program markets. We also made progress on refining our operational processes and procedures. This includes enhancing our business analytics with the aim of improved underwriting performance and better service and outcomes for clients.

For 2019, we remain steadfast on our underwriting and pricing discipline. The focus remains on writing multi-line business with partners that have a deep knowledge in their niches.

Old Republic Surety Company (ORSC) is a significant underwriter of fidelity and surety bonds. We provide service through nearly 3,900 independent insurance agencies. At the year of 2018, the Company had over 155,000 bonds in-force.

We experienced more growth in contract bonding last year. Commercial bonding, however, faced greater challenges. This came from substantial competition in a generally softening market.

Demand for construction and compliance bonds, however, continued to rise. This presented new bond underwriting opportunities in each of the commercial, contract, and fidelity product lines we underwrite across the nation. In total, gross premium production rose 5.7% year-over-year.

Our contract bond business should see gains again in 2019 even though we expect construction growth trends to moderate somewhat. We also expect to see a little growth in our commercial bond business. While focused on sound underwriting practices, we plan to take full advantage of the opportunities in a growing U.S. economy.

PMA Companies, Inc. (PMA) is a premier provider of workers' compensation and casualty insurance, claims administration, and risk management products and services for large and mid-size organizations. Established in 1915 as an insurance company, we launched a third-party administrator, PMA Management Corp., over 25 years ago to further capitalize on our



claims and risk management expertise.

PMA's objective is to achieve sustainable and consistent growth, with disciplined underwriting and competitive pricing in all products. We target and retain customers that are committed to reducing their total cost of insurable risk. More than 80% of our premium volume came from loss-sensitive policies and captive insurance arrangements in 2018. Those arrangements typically apply to larger clients who need sophisticated service and risk management applications in their insurance program. We also provide tailored insurance solutions for traditional middle market businesses and specialize in select industry sectors such as health care, manufacturing and education. PMA's foundation of account management and integrated services rests on a bundled service approach we believe delivers optimal outcomes for clients.

In 2018, our third-party administrator business not only expanded but was more profitable. We do more than just administer claims for clients. We follow a holistic approach that integrates pre-loss, loss, and post-loss strategies and services designed to positively affect our clients' financial results. We are well regarded, and many of our clients have gained national acclaim for the results they've achieved in partnership with PMA.

We're optimistic about and confident in the merits of our long-term strategy. This includes stable underwriting and fee-for-service profitability, measured growth, and strong customer retention over the long run.

LOOKING AHEAD

The General Insurance Group's overall insurance risk assumptions will continue to be managed through the coordinated efforts of our subsidiaries and operating centers. We'll remain sharply focused on 1) staying within our industry and insurance coverage underwriting specialization, 2) adhering to disciplined underwriting, and 3) being accountable for the capital allocated to each operating company.

For us, everything begins and ends with serving customers. We carefully manage all aspects of the business to meet our long-term promises of financial indemnity to them. The result has been a decades-long, industry-beating underwriting record. That allows us to best serve the long-term interests of policyholders in harmony with those of shareholders and other important stakeholders.



The **Old Republic Title Insurance Group (ORTIG)** includes two national insurance underwriters and many agency and related services companies.

- ★ **Old Republic National Title Insurance Company** is our flagship underwriter. It has offered policy coverage to mortgage lenders, the real estate community and consumers for over 110 years.
- ★ **American Guaranty Title Insurance Company** and its predecessor have been delivering policy coverage for 130 years.

ORTIG has a national network of more than 275 branch and subsidiary offices, with roughly 8,000 independent title agents. We provide products and services to individuals, businesses, and government entities.

Our professionals also offer many ancillary products and services: IRC Section 1031 real property exchanges; residential and commercial real estate valuation services; commercial surveys and environmental assessments; flood zone reports; relocation services; default management services; mortgage servicing solutions; eClosings and electronic document recording services; automated title search packages; national residential and commercial transaction order fulfillment and management; and title, settlement, and mortgage lending technology solutions.

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

Geographic Distribution of Direct Premiums Written

	2009	2017	2018
UNITED STATES			
Northeast	16.5%	16.1%	15.9%
Mid-Atlantic	11.2	8.7	8.1
Southeast	24.5	28.2	29.1
Southwest	6.9	8.2	8.4
East North Central	9.1	8.9	8.7
West North Central	6.8	5.9	6.0
Mountain	8.7	10.6	11.1
Western	16.3	13.4	12.7
	100.0%	100.0%	100.0%



TITLE INSURANCE GROUP

OLD REPUBLIC TITLE INSURANCE GROUP, INC.

TITLE INSURANCE AND RELATED REAL ESTATE TRANSFER SERVICES

(\$ in Millions)

		2018	2017	2016	2015	2014
Financial Position	Cash, Fixed Maturity Securities	\$ 843.9	\$ 895.3	\$ 906.7	\$ 825.0	\$ 801.3
	Equity Securities	316.8	317.0	275.2	226.3	187.6
	Other Invested Assets	9.3	10.1	10.0	10.1	9.1
	Title Plants and Records	42.5	42.6	42.8	42.8	42.9
	Property and Equipment	72.9	67.1	67.3	76.0	58.6
	Sundry Assets	166.6	133.6	120.9	133.8	143.2
		\$1,452.2	\$1,466.0	\$1,423.0	\$1,314.3	\$1,243.0
	Claim Reserves	\$ 533.4	\$ 559.7	\$ 602.0	\$ 580.8	\$ 505.4
	Other Liabilities	245.1	264.5	266.3	261.7	274.1
	Equity	673.6	641.8	554.7	471.7	463.4
	\$1,452.2	\$1,466.0	\$1,423.0	\$1,314.3	\$1,243.0	
Operating Results	Net Premiums Earned	\$1,885.6	\$ 1,827.6	\$ 1,742.4	\$ 1,624.7	\$ 1,394.4
	Service Fees and Other Income	450.9	460.1	465.5	421.9	367.2
	Net Investment Income	38.8	37.3	36.2	34.0	29.9
		2,375.4	2,325.0	2,244.1	2,080.7	1,791.6
	Claim Costs	48.3	20.8	84.3	99.2	91.9
	Sales and General Expenses	2,103.0	2,060.1	1,941.8	1,807.0	1,592.3
	Interest and Other Costs	4.6	6.9	7.6	7.5	7.8
		2,156.0	2,087.9	2,033.8	1,913.8	1,692.0
	Pretax Operating Income	\$ 219.3	\$ 237.1	\$ 210.2	\$ 166.8	\$ 99.5
	Operating Cash Flow	\$ 172.9	\$ 168.1	\$ 191.1	\$ 167.5	\$ 82.7
Underwriting Statistics (a)	Paid Loss Ratio	3.2%	2.8%	2.9%	3.4%	3.3%
	Incurred Loss Ratio	2.1%	.9%	3.8%	4.9%	5.2%
	Expense Ratio	90.0%	90.0%	87.9%	88.3%	90.4%
	Composite Ratio	92.1%	90.9%	91.7%	93.2%	95.6%
Composition of Pretax Operating Income (Loss)	Underwriting/Service Income (Loss)	\$ 185.1	\$ 206.7	\$ 181.7	\$ 140.3	\$ 77.5
	Net Investment Income	38.8	37.3	36.2	34.0	29.9
	Interest and Other Costs	(4.6)	(6.9)	(7.6)	(7.5)	(7.8)
	Pretax Operating Income	\$ 219.3	\$ 237.1	\$ 210.2	\$ 166.8	\$ 99.5
	Pretax Operating Margin	9.2%	10.2%	9.4%	8.0%	5.6%
Key Ratios	Premiums and Fees to Equity	3.5x	3.6x	3.9x	4.3x	3.8x
	Claim Reserves to Equity	79%	87%	108%	122%	109%
	Reserves to Paid Losses (b)	8.3x	8.9x	9.5x	8.5x	7.9x
	Cash and Invested Assets to Liabilities	150%	148%	137%	127%	128%

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

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

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



2018 FINANCIAL HIGHLIGHTS AND DEVELOPMENTS

The housing market got softer in the last half of 2018. However, ORTIG achieved record revenue levels again, bringing robust operating results. There were two underlying reasons for last year's gains. First, we have made long-term investments in both agency and direct revenue channels. Second, we have a tradition of doing business the "right way," through exceptional service and support to our title agents and customers.

These efforts led to four consecutive years of premiums and fees revenues over \$2 billion, as well as three straight years of pretax operating earnings in excess of \$200 million. In addition, we surpassed \$2.3 billion in premiums and fees revenues for the first time. This success came from our direct and independent agency operations, along with the growth of ORTIG's commercial division. Once again, the largest part (approximately 74 percent) of our business came from our loyal, independent title agency network. Most of that resulted from title services for residential real estate transactions.

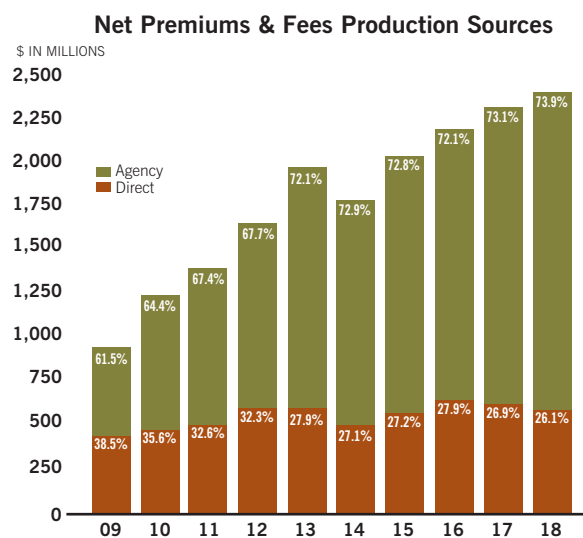
ORTIG's continued support of and investment in building a strong national commercial division has become increasingly important. That business involves complex transactions. Some of these were among the largest commercial transactions in our history, measured by property values insured, premiums generated, and geographic diversification (including multi-site and multi-state commercial properties). This was made possible by the strength of our balance sheet.

ORTIG's capital base continued to support our industry-leading financial position. This occurred in the face of lower equity security valuations, which negatively affected the entire industry last year. Our claim reserves-to-average claim payments ratio continued to be the highest among large national title insurers.

As seen in the summary of financial data, pretax earnings were \$219.3 million in 2018. We effectively managed operating expenses, and claim costs remained at historic lows: 2.1% of premiums and fees revenues. While higher than 0.9% in 2017, they reflect the ongoing trend of favorable claim development.

Last year, Standard & Poor's raised ORTIG's financial strength rating to A+. This recognizes our strong operating performance, capital management practices, conservative reserving, quality underwriting standards, and commitment to providing technology-based solutions to our title agents and customers. Since 1992, no other title insurance underwriter has been able to match the strength of our independent ratings.

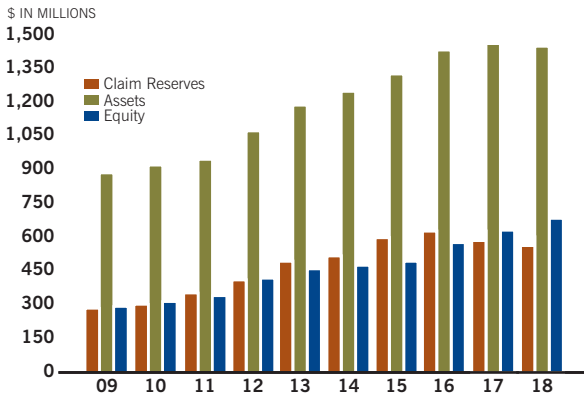
Financial technology (fintech) is changing the way the title insurance industry approaches settlement services. Processes and transactions are becoming more automated. There also is a growing landscape of new regulation and an ever-increasing focus on security and privacy. ORTIG is proactive in its approach to these developments, with the goal of capitalizing on the new opportunities they bring.



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



Asset, Claim Reserves, and Equity



A consistently strong balance sheet explains why the Title Insurance Group has been the country's highest-rated title insurer for 27 years in a row.

We know that business and digital strategies must work together. ORTIG continues to advance its technology leadership by bolstering innovation from within the Company and pursuing outside strategic acquisitions. In 2018, ORTIG acquired iMarc, Inc. (dba) E-Closing, which provides cloud-based title and closing software to title insurance agencies.

ORTIG's objective is to continually enhance its individual digital solutions to deliver superior service and business value for title agents and customers, while moving toward even greater digital integration in the future.

LOOKING AHEAD

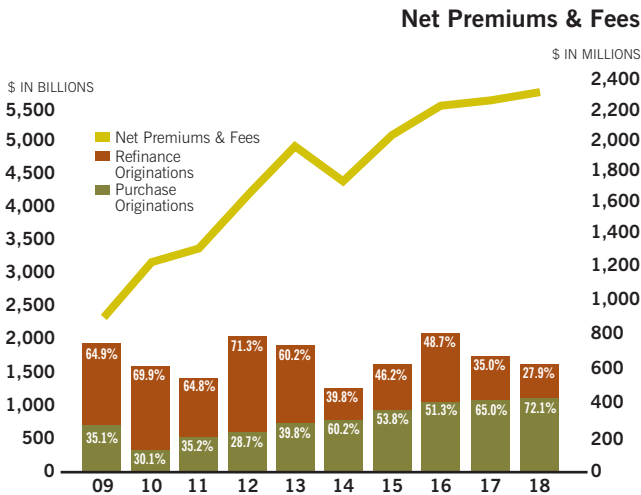
In 2018, nationwide mortgage originations continued to pull back from the higher levels of the prior two years. Refinance originations were particularly affected: off more than 25% from 2017 and over 54% from 2016. The Mortgage Bankers Association (MBA) reported total annual transactions of \$1.65 trillion for 2018.

A recovery in mortgage originations is forecast in the second half of 2019. This should result in a stable purchase market. The consensus forecast of the Mortgage Banking Association, Fannie Mae and Freddie Mac is for \$1.68 trillion in total originations in 2019. While largely in line with 2018, originations will stem more from original purchase transactions, as refinances continue to decline. Average 30-year mortgage rates are expected to remain stable throughout 2019, in the 4.2% to 4.4% range. Unemployment is projected to stay near all-time lows, likely below 4.0% throughout the year.

Purchase originations should increase, and home prices are expected to rise at a moderate pace through 2019. This leads to higher average premiums and fees per transaction. Growth in the commercial market, across all sectors—industrial, retail, and multi-family—is expected to continue.

ORTIG's companies are recognized in the mortgage lending and real estate communities for these characteristics: strength, professionalism, competence, and commitment to conducting business in the "right way." We support our title agents, honor our people's dedication, are highly responsive to our customers, and stand behind our obligations. We're looking forward to another solid year.

1- 4 Family Mortgage Originations



Net premiums and fees benefited from market share gains emanating from industry dislocations and consolidations over the past decade. Current revenue levels reflect a mild slowdown in housing demand, associated with the dampening impact of higher mortgage interest rates.



THE RFIG RUN-OFF OPERATIONS

Our *Mortgage Insurance (MI)* subsidiaries have protected lenders for 45 years, offering policies that cover losses from defaults on residential first mortgages. These policies typically insure purchase or refinance loans when the borrower has financed more than 80% of the property's value.

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

The difficulties faced by the housing and mortgage finance industries during the Great Recession are well documented. The market dislocations that occurred in general—and for housing in particular—had a very negative impact on Old Republic's MI and CCI businesses. In 2012, we reevaluated the prospects and manageability of these businesses' cycles from a long-term perspective, and ultimately put them into a run-off operating mode for an indefinite future period.



REPUBLIC FINANCIAL INDEMNITY GROUP

REPUBLIC FINANCIAL INDEMNITY GROUP, INC.

FINANCIAL GUARANTIES

(\$ in Millions)

		2018	2017	2016	2015	2014
Financial Position	Cash, Fixed Maturity Securities	\$ 436.9	\$ 477.9	\$ 638.2	\$ 736.4	\$ 890.1
	Equity Securities	145.2	81.5	58.2	40.2	28.0
	Other Invested Assets	4.1	4.2	6.0	6.8	7.5
	Prepaid Federal Income Taxes	129.8	114.3	82.4	63.3	45.7
	Sundry Assets	20.4	126.9	119.8	131.8	137.0
		\$ 736.7	\$ 805.0	\$ 904.8	\$ 978.7	\$ 1,108.4
	Claim Reserves	\$ 190.0	\$ 277.9	\$ 430.5	\$ 630.6	\$ 809.2
	Unearned Premiums	3.0	5.1	8.6	13.7	21.1
	Other Liabilities	96.9	100.3	135.0	87.1	71.9
	Equity	446.7	421.6	330.6	247.2	206.0
	\$ 736.7	\$ 805.0	\$ 904.8	\$ 978.7	\$ 1,108.4	
Operating Results	Direct Premiums Earned	\$ 75.9	\$ 111.7	\$ 158.7	\$ 203.5	\$ 237.4
	Net Premiums Earned	75.9	122.9	170.0	219.9	255.4
	Net Investment Income	20.1	21.7	23.2	25.1	27.5
	Other Income	–	–	–	–	–
		96.1	144.6	193.2	245.0	282.9
	Claim Costs	29.9	197.8	102.6	193.6	248.2
	Sales and General Expenses	16.3	20.3	20.7	21.9	24.3
	Interest and Other Costs	–	–	–	–	–
		46.2	218.2	123.4	215.5	272.6
	Pretax Operating Income (Loss)	\$ 49.9	\$ (73.5)	\$ 69.8	\$ 29.4	\$ 10.3
Operating Cash Flow	\$ (76.5)	\$ (312.5)	\$ (102.5)	\$ (124.6)	\$ (884.0)	
Underwriting and Other Statistics	Settled and Paid Loss Ratio	193.8%	406.9%	156.1%	148.7%	235.2%
	Incurred Loss Ratio	39.4%	160.9%	60.4%	88.0%	97.2%
	Expense Ratio	21.5%	16.6%	12.2%	10.0%	9.5%
	Composite Ratio	60.9%	177.5%	72.6%	98.0%	106.7%
	Persistency (Traditional Primary)	79.7%	77.9%	77.7%	79.9%	82.2%
	Delinquency Ratios: Traditional Primary	9.38%	10.52%	10.53%	10.45%	10.93%
Bulk	16.94%	23.31%	25.78%	26.74%	23.01%	
Composition of Pretax Operating Income (Loss)	Underwriting/Service Income (Loss)	\$ 29.7	\$ (95.2)	\$ 46.6	\$ 4.3	\$ (17.1)
	Net Investment Income	20.1	21.7	23.2	25.1	27.5
	Interest and Other Costs	–	–	–	–	–
	Pretax Operating Income (Loss)	\$ 49.9	\$ (73.5)	\$ 69.8	\$ 29.4	\$ 10.3
	Pretax Operating Margin	51.9%	-50.9%	36.1%	12.0%	3.7%
Key Ratios	Risk to Capital Ratio:					
	Performing Risk Basis (a)	5.8:1	7.8:1	11.2:1	19.4:1	33.6:1
	Total Financial Resources to Risk Ratio	20.3%	17.2%	14.8%	12.1%	11.5%
	Claim Reserves to Equity	43%	66%	130%	255%	388%
	Cash and Invested Assets to Liabilities	202%	147%	122%	107%	104%

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

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

RFIG'S RUN-OFF STABLE

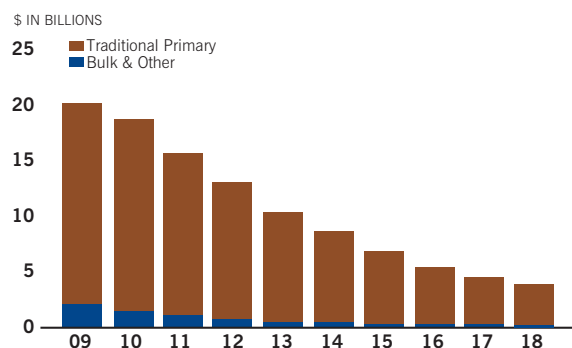
Since 2012, the housing industry, the related mortgage lending markets, the employment situation, and the American economy at large have continued to gain strength. Most parts of the nation have experienced falling mortgage delinquencies, declining foreclosure initiations and backlogs, and rising home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

2013 was the first profitable year for the mortgage guaranty business since 2007. Save for certain non-recurring charges in 2017 which led to an operating loss, the MI line has remained profitable since then. The favorable outcomes since 2013 came from much lower claim costs driven by a reduction in newly reported defaults, and increases in the rate at which previously reported defaults were curing or resolving themselves without payment. These factors also led to favorable developments of previously established claim reserves. Incurred claims costs and the related ratio to earned premiums have consequently declined measurably since 2012.

As a run-off book of business, the mortgage guaranty line should see a natural decline of earned premium revenues over the next several years. Our forecasted results through 2022-2023 show a continuation of profitable operations, although on a quickly declining trend line. The combination of a stabilized operation and a clear ability to pay all legitimate claims is expected to lead to the ultimate return of Old Republic's currently committed capital—and more. In due course, this anticipated turn of events should also enhance the future prospects of the RMIC business franchise. This could include the possible reactivation of this business under an appropriately acceptable stewardship that is protective of Old Republic's interests and good name.

The CCI part of the run-off book posted an operating profit for the first time since 2007. This is mostly the result of extinguished litigation costs no longer impacting CCI results. Going forward, the CCI business is expected to be run-off in an efficiently economical and potentially profitable manner through the end of policy terms in the next few years.

Net Risk in Force



Net risk in force reflects a continuing decline due to the natural outcome of a run-off book of business.



SUMMARY PRO FORMA INCOME STATEMENT

	Years Ended December 31, (\$ in Millions)				
	2018	2017	2016	2015	2014
Mortgage Insurance (MI)					
Net premiums earned	\$ 74.4	\$ 109.8	\$ 154.1	\$ 195.9	\$ 227.6
Net investment income	19.2	20.4	22.0	24.2	26.9
Other income	–	–	–	–	–
Operating revenues	93.7	130.3	176.2	220.2	254.6
Claims and claim expenses	32.1	63.3	52.5	110.5	111.0
Sales & general expenses	14.8	18.1	18.5	19.7	22.0
Interest and other charges	–	–	–	–	–
Operating expenses	47.0	81.4	71.1	130.2	133.0
Pretax operating income (loss)	\$ 46.7	\$ 48.9	\$ 105.0	\$ 89.9	\$ 121.6
Loss ratio	43.2%	57.6%	34.1%	56.4%	48.8%
Expense ratio	20.0%	16.5%	12.0%	10.1%	9.7%
Composite ratio	63.2%	74.1%	46.1%	66.5%	58.5%
Consumer Credit Indemnity (CCI) Division					
Net premiums earned	\$ 1.5	\$ 13.0	\$ 15.8	\$ 23.9	\$ 27.7
Net investment income	.8	1.2	1.1	.8	.5
Other income	–	–	–	–	–
Operating revenues	2.4	14.2	16.9	24.8	28.3
Claims and claim expenses	(2.2)	134.5	50.0	83.0	137.2
Sales & general expenses	1.4	2.2	2.1	2.1	2.3
Interest and other charges	–	–	–	–	–
Operating expenses	(.7)	136.7	52.2	85.2	139.5
Pretax operating income (loss)	\$ 3.2	\$ (122.4)	\$ (35.2)	\$ (60.4)	\$ (111.2)
Loss ratio	N/M	N/M	315.9%	346.9%	494.4%
Expense ratio	N/M	N/M	13.9%	9.2%	8.5%
Composite ratio	N/M	N/M	329.8%	356.1%	502.9%
Pro Forma Total MI and CCI Run-Off Business					
Net premiums earned	\$ 75.9	\$ 122.9	\$ 170.0	\$ 219.9	\$ 255.4
Net investment income	20.1	21.7	23.2	25.1	27.5
Other income	–	–	–	–	–
Operating revenues	96.1	144.6	193.2	245.0	282.9
Claims and claim expenses	29.9	197.8	102.6	193.6	248.2
Sales & general expenses	16.3	20.3	20.7	21.9	24.3
Interest and other charges	–	–	–	–	–
Operating expenses	46.2	218.2	123.4	215.5	272.6
Pretax operating income (loss)	\$ 49.9	\$ (73.5)	\$ 69.8	\$ 29.4	\$ 10.3
Loss ratio	39.4%	160.9%	60.4%	88.0%	97.2%
Expense ratio	21.5%	16.6%	12.2%	10.0%	9.5%
Composite ratio	60.9%	177.5%	72.6%	98.0%	106.7%

N/M = Not meaningful

CORPORATE AND OTHER OPERATIONS



In addition to its three major operating segments, Old Republic owns a small life and accident insurance business. The foundation for this in the U.S. is *Old Republic Life Insurance Company*. Organized in 1923, this operation represents the immediate predecessor to today's ORI. In Canada, the business is conducted by *Reliable Life Insurance Company*.

Our life and accident business focuses on two principal areas. We offer occupational accident insurance aimed at motor carriers. We also issue a small number of annuities in conjunction with General Insurance Group affiliates. The latter are designed to cover lifetime annuities and structured claim settlements. These two insurers also manage a number of long discontinued products that, by virtue of their declining premium base, generally post highly volatile but largely immaterial operating results.

Our Old Republic International Corporation parent company—and several corporate services subsidiaries—provide enterprise-wide risk management and guidance. They also offer other necessary services, such as investment management, that are common to the entire holding company system.

The next table shows the combined results of our life and accident, corporate, and corporate services subsidiaries.

Corporate and Other Operations					
(\$ in Millions)					
	2018	2017	2016	2015	2014
Operating Results					
Net Premiums Earned	\$14.6	\$18.8	\$20.1	\$19.4	\$60.7
Net Investment Income	31.7	31.4	15.4	17.2	9.2
Other Income	(.1)	(.1)	(.1)	(.9)	–
	46.3	50.1	35.4	35.8	70.0
Benefit and Claim Costs	16.7	25.8	17.7	22.8	42.0
General Operating Expenses	(10.7)	14.3	4.6	5.2	22.2
	5.9	40.2	22.4	28.1	64.2
Pretax Operating Income (Loss)	\$40.4	\$ 9.9	\$13.0	\$ 7.6	\$ 5.7



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

A TIME-TESTED, LONG-TERM PHILOSOPHY

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

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

Our approach includes using asset and liability matching and real-time evaluations of our underwriting exposures; it enables us to withstand the difficulties of volatile financial markets. While ever-changing conditions in domestic and global financial markets occasionally require us to fine tune our investment strategy, we remain true to its basic tenets.

\$ In Millions	2009	2017	2018
Cash & Invested Assets	\$9,879.0	\$13,536.4	\$13,187.4
as a % of Consolidated:			
Assets	69.6%	69.8%	68.2%
Liabilities	95.9%	92.3%	93.0%
Equity	253.9%	286.0%	256.3%

Investment Management

Consolidated Investments

(\$ in Millions)

	2018	2017	2016	2015	2014
Fixed Maturity Securities:					
Taxable Bonds and Notes	\$ 8,182.8	\$ 8,282.3	\$ 8,170.9	\$ 8,181.5	\$ 8,365.8
Tax-Exempt Bonds and Notes	1,044.8	1,067.4	974.8	355.8	51.4
Short-Term Investments	354.9	670.1	681.6	669.4	609.4
	9,582.6	10,019.9	9,827.4	9,206.8	9,026.7
Other Invested Assets:					
Equity Securities	3,380.9	3,265.5	2,896.1	1,987.8	2,011.7
Sundry	31.0	32.5	34.1	30.8	30.3
Total Investments	\$12,994.6	\$13,318.0	\$12,757.7	\$11,225.5	\$11,068.8

Sources of Consolidated Investment Income

(\$ in Millions)

	2018	2017	2016	2015	2014
Fixed Maturity Securities:					
Taxable	\$ 278.4	\$ 272.7	\$ 285.0	\$ 294.0	\$ 292.7
Tax-Exempt	20.7	20.4	11.5	2.3	3.2
Short-Term Investments	9.8	5.4	2.1	.8	.8
	309.0	298.6	298.7	297.3	296.8
Other Investment Income:					
Equity Securities Dividends	124.0	110.9	88.2	91.0	49.3
Sundry	4.9	4.5	3.9	3.7	3.0
	129.0	115.5	92.1	94.7	52.4
Gross Investment Income	438.1	414.1	390.9	392.1	349.2
Less: Investment Expenses	6.2	4.6	3.8	3.4	3.7
Net Investment Income	\$ 431.8	\$ 409.4	\$ 387.0	\$ 388.6	\$ 345.5
Net Yield on Average Investments	3.3%	3.1%	3.2%	3.5%	3.2%

Consolidated Fixed Maturity Securities Portfolio Statistics

	General Insurance Group	Title Insurance Group	RFIG Run-off Business	Consolidated
December 31, 2018 Maturities in:				
0-5 Years	56.8%	55.5%	97.1%	58.6%
6-10 Years	42.6	43.5	2.9	40.7
11 or More Years	.6	1.0	–	.7
	100.0%	100.0%	100.0%	100.0%
Average Quality Rating	A	A	A	A
Average Life of Portfolio (Years):				
December 31, 2018	4.6	4.7	2.8	4.5
December 31, 2017	4.8	5.0	3.7	4.7
December 31, 2016	4.9	5.1	4.3	4.8
December 31, 2015	4.9	4.9	4.8	4.9
December 31, 2014	4.9	4.9	5.3	5.0



2018 INVESTMENT ACTIVITIES AND PORTFOLIO REVIEW

At the end of 2018, approximately 73% of Old Republic’s investment portfolio was dedicated to fixed income securities, 24% to equities, and 3% was held in cash equivalents and immaterial miscellaneous investments.

Our portfolio of invested assets was directly affected by the Tax Cuts and Jobs Act of 2017. This happened primarily in two areas: ownership of common stocks, and tax exempt state and municipal securities. The lower income tax rate made our portfolio of tax exempt securities less attractive compared with taxable, fixed income alternatives. At this point, this makes it unlikely we’ll make further additions to the tax exempt portfolio which we hold to maturity.

The remaining fixed income portion was well balanced among obligations of the United States and Canadian governments, and of agency and corporate securities. Total cash and invested assets for 2018 declined 2.6% to \$13.2 billion from \$13.5 billion a year ago. This represented 68.2% of total assets and 93.0% of total liabilities.

Net investment income rose 5.5% to \$431.8 million in 2018, from \$409.4 million in the preceding year. Over half of the increase came from dividend income, as fixed income securities continued to offer low interest returns. The pretax yield on average invested assets (at cost) was 3.21%, versus 3.27% a year ago. Net realized capital gains from disposition of investments were \$58.2 million in 2018 compared with \$211.6 million a year earlier.

Consolidated net unrealized gains in the investment portfolio declined to \$236.7 million at year-end 2018

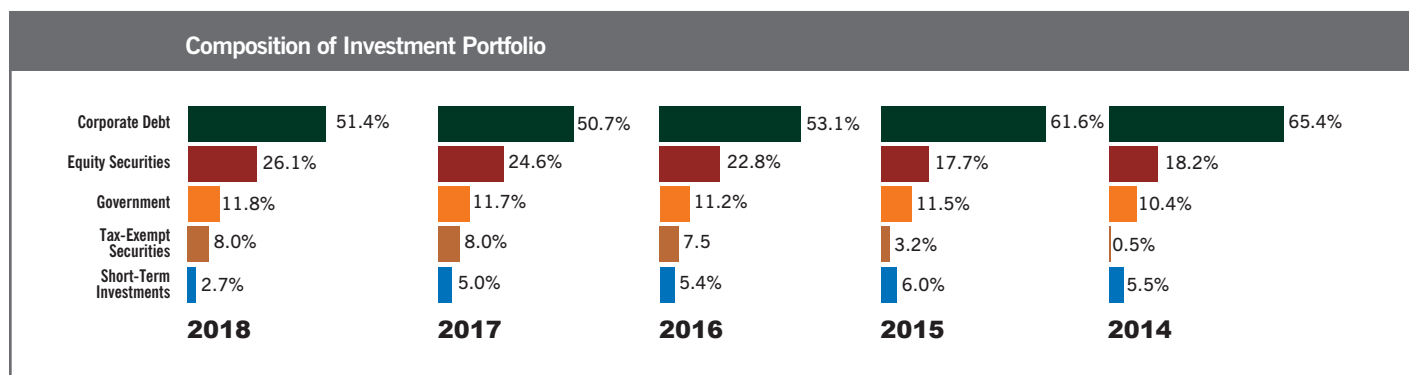
compared with \$753.9 million in 2017. About 44% of the decline related to the fixed income portfolio, due to higher interest rates and wider credit spreads. The remaining 56% was attributable to a decline in the fair (market) value of the equity portfolio. The charts and tables in this Annual Review provide details about our invested asset base for the last five years.

FIXED INCOME PORTFOLIO

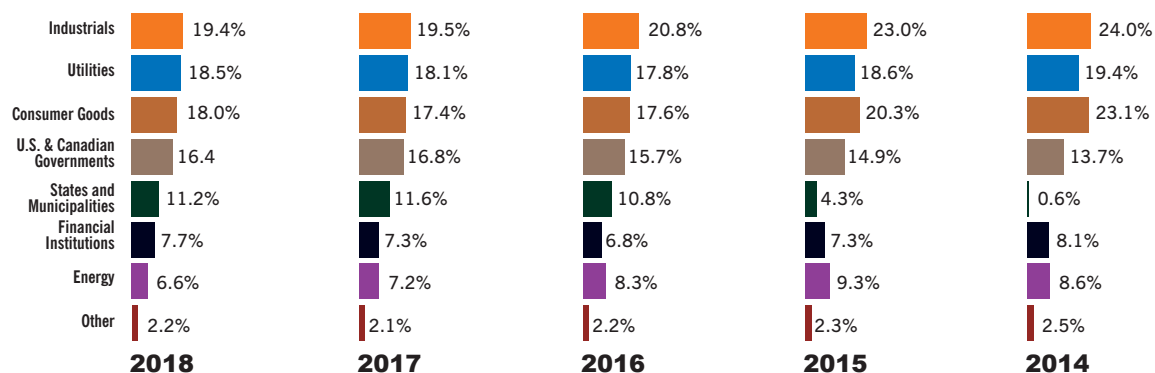
One of our risk management goals is to protect and limit Old Republic’s fixed income portfolio from the adverse effects of interest rate volatility. We do this through diversifying our investments by industry and issuer, asset-liability matching, and by avoiding more risky investment structures.

The Company does not invest in the troubled asset classes generally proven to be “toxic” and “illiquid” for many investors. For many years, our portfolio has had zero or extremely limited exposure to these fixed income securities:

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



Diversification of Fixed Maturity Portfolio



By the end of 2018, the two-year U.S. Treasury note yield had risen to 2.49%, up 60 basis points from 1.89% at the end of 2017, and 130 basis points higher than 1.19% at the end of 2016. The 10-year Treasury note yielded 2.69% at December 31, 2018, up just 28 basis points from 2.41% for 2017, and 24 basis points from 2.45% in 2016. The Treasury yield curve continued to flatten through 2018. The difference between the two- and 10-year Treasury note yields was 20 basis points on December 31, 2018, versus 52 basis points at that time in 2017.

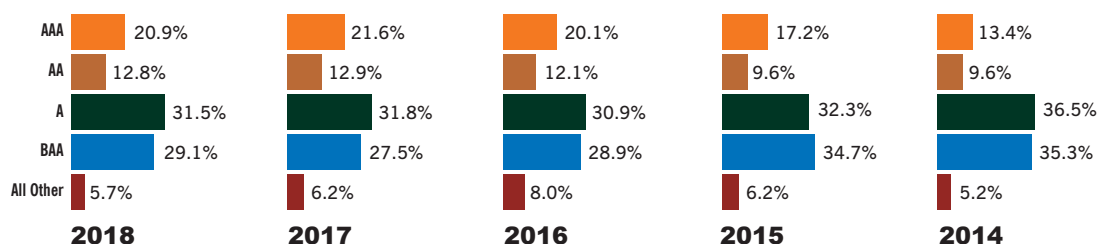
The flatter Treasury yield curve was primarily the result of the Federal Reserve Board's monetary actions to raise the federal funds rate, from 1.50% at year-end 2017 to 2.50% for 2018. In addition, corporate bond yield spreads to the Treasury curve widened significantly from an early February low. The high yield market spreads also experienced a significant spread late in the fourth quarter, especially within the energy and cyclical basic industrial sectors. As a result, the market valuation of

the bond portfolio declined from year end 2017. The market value of the long-term fixed income portfolio at year-end 2018 was approximately 98.8% of book value compared with 101.3% at the same time in 2017. Total net unrealized losses in the bond portfolio were \$112.4 million versus gains of \$121.8 million at year-end 2017, down \$234.2 million.

Old Republic's fixed income purchases in 2018 consisted principally of marketable, non-callable corporate securities of various investment grade issuers and industry sectors. Maturities of bond purchases primarily ranged between three and 10 years. The Company made no new investments in tax exempt municipal securities in 2018, as the change in the corporate tax rate mentioned earlier made tax-exempt yields unattractive.

The long-term fixed income security holdings of \$9.3 billion had an average maturity of 4.53 years with an implied duration of 4.05. This compared to 2017's 4.73 years and implied duration of 4.17. Investment grade

Quality Distribution of Consolidated Fixed Maturity Securities Portfolio





issues represented 94.3% of the portfolio, versus 93.8% and 92.0% in 2017 and 2016, respectively. It is worth noting that no fixed income holdings were in default at year end 2018.

COMMON STOCK PORTFOLIO

The Standard & Poor's 500 Index total market return was down 4.4% in 2018, versus increases of 21.8% and 11.9% for 2017 and 2016, respectively. Old Republic's stock equity portfolio had a market value of \$3,379.8 million on December 31, 2018. This was 3.5% higher than \$3,264.4 million on the same date in 2017. Unrealized capital gains were \$341.3 million at year-end 2018 compared with \$635.1 million for 2017. During 2018, purchases of common stock amounted to \$752.5 million. For the year, \$61.4 million in net realized capital gains were generated on sales of \$402.7 million.

Our equity portfolio is 100% actively managed in-house. The portfolio focus is on higher-yielding blue chip and

utility common stocks that can deliver annual dividend growth. The portfolio only includes extremely liquid, publicly traded shares of major corporations. It has no illiquid, equity-related securities, such as limited partnerships, derivatives, or private equity investments. The portfolio's indicated "beta" was 0.84, which implied a more conservative, less volatile composition when compared to the S&P 500 index.

With a market value of \$3,379.8 million, the stock portfolio represented 65.7% of the Company's GAAP shareholder's equity of \$5,146.2 million at year end 2018. Total stock portfolio exposures are guided by the levels of insurance subsidiaries' claim reserves and regulatory capital. Self-imposed limits are established on amounts committed to common stocks in consideration of the potential negative effects of a sudden and significant decline in stock market valuations.

The table below highlights the allocation of the common stock portfolio by industry group.

Common Stocks at Market Value (\$ in Millions)

	As of December 31,					
	2018		2017		2016	
	Market Value	Portfolio %	Market Value	Portfolio %	Market Value	Portfolio %
Industry Distribution:						
Consumer	\$ 675.7	20.0%	\$ 600.0	18.4%	\$ 429.7	14.8%
Energy	486.8	14.4%	547.4	16.8%	357.6	12.4%
Financial	258.0	7.6%	237.3	7.3%	275.1	9.5%
Health Care	260.5	7.7%	305.7	9.4%	208.1	7.2%
Industrial	287.9	8.5%	268.8	8.2%	544.0	18.8%
Technology	277.2	8.2%	287.1	8.8%	208.4	7.2%
Transportation	37.4	1.1%	25.9	0.8%	57.6	2.0%
Utilities	1,010.4	29.9%	876.2	26.8%	706.5	24.4%
Other, REIT & Canada	85.9	2.6%	115.7	3.5%	108.2	3.7%
Total	\$ 3,379.8	100.0%	\$ 3,264.4	100.0%	\$ 2,895.2	100.0%

ECONOMIC LANDSCAPE AND OUTLOOK

The Federal Reserve Board (FRB) has been reversing the less-restrictive monetary policy in place since the Great Recession. It has steadily raised the federal funds rate targets and stepped back from quantitative easing programs. Since a 25 basis point rate increase in December 2016, the FRB has raised this rate seven times, to 2.50% at the end of 2018. In an essentially flat yield curve interest environment, we believe the FRB is likely to be more cautious to avoid triggering a significant domestic economic slowdown.

The near-term outlook for U.S. business activity remains positive, though subject to some uncertainties as always. The Tax Cuts and Jobs Act of 2017 provided a meaningful dose of fiscal stimulus to the economy in 2018, with a lower corporate tax rate and incentives to repatriate foreign earnings. Corporations tended to use their tax savings for debt reduction, capital investment, one-time bonuses, and/or share repurchases. Higher federal government deficits and indebtedness because of the Act remain a concern to our domestic financial markets. Uncertainties concerning tariffs, trade

agreements and recurring geopolitical disputes may affect economic development and market performance worldwide. This could lead to an international economic slowdown in 2019, especially related to China.

We remain especially aware of our portfolio market valuation and its sensitivity to higher interest rates. Fixed income security purchases in 2019 will likely focus on intermediate maturities, between three and 10 years. Further improvements to net investment income will remain a challenge. This will be the case until yields available on both short and intermediate term fixed income securities rise from their current historically low levels.

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



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CONSOLIDATED FINANCIAL STATEMENTS

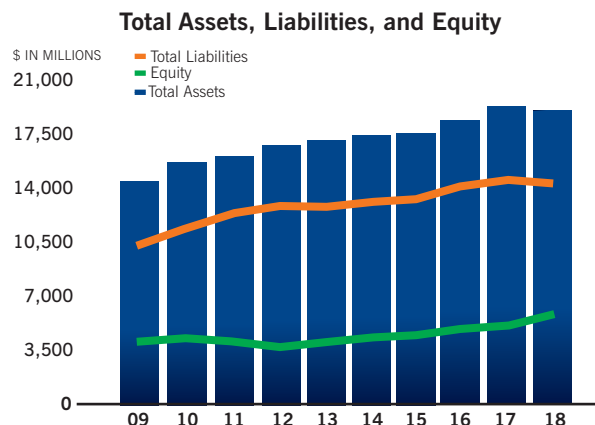
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CAPITALIZATION AND FINANCIAL RATINGS

OLD REPUBLIC SECURITIES CURRENTLY ISSUED AND OUTSTANDING

Nearly 303 million outstanding Old Republic common shares could be traded as of year end 2018 on the New York Stock Exchange (symbol: ORI). Institutional investors own a significant percentage of those shares, and approximately 8.5% is held by the Company's management, Board members, and by employees directly through such benefit plans as the Old Republic Employees Savings and Stock Ownership Plan.

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



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

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

In recognition of Old Republic's stability and financial strength, its key insurance subsidiaries are consistently assigned high financial condition or claims-paying ability ratings. The following table shows the ratings assigned by three leading independent firms:

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

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

Ratings as of March 29, 2019.



TEN-YEAR FINANCIAL SUMMARY

(\$ in Millions, Except Share Data)

	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	2,525.1	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
	\$ 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
Sundry Liabilities	2,406.0	3,256.3	2,889.9	2,166.3	2,098.0	1,622.4	1,751.4	2,029.2	1,521.8	1,160.1
Preferred Stock	-	-	-	-	-	-	-	-	-	-
Common 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
	\$ 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	\$ 17.23	\$ 17.72	\$ 17.16	\$ 14.98	\$ 15.15	\$ 14.64	\$ 14.03	\$ 14.76	\$ 16.16	\$ 16.49
Income Statement Summary										
Net Premiums and Fees	\$ 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
Investment Gains (Losses):										
Realized From Actual Transactions	58.2	211.6	72.8	91.3	272.3	148.1	47.8	115.5	109.1	6.3
Unrealized from Changes in Fair Value of Equity Securities	(293.8)	-	-	-	-	-	-	-	-	-
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
Benefits and Claims	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	3,122.9	3,058.8	2,866.5	2,675.0	2,406.6	2,531.3	2,333.3	2,117.8	1,796.8	1,467.4
Total 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)
Operating Cash Flow	\$ 760.5	\$ 452.8	\$ 637.3	\$ 688.2	\$ (181.2)	\$ 686.7	\$ 532.0	\$ (94.9)	\$ (282.2)	\$ 532.9
Net Income (Loss) Per Share: (a)										
Basic	\$ 1.26	\$ 2.14	\$ 1.80	\$ 1.63	\$ 1.58	\$ 1.74	\$ (.27)	\$ (.55)	\$.13	\$ (.42)
Diluted	\$ 1.24	\$ 1.92	\$ 1.62	\$ 1.48	\$ 1.44	\$ 1.57	\$ (.27)	\$ (.55)	\$.13	\$ (.42)
Sources of Revenues										
General Insurance	\$ 3,739.4	\$ 3,531.6	\$ 3,354.7	\$ 3,313.3	\$ 3,113.5	\$ 2,849.9	\$ 2,699.4	\$ 2,488.6	\$ 1,986.9	\$ 1,931.1
Title Insurance	2,375.4	2,325.0	2,244.1	2,080.7	1,791.6	2,025.6	1,707.1	1,391.8	1,238.8	914.1
Corporate & Other (b)(c)	46.3	50.1	35.4	35.8	70.0	65.6	68.3	84.8	91.2	84.3
Subtotal	6,161.3	5,906.8	5,634.3	5,429.8	4,975.3	4,941.1	4,474.9	3,965.3	3,317.0	2,929.6
RFIG Run-off	96.1	144.6	193.2	245.0	282.9	353.4	447.3	564.6	676.5	867.6
Subtotal	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	72.8	91.3	272.3	148.1	47.8	115.5	109.1	6.3
Unrealized from Changes in Fair Value of Equity Securities	(293.8)	-	-	-	-	-	-	-	-	-
Consolidated	\$ 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
Sources of Pretax Income (Loss)										
General Insurance	\$ 363.9	\$ 340.3	\$ 319.9	\$ 336.4	\$ 221.3	\$ 288.3	\$ 261.0	\$ 353.9	\$ 316.7	\$ 311.4
Title Insurance	219.3	237.1	210.2	166.8	99.5	124.3	73.8	36.2	9.4	2.1
Corporate & Other (b)	40.4	9.9	13.0	7.6	5.7	2.1	(2.7)	(14.6)	(2.8)	4.0
Subtotal	623.8	587.3	543.3	511.0	326.7	414.7	332.1	375.5	323.2	317.7
RFIG Run-off	49.9	(73.5)	69.8	29.4	10.3	110.0	(508.6)	(727.8)	(404.8)	(597.7)
Subtotal	673.7	513.8	613.1	540.4	337.1	524.8	(176.4)	(352.2)	(81.5)	(279.9)
Investment Gains (Losses):										
Realized From Actual Transactions	58.2	211.6	72.8	91.3	272.3	148.1	47.8	115.5	109.1	6.3
Unrealized from Changes in Fair Value of Equity Securities	(293.8)	-	-	-	-	-	-	-	-	-
Consolidated	\$ 438.1	\$ 725.4	\$ 686.0	\$ 631.8	\$ 609.4	\$ 672.9	\$ (128.5)	\$ (236.7)	\$ 27.6	\$ (273.6)

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

TEN-YEAR OPERATING AND BALANCE SHEET STATISTICS

(\$ in Millions)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Underwriting/ Service Operating Ratios										
General Insurance:										
All Lines Combined:										
Earned Premiums	\$3,277.1	\$3,110.8	\$2,936.3	\$2,894.7	\$2,735.6	\$2,513.7	\$2,324.4	\$2,109.4	\$1,694.2	\$1,661.1
Loss Ratio	71.6%	71.2%	72.4%	73.5%	77.4%	73.0%	72.2%	68.5%	67.1%	68.5%
Dividend Ratio	.6	.6	.6	.6	.5	.6	.8	.7	.7	.5
Expense Ratio	25.0	25.5	24.8	23.5	22.9	23.7	25.7	25.2	26.9	26.6
Composite Ratio	97.2%	97.3%	97.8%	97.6%	100.8%	97.3%	98.7%	94.4%	94.7%	95.6%
Liability Lines Only:										
Earned Premiums	\$2,120.9	\$2,032.5	\$1,963.3	\$1,989.0	\$1,934.3	\$1,779.7	\$1,659.9	\$1,487.8	\$1,094.3	\$1,045.5
Loss Ratio	75.9%	76.2%	78.5%	80.6%	82.6%	77.1%	74.9%	69.8%	68.3%	70.3%
Dividend Ratio	.6%	.6%	.6%	.5%	.5%	.6%	.8%	1.0%	.8%	.5%
All Other Lines:										
Earned Premiums	\$1,154.8	\$1,077.1	\$974.1	\$908.0	\$801.5	\$736.7	\$667.5	\$623.1	\$596.6	\$619.2
Loss Ratio	63.5%	62.1%	60.5%	57.3%	65.0%	62.8%	65.3%	64.7%	65.1%	64.4%
Dividend Ratio	.2%	.2%	.3%	.4%	.4%	.3%	.3%	.1%	.5%	.5%
Title Insurance: (a)										
Earned Premiums and Fees	\$2,336.1	\$2,287.2	\$2,206.6	\$2,045.3	\$1,759.2	\$1,996.1	\$1,677.4	\$1,362.4	\$1,211.0	\$888.4
Loss Ratio	2.1%	.9%	3.8%	4.9%	5.2%	6.7%	7.2%	7.8%	8.0%	7.9%
Expense Ratio	90.0	90.0	87.9	88.3	90.4	88.0	89.6	91.2	93.0	93.8
Composite Ratio	92.1%	90.9%	91.7%	93.2%	95.6%	94.7%	96.8%	99.0%	101.0%	101.7%
RFIG Run-off:										
Earned Premiums	\$75.9	\$122.9	\$170.0	\$219.9	\$255.4	\$316.5	\$410.5	\$503.2	\$586.8	\$765.9
Loss Ratio	39.4%	160.9%	60.4%	88.0%	97.2%	68.8%	221.8%	230.5%	169.0%	177.5%
Expense Ratio	21.5	16.6	12.2	10.0	9.5	8.1	10.4	22.1	13.3	11.6
Composite Ratio	60.9%	177.5%	72.6%	98.0%	106.7%	76.9%	232.2%	252.6%	182.3%	189.1%
Consolidated:										
Earned Premiums and Fees	\$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
Loss Ratio	43.1%	44.7%	44.0%	47.5%	52.3%	45.8%	61.9%	68.3%	63.8%	77.0%
Expense Ratio	51.6	52.0	50.6	48.5	47.1	49.2	48.5	47.5	47.6	41.5
Composite Ratio	94.7%	96.7%	94.6%	96.0%	99.4%	95.0%	110.4%	115.8%	111.4%	118.5%
Balance Sheet Leverage										
Premium Leverage (b):										
General Insurance	1.1x	1.0x	1.0x	1.1x	1.0x	.9x	.8x	.7x	.6x	.6x
Title Insurance	3.5	3.6	3.9	4.3	3.8	4.5	4.2	4.2	4.0	3.1
RFIG Run-off	.2	.3	.5	.8	1.2	N/M	N/M	32.2	1.3	1.3
Consolidated	1.1x	1.2x	1.2x	1.4x	1.3x	1.3x	1.2x	1.1x	.8x	.9x
Reserve Leverage (c):										
General Insurance	189%	172%	182%	189%	162%	146%	136%	132%	138%	131%
Title Insurance	79	87	108	122	109	106	99	103	99	96
RFIG Run-off	43	66	130	255	388	N/M	N/M	N/M	368	338
Consolidated	126%	134%	145%	166%	157%	176%	181%	157%	144%	145%
Capitalization and Fixed Charges Coverage Ratios										
Debt	16.0%	23.4%	25.5%	19.8%	19.6%	13.0%	13.5%	19.5%	10.3%	8.2%
Preferred Stock	-	-	-	-	-	-	-	-	-	-
Common Equity	84.0	76.6	74.5	80.2	80.4	87.0	86.5	80.5	89.7	91.8
Total Capitalization	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Fixed Charges Coverage Ratio (d)	15.3x	9.0x	13.0x	13.6x	12.9x	23.6x	N/M	N/M	N/M	N/M

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

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

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

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

N/M = Not meaningful



COMMON SHARE STATISTICS

(Common Stock Data in Dollars to Nearest Cent)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
Company Performance on the Stock Market (f)	Stock Price Quotes:										
High (g)	\$23.05	\$21.56	\$20.00	\$19.11	\$17.26	\$17.45	\$11.21	\$13.92	\$15.50	\$12.85	
Low (g)	\$19.48	\$17.92	\$16.51	\$13.59	\$13.43	\$10.74	\$ 7.76	\$ 7.15	\$10.02	\$ 7.24	
Close	\$20.57	\$21.38	\$19.00	\$18.63	\$14.63	\$17.27	\$10.65	\$ 9.27	\$13.63	\$10.04	
	Closing Stock Price Ratios to:										
Book Value	1.2x	1.2x	1.1x	1.2x	1.0x	1.2x	.8x	.6x	.8x	.6x	
	Income (Loss) Before Other Items:										
Basic	10.9x	17.7x	11.7x	13.3x	16.3x	12.6x	N/M	N/M	N/M	N/M	
Diluted	11.1x	19.3x	13.0x	14.6x	17.4x	13.8x	N/M	N/M	N/M	N/M	
	Net Income (Loss):										
Basic	16.3x	10.0x	10.6x	11.4x	9.3x	9.9x	N/M	N/M	104.8x	N/M	
Diluted	16.6x	11.1x	11.7x	12.6x	10.2x	11.0x	N/M	N/M	104.8x	N/M	
Total Return—Market Basis (b)	4.8%	16.9%	6.2%	33.4%	-11.2%	70.7%	23.4%	-27.2%	43.4%	-10.1%	
	Shares Outstanding (Thousands)										
Average: Basic	294,248	262,114	259,429	259,502	258,553	257,443	255,812	255,045	241,075	235,657	
Diluted	301,016	299,387	296,379	296,088	295,073	293,684	255,812	255,045	241,327	235,657	
End of Period	302,714	269,238	262,719	261,968	260,946	260,462	259,490	259,328	259,222	240,685	
Company Performance on its Books (f)	Composition of Basic Earnings (a):										
Income (Loss), before Items Below	\$ 1.89	\$ 1.21	\$ 1.62	\$ 1.40	\$.90	\$ 1.37	\$ (.39)	\$ (.86)	\$ (.16)	\$ (.67)	
	Net Investment Gains (Losses):										
Realized From Actual Transactions	.16	.93	.18	.23	.68	.37	.12	.31	.29	.25	
Unrealized From Changes in Fair Value of Equity Securities	(.79)	-	-	-	-	-	-	-	-	-	
Net Income (Loss)	\$ 1.26	\$ 2.14	\$ 1.80	\$ 1.63	\$ 1.58	\$ 1.74	\$ (.27)	\$ (.55)	\$.13	\$ (.42)	
	Composition of Diluted Earnings (a):										
Income (Loss), before Items Below	\$ 1.86	\$ 1.11	\$ 1.46	\$ 1.28	\$.84	\$ 1.25	\$ (.39)	\$ (.86)	\$ (.16)	\$ (.67)	
	Net Investment Gains (Losses):										
Realized From Actual Transactions	.15	.81	.16	.20	.60	.32	.12	.31	.29	.25	
Unrealized From Changes in Fair Value of Equity Securities	(.77)	-	-	-	-	-	-	-	-	-	
Net Income (Loss)	\$ 1.24	\$ 1.92	\$ 1.62	\$ 1.48	\$ 1.44	\$ 1.57	\$ (.27)	\$ (.55)	\$.13	\$ (.42)	
	Dividends on Common Stock:										
Amount (h)	\$.78	\$ 1.76	\$.75	\$.74	\$.73	\$.72	\$.71	\$.70	\$.69	\$.68	
Payout Ratio (c)	42%	159%	51%	58%	87%	58%	N/M	N/M	N/M	N/M	
Stock Dividends	-	-	-	-	-	-	-	-	-	-	
	Book Value:										
Amount	\$ 17.23	\$ 17.72	\$ 17.16	\$ 14.98	\$ 15.15	\$ 14.64	\$ 14.03	\$ 14.76	\$ 16.16	\$ 16.49	
% Change	-2.8%	3.3%	14.5%	-9%	3.5%	4.3%	-4.9%	-8.7%	-2.0%	3.6%	
Total Return—Book Basis (b)	1.6%	13.6%	19.5%	4.0%	8.5%	9.4%	-1%	-4.4%	2.2%	7.9%	
	Cash and Invested Assets Per Share:										
Amount (d)	\$44.14	\$ 50.67	\$50.00	\$44.40	\$43.60	\$43.07	\$42.13	\$41.79	\$41.13	\$41.86	
Ratio to Book Value	2.6x	2.9x	2.9x	3.0x	2.9x	2.9x	3.0x	2.8x	2.5x	2.5x	
Ratio to Closing Price	2.1x	2.4x	2.6x	2.4x	3.0x	2.5x	4.0x	4.5x	3.0x	4.2x	
	Return on Equity (e):										
As Reported	12.7%	12.6%	12.0%	10.8%	10.9%	12.5%	-1.8%	-3.4%	.8%	-2.6%	
Cost Basis	14.6%	13.9%	12.4%	11.9%	12.1%	14.7%	-2.1%	-3.9%	.9%	-2.7%	

(a) Calculated after preferred dividend requirements, if any.
 (b) For purposes of the above presentation, the total market basis return has been calculated as the sum of the year-to-year increase or decrease in closing price and of the dividend yield for each year as a percentage of the closing price at the end of the preceding year. The total return shown would be higher if an interest factor also were applied to the reinvestment of cash dividends. The total book value basis return represents the sum of the year-to-year change in book value per share and the cash dividend yield as a percentage of book value at the beginning of each year.
 (c) Cash dividends as a percentage of diluted earnings per share, before investment gains or losses.
 (d) Based on total shares outstanding at end of year.
 (e) "As Reported" has been calculated as net income excluding unrealized investment gains (losses) from changes in fair value of equity securities as a percentage of common shareholders' equity at the beginning of the year. The "Cost Basis" calculation excludes net unrealized appreciation (depreciation) of securities from common shareholders' equity.
 (f) Retroactive adjustments have been made for all stock dividends and splits declared through December 31, 2018.
 (g) Represents the intraday high and low sales price.
 (h) A special cash dividend of \$1.00 per share was declared in December 2017 in addition to the regular quarterly dividend payment of \$.19 per share.
 N/M = Not meaningful

CONSOLIDATED BALANCE SHEETS

(\$ in Millions)

	December 31,				
	2018	2017	2016	2015	2014
Assets					
Investments:					
Available for Sale:					
Fixed Maturity Securities (at Fair Value)	\$ 8,182.8	\$ 8,282.3	\$ 8,170.9	\$ 8,181.5	\$ 8,417.2
Short-Term Investments (at Fair Value, which Approximates Cost)	354.9	670.1	681.6	669.4	609.4
Total	8,537.8	8,952.4	8,852.6	8,850.9	9,026.7
Held to Maturity:					
Fixed Maturity Securities (at Amortized Cost)	1,044.8	1,067.4	974.8	355.8	–
Equity Securities (at Fair Value)	3,380.9	3,265.5	2,896.1	1,987.8	2,011.7
Other Investments	31.0	32.5	34.1	30.8	30.3
Total Investments	12,994.6	13,318.0	12,757.7	11,255.5	11,068.8
Other Assets:					
Cash	100.3	125.9	145.7	159.8	136.7
Securities and Indebtedness of Related Parties	28.4	12.8	17.6	27.7	17.7
Accrued Investment Income	92.4	92.4	92.3	90.1	86.1
Accounts and Notes Receivable	1,499.4	1,469.7	1,390.2	1,310.2	1,287.6
Federal Income Tax Recoverable: Current	16.8	–	14.9	26.5	29.2
Deferred	–	–	–	154.5	37.0
Prepaid Federal Income Taxes	129.8	114.3	82.4	63.3	45.7
Reinsurance Balances and Funds Held	166.2	141.6	127.7	129.0	148.7
Reinsurance Recoverable: Paid Losses	55.9	60.5	63.4	61.1	66.9
Policy and Claim Reserves	3,428.6	3,311.3	3,168.1	3,122.5	3,355.6
Deferred Policy Acquisition Costs	316.3	297.8	274.0	255.4	230.8
Sundry Assets	497.8	458.8	457.1	475.6	465.5
Total Other Assets	6,332.4	6,085.5	5,833.8	5,876.1	5,908.1
Total Assets	\$ 19,327.1	\$ 19,403.5	\$ 18,591.6	\$ 17,101.6	\$ 16,976.9
Liabilities, Preferred Stock, and Common Shareholders' Equity					
Liabilities:					
Losses, Claims, and Settlement Expenses	\$ 9,471.2	\$ 9,237.6	\$ 9,206.0	\$ 9,120.1	\$ 9,122.0
Unearned Premiums	2,104.9	1,971.5	1,842.9	1,748.7	1,627.7
Other Policyholders' Benefits and Funds	198.6	204.7	192.0	196.4	205.0
Total Policy Liabilities and Accruals	11,774.8	11,413.9	11,241.0	11,065.3	10,954.7
Commissions, Expenses, Fees, and Taxes	525.4	547.7	485.4	463.3	454.6
Reinsurance Balances and Funds	600.4	566.9	530.3	496.1	473.8
Federal Income Tax Payable: Current	–	6.5	–	–	–
Deferred	10.3	100.5	42.6	–	–
Debt	981.4	1,448.7	1,528.7	952.8	953.7
Sundry Liabilities	288.3	585.8	302.6	253.9	215.8
Commitments and Contingent Liabilities	–	–	–	–	–
Total Liabilities	14,180.8	14,670.2	14,130.9	13,231.7	13,052.8
Preferred Stock:					
Convertible Preferred Stock	–	–	–	–	–
Common Shareholders' Equity:					
Common Stock	302.7	269.2	262.7	261.9	260.9
Additional Paid-In Capital	1,277.6	815.2	713.8	698.0	681.6
Retained Earnings	3,849.8	3,206.9	3,199.6	2,926.5	2,706.7
Accumulated Other Comprehensive Income (Loss)	(210.0)	474.2	323.6	29.2	292.3
Unallocated ESSOP Shares (at Cost)	(73.9)	(32.4)	(39.2)	(45.8)	(17.6)
Total Common Shareholders' Equity	5,146.2	4,733.3	4,460.6	3,869.8	3,924.0
Total Liabilities, Preferred Stock, and Common Shareholders' Equity	\$ 19,327.1	\$ 19,403.5	\$ 18,591.6	\$ 17,101.6	\$ 16,976.9



CONSOLIDATED STATEMENTS OF INCOME

(\$ in Millions, Except Share Data)

	Years Ended December 31,				
	2018	2017	2016	2015	2014
Revenues:					
Net Premiums Earned	\$5,253.4	\$5,080.2	\$4,868.9	\$4,758.8	\$4,446.3
Title, Escrow, and Other Fees	450.5	459.5	464.2	420.5	364.8
Total Premiums and Fees	5,703.9	5,539.7	5,333.2	5,179.4	4,811.1
Net Investment Income	431.8	409.4	387.0	388.6	345.5
Other Income	121.6	102.2	107.3	106.7	101.6
Total Operating Revenues	6,257.4	6,051.5	5,827.6	5,674.8	5,258.3
Investment Gains (Losses):					
Realized From Actual Transactions	58.2	211.6	77.8	91.3	272.3
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	91.3	272.3
Total Revenues	6,021.8	6,263.1	5,900.5	5,766.1	5,530.7
Benefits, Claims, and Expenses:					
Benefits, Claims, and Settlement Expenses	2,440.9	2,459.2	2,329.8	2,441.3	2,500.0
Dividends to Policyholders	19.8	19.5	18.1	17.9	14.4
Underwriting, Acquisition, and Other Expenses	3,080.6	2,995.7	2,816.3	2,633.0	2,381.0
Interest and Other Charges	42.2	63.0	50.2	41.9	25.6
Total Expenses	5,583.7	5,537.7	5,214.5	5,134.3	4,921.2
Income (Loss) Before Income Taxes (Credits)	438.1	725.4	686.0	631.8	609.4
Income Taxes (Credits):					
Current	114.1	132.6	190.1	201.0	152.4
Deferred	(46.5)	32.2	28.8	8.6	47.3
Total	67.5	164.8	219.0	209.6	199.7
Net Income (Loss)	\$ 370.5	\$ 560.5	\$ 466.9	\$ 422.1	\$ 409.7
Net Income (Loss) Per Share:					
Basic	\$ 1.26	\$ 2.14	\$ 1.80	\$ 1.63	\$ 1.58
Diluted	\$ 1.24	\$ 1.92	\$ 1.62	\$ 1.48	\$ 1.44
Average Shares Outstanding: Basic	294,248,871	262,114,533	259,429,298	259,502,067	258,553,662
Diluted	301,016,076	299,387,373	296,379,251	296,088,963	295,073,206

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(\$ in Millions)

	Years Ended December 31,				
	2018	2017	2016	2015	2014
Net Income (Loss) as Reported	\$ 370.5	\$ 560.5	\$ 466.9	\$ 422.1	\$ 409.7
Other Comprehensive Income (Loss):					
Net Unrealized Gains (Losses) on Securities, Net of Tax	(176.3)	73.9	292.1	(248.9)	(20.4)
Net Adjustment Related to Defined Benefit Pension Plans, Net of Tax	5.4	(18.0)	(.4)	5.9	(53.0)
Foreign Currency Translation and Other Adjustments	(11.1)	9.5	2.6	(20.1)	(12.2)
Net Adjustments	(182.0)	65.4	294.4	(263.1)	(85.8)
Comprehensive Income (Loss)	\$ 188.5	\$ 626.0	\$ 761.4	\$ 159.0	\$ 323.9

CONSOLIDATED STATEMENTS OF PREFERRED STOCK AND COMMON SHAREHOLDERS' EQUITY

(\$ in Millions, Except Share Data)

	Years Ended December 31,				
	2018	2017	2016	2015	2014
Convertible Preferred Stock:					
Balance, Beginning and End of Year	\$ —	\$ —	\$ —	\$ —	\$ —
Common Stock:					
Balance, Beginning of Year	\$ 269.2	\$ 262.7	\$ 261.9	\$ 260.9	\$ 260.4
Dividend Reinvestment Plan	—	—	—	—	—
Net Issuance of Shares Under Stock Based Compensation Plans	1.1	1.3	.6	.9	.4
Conversion of Senior Debentures	32.2	5.1	—	—	—
Issuance of Shares	—	—	—	—	—
Balance, End of Year	\$ 302.7	\$ 269.2	\$ 262.7	\$ 261.9	\$ 260.9
Additional Paid-In Capital:					
Balance, Beginning of Year	\$ 815.2	\$ 713.8	\$ 698.0	\$ 681.6	\$ 673.9
Dividend Reinvestment Plan	1.7	.8	.8	.8	.8
Net Issuance of Shares Under Stock Based Compensation Plans	15.7	15.0	6.7	9.8	4.0
Conversion of Senior Debentures	438.1	73.8	—	—	—
Issuance of Shares	—	—	1.2	—	—
Stock Based Compensation	4.1	4.1	.7	1.8	.5
ESSOP Shares Released	2.6	7.3	6.2	4.2	3.8
Acquisition of Non-controlling Interest	—	—	—	(.2)	(1.6)
Balance, End of Year	\$ 1,277.6	\$ 815.2	\$ 713.8	\$ 698.0	\$ 681.6
Retained Earnings:					
Balance, Beginning of Year	\$ 3,206.9	\$ 3,199.6	\$ 2,926.5	\$ 2,695.7	\$ 2,485.3
Reclassification — Change in Accounting Principle	502.1	—	—	—	—
Balance, Beginning of Year, as Adjusted	3,708.9	3,199.6	2,926.5	2,695.7	2,485.3
Net Income (Loss)	370.5	560.6	466.9	422.1	409.7
Dividends on Common Shares (\$.78, \$1.76, \$.75, \$.74 and \$.73 per common share)	(229.6)	(468.0)	(193.8)	(191.3)	(188.3)
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	\$ 2,926.5	\$ 2,706.7
Accumulated Other Comprehensive Income (Loss):					
Balance, Beginning of Year	\$ 474.2	\$ 323.6	\$ 29.2	\$ 292.3	\$ 378.2
Reclassification — Change in Accounting Principle	(502.1)	—	—	—	—
Balance, Beginning of Year, as Adjusted	(27.9)	323.6	29.2	292.3	378.2
Net Unrealized Gains (Losses) on Securities, Net of Tax	(176.3)	73.9	292.1	(248.9)	(20.4)
Net Adjustment Related to Defined Benefit Pension Plans, Net of Tax	5.4	(18.0)	(.4)	5.9	(53.0)
Foreign Currency Translation and Other Adjustments	(11.1)	9.5	2.6	(20.1)	(12.2)
Reclassification of Income Tax Effects of the Tax Cuts and Jobs Act	—	85.1	—	—	—
Balance, End of Year	\$ (210.0)	\$ 474.2	\$ 323.6	\$ 29.2	\$ 292.3
Unallocated ESSOP Shares:					
Balance, Beginning of Year	\$ (32.4)	\$ (39.2)	\$ (45.8)	\$ (17.6)	\$ (23.0)
ESSOP Shares Released	8.4	6.8	6.6	5.7	5.3
Purchase of Unallocated ESSOP Shares	(50.0)	—	—	(34.0)	—
Balance, End of Year	\$ (73.9)	\$ (32.4)	\$ (39.2)	\$ (45.8)	\$ (17.6)



CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ in Millions)

	Years Ended December 31,				
	2018	2017	2016	2015	2014
Cash Flows from Operating Activities:					
Net Income (Loss)	\$ 370.5	\$ 560.5	\$ 466.9	\$ 422.1	\$ 409.7
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:					
Deferred Policy Acquisition Costs	(18.4)	(23.3)	(18.3)	(24.1)	(39.0)
Premiums and Other Receivables	(29.3)	(79.3)	(59.2)	(22.6)	(97.2)
Unpaid Claims and Related Items	148.4	(123.7)	31.4	214.4	(480.6)
Unearned Premiums and Other Policyholders' Liabilities	95.1	152.7	77.6	69.6	104.4
Income Taxes	(69.5)	49.5	40.6	13.4	132.7
Prepaid Federal Income Taxes	(15.5)	(31.8)	(19.1)	(17.5)	(45.7)
Reinsurance Balances and Funds	13.5	25.3	33.1	27.3	70.6
Realized Investment (Gains) Losses From Actual Transactions	(58.2)	(211.6)	(72.8)	(91.3)	(272.3)
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	96.8	36.1
Total	760.5	452.8	637.3	688.2	(181.2)
Cash Flows from Investing Activities:					
Fixed Maturity Securities:					
Available for Sale:					
Maturities and Early Calls	964.0	1,000.6	967.9	764.1	845.2
Sales	299.1	468.4	306.2	259.5	847.5
Sales of:					
Equity Securities	402.6	698.5	419.1	462.4	617.0
Other–Net	19.4	30.0	56.6	32.8	17.4
Purchases of:					
Fixed Maturity Securities:					
Available for Sale	(1,421.9)	(1,607.2)	(1,166.2)	(1,023.0)	(1,373.2)
Held to Maturity	–	(114.5)	(632.1)	(357.9)	–
Equity Securities	(752.5)	(727.2)	(928.4)	(486.9)	(1,466.6)
Other–Net	(51.6)	(54.3)	(47.5)	(46.6)	(47.6)
Purchase of a Business	(13.1)	–	–	–	(2.8)
Net Decrease (Increase) in Short-Term Investments	314.2	11.8	(12.1)	(55.5)	513.0
Other–Net	.1	(.1)	–	1.3	(2.2)
Total	(239.5)	(293.9)	(1,036.4)	(449.8)	(43.3)
Cash Flows from Financing Activities:					
Issuance of Common Shares	13.1	17.8	8.4	12.0	5.7
Issuance of Debentures and Notes	–	–	576.8	–	394.4
Redemption of Debentures and Notes	(4.7)	(3.9)	(3.5)	(3.3)	(4.2)
Purchase of Unallocated ESSOP Shares	(50.0)	–	–	(34.0)	–
Dividends on Common Shares (a)	(498.8)	(198.8)	(193.8)	(191.3)	(188.3)
Other–Net	(6.0)	6.4	(2.8)	1.3	.4
Total	(546.5)	(178.5)	385.0	(215.2)	207.9
Increase (Decrease) in Cash:	(25.6)	(19.7)	(14.1)	23.0	(16.6)
Cash, Beginning of Year	125.9	145.7	159.8	136.7	153.3
Cash, End of Year	\$ 100.3	\$ 125.9	\$ 145.7	\$ 159.8	\$ 136.7
Supplemental Cash Flow Information:					
Cash Paid (Received) During the Year for: Interest	\$ 50.8	\$ 62.5	\$ 40.9	\$ 40.8	\$ 21.2
Income Taxes	\$ 137.2	\$ 106.3	\$ 178.6	\$ 198.5	\$ 67.3

(a) Including a special dividend declared in December 2017 and paid in January 2018 of \$269.2.

KEY OPERATING SUBSIDIARIES

(As of December 31, 2018)

Currently, Old Republic manages its business through some 136 corporate entities, of which 27 are insurance subsidiaries covering all 50 states and Canada. The following list shows the Corporation's most significant subsidiaries within each operating segment. The underwritten title and managing insurance agencies listed function principally as specialized marketing or underwriting divisions of one or more Old Republic insurance company subsidiaries.

General Insurance Group

Insurance Companies

BITCO General Insurance Corporation
 BITCO National Insurance Company
 Great West Casualty Company
 Inter West Assurance, Ltd.
 Manufacturers Alliance Insurance Company
 Old Republic General Insurance Corporation
 Old Republic Home Protection Company
 Old Republic Insurance Company
 Old Republic Insurance Company of Canada
 Old Republic Lloyds of Texas
 Old Republic Security Assurance Company
 Old Republic Specialty Insurance Company, IC
 Old Republic Surety Company
 Old Republic Union Insurance Company
 Pennsylvania Manufacturers Association Insurance Company
 Pennsylvania Manufacturers Indemnity Company
 Pennsylvania Manufacturers International Insurance, Ltd.
 PMA Insurance SPC

Agencies & Service Companies (a)

Brummel Brothers, Inc.
 DISCC Enterprise, Ltd.
 Employers General Insurance Group, Inc.
 Great West Services, Inc.
 Joe Morten & Son, Inc.
 Old Republic Aerospace, Inc.
 Old Republic Contractors Insurance Group, Inc. ^(b)
 Old Republic Home Protection Services, Inc.
 Old Republic Insured Automotive Services, Inc.
 Old Republic Professional Liability, Inc.
 Old Republic Residual Market Services, Inc.
 Old Republic Risk Management, Inc.
 Old Republic Specialty Insurance Underwriters, Inc. ^(b)
 PMA Management Corporation
 PMA Management Corporation of New England

Title Insurance Group

Insurance Companies

American Guaranty Title Insurance Company
 Mississippi Valley Title Insurance Company
 Old Republic National Title Insurance Company

Agencies & Service Companies

Attorneys' Title Fund Services, LLC ^(b)
 Compass Abstract, Inc.
 eRecording Partners Network, LLC ^(b)
 Genesis Abstract, LLC ^(b)
 iMarc, Inc.
 Lenders' Inspection Company
 Lex Terrae, Ltd.
 Lex Terrae National Title Services, Inc.
 Mara Escrow Company
 National Title Agent's Services Company
 Old Republic Diversified Services, Inc.
 Old Republic Exchange Company

Old Republic Title Company
 Old Republic Title Company of Conroe ^(b)
 Old Republic Title Company of Houston
 Old Republic Title Company of Indiana
 Old Republic Title Company of Kansas City, Inc.
 Old Republic Title Company of Nevada
 Old Republic Title Company of Oklahoma
 Old Republic Title Company of Oregon
 Old Republic Title Company of St. Louis, Inc.
 Old Republic Title Company of Tennessee
 Old Republic Title and Escrow of Hawaii, Ltd.
 Old Republic Title Insurance Agency, Inc.
 Old Republic Title, Ltd.
 RQ Holdings, Inc.
 Sentry Abstract Company
 The Title Company of North Carolina, Inc.
 Troon Management Corporation

Republic Financial Indemnity Group

Insurance Companies

Republic Credit Indemnity Company
 Republic Mortgage Assurance Company
 Republic Mortgage Guaranty Insurance Corporation
 Republic Mortgage Insurance Company

Agencies & Service Companies (a)

Republic Insured Credit Services, Inc.
 Republic Equity Credit Services, Inc.

Life & Accident Group

Old Republic Life Insurance Company

Reliable Life Insurance Company (Canada)

Corporate and Other Operations

Old Republic Asset Management Corporation
 Old Republic Capital Corporation
 Old Republic Financial Acceptance Corporation

Old Republic General Services, Inc.
 Old Republic International Corporation

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

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



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

**OLD REPUBLIC INTERNATIONAL CORPORATION
BOARD OF DIRECTORS**

Steven J. Bateman
Partner (Retired)
PricewaterhouseCoopers, LLP

Harrington Bischof
President
Pandora Capital Corporation

Jimmy A. Dew
Vice Chairman (Retired)
Republic Mortgage
Insurance Corporation

John M. Dixon
Partner (Retired)
Chapman and Cutler
Attorneys, Chicago, IL

Charles J. Kovaleski
Executive Vice President (Retired)
Old Republic Title Insurance
Companies; President (Retired)
Attorney’s Title Division

Spencer LeRoy III
Senior Vice President,
Secretary, and General
Counsel (Retired)
Old Republic International
Corporation

Peter B. McNitt
Vice Chairman (Retired)
BMO Harris Bank

Glenn W. Reed
Managing Director -
Strategy Division (Retired)
The Vanguard Group, Inc.

Arnold L. Steiner
President (Retired)
Steiner Bank, Birmingham, AL

Fredricka Taubitz
Executive Vice President
and Chief Financial Officer
(Retired) Zenith National
Insurance Corporation

Charles F. Titterton
Insurance Group
Director (Retired)
Standard and Poor’s
Corporation

Dennis P. Van Miegheem
Partner (Retired)
KPMG LLP

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

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

**OLD REPUBLIC INTERNATIONAL CORPORATION (“ORI”)
OFFICE OF THE CHIEF EXECUTIVE OFFICER**

Charles S. Boone
ORI Senior Vice President -
Investments

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

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

R. Scott Rager
ORI 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

OLD REPUBLIC GENERAL INSURANCE COMPANIES OFFICE OF THE CHIEF EXECUTIVE OFFICER

Charles S. Boone
ORI Senior Vice President -
Investments

W. Todd Gray
ORI Senior Vice President &
Treasurer: Senior Vice President
- Operations & Finance

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

Jeffrey P. Lange
Senior Vice President -
Underwriting & Distribution

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

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

R. Scott Rager
ORI Executive Vice Chairman

Craig R. Smiddy
ORI President and Chief
Operating Officer; President
and Chief Operating Officer

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

OLD REPUBLIC GENERAL INSURANCE COMPANIES CHIEF EXECUTIVE OFFICERS AND/OR PRESIDENTS

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

Scott L. Dahlager
Old Republic Residual
Market Services, Inc.

Paul M. Field
Old Republic Insurance
Company of Canada

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

Gwen M. Gallagher
Old Republic Home
Protection Company

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

James D. Jensen
Great West Casualty Company

Frank J. Kastelic
Old Republic Professional
Liability, Inc.

Vincent C. Lamb
BITCO Insurance Companies

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

Stephen J. Oberst
Old Republic Risk
Management, Inc.

Alan P. Pavlic
Old Republic Surety Company

John Santulli III
PMA Companies

Ralph H. Sohl
Old Republic Aerospace, Inc.

OLD REPUBLIC TITLE INSURANCE COMPANIES SENIOR EXECUTIVES

Ivy L. Anderson
Executive Vice President;
President - Old Republic
Western Title, Inc.

Mark A. Bilbrey
Chief Executive Officer

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

Mark M. Budzinski
Executive Vice President;
Chief Legal Officer and
General Counsel

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

Roger Gaio
Executive Vice President and
Chief Information Officer

Curtis J. Hoffman
Executive Vice President;
President - Old Republic
Central Title, Inc.

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

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

Chris G. Lieser
Executive Vice President
and Chief Financial Officer

Mark McElroy
Executive Vice President
and Chief Digital Officer

Carolyn J. Monroe
President

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

Dana C. Solms
Executive Vice President;
President - Old Republic
Eastern Title, Inc.

Daniel M. Wold
Executive Vice President;
General Counsel and Secretary

Rande K. Yeager
Executive Chairman

Robert E. Zellar
Executive Vice President;
Director of Corporate
Development

RMIC COMPANIES, INC.(*) SENIOR EXECUTIVES

D. Christopher Cash
Senior Vice President and Chief
Accounting Officer

Kevin J. Henry
President and Chief
Operating Officer

Karl W. Mueller
Senior Vice President
and Chief Financial Officer

Aldo C. Zucaro
Chairman of the Board

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

THE MOST RECENT DECADE



2018

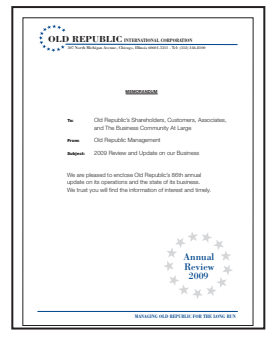
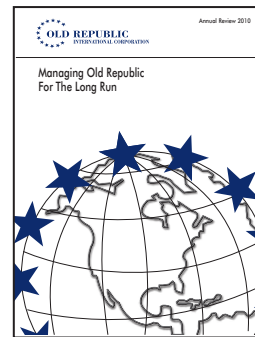
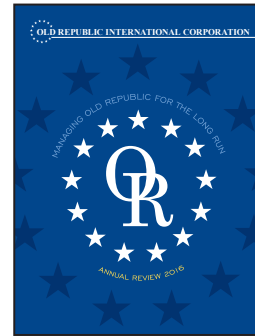
Old Republic celebrated its 95th anniversary in 2018. The Company reached new highs in consolidated premiums and fees earned (\$5.7 billion), net investment income (\$431.8 million), pretax operating income (\$673.7 million), and net operating income (\$556.4 million).

General Insurance underwriting/service profitability rebounded. Earned premiums edged up while claim ratios remained essentially unchanged. 2018 brought another year of record net premiums earned and net investment income, leading to another record in pretax operating profit.

Title Insurance premium and fees revenues rose to more than \$2 billion for the fourth consecutive year. In addition, pretax operating earnings exceeded \$200 million for the third year in a row. Market share gains came from several places. These included investments in both our agency and direct revenue operations, growth in the commercial division, and doing business the “right way” by offering exceptional service and support to our title agents and customers. In 2018, Standard and Poor’s raised our financial strength rating to A+: unsurpassed by any other title insurance underwriter.

The RFIG Run-Off business returned to “normal” in 2018. The mortgage guaranty business is expected to generate profitable operating results through the end of its term in 2022-2023. We foresee an economically sound future for the operation. The CCI part of the RFIG run-off book of business posted operating profits for the first time since 2007. This should lead CCI operations to handle the remaining book of insurance in-force in an efficiently economical and potentially profitable manner through the end of policy terms.

Old Republic’s Board of Directors approved an increase in the cash dividend for the 37th consecutive year. The Company has now paid a cash dividend for 77 straight years: a testament to managing a well-capitalized business for the long run.



2017 Old Republic put the lasting effects of the Great Recession and the run-off of its financial indemnity business behind it. This allowed us to plan for greater outcomes for all stakeholders in the coming years.

General Insurance benefited from a rebounding economy and the repairs we made to our under-writing protocols in prior years. Record net premiums earned and net investment income led to a new high in pretax operating profit. We worked to further improve our underwriting and total operating margins.

Title Insurance posted its third consecutive years of \$2+ billion in revenue and set a new record. Low mortgage interest rates and active housing and commercial markets led to higher premiums and fees. In addition, both our direct and independent agency operations contributed to growth. Consumer confidence and positive economic conditions support a continued healthy environment.

RFIG's mortgage guaranty companies were freed from regulatory supervision near year-end 2017. This business is likely to remain profitable through the end of its term, and we are planning an economically sound future for the operation. The CCI part of the RFIG run-off book of business settled long-standing litigation with a major bank and its acquired mortgage banking subsidiary. This should lead CCI operations to handle the remaining book of insurance in-force in an efficiently economical and potentially profitable manner through the end of policy terms.

New highs were reached in pretax operating income from actively managed businesses (\$587.3 million), total net income (\$560.5 million), and total capitalization (\$6.18 billion). For the 76th consecutive year, we returned value to shareholders by paying a regular cash dividend which was increased for the 36th consecutive year. In addition, a special cash dividend of \$1.00 per share was declared in December 2017.

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

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

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

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

Old Republic increased its cash dividend for the 35th consecutive year, and has paid a cash dividend, without interruption, for 75 years.

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

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

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

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

2014 Earnings decreased as Old Republic's General Insurance operating income contribution was much lower in 2014. Greater premium revenues benefited from rate improvements, higher policy retentions and new business production, but were not enough to offset more costly claim settlements and an increase in reserve levels. Title Insurance operating income was eroded by transitory weaknesses in housing-related markets. Premium and fee revenues declined due to a significant drop in refinance transactions. Claim costs were lower as claim frequency and severity continued to abate. The continued profitability of RFIG's mortgage guaranty business was eclipsed by

significantly higher consumer credit indemnity claim costs. Net investment income gained from a greater invested asset base and the higher yields realized from an increasingly greater commitment to high quality dividend-paying common stocks.

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

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

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

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

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

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

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

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

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

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

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

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

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

OLD REPUBLIC INTERNATIONAL CORPORATION



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

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

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 to 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 1, Item 1A-Risk Factors, of the Company's 2018 Form 10-K Annual Report to the Securities and Exchange Commission, which Item is specifically included herein by reference.

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

This 2018 Annual Review is published to inform policyholders, stockholders, clients, employees, and the investment community of Old Republic's business operations and philosophy. More detailed financial information appears in the Company's Annual Report sent to shareholders of record. The contents of this Annual Review are consistent with data in the Annual Report.

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

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



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