

OLD REPUBLIC INTERNATIONAL CORP

Form S-4/A

August 03, 2010

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As filed with the Securities and Exchange Commission on August 3, 2010

Registration No. 333-168130

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

**Amendment No. 1
to
Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

OLD REPUBLIC INTERNATIONAL CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*

6331
*(Primary Standard Industrial
Classification Code Number)*

No. 36-2678171
*(I.R.S. Employer Identification
Number)*

307 North Michigan Avenue, Chicago, Illinois 60601
(312) 346-8100
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Spencer LeRoy III, Esq.
Senior Vice President, General Counsel and Secretary
Old Republic International Corporation
307 North Michigan Avenue
Chicago, Illinois 60601-5382
(312) 346-8100

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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1735 Market Street, 51st Floor
Philadelphia, PA 19103-7599
(215) 665-8500

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions under the merger agreement described herein.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this

Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.

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The information contained in this preliminary proxy statement/prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the securities and exchange commission is effective. This preliminary proxy statement/prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**PRELIMINARY PROXY STATEMENT/PROSPECTUS
SUBJECT TO COMPLETION, DATED AUGUST 3, 2010**

Dear Fellow Shareholder:

You are cordially invited to attend a special meeting of the shareholders of PMA Capital Corporation (PMA) to be held on Tuesday, September 21, 2010, at 10:00 a.m., local time, at Philadelphia Marriott West, 111 Crawford Avenue, West Conshohocken, Pennsylvania.

At the special meeting, you will be asked to approve the Agreement and Plan of Merger, dated as of June 9, 2010 (the merger agreement), by and among Old Republic International Corporation (Old Republic), OR New Corp., a wholly owned subsidiary of Old Republic (Merger Sub), and PMA, pursuant to which Merger Sub will be merged with and into PMA and PMA will continue as the surviving entity and as a wholly owned subsidiary of Old Republic.

In the merger, each of your shares of PMA class A common stock will be converted into the right to receive 0.55 shares of Old Republic common stock (the exchange ratio), provided that the volume weighted average price per share of Old Republic common stock on the NYSE, as reported by Bloomberg LP, for the twenty consecutive trading days ending on and including the fifth trading day prior to, but not including, the effective date of the merger, is at least \$12.50 but not greater than \$17.00 (the Old Republic measurement price). If the Old Republic measurement price is less than \$12.50, the exchange ratio will be determined by dividing \$6.875 by the Old Republic measurement price, subject to a maximum exchange ratio of 0.60 shares. If the Old Republic measurement price is greater than \$17.00, the exchange ratio will be determined by dividing \$9.350 by the Old Republic measurement price, subject to a minimum exchange ratio of 0.50 shares.

This proxy statement/prospectus provides a detailed description of the merger agreement and the proposed merger. In addition, it contains important information regarding the special meeting. **We urge you to read this proxy statement/prospectus (and any documents incorporated into this proxy statement/prospectus by reference) carefully. Please pay particular attention to the section titled Risk Factors beginning on page 11.**

The Board of Directors of PMA recommends that you vote FOR the proposal to adopt the merger agreement.

The merger cannot be completed unless it is adopted by the affirmative vote of a majority of the votes cast by all shareholders entitled to vote on the merger, assuming a quorum is present.

Your vote is very important. If you are a registered shareholder, please vote your shares as soon as possible using one of the following methods to ensure that your vote is counted, regardless of whether you expect to attend the special meeting in person: (1) call the toll-free number specified on the enclosed proxy card and follow the instructions when prompted, (2) access the Internet website specified on the enclosed proxy card and follow the instructions provided to you, or (3) complete, sign, date and return the enclosed proxy card in the postage-paid envelope provided. If you hold your shares in street name through a bank, broker or other nominee, you will need to follow the instructions provided to you by your bank, broker or other nominee to

ensure that your shares are represented and voted at the special meeting.

If you have any questions about the proposed merger or about how to vote your shares, please call MacKenzie Partners, Inc., the firm assisting PMA in its solicitation of proxies, toll-free at (800)322-2885, or call PMA Investor Relations at (610) 397-5298.

We look forward to the successful completion of the merger.

Sincerely,

Neal C. Schneider
Chairman of the Board
PMA Capital Corporation

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated [], 2010, and is first being mailed to the shareholders of PMA on or about [], 2010.

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ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about PMA from other documents that are not included in or delivered with this proxy statement/prospectus. In addition, this proxy statement/prospectus refers to certain additional information about Old Republic that is not included in or delivered with this proxy statement/prospectus. This information is available for you to review at the public reference room of the Securities and Exchange Commission (the SEC) located at 100 F Street, N.E., Washington, D.C. 20549, and through the SEC's website at www.sec.gov. You can also obtain the documents incorporated by reference into and referred to in this proxy statement/prospectus free of charge by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Old Republic

Old Republic International Corporation
307 North Michigan Avenue
Chicago, Illinois 60601
Attention: Investor Relations
Telephone: (312) 346-8100

PMA

PMA Capital Corporation
380 Sentry Parkway
Blue Bell, Pennsylvania 19422
Attention: Investor Relations
Telephone: (610) 397-5298

If you would like to request any documents, please do so by September 13, 2010 in order to receive them before the special meeting.

For more information, please see the section titled "Where You Can Find More Information" beginning on page 187.

ABOUT THIS DOCUMENT

This document, which forms part of a registration statement on Form S-4 filed with the SEC by Old Republic (File No. 333-168130), constitutes a prospectus of Old Republic under Section 5 of the Securities Act of 1933, as amended (the Securities Act), with respect to the shares of Old Republic common stock to be issued to PMA shareholders under the merger agreement. This document also constitutes a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act). It also constitutes a notice of meeting with respect to the special meeting of PMA shareholders, at which meeting PMA shareholders will be asked to vote upon a proposal to adopt the merger agreement.

You should rely only on the information contained or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated as of [], 2010. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this proxy statement/prospectus is accurate as of any date other than the date of such incorporated document. Neither our mailing of this proxy statement/prospectus to PMA shareholders nor the issuance by Old Republic of its common stock in connection with the merger will create any implication to the contrary.

This proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this proxy statement/prospectus regarding PMA has been provided by PMA and information contained in this proxy

statement/prospectus regarding Old Republic has been provided by Old Republic.

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF
PMA CAPITAL CORPORATION**

A special meeting of shareholders of PMA Capital Corporation (PMA) will be held on Tuesday, September 21, 2010, at 10:00 a.m., local time, at Philadelphia Marriott West, 111 Crawford Avenue, West Conshohocken, Pennsylvania, for the following purposes:

to adopt the Agreement and Plan of Merger, dated as of June 9, 2010, by and among Old Republic International Corporation (Old Republic), OR New Corp., a wholly owned subsidiary of Old Republic (Merger Sub), and PMA, pursuant to which Merger Sub will be merged with and into PMA and PMA will continue as the surviving entity, as further described in the accompanying proxy statement/prospectus; and

to transact any other business that may properly be brought before the special meeting, or any adjournments or postponements thereof, including, without limitation, a motion to adjourn or postpone the special meeting to another time and/or place for the purpose of soliciting additional proxies in favor of the proposal to adopt the merger agreement, if necessary.

The Board of Directors of PMA recommends that you vote **FOR** the proposal to adopt the merger agreement.

Adoption of the merger agreement requires the affirmative vote of a majority of the votes cast by all shareholders entitled to vote on the merger, assuming a quorum is present.

Only shareholders of record at the close of business on July 30, 2010 are entitled to notice of, and to vote at, the special meeting and any adjournment or postponement thereof. A complete list of shareholders entitled to vote at the special meeting will be available and kept open at the time and place of the special meeting and shall be subject to the inspection of any shareholder during, and for purposes germane to, the special meeting.

Only shareholders or their proxy holders may attend the special meeting. If you hold shares in your name, please be prepared to provide proper identification, such as a driver's license. If you hold your shares in street name through a bank, broker or other nominee, you will need to provide proof of ownership, such as a recent account statement or letter from your bank, broker or other nominee, along with proper identification.

Your vote is very important. If you are a registered shareholder, please vote your shares as soon as possible using one of the following methods to ensure that your vote is counted, regardless of whether you expect to attend the special meeting in person: (1) call the toll-free number specified on the enclosed proxy card and follow the instructions when prompted, (2) access the Internet website specified on the enclosed proxy card and follow the instructions provided to you, or (3) complete, sign, date and return the enclosed proxy card in the postage-paid envelope provided. If you hold your shares in street name through a bank, broker or other nominee, you will need to follow the instructions provided to you by your bank, broker or other nominee to ensure that your shares are represented and voted at the special meeting.

Your proxy may be revoked at any time before the vote at the special meeting by following the procedures outlined in the accompanying proxy statement/prospectus.

In connection with our solicitation of proxies for the special meeting, we are mailing this proxy statement/prospectus and proxy card on or about [], 2010.

By order of the Board of Directors of

PMA Capital Corporation

Neal C. Schneider
Chairman of the Board

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

Q: When and where is the PMA special meeting?

A: The PMA special meeting will take place on Tuesday, September 21, 2010 at 10:00 a.m. local time, at Philadelphia Marriott West, 111 Crawford Avenue, West Conshohocken, Pennsylvania.

Q: Why am I receiving this document?

A: Old Republic has agreed to acquire PMA pursuant to the terms of a merger agreement that is described in this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A.

In order to complete the merger, PMA shareholders must vote to adopt the merger agreement. PMA is holding a special meeting of shareholders to obtain this shareholder approval.

This proxy statement/prospectus contains important information about the merger and the special meeting of the shareholders of PMA, and you should read it carefully. The enclosed voting materials allow you to vote your shares without attending the special meeting in person.

Your vote is extremely important. We encourage you to vote as soon as possible. For more information on how to vote your shares, please see the section titled PMA Special Meeting beginning on page 183.

Q: What shareholder vote is required to adopt the merger agreement and approve the other items to be voted on at the PMA special meeting?

A: *Merger Agreement.* Under Pennsylvania law, which governs PMA, the merger agreement must be adopted by the affirmative vote of a majority of the votes cast by all shareholders entitled to vote on the merger, assuming a quorum is present. Each share of PMA class A common stock is entitled to one vote on the adoption of the merger agreement.

If these votes are not obtained, the merger will not be completed. Your vote is very important. You are encouraged to submit a proxy as soon as possible.

Adjournment of meeting. The affirmative vote of a majority of the shares of PMA class A common stock entitled to vote and present, in person or represented by proxy, at the special meeting is required to adjourn or postpone the special meeting for solicitation of additional proxies in the event there are not sufficient votes present, in person or represented by proxy, at the time of the special meeting to adopt the merger agreement.

Q: What will happen in the merger?

A: In the merger, OR New Corp. (Merger Sub), a wholly owned subsidiary of Old Republic, will merge with and into PMA. Following the merger, PMA will continue as the surviving entity and as a wholly owned subsidiary of Old Republic.

Q: What will PMA shareholders receive in the merger? How does the collar work?

- A: Upon the completion of the merger, each outstanding share of PMA class A common stock, excluding any shares owned by PMA or Old Republic or any subsidiary of PMA or Old Republic (other than PMA class A common stock held in trust accounts and the like for the benefit of a third party or in respect of an outstanding debt), will be converted into the right to receive 0.55 shares of Old Republic common stock (the exchange ratio), provided that the volume weighted average price per share of Old Republic common stock on the NYSE, as reported by Bloomberg LP, for the twenty consecutive trading days ending on and including the fifth trading day prior to, but not including, the effective date of the merger, is at least \$12.50 but not greater than \$17.00 (the Old Republic measurement price). The range from \$12.50 to \$17.00 is referred to as the collar.

The exchange ratio will change if the Old Republic measurement price is outside of the collar. If the Old Republic measurement price is less than \$12.50, the exchange ratio will be determined by dividing \$6.875 by the Old Republic measurement price, subject to a maximum exchange ratio of 0.60 shares. If the Old Republic measurement price is greater than \$17.00, the exchange ratio will be determined by dividing \$9.350 by the Old

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Republic measurement price, subject to a minimum exchange ratio of 0.50 shares. See The Merger Agreement Terms of the Merger below for additional information.

Q: Are PMA shareholders able to exercise appraisal rights?

A: No. PMA shareholders are not entitled to appraisal rights under the Pennsylvania Business Corporation Law (PBCL) in connection with the merger.

Q: When do the parties expect to complete the merger?

A: Old Republic and PMA are working to complete the merger as quickly as practicable. We currently expect the merger to be completed near the end of the third quarter of 2010. However, neither Old Republic nor PMA can predict the effective time of the merger because it is subject to conditions both within and beyond each company s control.

Q: How will the combined company be managed?

A: The current senior management team of Old Republic, including Aldo C. Zucaro, who is currently serving as the chairman of the board of directors and chief executive officer of Old Republic, will continue in their respective positions and manage the combined company.

Q: What will be the composition of the board of directors of Old Republic following the merger?

A: The Old Republic board will remain the same following the merger, except that one of the independent directors of PMA will join Old Republic s board of directors as a Class 2 director.

Q: Why is my vote important?

A: If you do not submit a proxy or vote in person at the special meeting, it will be more difficult for PMA to obtain the necessary quorum to hold the meeting. If you hold your shares in street name through a bank, broker or other nominee, you will need to follow the instructions provided to you by your bank, broker or other nominee to ensure that your shares are represented and voted at the special meeting.

Q: What constitutes a quorum for the meeting?

A: A majority of the outstanding shares of PMA class A common stock having voting power being present, in person or represented by proxy constitutes a quorum for the meeting.

Q: Does PMA s board of directors recommend adoption of the merger agreement and approval of the other matters to be voted on at the PMA special meeting?

A: Yes. The PMA board of directors has determined that the terms of the merger agreement and the transactions contemplated thereby are advisable, fair to, and in the best interests of, PMA and PMA s shareholders, and recommends that shareholders vote FOR the proposal to adopt the merger agreement. In addition, the PMA board of directors recommends that shareholders vote FOR the approval of a proposal to adjourn or postpone the special meeting for solicitation of additional proxies in the event there are not sufficient votes present, in person or represented by proxy, at the time of the special meeting to adopt the merger agreement.

Please see The Merger PMA's Reasons for the Merger and The Merger Old Republic's Reasons for the Merger below for additional information.

Q: What is the record date for the special meeting?

A: The record date for the PMA special meeting is July 30, 2010 (the PMA record date). Holders of PMA class A common stock on the PMA record date are entitled to notice of the PMA special meeting and to vote at the PMA special meeting or any adjournment or postponement thereof.

Q: Who can vote at the special meeting?

A: All PMA shareholders of record as of the close of business on July 30, 2010, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting.

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Q: What do I need to do now?

A: The parties urge you to read carefully this proxy statement/prospectus, including its annexes and the documents incorporated by reference herein. You also may want to review the documents referenced under the section **Where You Can Find More Information** below and consult with your accounting, legal and tax advisors.

Once you have reviewed this information, please respond by completing, signing and dating your proxy card and returning it in the enclosed postage-paid envelope or, if available, by submitting your proxy by telephone or through the Internet as soon as possible so that your shares of PMA class A common stock will be represented and voted at the special meeting, as applicable.

Please refer to your proxy card or the information forwarded by your broker or other nominee to see which voting options are available to you.

The Internet and telephone proxy submission procedures are designed to verify your stock holdings and to allow you to confirm that your instructions have been properly recorded.

The method by which you submit a proxy will in no way limit your right to vote at the special meeting if you later decide to attend the meeting in person. If you hold your shares in **street name** through a bank, broker or other nominee, you will need to follow the instructions provided to you by your bank, broker or other nominee to ensure that your shares are represented and voted at the special meeting.

Q: Who may attend the meeting?

A: PMA shareholders (or their authorized representatives) and PMA's invited guests may attend the meeting. Verification of stock ownership will be required at the meeting. If you own your shares in your own name or hold them through a broker (and can provide documentation showing ownership such as a letter from your broker or a recent account statement) at the close of business on the record date (July 30, 2010), you will be permitted to attend the meeting.

Q: How do I obtain directions to attend the special meeting in person?

A: You may contact PMA Investor Relations at (610) 397-5298 to obtain directions to the special meeting.

Q: What if I abstain from voting or do not vote?

A: Abstentions of shares of PMA class A common stock will be counted as shares that are present and entitled to vote for purposes of determining whether a quorum exists for a vote on any particular proposal, but will not be counted as votes cast in regard to a particular proposal. If a holder of shares of PMA class A common stock fails to return its proxy card, such shares will not be counted for purposes of such vote.

Q: If my PMA class A common stock is held in a brokerage account or in **street name, will my broker vote my shares for me?**

A: If you are a PMA shareholder and if you do not provide your bank or broker with instructions on how to vote your **street name** shares, your bank or broker will not be permitted to vote them unless your bank or broker already has discretionary authority to vote such **street name** shares. Also, if your bank or broker has indicated on the proxy that it does not have discretionary authority to vote such **street name** shares, your bank or broker will

not be permitted to vote them. Either of these situations results in a broker non-vote.

Q: How are broker non-votes treated?

A: Broker non-votes will have no effect on the proposals to adopt the merger agreement and approve the adjournment or postponement of the PMA special meeting once a quorum for the meeting has been established. Therefore, you should provide your bank or broker with instructions on how to vote your shares, or arrange to attend the PMA special meeting and vote your shares in person to avoid a broker non-vote.

Q: What should I do if I receive more than one set of voting materials for the special meeting?

A: You may receive more than one set of voting materials for the special meeting, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your

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shares of PMA class A common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares of PMA class A common stock. If you are a holder of record and your shares of PMA class A common stock are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

Q: What do I do if I want to change my vote or revoke my proxy?

A: If you are a registered shareholder, you may change your vote at any time before the vote takes place at the PMA special meeting. To do so, you may either complete and submit a new proxy card with a later date or send a written notice to the corporate secretary of PMA stating that you would like to revoke your proxy. In addition, you may elect to attend the PMA special meeting and vote in person, as described above. However, if you are not a registered shareholder, but instead hold your shares of PMA class A common stock through a bank, broker or other nominee, you may revoke your instructions only by informing the bank, broker or nominee in accordance with any procedures established by such nominee.

Q: How will my shares be represented at the meeting?

A: At the meeting, the officers named in your proxy card will vote your shares in the manner you requested if you correctly submitted your proxy. If you sign your proxy card and return it without indicating how you would like to vote your shares, your proxy will be voted as the PMA board of directors recommends, which is:

FOR the adoption of the merger agreement; and

FOR the approval of a proposal to adjourn or postpone the special meeting for solicitation of additional proxies in the event there are not sufficient votes present, in person or represented by proxy, at the time of the special meeting to adopt the merger agreement.

Q: What effect will the merger have on options to purchase PMA class A common stock and other stock-based awards that have been granted to employees and directors of PMA?

A: The terms of outstanding restricted share award agreements between PMA and its non-employee directors provide that the vesting of all unvested restricted shares will accelerate upon a change in control transaction. The merger will constitute a change in control transaction.

Restricted shares and options to purchase PMA class A common stock will be converted into restricted shares and options to purchase Old Republic common stock based on the exchange ratio. Stock appreciation rights based on the value of PMA class A common stock will be converted into stock appreciation rights with respect to Old Republic common stock based on the exchange ratio. The conversion price for the options and the stock appreciation rights of Old Republic will be established by dividing the current exercise price by the exchange ratio. The converted stock options, stock appreciation rights and restricted shares, other than restricted shares held by non-employee directors, which will vest upon the closing of the merger, will otherwise have the same terms and conditions as were in effect before the merger was effective.

At the effective time of the merger, the performance goals designated under each of PMA's 2009 and 2010 Officer Long Term Incentive Plans will be deemed to have been met at 100% of target and the performance goals designated under PMA's 2010 Officer Annual Incentive Compensation Plan will be deemed to have been met at a payout factor of 100%. As such, the payment of such awards will be based on the satisfaction by participants of only the service-based and time-based vesting requirements designated under such plans. Restricted share units

are outstanding under PMA s 2009 and 2010 Officer Long Term Incentive Plans. At the effective time of the merger, each outstanding restricted share unit awarded under a long-term incentive plan will be automatically converted into a number of restricted share units of Old Republic based on the exchange ratio and the proportion of the performance period under the applicable long term incentive plan that has passed at the time of the closing of the merger. At the effective time of the merger, PMA s 2008 Officer Long Term Incentive Plan will be terminated.

See The Merger Agreement Treatment of PMA Equity Compensation Awards and Performance-Based Compensation Awards.

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Q: Should I send in my PMA stock certificates now?

A: No. If the merger is completed, written instructions will be sent to shareholders of PMA with respect to the exchange of their share certificates for the merger consideration described in the merger agreement.

Q: Do I have to take any action now to exchange my shares held in book-entry form?

A: No. PMA shareholders who hold their shares in book-entry form will receive instructions for the exchange of their shares for the merger consideration following the completion of the merger.

Q: Are there risks associated with the merger, and what will happen to PMA if the merger is not completed, that I should consider in deciding how to vote?

A: Yes. There are a number of risks related to the merger and the other transactions contemplated by the merger agreement that are discussed in this proxy statement/prospectus and in other documents incorporated by reference or referred to in this proxy statement/prospectus. Please read with particular care the detailed description of the risks described in Risk Factors Risks Relating to the Pending Merger below. Additional risks relating to Old Republic's and PMA's business are described under the heading Risk Factors below and in the Old Republic SEC filings and the PMA SEC filings referred to in Where You Can Find More Information below.

If the merger is not completed, PMA's shareholders will not receive the merger consideration and PMA will remain a stand alone public company with its class A common stock traded on the Nasdaq Stock Market. Under certain circumstances, PMA may be required to reimburse Old Republic for its expenses or pay Old Republic a fee in connection with the termination of the merger agreement.

In addition, if the merger is not completed, PMA's ability to reach a resolution with the Pennsylvania Insurance Department with respect to the Department's examination of PMA's insurance subsidiaries as of December 31, 2007 will be adversely impacted. See The Merger PMA's Reasons for the Merger Resolution of Pennsylvania Insurance Department Examination. Based on recent discussions with representatives of the Department, in order to resolve the outstanding issues as a stand alone organization, PMA will need to engage in administrative and legal review processes which, irrespective of their ultimate outcome, will likely hinder the long-term and day-to-day continuity of PMA's business operations and, in the interim, potentially have a negative impact on the financial ratings of its insurance subsidiaries. PMA cannot predict how long the processes would take or whether it would ultimately be successful. In the event that PMA is unsuccessful in its administrative and legal appeals, PMA could be required to take actions, such as increasing its loss and loss adjustment expense reserves, that would materially and adversely affect its business, financial condition and results of operations.

Q: Will a proxy solicitor be used?

A: Yes. PMA has engaged MacKenzie Partners, Inc. to assist in the solicitation of proxies for the special meeting and PMA expects it will pay MacKenzie Partners, Inc. a fee of approximately \$10,000. PMA has also agreed to reimburse MacKenzie Partners, Inc. for reasonable out-of-pocket expenses incurred in connection with the proxy solicitation and to indemnify MacKenzie Partners, Inc. against certain losses, costs and expenses. In addition, our officers and employees may solicit proxies by telephone or in person, but no additional compensation will be paid to them.

Q: Who can I contact with any additional questions?

A: If you have additional questions about the merger, you should contact Old Republic or PMA at:

Old Republic International Corporation
307 North Michigan Avenue
Chicago, Illinois 60601
Attention: Investor Relations
Telephone: (312) 346-8100

PMA Capital Corporation
380 Sentry Parkway
Blue Bell, PA 19422
Attention: Investor Relations
Telephone: (610) 397-5298

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If you would like additional copies of this proxy statement/prospectus, or if you need assistance voting your shares, you should contact:

MacKenzie Partners, Inc.
105 Madison Avenue
New York, NY 10016
(800) 322-2885 (toll free) or
(212) 929-5500 (call collect)
PMA@mackenziepartners.com

Q: Where can I find more information about the companies?

A: You can find more information about Old Republic and PMA in the documents described under the section entitled "Where You Can Find More Information" below.

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SUMMARY

This summary highlights selected information from this statement and may not contain all the information that is important to you. To fully understand the merger proposal and for a more complete description of the legal terms of the merger, you should read carefully this entire document, including the annexes hereto and documents incorporated by reference herein, and the other documents to which the parties have referred you. For information on how to obtain the documents that the parties have filed with the SEC, see the section entitled "Where You Can Find More Information" below.

Information About the Companies

PMA Capital Corporation (PMA) is a holding company whose operating subsidiaries provide insurance and related fee-based services. PMA's insurance products include workers' compensation and other commercial property and casualty lines of insurance. Fee-based services include third party administrator (TPA), managing general agent and program administrator services.

PMA is a Pennsylvania corporation. PMA's common stock trades on the NASDAQ Stock Market® under the symbol PMACA. PMA has an A.M. Best Company financial strength rating of A- (Excellent), which is the 4th highest of 16 rating levels. PMA's principal executive offices are located at 380 Sentry Parkway, Blue Bell, Pennsylvania 19422, and its telephone number is (610) 397-5298.

Old Republic International Corporation (Old Republic), a Delaware corporation, is a Chicago based holding company engaged in the single business of insurance underwriting. Old Republic conducts its operations through a number of regulated insurance company subsidiaries organized into three major segments, namely, its General (property and liability insurance), Mortgage Guaranty, and Title Insurance Groups.

The principal companies in Old Republic's General Insurance segment are rated either A+ (Superior) or A (Excellent) by A.M. Best. Republic Mortgage Insurance Company, Old Republic's principal mortgage insurance subsidiary, is rated BBB- by Fitch, Ba1 by Moody's and BBB- by Standard & Poor's. Old Republic's Title Insurance group is rated A or higher by each of A.M. Best, Fitch, Moody's and Standard & Poor's. Old Republic common stock trades on the NYSE under the symbol ORI. Old Republic's principal executive offices are located at 307 North Michigan Avenue, Chicago, Illinois 60601 and its telephone number is (312) 346-8100.

OR New Corp. (Merger Sub), a Pennsylvania corporation, is a wholly owned subsidiary of Old Republic that was formed solely for the purpose of effecting the merger. Merger Sub has not conducted and will not conduct any business prior to the merger. Merger Sub's principal executive offices are located at 307 North Michigan Avenue, Chicago, Illinois 60601 and its telephone number is (312) 346-8100.

Further details relating to Old Republic, Merger Sub and PMA are described in "Information About the Companies" below.

The Merger

Old Republic and PMA have entered into the merger agreement pursuant to which Merger Sub will merge with and into PMA. As a result of the merger, PMA will become a wholly owned subsidiary of Old Republic and each share of PMA class A common stock will be converted into 0.55 shares of Old Republic common stock, subject to a collar.

Under the collar, if the volume weighted average price per share of Old Republic common stock on the NYSE, as reported by Bloomberg LP, for the twenty consecutive trading days ending on and including the fifth trading day prior to, but not including, the effective date of the merger (the Old Republic measurement price), is less than \$12.50, the exchange ratio could be as high as 0.60 shares of Old Republic common stock for each share of PMA class A common stock. If the Old Republic measurement price is greater than \$17.00, the exchange ratio could be as low as 0.50 shares of Old Republic common stock for each share of PMA class A common stock. See The Merger Agreement Terms of the Merger for a more complete description of the exchange ratio and the collar.

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The merger agreement is attached as Annex A to this proxy statement/prospectus and is incorporated by reference. Old Republic and PMA encourage you to read the merger agreement in its entirety because it is the legal document that governs the merger.

Treatment of PMA Equity Compensation Awards and Performance-Based Compensation Awards

PMA periodically has granted stock options, stock appreciation rights, restricted shares and restricted share units to employees and non-employee directors pursuant to PMA's 2002 Equity Incentive Plan, 2007 Omnibus Incentive Compensation Plan and 2004 Director Stock Compensation Plan. As of the record date for the PMA special meeting, there were approximately 856,871 shares of PMA class A common stock issuable pursuant to outstanding stock options and 41,250 outstanding restricted shares. As of the record date, there were 56,000 stock appreciation rights outstanding and 956,452 restricted share units awarded under PMA's 2009 and 2010 Officer Long Term Incentive Compensation Plans.

The terms of outstanding restricted share award agreements between PMA and its non-employee directors provide that the vesting of all unvested restricted shares will accelerate upon a change in control transaction. The merger will constitute a change in control transaction.

At the effective time of the merger, each outstanding stock option and stock appreciation right that remains unexercised as of the completion of the merger, whether or not vested or unvested, will automatically be converted into an equivalent stock option or stock appreciation right with respect to a number of shares of Old Republic common stock based on the exchange ratio. At the effective time of the merger, each outstanding restricted share will automatically be converted into an equivalent share of Old Republic common stock based on the exchange ratio. The converted stock options, stock appreciation rights and restricted shares, other than the restricted shares held by non-employee directors, which will vest upon the closing of the merger, will otherwise have the same terms and conditions as were in effect before the merger was effective.

At the effective time of the merger, the performance goals designated under each of PMA's 2009 and 2010 Officer Long Term Incentive Plans will be deemed to have been met at 100% of target and the performance goals designated under PMA's 2010 Officer Annual Incentive Compensation Plan will be deemed to have been met at a payout factor of 100%. As such, the payment of such awards shall be based on the satisfaction by participants of only the service-based and time-based vesting requirements designated under such plans, if any. Restricted share units are outstanding under PMA's 2009 and 2010 Officer Long Term Incentive Plans. At the effective time of the merger, each outstanding restricted share unit awarded under a long-term incentive plan will be automatically converted into a number of restricted share units of Old Republic based on the exchange ratio and the proportion of the performance period under the applicable long term incentive plan that has passed at the time of the closing of the merger. See The Merger Agreement Treatment of PMA Equity Compensation Awards and Performance-Based Compensation Awards.

At the effective time of the merger, PMA's 2008 Officer Long Term Incentive Plan will be terminated.

PMA's Reasons for the Merger

PMA's board of directors, at its meeting held on June 9, 2010, considered the terms of the merger agreement and the transactions contemplated thereby and determined them to be advisable, fair to, and in the best interests of, PMA and PMA's shareholders. PMA believes that a merger with Old Republic, and the additional financial strength and stability it can provide, will be of benefit to its shareholders, clients, employees and other stakeholders. In evaluating the merger, PMA's board of directors consulted with management, as well as its legal and financial advisors, and considered a number of factors, including the following:

the challenges PMA would face continuing as an independent company,

the opportunity to resolve issues relating to the Pennsylvania Insurance Department's examination of PMA's loss and loss adjustment expense reserves through a merger with Old Republic rather than engaging in administrative and legal review processes which, irrespective of their ultimate outcome, would likely hinder the long-term and day-to-day continuity of PMA's business operations and, in the interim, potentially have a negative impact on its financial ratings,

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the fact that the merger consideration represented a premium of approximately 15% to the closing price of PMA's class A common stock on June 8, 2010, the last trading day prior to execution of the merger agreement,

the opinion of BofA Merrill Lynch, dated June 9, 2010, to PMA's board of directors to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in its opinion, the exchange ratio provided for in the merger was fair, from a financial point of view, to holders of PMA class A common stock (see the section entitled "The Merger - Opinion of PMA's Financial Advisor" for a more complete description),

given the lengthy and thorough sale process undertaken by PMA and its financial advisor, the probability of receiving an offer better than the offer made by Old Republic was low,

the benefits of the merger to PMA's shareholders, clients, employees and other stakeholders compared to alternative strategies where PMA continued to operate independently,

the terms of the merger agreement,

the decentralized nature of Old Republic's operations, which is expected to provide PMA with the ability to maintain its operations in substantially the manner they existed prior to the merger,

based on the size of the transaction, the terms of the merger agreement and discussions with the Pennsylvania Insurance Department, PMA believes there is a high likelihood that the transaction will be completed,

Old Republic has higher financial strength ratings than PMA, with Old Republic's principal property and casualty insurance subsidiaries having A.M. Best ratings of "A+" compared to PMA's A.M. Best rating of "A-", and

that the merger is expected to qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code, which will permit PMA shareholders to defer recognition of taxes associated with their shares of PMA class A common stock (other than cash paid in lieu of fractional shares) until they decide to sell the shares of Old Republic common stock received in the merger.

For further details relating to PMA's reasons for approving and recommending the merger, see "The Merger - PMA's Reasons for the Merger," which is not intended to be exhaustive.

Recommendations of the PMA Board of Directors with Respect to the Merger

On June 9, 2010, the PMA board of directors convened a meeting to review and consider the proposed merger with Old Republic. The entire board except for one director was present at the meeting. At that meeting, PMA's board, by unanimous vote of the directors present, determined that the terms of the merger agreement and the transactions contemplated thereby are advisable, fair to, and in the best interests of, PMA and PMA's shareholders, and such directors unanimously approved the merger agreement and the transactions contemplated by the merger agreement. The PMA board of directors recommends that PMA shareholders vote "FOR" the proposal to adopt the merger agreement and "FOR" the approval of the adjournment or postponement of the special meeting for the solicitation of additional proxies if there are not sufficient votes present, in person or represented by proxy, at the time of the special meeting to adopt the merger agreement.

For further discussion of PMA's reasons for the merger and the recommendation of the PMA board of directors, see The Merger Background of the Merger, The Merger PMA's Reasons for the Merger and The Merger Recommendations of the PMA Board of Directors with Respect to the Merger below.

Shareholders Entitled to Vote; Vote Required

Shareholders who owned shares of PMA class A common stock at the close of business on July 30, 2010, which is referred to as the record date, are entitled to vote at the special meeting. On the record date, there were 32,280,474 shares of PMA class A common stock outstanding and entitled to vote at the special meeting, held by approximately 134 holders of record. Shareholders may cast one vote for each share of PMA class A common stock owned on the record date.

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Assuming a quorum is present, the affirmative vote of a majority of the votes cast by all shareholders entitled to vote on the merger is necessary for the adoption of the merger agreement. The holders of a majority of the total number of outstanding shares of PMA class A common stock entitled to vote as of the record date, represented either in person or by proxy, will constitute a quorum at the special meeting for the conduct of business.

The affirmative vote of a majority of the shares of PMA class A common stock entitled to vote and present, in person or represented by proxy, at the special meeting is required to adjourn or postpone the special meeting for solicitation of additional proxies in the event there are not sufficient shares present, in person or represented by proxy, at the time of the special meeting to adopt the merger agreement.

An abstention occurs when a shareholder abstains from voting (either in person or by proxy) on one or more of the proposals. A broker non-vote occurs when a bank, broker or other nominee returns a proxy but does not have authority to vote on a particular proposal. Abstentions of shares of PMA class A common stock will be counted as shares that are present and entitled to vote for purposes of determining whether a quorum exists for a vote on any particular proposal, but will not be counted as votes cast in regard to a particular proposal. Broker non-votes will have no effect on the proposals to adopt the merger agreement and approve the adjournment or postponement of the PMA special meeting once a quorum for the meeting has been established. Therefore, you should provide your bank or broker with instructions on how to vote your shares, or arrange to attend the PMA special meeting and vote your shares in person to avoid a broker non-vote. If you fail to return your proxy card, your shares will not be counted for purposes of establishing a quorum and will not be voted at the special meeting.

Your vote is very important. You are encouraged to vote as soon as possible. If you do not indicate how your shares of PMA class A common stock should be voted on a matter, the shares of PMA class A common stock represented by your properly completed proxy will be voted as the PMA board of directors recommends and therefore FOR the adoption of the merger agreement and FOR the approval of a proposal to adjourn or postpone the special meeting for solicitation of additional proxies in the event there are not sufficient votes present, in person or represented by proxy, at the time of the special meeting to adopt the merger agreement.

Opinion of PMA's Financial Advisor

In connection with the merger, Merrill Lynch, Pierce, Fenner & Smith Incorporated (BofA Merrill Lynch), PMA's financial advisor, delivered to PMA's board of directors a written opinion, dated June 9, 2010, to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in its opinion, the exchange ratio provided for in the merger was fair, from a financial point of view, to holders of PMA class A common stock. The full text of the written opinion, dated June 9, 2010, of BofA Merrill Lynch, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex B to this document and is incorporated by reference herein in its entirety. **BofA Merrill Lynch provided its opinion to PMA's board of directors for the benefit and use of PMA's board of directors in connection with and for purposes of its evaluation of the exchange ratio from a financial point of view. BofA Merrill Lynch's opinion does not address any other aspect of the merger and does not constitute a recommendation to any shareholder as to how to vote or act in connection with the proposed merger.**

Old Republic's Reasons for the Merger

It is the opinion of Old Republic's management and board of directors that the merger will enhance Old Republic's growth prospects. Old Republic's management and board believe that long-term growth can be achieved through the greater geographic spread and certain industry specialization offered by PMA's current business model. Furthermore, Old Republic believes that it will acquire the continuing services of a dedicated operating management and the well regarded insurance services delivery of PMA's subsidiaries.

Interests of PMA Officers and Directors in the Merger

In considering the recommendation of the PMA board of directors with respect to the adoption of the merger agreement, PMA shareholders should be aware that the merger agreement includes a provision that one independent

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member of the PMA board of directors be added to the Old Republic board of directors following completion of the merger. The other directors of PMA will resign effective upon closing of the merger.

In addition, the terms of outstanding restricted stock award agreements between PMA and its non-employee directors provide that the vesting of all unvested restricted stock will accelerate upon a change in control transaction. The merger will constitute a change in control transaction.

Nine PMA officers are parties to employment and severance agreements with PMA. The merger agreement provides as a condition to the obligation of Old Republic to consummate the merger that Vincent T. Donnelly, President and Chief Executive Officer, shall have executed and delivered to PMA a voluntary written termination of his employment agreement and PMA shall have obtained a voluntary written termination from six of the eight other officers that are parties to severance agreements with PMA. The employment and severance agreements provide for payments to the officers in the event their employment is terminated following a change of control of PMA.

The nine officers of PMA referred to above, including the Chief Executive Officer who is a member of PMA's board of directors, have been advised by Old Republic that, following the merger, they will be employed by Old Republic on terms comparable to their employment with PMA.

PMA's board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and making its recommendation that the PMA shareholders adopt the merger agreement. See [The Merger](#) - [Interests of PMA Officers and Directors in the Merger](#).

Material U.S. Federal Income Tax Consequences

Old Republic and PMA each expect the merger to qualify as a reorganization pursuant to Section 368(a) of the Internal Revenue Code. Provided that the merger qualifies as a reorganization under U.S. federal income tax laws, PMA shareholders generally will not recognize any gain or loss (except with respect to cash received in lieu of a fractional share of Old Republic common stock) by reason of the merger.

Please review carefully the information under the caption [Material U.S. Federal Income Tax Consequences of the Merger](#) for a description of the material U.S. federal income tax consequences of the merger. **PMA shareholders are strongly urged to consult their own tax advisors as to the specific tax consequences to them of the merger in light of their particular circumstances, including the applicability and effect of U.S. federal, state, local, non-U.S. income and other tax laws.**

Accounting Treatment

Old Republic will account for the merger under the purchase method of accounting for business combinations. Old Republic will be considered the acquirer of PMA for accounting purposes. Further details relating to the accounting treatment of the merger are described in [The Merger](#) - [Accounting Treatment](#) below.

Regulatory Approvals Required for the Merger

PMA has three insurance company subsidiaries domiciled in the Commonwealth of Pennsylvania. Insurance laws in Pennsylvania require an acquiring person to obtain approval from the Insurance Commissioner of Pennsylvania before acquiring control of an insurance company domiciled in Pennsylvania. The Insurance Commissioner of Pennsylvania approved the proposed merger on August 3, 2010.

PMA has insurance subsidiaries domiciled in Bermuda and the Cayman Islands. The laws of those jurisdictions require a notice filing and, in the case of Bermuda, the approval of the Bermuda Monetary Authority, before any change in the control of PMA can occur. Old Republic has provided notice of the proposed merger to the Bermuda Monetary Authority and the Cayman Island Monetary Authority. The Bermuda Monetary Authority granted its approval on June 30, 2010.

The merger is subject to review by the Antitrust Division of the U.S. Department of Justice (the Antitrust Division) and the Federal Trade Commission (the FTC) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder (the HSR Act). Old Republic and

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PMA have filed the requisite Pre-Merger Notification and Report Forms under the HSR Act with the Antitrust Division and the FTC and have been notified that the waiting period has been terminated.

For further discussion of regulatory matters relating to the merger, see the section entitled "The Merger - Regulatory Approvals Required for the Merger" below.

No Appraisal Rights in the Merger

Holders of PMA's class A common stock are not entitled to dissenters' rights of appraisal under Pennsylvania law in connection with the merger. See "The Merger - No Appraisal Rights."

Conditions to Completion of the Merger

The parties expect to complete the merger after all of the conditions to the merger in the merger agreement are satisfied or waived, including after PMA receives shareholder approval of the adoption of the merger agreement at its special meeting and the parties receive all required regulatory approvals. The parties currently expect to complete the merger near the end of the third quarter of 2010. It is possible, however, that factors outside of each party's control could require them to complete the merger at a later time or not to complete it at all.

A number of conditions must be satisfied or waived, where legally permissible, before the proposed merger can be consummated. These include, among others:

- adoption by PMA shareholders of the merger agreement;

- shares of Old Republic common stock issuable to the shareholders of PMA pursuant to the merger will have been approved for listing on the NYSE, subject to official notice of issuance;

- absence of any order, decree or injunction issued, and of any action taken by any court or agency or other law preventing or making illegal the consummation of the merger;

- receipt of all required regulatory approvals; and

- receipt of voluntary written terminations of employment or severance agreements with the Chief Executive Officer of PMA and six of the eight other PMA officers party to such agreements effective prior to the merger.

Neither Old Republic nor PMA can give any assurance when or if all of the conditions to the merger will be either satisfied or waived or that the merger will occur. Neither Old Republic nor PMA currently intends to waive any material condition to the completion of the merger. For further discussion of the conditions to the merger, see "The Merger Agreement - Conditions to Completion of the Merger" below.

No Solicitation of Other Offers by PMA

The merger agreement contains provisions prohibiting PMA and its subsidiaries, directors, officers, employees, agents or representatives from taking actions to solicit, discuss or negotiate any competing transaction proposal, with certain exceptions, including with respect to an unsolicited bona fide written superior proposal, as described in "The Merger Agreement - No Solicitation of Other Offers by PMA" below.

Termination of the Merger Agreement

Old Republic and PMA may jointly agree to terminate the merger agreement at any time, even after adoption by the PMA shareholders of the merger agreement, In addition, either Old Republic or PMA may terminate the merger agreement if:

the merger shall not have been consummated on or before December 31, 2010, unless the party seeking to terminate the merger agreement failed to perform or observe the applicable covenants and agreements under the merger agreement;

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a required regulatory approval has been denied or any governmental entity has taken action permanently enjoining or otherwise prohibiting or making illegal the merger, including with respect to antitrust matters, if HSR approval has not been obtained within 120 days of the filing of the HSR application (such 120 day period to be extended for another 120 days if HSR approval is a reasonable possibility);

the other party has breached a representation, warranty, covenant or agreement that would preclude the satisfaction of certain conditions to the consummation of the merger and such breach is not remedied within the applicable cure period;

the PMA board of directors shall have (i) failed to recommend the approval and adoption of the merger agreement to the PMA shareholders, (ii) made any PMA change of recommendation, (iii) approved or recommended, or publicly proposed to approve or recommend, any alternative proposal or (iv) failed to recommend to PMA's shareholders that they reject any tender offer or exchange offer that constitutes an alternative transaction within the ten business day period specified in Rule 14e-2(a) of the Exchange Act; or

the PMA shareholders have not adopted the merger agreement at the PMA special meeting. See [The Merger Agreement](#) [Termination of the Merger Agreement](#).

Termination Fees and Expenses

Each of Old Republic and PMA has agreed that, if the merger agreement is terminated in certain circumstances described in the merger agreement, PMA must pay Old Republic a termination fee of \$8 million. In addition, if the merger agreement is terminated in certain circumstances, PMA shall pay Old Republic for its documented out-of-pocket expenses in connection with the merger agreement, up to \$2 million. In certain circumstances, the termination fee is subject to offset based on any Old Republic expenses reimbursed by PMA. The maximum amount payable by PMA to Old Republic in the event of termination of the merger agreement is \$8 million. See [The Merger Agreement](#) [Termination of the Merger Agreement](#) and [The Merger Agreement](#) [Termination Fees and Expenses](#).

Purpose of the PMA Special Meeting

Holders of PMA class A common stock will be asked to vote on the following proposals:

to adopt the merger agreement; and

to approve the adjournment or postponement of the PMA special meeting for the solicitation of additional proxies in the event there are not sufficient votes present, in person or represented by proxy, at the time of the special meeting to adopt the merger agreement.

PMA's board of directors recommends that PMA's shareholders vote **FOR** the proposals set forth in the two bullets above.

Voting by PMA Directors and Executive Officers

As of July 30, 2010, directors and executive officers of PMA held and were entitled to vote 482,103 shares of PMA class A common stock, or approximately 1.5% of the voting power of the issued and outstanding shares of PMA class A common stock. Please see the section of this proxy statement/prospectus entitled [PMA Special Meeting Voting by PMA Directors and Executive Officers](#) for additional information. It is currently expected that PMA's directors and executive officers will vote their shares in favor of adopting the merger agreement, although none of

them have entered into any agreements obligating them to do so.

Directors and Executive Officers of Old Republic After the Merger

The directors and executive officers of Old Republic prior to the merger will continue as the directors and executive officers of Old Republic after the merger, except that following the merger one of the independent directors of PMA will join Old Republic's board of directors as a Class 2 director.

Table of Contents**Ownership of Old Republic After the Merger**

Old Republic will issue a maximum of approximately 19,884,057 shares of Old Republic common stock pursuant to the merger based on the number of outstanding shares of PMA class A common stock on July 30, 2010 and assuming conversion of all of PMA's 4.25% Convertible Debt and the exercise of all outstanding options to purchase shares of PMA class A common stock (which options, if unexercised, will be converted pursuant to the merger into options to acquire shares of Old Republic common stock). In addition, a maximum of approximately 573,871 shares of Old Republic common stock will be issuable in connection with outstanding PMA restricted share units that will be converted pursuant to the merger into restricted share units of Old Republic (the As-Converted Award Shares). After the effective time of the merger, PMA shareholders will own approximately 7.8% of Old Republic on a fully diluted basis based on the outstanding shares of Old Republic common stock and PMA class A common stock on July 30, 2010 and assuming the issuance of the maximum number of As-Converted Award Shares. Consequently, PMA shareholders will have significantly less influence over the management and policies of Old Republic than they currently exercise over the management and policies of PMA.

Rights of PMA Shareholders

PMA shareholders receiving merger consideration will have different rights once they become Old Republic shareholders, due to differences between the governing documents of Old Republic and PMA. These differences are described in detail under "Comparison of Rights of Old Republic Shareholders and PMA Shareholders" below.

Recent Developments***Old Republic Second Quarter 2010 Results***

On July 22, 2010 Old Republic issued a news release covering its earnings for this year's second quarter and first half. The highlights of the release are set forth below and should be read in conjunction with all other information pertaining to Old Republic's historical financial statements and Old Republic Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in this proxy statement/prospectus.

Financial Highlights

(unaudited; amounts in millions except per share data and percentages)

	Quarters Ended June 30,			Six Months Ended June 30,		
	2010	2009	Change	2010	2009	Change
Operating Revenues	\$ 935.3	\$ 912.2	2.5%	\$ 1,864.9	\$ 1,790.7	4.1%
Net Operating Income (Loss)	10.0	(49.6)	120.3	33.2	(103.5)	132.1
Net Income (Loss)	\$ 57.4	\$ (15.8)	461.4%	\$ 82.5	\$ (69.8)	218.2%
Diluted Earnings Per Share:						
Net Operating Income (Loss)	\$ 0.05	\$ (0.21)	123.8%	\$ 0.16	\$ (0.44)	136.4%
Net Income (Loss)	\$ 0.23	\$ (0.07)	428.6%	\$ 0.35	\$ (0.30)	216.7%
Cash Dividends Per Share:	\$ 0.1725	\$ 0.1700	1.5%	\$ 0.3450	\$ 0.3400	1.5%

Ending Book Value Per Share:	\$ 16.84	\$ 15.93	5.7%
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Old Republic's second quarter and first half operating results, which exclude net realized investment gains or losses, reflected significant improvement when compared to the same periods of 2009. As noted below, substantially all of the improvement stemmed from more positive results in Old Republic's Mortgage Guaranty line. The latter benefited from a combination of lower provisions for outstanding claims, and from the positive effects of largely non-recurring captive reinsurance commutations and terminations of insured mortgage pools. Second quarter and first half 2010 General Insurance pretax operating earnings were reduced by relatively higher claim costs; earnings were consequently off by 5.8 percent for this year's first half. Old Republic Title Group results

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turned to the profit column in both 2010's and 2009's second quarterly periods, but remained in moderately negative territory for the first half of both years as claim and operating expenses outpaced revenue growth.

Consolidated Results The major components of Old Republic's consolidated results and other data for the periods reported upon are shown below:

	Quarters Ended June 30,			Six Months Ended June 30,		
	2010	2009	Change	2010	2009	Change
Operating revenues:						
General insurance	\$ 468.3	\$ 507.0	(7.6)%	\$ 947.5	\$ 1,030.8	(8.1)%
Mortgage guaranty	152.1	166.5	(8.7)	312.6	337.8	(7.5)
Title insurance	293.5	219.0	34.0	555.6	379.3	46.5
Corporate and other	21.3	19.5	9.1	49.1	42.7	14.9
Total	\$ 935.3	\$ 912.2	2.5%	\$ 1,864.9	\$ 1,790.7	4.1%
Pretax operating income (loss):						
General insurance	\$ 29.3	\$ 46.4	(36.8)%	\$ 98.6	\$ 104.6	(5.8)%
Mortgage guaranty	(22.1)	(137.9)	83.9	(56.3)	(282.5)	80.1
Title insurance	4.0	5.6	(28.2)	(4.6)	(3.4)	(34.5)
Corporate and other	(3.2)	(0.1)	N/M	(1.4)	2.4	(157.0)
Sub-total	7.9	(86.0)	109.2	36.2	(178.8)	120.3
Realized investment gains (losses):						
From sales	72.8	0.3		75.8	0.3	
From impairments						
Net realized investment gains (losses)	72.8	0.3	N/M	75.8	0.3	N/M
Consolidated pretax income (loss)						
	80.8	(85.6)	194.3	112.1	(178.4)	162.8
Income taxes (credits)	23.3	(69.8)	133.5	29.5	(108.6)	127.2
Net income (loss)	\$ 57.4	\$ (15.8)	461.4%	\$ 82.5	\$ (69.8)	218.2%
Consolidated underwriting ratio:						
Benefits and claim ratio	60.4%	78.8%		60.0%	81.3%	
Expense ratio	48.8	42.3		48.1	41.0	
Composite ratio	109.2%	121.1%		108.1%	122.3%	

Components of diluted earnings per share:

Net operating income (loss)	\$ 0.05	\$ (0.21)	123.8%	\$ 0.16	\$ (0.44)	136.4%
Net realized investment gains (losses)	0.18	0.14		0.19	0.14	
Net income (loss)	\$ 0.23	\$ (0.07)	428.6%	\$ 0.35	\$ (0.30)	216.7%
Cash dividends paid per share	\$ 0.1725	\$ 0.1700	1.5%	\$ 0.3450	\$ 0.3400	1.5%

N/M: Not meaningful

The recognition of realized investment gains or losses can be highly discretionary and arbitrary due to such factors as the timing of individual securities sales, recognition of estimated losses from write-downs for impaired securities, tax-planning considerations, and changes in investment management judgments relative to the direction of securities markets or the future prospects of individual investees or industry sectors. Likewise, non-recurring items which may emerge from time to time can distort the comparability of Old Republic's results from period to period. Accordingly, Old Republic's management uses net operating income, a non-GAAP financial measure, to

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evaluate and better explain operating performance, and believes its use enhances an understanding of Old Republic's basic business results. Operating income, however, does not replace net income determined in accordance with GAAP as a measure of total profitability.

The above table shows both operating and net income (loss) to highlight the effects of realized investment gain or loss recognition on period-to-period comparisons. Realized gains in this year's second quarter and first half resulted from sales of securities, some of which had been impaired in prior years. The following summary shows the composition of realized gains shown in the above table.

	Quarters Ended		Six Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Realized gains (losses) from sales applicable to previously impaired securities:				
Actual tax basis (loss) on sales	\$ (44.0)	\$	\$ (44.0)	\$
GAAP valuation impact of the original impairment charge on securities sold	71.9		71.9	
Net total	27.9		27.9	
Net realized gains from sales of all other securities	44.9	0.3	47.9	0.3
Net realized gains from all securities sales	\$ 72.8	\$ 0.3	\$ 75.8	\$ 0.3

Litigation Related to the Merger

On June 15, 2010 and as amended on July 30, 2010, a purported derivative and class action lawsuit was filed by an alleged shareholder of PMA naming PMA, its Board of Directors, Old Republic and Merger Sub as defendants. The action was filed in the Court of Common Pleas of Montgomery County, Pennsylvania. The action is Alan R. Kahn and Wister S. Baisch v. Peter S. Burgess, et al., Case No. 2010-15690. The complaint claims to be a class action on behalf of all of PMA's shareholders, except the defendants and any of their affiliates. The complaint alleges that the merger consideration is inadequate, the proxy statement/prospectus fails to disclose all material information about the merger, the directors of PMA breached their fiduciary duties and failed to manage prudently the business of PMA and Old Republic and Merger Sub aided and abetted the alleged breaches by PMA's directors. The complaint seeks several forms of relief, including monetary damages and injunctive relief that would, if granted, prevent the merger from closing on the terms set forth in the merger agreement.

The defendants believe that the complaint has no merit and intend to vigorously defend against the action.

On June 29, 2010, a second complaint was filed by an alleged shareholder of PMA naming PMA and its Board of Directors as defendants. The complaint was filed in the Court of Common Pleas of Philadelphia, Pennsylvania. The action was Wister S. Baisch v. Peter S. Burgess, et al., Case ID 100603098. The matter was discontinued without prejudice by the plaintiff on July 29, 2010 and the plaintiff joined the above described matter.

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RISK FACTORS

In addition to the other information included in this proxy statement/prospectus, including the matters addressed in Cautionary Statement Regarding Forward-Looking Statements below, you should carefully consider the following risk factors before deciding whether to vote to adopt the merger agreement. If any of the risks described below actually materialize, the businesses, financial conditions, results of operations, prospects or stock prices of PMA, Old Republic or the combined company could be materially adversely affected. See Where You Can Find More Information below.

Risks Relating to Old Republic's Business

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

Parent Company

Dividend Dependence and Liquidity

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

Capitalization

Old Republic has access to various capital and liquidity resources including dividends from its subsidiaries, holding company investments, undrawn capacity under its commercial paper program, and access to debt and equity capital markets. At December 31, 2009 Old Republic's consolidated debt to equity ratio was 8.9%. This relatively low level of financial leverage is assumed to provide Old Republic with additional borrowing capacity to meet some possible future capital needs.

Risk Factors Common to Old Republic and its Insurance Subsidiaries

Investment Risks

Old Republic's invested assets and those of its subsidiaries are centrally managed through a wholly owned asset management subsidiary. Most of the investments consist of fixed maturity securities. Changes in interest rates directly affect the income from, and the fair value of fixed maturity investments. Such changes could reduce the value of Old

Republic's investment portfolio and adversely affect Old Republic's and its subsidiaries' results of operations and financial condition. A smaller percentage of total investments are in indexed funds and actively managed equities. A change in general economic conditions, the stock market, or in many other external factors could adversely affect the value of those investments and, in turn, Old Republic's, or its subsidiaries' results and financial condition. Further, Old Republic manages its fixed maturity investments by taking into account the maturities of such securities and the anticipated liquidity needs of Old Republic and its subsidiaries. Should Old Republic suddenly experience greater than anticipated liquidity needs for any reason, it could face a liquidity risk that could affect adversely its financial condition or operating results.

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Excessive Losses and Loss Expenses

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

Inadequate Reserves

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

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

Inadequate Pricing

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

Liquidity Risk

As indicated above, Old Republic manages its fixed-maturity investments with a view toward matching the maturities of those investments with the anticipated liquidity needs of its subsidiaries for the payment of claims and expenses. If a subsidiary suddenly experienced greater-than-anticipated liquidity needs for any reason, it could require an injection of funds that might not necessarily be available to meet its obligations at a point in time.

Regulatory Environment

Old Republic's insurance businesses are subject to extensive governmental regulation in all of the state and similar jurisdictions in which they operate. These regulations relate to such matters as licensing requirements, types of insurance products that may be sold, premium rates, marketing practices, capital and surplus requirements, investment limitations, underwriting limitations, dividend payment limitations, transactions with affiliates, accounting practices, taxation and other matters. While most of the regulation is at the state level, the federal government has increasingly expressed an interest in regulating the insurance business and has injected itself through the Graham-Leach-Bliley

Act, the Patriot Act, financial services regulation, changes in the Internal Revenue Code and other legislation. All of these regulations raise the costs of conducting an insurance business through increased compliance expenses. Furthermore, as existing regulations evolve through administrative and court interpretations, and as new regulations are adopted, there can be no way of predicting what impact these changes will have on Old Republic's businesses in the future, and the impact could adversely affect Old Republic's profitability and limit its growth.

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Competition

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

Rating Downgrades

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

Financial Institutions Risk

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

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

General Insurance Group

Catastrophic Losses

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

Following the September 11, 2001 terrorist attack, the reinsurance industry eliminated coverage from substantially all reinsurance contracts for claims arising from acts of terrorism. As discussed elsewhere in this report, the U.S. Congress subsequently passed TRIA, TRIREA, and TRIPRA legislation that required primary insurers to offer coverage for certified acts of terrorism under most commercial property and casualty insurance policies. Although these programs established a temporary federal reinsurance program through December 31, 2014, primary insurers like Old Republic's general insurance subsidiaries retain significant exposure for terrorist act-related losses.

Long-Tailed Losses

Coverage for general liability is considered long-tailed coverage. Written in most cases on an occurrence basis, it often takes longer for covered claims to be reported and become known, adjusted and settled than it does for property claims, for example, which are generally considered short-tailed. The extremely long-tailed aspect of such claims as pollution, asbestos, silicosis, manganism (welding rod fume exposure), black lung, lead paint and other

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toxic tort claims, coupled with uncertain and sometimes variable judicial rulings on coverage and policy allocation issues and the possibility of legislative actions, makes reserving for these exposures highly uncertain. While Old Republic believes that it has reasonably estimated its liabilities for such exposures to date, and that its exposures are relatively modest, there is a risk of materially adverse developments in both known and as-yet-unknown claims.

Workers Compensation Coverage

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

Reinsurance

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

Reinsurance does not relieve the reinsured company of its primary liability to its insureds in the event of a loss. It merely reimburses the reinsured company. The ability and willingness of reinsurers to honor their obligations represent credit risks inherent in reinsurance transactions. Old Republic addresses these risks by limiting its reinsurance to those reinsurers it considers the best credit risks. In recent years, however, there has been an ever decreasing number of reinsurers considered to be acceptable risks by Old Republic.

There can be no assurance that Old Republic will be able to find the desired or even adequate amounts of reinsurance at favorable rates from acceptable reinsurers in the future. If unable to do so, Old Republic would be forced to reduce the volume of business it writes or retain increased amounts of liability exposure. Because of the declining number of reinsurers Old Republic finds acceptable, there is a risk that too much reinsurance risk may become concentrated in too few reinsurers. Each of these results could adversely affect Old Republic's business, results of operations, and financial condition.

Insureds as Credit Risks

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

honor a letter of credit issued as collateral. These risk factors could have a material adverse impact on Old Republic's results of operations and financial condition.

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Guaranty Funds and Residual Markets

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

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

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

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

Prior Approval of Rates

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

Mortgage Guaranty Group

Continued Material Losses

It is likely that Old Republic's mortgage insurance segment will continue to incur material losses, particularly in its 2005 to early 2008 books of business due to the effect of the recession that began in 2007. Any decline in the rate and severity of losses will depend in part on improvements in general economic conditions, unemployment rates, and the housing, mortgage and credit markets. The timing of any such improvements cannot be accurately forecasted and there is no assurance that improvements will be uniform across all sectors. Housing values and unemployment may be the last to recover. The loan modification programs of the FDIC, Fannie Mae and Freddie Mac and some of the lenders are still in their early stages and it is unclear to what extent, if at all, such programs will reduce the rate of loan defaults and, in turn, mortgage insurance claims and losses.

Premium Income and Long-Term Claim Exposures

Mortgage insurers such as Old Republic issue long duration, guaranteed renewable policies covering multi-year periods during which exposure to loss exists. Loss exposures typically manifest themselves as recurring (normal) losses usually concentrated between the second and fifth year following issuance of anyone year's new policies. Additionally, the policies cover catastrophic aggregations of claims such as are occurring during the current recession engendered by substantial market dislocations in the housing and mortgage lending industries.

Old Republic's mortgage guaranty premiums stem principally from monthly installment policies. Substantially all such premiums are generally written and earned in the month coverage is effective. Recognition of normal or catastrophic claim costs, however, occurs only upon an instance of default, defined as an insured mortgage loan that has missed

two or more consecutive monthly payments. Accordingly, there is a risk that the GAAP revenue recognition for insured loans is not appropriately matched to the risk exposure and the consequent recognition of both normal and most significantly, future catastrophic loss occurrences which are not permitted to be currently reserved for. As a result, mortgage guaranty GAAP earnings for any individual year or series of years may be materially adversely affected, particularly by cyclical catastrophic loss events such as the mortgage insurance industry has experienced since mid year 2007. Reported GAAP earnings and financial condition form, in part, the

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basis for significant judgments and strategic evaluations made by management, analysts, investors, and other users of the financial statements issued by mortgage guaranty companies. The risk exists that such judgments and evaluations are at least partially based on GAAP financial information that does not match revenues and expenses and is not reflective of the long-term normal and catastrophic risk exposures assumed by mortgage guaranty insurers at any point in time.

Inadequate Loss Reserves

Old Republic's mortgage insurance subsidiaries establish reserves for losses and loss adjustment expenses based upon mortgage loans reported to be in default as well as estimates of those in default but not yet reported. Of necessity, the reserves are at best estimates by management, taking into consideration its judgments and assumptions regarding the housing and mortgage markets, unemployment rates and economic trends in general. During the current widespread, sustained economic downturn, loss reserve estimates become subject to greater uncertainty and volatility. The rate and severity of actual losses could prove to be greater than expected and require Old Republic to effect substantial increases in its loss reserves. Depending upon the magnitude, such increases could have a materially adverse impact on Old Republic's mortgage insurance segment and Old Republic's consolidated results of operations and financial condition. There can be no assurance that the actual losses paid by the mortgage insurance subsidiaries will not be materially greater than previously established loss reserves.

Fewer Coverage Rescissions

Old Republic's mortgage insurance subsidiaries' policy provisions permit them to rescind coverage where they find evidence that a mortgage loan did not qualify for insurance coverage or evidence of a material misrepresentation in the loan application by the borrower, the lender or the lender's agent. During the past several years, the rate of rescissions has risen dramatically. As a result, rescissions have materially reduced loss payments, and Old Republic's loss reserving estimates reflect assumptions as to the levels of rescission activity.

Some policyholders have increasingly challenged coverage rescissions, and mortgage insurers, including one of Old Republic's subsidiaries, are currently involved in litigation with policyholders regarding rescissions. It is likely that the current rates of rescission will continue or even increase and that there will be further litigation or arbitral challenges to the mortgage insurance industry's rescissions of coverage. If any of such challenges are successful with respect to Old Republic's subsidiaries, it could have a materially adverse effect on the subsidiaries' loss reserves, loss payments and their financial condition and results of operations, and potentially on the consolidated financial condition and results of Old Republic's operations. Even if such challenges are unsuccessful, the costs of addressing them would likely be substantial.

Capital Adequacy

The past several years' material increases in claims and loss payments have eroded the mortgage insurance subsidiaries' statutory capital base. Total statutory capital for mortgage guaranty insurers is defined as the sum of policyholders surplus and the statutory contingency reserves. Sixteen states have insurance laws or regulations which require a mortgage insurer to maintain a minimum amount of statutory capital relative to the level of risk in force. While formulations of minimum capital may vary in certain states, the most common measure applied allows for a maximum permitted risk to capital ratio of 25 to 1. The failure to maintain the prescribed minimum capital level in a particular state would generally require a mortgage insurer to immediately stop writing new business until it reestablishes the required level of capital or receives a waiver of the requirement from a state's insurance regulatory authorities. Legislation permitting the issuance of such waivers has recently been enacted in North Carolina, where Old Republic's two principal mortgage insurance subsidiaries are domiciled, and eight of the other states.

It is likely that Old Republic's principal mortgage insurance subsidiary, Republic Mortgage Insurance Company (RMIC) will breach the minimum capital requirement during 2010. In anticipation of its doing so, RMIC has requested and received waivers of the minimum policyholder position requirements from insurance regulatory authorities in Arizona, Florida, Illinois, North Carolina, Oregon and Wisconsin, and has made similar requests to the insurance regulators in some of the other ten states that have similar minimum capital or maximum risk-to-capital requirements. Most of the waivers extend until July 1, 2011, but the waiver in Florida extends only

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until February 16, 2011. Most of the other states have indicated a willingness to waive their requirements as well, while some have not yet committed. For those that are willing to waive their requirements, there can be no certainty as to how long their waivers will be in place, or that they will not exercise their discretion to terminate their waivers earlier than expected, or that RMIC will again meet their capital requirements by the end of the waiver period. For those states that have not yet committed, there can be no assurance that they will waive their requirements. Absent a waiver, RMIC could be barred from writing any new business in one of these states unless and until its capital base has recovered, and there can be no certainty when or if it will recover. New insurance written in the states that have not issued a waiver to RMIC represented approximately 32% of the total for through the first quarter of 2010.

In response to the possibility that a waiver may not be granted in all cases, Old Republic has positioned another mortgage insurance subsidiary, Republic Mortgage Insurance Company of North Carolina (RMIC NC), to be able to possibly write business in place of RMIC if the latter is required to cease. On October 7, 2009, RMIC and RMIC NC entered into an agreement with Fannie Mae under which Fannie Mae conditionally approved RMIC NC as an eligible, Fannie Mae approved mortgage insurer in those states where RMIC becomes prohibited from writing business due to a breach of the minimum capital requirements noted above. The conditions limit the amount of business that RMIC NC would be permitted to write, and the approval is limited in duration and may be revoked by Fannie Mae at any time. On March 11, 2010, a substantially similar conditional approval was received from Freddie Mac. Accordingly, while the Fannie Mae and Freddie Mac agreements may help the mortgage insurance subsidiaries avoid a complete shutdown in certain states if RMIC's capital requirements are breached, they would not permit RMIC NC to fully replace RMIC as the segments' principal mortgage insurer.

Diminished Role for Fannie Mae Freddie Mac

The market for private mortgage insurance exists primarily as a result of restrictions within the federal charters of the GSEs which require an acceptable form of credit enhancement on loans purchased by the GSEs that have loan-to-value (LTV) ratios in excess of 80%. These institutions establish the levels of required coverage, the underwriting standards for the loans they will purchase and the loss mitigation efforts that must be followed on insured loans. Changes in any of these respects could result in a reduction of the Mortgage Guaranty Group's business or an increase in its claim costs.

In response to their deteriorating financial conditions, the GSEs were taken over and placed in conservatorship under the Federal Housing Finance Agency (FHFA) in September 2008. As their conservator, the FHFA could change the GSEs' business practices with respect to mortgage credit enhancement, or new federal legislation prompted by the increasing role of the federal government in the residential mortgage market could alter their charters or restructure the GSEs in ways that may reduce or eliminate the purchase of private mortgage insurance. Any such changes could have a material adverse effect on Old Republic's subsidiaries and the entire mortgage insurance industry.

Competition

Competition is always a risk factor and comes not only from the five other mortgage insurers which comprise the industry, but also from the Federal Housing Administration (FHA) as well as the GSEs and the insured mortgage lenders themselves. Beginning in 2008, the volume of business underwritten by private mortgage insurers began to decrease generally as a result of more restrictive underwriting guidelines, increased premium rates, and changes to the pricing policies of the GSEs. These changes, coupled with certain changes to the FHA's guidelines, resulted in a significant increase in the FHA's insured volume and its share of the market for mortgage default protection.

Other competitive risk factors faced by Old Republic's mortgage insurance subsidiaries stem from certain credit enhancement alternatives to private mortgage insurance. These include:

the retention of mortgage loans on an uninsured basis in the lender's portfolio of assets;
capital markets utilizing alternative credit enhancements.

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Regulation and Litigation

The possibly adverse effect of litigation and regulation are ever present risk factors. Captive reinsurance and other risk participating structures with mortgage lenders have been challenged in recent years as potential violations of the Real Estate Settlement Procedures Act (RESPA). From time to time, the U.S. Department of Housing and Urban Development has considered adopting RESPA regulations which would have adversely impacted mortgage insurance by requiring that the premiums be combined with all other settlement service charges in a single package fee. The recently proposed Consumer Financial Protection Agency would include new regulations for mortgage insurance. The industry is already subject to detailed regulation by the states' insurance regulatory authorities, compliance with which is costly. The recent losses suffered by the industry have resulted in greater regulatory scrutiny and burdens for Old Republic's subsidiaries and the industry as a whole. Any regulatory changes affecting capital requirements or reserving requirements could potentially have a material adverse effect on Old Republic's mortgage insurance subsidiaries.

Title Insurance Group

Housing and Mortgage Lending Markets

The principal risk factor for the title insurance segment has been the sharp decline in residential real estate activity that began in 2006. The tightening and collapse of credit markets, the collapse of the housing market, the general decline in the value of real property, rising unemployment and the uncertainty and negative trends in general economic conditions have created a difficult operating environment for Old Republic's title insurance subsidiaries. Depending upon their ultimate severity and duration, these conditions could have a materially adverse effect on the subsidiaries' financial conditions and results of operation over the near term and longer. The impact of these conditions has been somewhat mitigated both by lower mortgage interest rates, leading to an increase in mortgage refinancings and by an increase in the number of agents producing business for Old Republic's title insurance subsidiaries.

Competition

Business comes to title insurers primarily by referral from real estate agents, lenders, developers and other settlement providers. The sources of business lead to a great deal of competition among title insurers. Although the top four title insurance companies during 2009 accounted for about 92% of industry-wide premium volume, there are numerous smaller companies representing the remainder at the regional and local levels. The smaller companies are an ever-present competitive risk in the regional and local markets where their business connections can give them a competitive edge. Moreover, there is almost always competition among the major companies for key employees, especially those who are engaged in the production side of the business.

Regulation and Litigation

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

As with Old Republic's other business segments, litigation poses a risk factor. Litigation is currently pending in a number of states in actions against the title industry alleging violations of rate applications in those states with respect to title insurance issued in certain mortgage refinancing transactions and violations of federal anti-trust laws in settling and filing premium rates.

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Other Risks

Inadequate title searches are among the risk factors faced by the entire industry. If a title search is conducted thoroughly and accurately, there should theoretically never be a claim. When the search is less than thorough or complete, title defects can go undetected and claims result.

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

Risks Relating to PMA's Business

The existing business of PMA is subject to significant risks. The risks affecting PMA's business are described in Item 1A of its Form 10-K for the year ended December 31, 2009, which is incorporated herein by reference. We anticipate that these risks will continue to apply to PMA's businesses following the merger.

Risks Relating to the Pending Merger

The announcement and pendency of the merger could have an adverse effect on Old Republic's or PMA's stock prices, businesses, financial conditions, results of operations or business prospects.

The announcement and pendency of the merger could disrupt PMA's and/or Old Republic's businesses in the following ways, among others:

employees may experience uncertainty regarding their future roles with the combined company, which might adversely affect PMA's and/or Old Republic's ability to retain, recruit and motivate key personnel;

the attention of PMA and/or Old Republic management may be directed toward the completion of the merger and transaction-related considerations and may be diverted from the day-to-day business operations of their respective companies, and matters related to the merger may require commitments of time and resources that could otherwise have been devoted to other opportunities that might have been beneficial to Old Republic or PMA; and

third parties with business relationships with Old Republic or PMA may seek to terminate and/or renegotiate their relationships with Old Republic or PMA as a result of the merger, whether pursuant to the terms of their existing agreements with PMA and/or Old Republic or otherwise.

The merger agreement also restricts PMA from engaging in certain actions and taking certain actions without Old Republic's approval, which could prevent PMA from pursuing opportunities that may arise prior to the closing of the merger or termination of the merger agreement.

Any of these matters could adversely affect either or both companies' respective businesses, financial conditions, results of operations, prospects and stock prices.

Because the market price of Old Republic common stock will fluctuate, PMA shareholders cannot be sure of the exchange ratio or the precise value of the merger consideration.

Under the terms of the merger agreement, Old Republic will issue to PMA's shareholders 0.55 shares of Old Republic common stock for each share of PMA class A common stock, subject to a collar. Under the collar, the exchange ratio could be as low as 0.50 shares of Old Republic common stock for each share of PMA class A common stock or as

high as 0.60 shares of Old Republic common stock for each share of PMA class A common stock. In addition, the price of Old Republic common stock issuable in the merger may vary from the price on the date that the parties entered into the merger agreement, on the date that the parties announced the merger, at the effective time of the merger, and on the date that you receive the merger consideration. Changes in the Old Republic stock price and stock prices of Old Republic and PMA generally may result from a variety of factors, including general market, economic and political conditions, changes in the parties' respective businesses, operations and prospects, regulatory considerations, legal proceedings and developments, market assessments of the benefits of the merger and the likelihood that the merger will be consummated and the timing of such consummation, the prospects of post-merger operations and other factors. Many of these factors are beyond Old Republic's control. Accordingly,

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at the time of the PMA special meeting, PMA shareholders will not be able to calculate the precise value of the merger consideration that they would receive upon completion of the merger.

Many of the anticipated benefits of combining Old Republic and PMA may not be realized.

Old Republic and PMA entered into the merger agreement with the expectation that the merger would result in various benefits including, among other things, synergies, cost savings and operating efficiencies. The success of the merger will depend, in part, on Old Republic's ability to realize these anticipated benefits and cost savings from combining the businesses of Old Republic and PMA. However, to realize these anticipated benefits and cost savings, Old Republic must successfully combine the businesses of Old Republic and PMA. If Old Republic is not able to achieve these objectives, the anticipated benefits and cost savings of the merger may not be realized fully or at all or may take longer to realize than expected.

Old Republic and PMA have operated and, until the completion of the merger, will continue to operate independently. It is possible that the integration process could take longer than anticipated and could result in the loss of key employees or the disruption of each company's ongoing businesses, which could adversely affect Old Republic's ability to achieve the anticipated benefits of the merger. Old Republic may have difficulty coordinating the operations and personnel of two geographically separated companies and addressing possible differences in corporate cultures and management philosophies. Integration efforts between the two companies will also divert management attention and resources. These integration activities could have an adverse effect on the businesses of both Old Republic and PMA during the transition period. The integration process is subject to a number of uncertainties. Although Old Republic's plans for integration are focused on minimizing those uncertainties to help achieve the anticipated benefits, no assurance can be given that these benefits will be realized or, if realized, the timing of their realization. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and could adversely affect Old Republic's future business, financial condition, operating results and prospects. In addition, Old Republic may not be able to eliminate duplicative costs or realize other efficiencies from integrating the businesses to offset part or all of the transaction and merger-related costs incurred by Old Republic and PMA.

Any delay in completing the merger may substantially reduce the benefits expected to be obtained from the merger.

The merger is subject to a number of conditions beyond the control of PMA and Old Republic that may prevent, delay or otherwise materially adversely affect its completion. See The Merger Agreement Conditions to Completion of the Merger. Old Republic and PMA cannot predict whether or when the conditions required to complete the merger will be satisfied. The requirements for obtaining the required clearances and approvals could delay the effective time of the merger for a significant period of time or prevent it from occurring. Any delay in completing the merger may materially adversely affect the synergies and other benefits that Old Republic and PMA expect to achieve if the merger and the integration of their respective businesses are completed within the expected timeframe.

Failure to complete the merger could negatively affect the stock prices and the future business and financial results of Old Republic and PMA.

If the merger is not completed, the ongoing businesses of Old Republic or PMA may be adversely affected and Old Republic and PMA will be subject to several risks, including the following:

having to pay certain significant costs relating to the merger without receiving the benefits of the merger;

the attention of management of Old Republic and PMA will have been diverted to the merger instead of on each company's own operations and pursuit of other opportunities that could have been beneficial to that company; and

resulting negative customer perception could adversely affect the ability of Old Republic and PMA to compete for, or to win, new and renewal business in the marketplace.

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If the merger is not completed, PMA's ability to reach a resolution with the Pennsylvania Insurance Department with respect to the Department's examination of PMA's insurance subsidiaries as of December 31, 2007 will be adversely impacted. See *The Merger* PMA's Reasons for the Merger Resolution of Pennsylvania Insurance Department Examination. Based on recent discussions with representatives of the Department, in order to resolve the outstanding issues as a stand alone organization, PMA will need to engage in administrative and legal review processes which, irrespective of their ultimate outcome, will likely hinder the long-term and day-to-day continuity of PMA's business operations and, in the interim, potentially have a negative impact on the financial ratings of its insurance subsidiaries. PMA cannot predict how long the processes would take or whether it would ultimately be successful. In the event that PMA is unsuccessful in its administrative and legal appeals, PMA could be required to take actions, such as increasing its loss and loss adjustment expense reserves, that would materially and adversely affect its business, financial condition and results of operations.

Old Republic and PMA will incur substantial transaction and merger-related costs in connection with the merger.

Old Republic and PMA expect to incur a number of substantial non-recurring transaction fees and other costs associated with completing the merger, combining the operations of the two companies and achieving desired synergies. Additional unanticipated costs may be incurred in the integration of the businesses of Old Republic and PMA.

Directors and officers of PMA have certain interests that are different from those of PMA shareholders generally.

Executive officers of PMA negotiated the terms of the merger agreement and the PMA board of directors approved the merger agreement and recommends that PMA shareholders vote in favor of the proposal to adopt the merger agreement. Nine officers of PMA have management agreements with PMA that provide for severance payments and the acceleration of existing equity awards if the executive officer's employment with PMA is terminated following a change in control transaction. The merger will constitute a change in control transaction. While it is a condition to the completion of the merger that Vincent Donnelly and six of these officers shall have delivered written voluntary terminations of these agreements, there can be no assurance that they will do so, in which event Old Republic would not be obligated to complete the merger.

Following completion of the merger, one of the independent directors of PMA will join Old Republic's board of directors as a Class 2 director. In addition, restricted shares held by non-employee directors of PMA will vest upon completion of the merger. These severance arrangements, directorship positions and equity awards are different from or in addition to the interests of PMA shareholders in the company. PMA shareholders should take into account such interests when they consider the PMA board of directors' recommendation that the PMA shareholders vote for adoption of the merger agreement. For a discussion of the interests of directors and executive officers in the merger, see *The Merger* Interests of PMA Officers and Directors in the Merger.

In certain circumstances, the merger agreement requires payment of a termination fee of \$8 million by PMA to Old Republic and, under certain circumstances, PMA must allow Old Republic 3 business days to match any alternative acquisition proposal prior to any change in the PMA board's recommendation. These terms could discourage a third party from proposing an alternative transaction to the merger.

Under the merger agreement, PMA may be required to pay to Old Republic a termination fee of \$8 million if the merger agreement is terminated under certain circumstances. Should the merger agreement be terminated in circumstances under which such a termination fee is payable, the payment of this fee could have material and adverse consequences to the financial condition and operations of PMA. Additionally, under the merger agreement, in the event of a potential change by the PMA board of directors of its recommendation with respect to the merger, PMA

must allow Old Republic 3 business days to make a revised proposal, prior to which the PMA board of directors may not change its recommendation with respect to the merger agreement. These terms could affect the structure, pricing and terms proposed by other parties seeking to acquire or merge with PMA, and could make it more difficult for another party to make a superior acquisition proposal for PMA. For a description of the termination rights of each party and the termination fee payable by PMA under the merger agreement, see [The Merger Agreement Termination of the Merger Agreement](#) and [The Merger Agreement Termination Fees and Expenses](#).

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Old Republic's and PMA's shareholders will be diluted by the merger.

The merger will dilute the ownership position of the current shareholders of Old Republic. Old Republic will issue a maximum of approximately 19,884,057 shares of Old Republic common stock pursuant to the merger based on the number of outstanding shares of PMA class A common stock on July 30, 2010 and assuming conversion of all of PMA's 4.25% Convertible Debt and the exercise of all outstanding options to purchase shares of PMA class A common stock (which options, if unexercised, will be converted pursuant to the merger into options to acquire shares of Old Republic common stock). In addition, a maximum of approximately 573,871 shares of Old Republic common stock will be issuable in connection with outstanding PMA restricted share units that will be converted pursuant to the merger into restricted share units of Old Republic (the "As-Converted Award Shares"). After the effective time of the merger, Old Republic shareholders and PMA shareholders will own approximately 92.2% and 7.8%, respectively, of Old Republic on a fully diluted basis based on the outstanding shares of Old Republic common stock and PMA class A common stock on July 30, 2010 and assuming the issuance of the maximum number of As-Converted Award Shares.

The date that PMA shareholders will receive their merger consideration is uncertain.

The completion of the merger is subject to adoption by PMA shareholders and the satisfaction or waiver of certain other conditions. While PMA and Old Republic currently expect to complete the merger near the end of the third quarter of 2010, such completion date could be later than expected due to delays in receiving such adoption or satisfying the conditions to closing. Accordingly, neither PMA nor Old Republic can provide PMA shareholders with a definitive date on which they will receive the merger consideration.

The market price of Old Republic common stock after the merger may be affected by factors different from those affecting PMA class A common stock currently.

If the merger is completed, holders of PMA class A common stock will become holders of Old Republic common stock. The results of operations and market price of Old Republic common stock may be affected by factors different from those currently affecting the results of operations and market prices of PMA class A common stock. These factors include:

a greater number of shares outstanding;

different shareholders;

different businesses, including with respect to the types of business written, geographical areas of operation and underwriting guidelines; and

different assets, including investment portfolios, and capitalizations.

Accordingly, the historical market prices and financial results of PMA, which PMA shareholders considered when investing in PMA, may not be indicative of the market prices and financial results for the combined company after the merger.

The market price of Old Republic common stock and Old Republic's earnings per share may decline as a result of the merger.

The market price of Old Republic common stock may decline as a result of, among other things, the merger if Old Republic does not achieve the perceived benefits of the merger as rapidly or to the extent anticipated by financial or

industry analysts or if the effect of the merger on Old Republic's financial results is not consistent with the expectations of financial or industry analysts. In addition, the failure to achieve expected benefits and unanticipated costs relating to the merger could reduce Old Republic's future earnings per share.

In addition, following the merger, shareholders of Old Republic and former shareholders PMA will own interests in a company operating an expanded business with more assets and a different mix of liabilities. Current shareholders of Old Republic and shareholders of PMA may not wish to continue to invest in Old Republic, or for other reasons may wish to dispose of some or all of their interests in Old Republic. If, following the merger, large amounts of Old Republic's common stock are sold, the price of its common stock could decline.

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Certain provisions of Old Republic's corporate documents could make a future acquisition of Old Republic more difficult.

The existence of some provisions in Old Republic's certificate of incorporation and by-laws, as currently in effect, as well as its shareholders' rights plan described below, could discourage potential proposals to acquire Old Republic, delay or prevent a change in control of Old Republic or limit the price that investors may be willing to pay in the future for shares of Old Republic common stock. As Old Republic shareholders, former PMA shareholders will be subject to the provisions of Old Republic's corporate governing documents which could make it more difficult to effect a change of control of Old Republic, including:

the ability of Old Republic's board of directors to issue and set the terms of preferred stock without the approval of Old Republic's shareholders;

the ability of Old Republic's board of directors to adopt, amend or repeal Old Republic's by-laws;

the staggered nature of Old Republic's board of directors;

the potential restrictions on the ability of a 10% holder of Old Republic common stock to complete a business combination with Old Republic;

the application of Section 203 of the General Corporation Law of the State of Delaware ("DGCL") to Old Republic, which may limit the ability of an interested shareholder to engage in a business combination with Old Republic; and

restrictions on the rights of shareholders to submit proposals to be considered at shareholders' meetings.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF PMA**

Set forth below is certain selected historical consolidated financial data relating to PMA. The financial data has been derived from the unaudited financial statements filed as part of PMA's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 and the audited financial statements filed as part of PMA's Annual Report on Form 10-K for the year ended December 31, 2009. This financial data should be read in conjunction with the financial statements and the related notes and other financial information contained in that Form 10-Q and Form 10-K, each of which is incorporated by reference into this proxy statement/prospectus. More comprehensive financial information, including management's discussion and analysis of PMA's financial condition and results of operations, is contained in other documents filed by PMA with the SEC, and the following summary is qualified in its entirety by reference to such other documents and all of the financial information and notes contained in those documents. See "Where You Can Find More Information" below.

	Q1 2010	Q1 2009	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
	(Dollar amounts in thousands, except per share data)(1)						
Premiums							
Premiums Written	\$ 171,905	\$ 164,070	\$ 561,266	\$ 528,915	\$ 524,172	\$ 455,756	\$ 428,000
Adjusted Revenues:							
Premiums earned	\$ 103,496	\$ 104,930	\$ 414,771	\$ 390,217	\$ 378,243	\$ 367,403	\$ 356,000
Service revenues							
Commission income	20,975	19,147	78,471	69,754	37,039	27,853	28,000
Investment income	9,120	8,457	36,876	36,069	39,592	35,851	35,000
Realized investment (losses)	426	749	514	(4,724)	563	1,239	1,000
Other revenues	392	176	1,083	2,841	340	244	200
Consolidated Revenues	\$ 134,409	\$ 133,459	\$ 531,715	\$ 494,157	\$ 455,777	\$ 432,590	\$ 419,000
Components of net income (loss)(2):							
Operating income							
Insurance							
Real Estate Business(3)	\$ 14,267	\$ 15,187	\$ 43,050	\$ 46,713	\$ 38,045	\$ 26,082	\$ 18,000
Other	2,305	2,013	7,208	7,205	3,724	2,802	2,000
Other	(4,366)	(5,000)	(19,127)	(20,651)	(19,564)	(21,580)	(20,000)
Operating income	12,206	12,200	31,131	33,267	22,205	7,304	0
Tax expense	4,389	4,384	(9,357)(4)	11,730	7,822	2,783	0

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ing income (loss)	7,817	7,816	40,488	21,537	14,383	4,521
ized investment osses) after tax	277	487	334	(3,071)	366	805
(loss) from ing operations om discontinued ns, net of tax	8,094	8,303	40,822	18,466	14,749	5,326
		(86)	(19,609)	(12,777)	(57,277)	(1,275)
ome (loss)	\$ 8,094	\$ 8,217	\$ 21,213	\$ 5,689	\$ (42,528)	\$ 4,051

are Data:

ed average shares:	32,199,378	31,956,183	32,133,970	31,820,173	32,169,287	32,238,278	31,68
	32,260,938	32,020,346	32,186,402	32,038,781	32,578,025	32,731,360	31,68

(loss) per share:

ing Operations	\$ 0.25	\$ 0.26	\$ 1.27	\$ 0.58	\$ 0.46	\$ 0.17
inued Operations			(0.61)	(0.40)	(1.78)	(0.04)

	\$ 0.25	\$ 0.26	\$ 0.66	\$ 0.18	\$ (1.32)	\$ 0.13
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ing Operations	\$ 0.25	\$ 0.26	\$ 1.27	\$ 0.58	\$ 0.45	\$ 0.16
inued Operations			(0.61)	(0.40)	(1.76)	(0.04)

	\$ 0.25	\$ 0.26	\$ 0.66	\$ 0.18	\$ (1.31)	\$ 0.12
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lders equity per

	\$ 12.96	\$ 10.91	\$ 12.46	\$ 10.78	\$ 11.92	\$ 12.83
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dated Financial

estments	\$ 857,738	\$ 786,307	\$ 862,653	\$ 772,241	\$ 815,331	\$ 786,344	\$ 76
sets from							
ing operations	2,409,711	2,317,778	2,362,739	2,259,053	2,205,985	1,991,709	1,95
sets	2,409,711	2,553,043	2,362,739	2,502,716	2,581,641	2,666,407	2,88
osses and LAE	1,274,006	1,256,435	1,269,685	1,242,258	1,212,956	1,152,704	1,16
	137,445	129,380	143,380	129,380	131,262	131,211	19
lders equity	418,130	351,270	401,797	344,656	378,584	419,093	40

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- (1) Unless specifically identified, amounts exclude discontinued operations.
- (2) Operating income (loss), which PMA defines as GAAP net income (loss) excluding net realized investment gains (losses) and results from discontinued operations, is the financial performance measure used by PMA's management and Board of Directors to evaluate and assess the results of PMA's businesses. Net realized investment activity is excluded because (i) net realized investment gains and losses are unpredictable and not necessarily indicative of current operating fundamentals or future performance of the business segments and (ii) in many instances, decisions to buy and sell securities are made at the holding company level, and such decisions result in net realized gains and losses that do not relate to the operations of the individual segments. Accordingly, PMA reports pre-tax operating income (loss) by segment in Note 16 of PMA's Consolidated Financial Statements included in PMA's annual report on Form 10-K incorporated into this proxy statement/prospectus by reference. Operating income (loss) does not replace net income (loss) as the GAAP measure of PMA's consolidated results of operations.
- (3) As a result of PMA's acquisition of Midlands Management Corporation (Midlands) in 2007, the combined operating results of PMA Management Corp. and Midlands have been reported in a new reporting segment, Fee-based Business. The results of PMA Management Corp. were previously included with the results of The PMA Insurance Group. For comparative purposes, the financial results of The PMA Insurance Group and PMA Management Corp. have been reclassified in all prior periods to reflect this change. The combined operating results for Fee-based Business also include those of PMA Management Corp. of New England, Inc., which PMA acquired in June 2008.
- (4) In 2009, PMA reduced the valuation allowance on PMA's deferred tax assets by \$20.0 million, which resulted in an income tax benefit.

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**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL
INFORMATION OF OLD REPUBLIC**

The unaudited pro forma condensed combined financial statements (pro forma financial statements) that follow combine the historical accounts of Old Republic and PMA. The pro forma balance sheet as of March 31, 2010 therefore shows the combined financial position of Old Republic and PMA as if the merger of the two companies had occurred on that date. Similarly, the pro forma statements of income for the year ended December 31, 2009 and for the three months ended March 31, 2010 reflect the companies combined results of operations as if their merger had occurred as of January 1, 2009. These pro forma financial statements should be read in conjunction with:

The accompanying notes to the pro forma financial statements;

Old Republic s and PMA s separate unaudited historical consolidated financial statements as of and for the three months ended March 31, 2010 included in their respective March 31, 2010 Reports on Form 10-Q; and

Old Republic s and PMA s separate audited historical consolidated financial statements as of and for the year ended December 31, 2009 included in their respective 2009 Reports on Form 10-K.

The pro forma financial statements have been prepared for informational purposes only. The financial position and results shown therein are not necessarily indicative of what the past financial position and results of operations of the two combined companies would have been, or those of their post merger periods.

Table of Contents**Unaudited Pro Forma Condensed Combined Balance Sheet**

	Historical Old Republic	Historical PMA	At March 31, 2010 Pro Forma		Pro Forma Old Republic
			Adjustments	Notes	
			(\$ in millions)		
ASSETS					
Investments:					
Fixed maturity securities, at fair value	\$ 8,352.2	\$ 800.6	\$		\$ 9,152.8
Equity securities, at fair value	631.4				631.4
Short-term investments, at fair value	783.5	25.9			809.4
Other investments	31.2	31.2			64.4
Total investments	9,798.5	857.7			10,656.2
Other Assets:					
Cash	74.9	13.6	(6.0)	2(k)	82.5
Accrued investment income	112.5	7.7			120.2
Accounts and notes receivable	794.4	275.1			1,069.5
Federal income tax recoverable:					
Current	0.4				0.4
Deferred		131.0	(121.8)	2(d)	9.2
Prepaid federal income taxes	136.0				136.0
Reinsurance balances and funds held	130.7	61.6			192.3
Reinsurance recoverable	2,595.8	880.1			3,475.9
Deferred policy acquisition costs	202.0	44.8	(44.8)	2(b)(i),2(e)	202.0
Goodwill and intangible assets	169.0	29.6	(29.6)	2(c)	169.0
Sundry assets	226.2	108.5			334.7
Total Assets	\$ 14,240.9	\$ 2,409.7	\$ (202.2)		\$ 16,448.4
LIABILITIES, AND COMMON SHAREHOLDERS EQUITY					
Liabilities:					
Losses, claims, and settlement expenses	\$ 7,774.8	\$ 1,274.0	\$		\$ 9,048.8
Unearned premiums	1,041.7	270.1	(44.8)	2(e)	1,267.0
Other policyholders' benefits and funds	185.8	5.9			191.7
Total policy liabilities and accruals	9,002.3	1,550.0	(44.8)		10,507.5
Commissions, expenses, fees, taxes, and other	456.6	238.5			695.1
Reinsurance balances and funds	335.8	65.7			401.5
Federal income tax payable:					

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Deferred Debt	102.8		(102.8)	2(d)	
	347.2	137.4			484.6
Total Liabilities	10,245.0	1,991.6	(147.6)		12,089.0
Common Shareholders Equity:					
Common stock	241.0	171.1	(153.3)	2(j),2(l)	258.8
Additional paid-in capital	416.2	111.9	99.5	2(j),2(l)	627.6
Retained earnings	2,911.8	163.8	(29.5)	2(i),2(k),2(l)	3,046.1
Accumulated other comprehensive income (loss)	468.3	(5.9)	5.9	2(l)	468.3
Unallocated ESSOP shares (at cost)	(41.5)				(41.5)
Treasury stock (at cost)		(22.8)	22.8	2(l)	
Total Common Shareholders Equity	3,995.8	418.1	(54.6)		4,359.3
Total Liabilities, and Common Shareholders Equity	\$ 14,240.9	\$ 2,409.7	\$ (202.2)		\$ 16,448.4

See Accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Statements

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For the Three Months Ended March 31, 2010

	Historical Old Republic		Historical PMA		Pro Forma Adjustments	Notes	Pro Forma Old Republic
	(\$ in millions, except share data)						
Revenues:							
Net premiums earned	\$ 752.3		\$ 103.5		\$		\$ 855.8
Title, escrow, and other fees	76.1						76.1
Total premiums and fees	828.5		103.5				932.0
Net investment income	96.2		9.1				105.3
Other income	4.8		21.4				26.2
Total operating revenues	929.6		134.0				1,063.6
Realized investment gains	2.9		0.4				3.3
Total revenues	932.6		134.4				1,067.0
Benefits, Claims and Expenses:							
Benefits, claims and settlement expenses	491.6		75.1				566.7
Dividends to policyholders	2.5		0.5				3.0
Underwriting, acquisition, and other expenses	400.6		43.7				444.3
Interest and other charges	6.5		2.5				9.0
Total expenses	901.3		121.8				1,023.1
Income before income taxes (credits)	31.2		12.6				43.8
Income Taxes (Credits):							
Current	11.4		0.2				11.6
Deferred	(5.2)		4.3				(0.9)
Total	6.2		4.5				10.7
Net Income from Continuing Operations	\$ 25.0		\$ 8.1		\$		\$ 33.1
Net Income Per Share from Continuing Operations:							
Basic	\$ 0.11		\$ 0.25				\$ 0.13
Diluted	\$ 0.11		\$ 0.25				\$ 0.13

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Average shares outstanding:

Basic	236,387,779	32,199,378	17,709,658	254,097,437
Diluted	236,462,231	32,260,938	17,743,516	254,205,747

See Accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Statements

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	For the Year Ended December 31, 2009				
	Historical Old Republic	Historical PMA	Pro Forma Adjustments	Notes	Pro Forma Old Republic
	(\$ in millions, except share data)				
Revenues:					
Net premiums earned	\$ 3,111.5	\$ 414.8	\$		\$ 3,526.3
Title, escrow, and other fees	277.4				277.4
Total premiums and fees	3,388.9	414.8			3,803.7
Net investment income	383.5	36.9			420.4
Other income	24.8	79.5			104.3
Total operating revenues	3,797.2	531.2			4,328.4
Realized investment gains	6.3	0.5			6.8
Total revenues	3,803.6	531.7			4,335.3
Benefits, Claims and Expenses:					
Benefits, claims and settlement expenses	2,591.0	291.2			2,882.2
Dividends to policyholders	7.8	8.7			16.5
Underwriting, acquisition, and other expenses	1,454.0	190.4			1,644.4
Interest and other charges	24.2	9.8			34.0
Total expenses	4,077.2	500.1			4,577.3
Income (loss) before income taxes (credits)	(273.6)	31.6			(242.0)
Income Taxes (Credits):					
Current	56.5	0.3			56.8
Deferred	(230.9)	(9.5)			(240.4)
Total	(174.4)	(9.2)			(183.6)
Net Income (Loss) from Continuing Operations	\$ (99.1)	\$ 40.8	\$		\$ (58.3)
Net Income (Loss) Per Share from Continuing Operations:					
Basic	\$ (0.42)	\$ 1.27			\$ (0.23)
Diluted	\$ (0.42)	\$ 1.27			\$ (0.23)

Average shares outstanding:				
Basic	235,657,425	32,133,970	17,673,684	253,331,109
Diluted	235,657,425	32,186,402	17,673,684	253,331,109

See Accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Statements

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**NOTES TO THE UNAUDITED PRO FORMA CONDENSED
COMBINED FINANCIAL STATEMENTS**
(\$ in millions, except share data)

Note 1 Basis of Presentation

On June 9, 2010, Old Republic International Corporation (Old Republic) entered into an agreement and plan of merger with PMA Capital Corporation (PMA). The unaudited pro forma condensed combined balance sheet reflects the merger as if it had occurred on March 31, 2010. The unaudited pro forma condensed combined statements of income for the year ended December 31, 2009 and for the three months ended March 31, 2010 reflect the merger as if it had occurred as of January 1, 2009. These pro forma financial statements have been prepared by Old Republic management, after discussion with PMA's management and are based on historical consolidated financial statements for Old Republic and PMA. Certain amounts from PMA's historical consolidated financial statements have been reclassified to conform to the Old Republic presentation.

The unaudited pro forma condensed combined statements of income do not include any financial benefits, asset dispositions, revenue enhancements or operating expense efficiencies which could arise from the merger.

Note 2 Pro forma Adjustments

Pursuant to the merger agreement, Old Republic will issue 0.55 shares of Old Republic common stock in exchange for each outstanding common share of PMA Capital. Depending on the Old Republic measurement price, the exchange ratio may be adjusted upwards or downwards, but will not exceed 0.60 or be less than 0.50. For purposes of the pro forma financial statements, an exchange ratio of 0.55 is assumed. For financial accounting purposes, the merger will be recorded as a purchase of PMA by Old Republic. The purchase method of accounting requires that the acquired company's identifiable assets and liabilities be recorded at their estimated fair value as of the date of acquisition. Old Republic will therefore make necessary fair value adjustments to PMA's asset and liability accounts as of the acquisition date in consideration of the following factors:

- (a) The use of then current market values to establish the fair value of investment securities, and of independently appraised values attributable to certain fixed assets such as office buildings;
- (b) The conformance of PMA's accounting policies to Old Republic's in the valuation of various assets and liabilities. The adjustments most likely to be made in these regards will apply to:
 - (i) Estimated deferred acquisition costs;
 - (ii) Loss and loss adjustment expense reserve estimates and related amounts recoverable from reinsurers to reflect variations in discount rates and the amount and timing of future payments on such reserves; and
 - (iii) Pension liabilities and stock based compensation;
- (c) The elimination of PMA carried goodwill and intangible assets, substituting therefor any goodwill amount resulting from allocation of the purchase price to individual assets, including identifiable intangible assets, and liabilities;
- (d) The adjustment of deferred income tax asset balances to reflect limitations on the amount of PMA's net operating loss carry forward that can inure to the merged businesses. (The adjustment shown in the accompanying pro forma balance sheet reflects a reclassification of Old Republic's net deferred tax liability); and

(e) The reduction of deferred acquisition costs to their estimated fair value and the adjustment of the unearned premium liability to fair value, determined as the undiscounted liability less unamortized deferred acquisition costs.

Table of Contents**NOTES TO THE UNAUDITED PRO FORMA CONDENSED
COMBINED FINANCIAL STATEMENTS (Continued)**

Following the merger, Old Republic also anticipates that it will make the following more significant changes to PMA's operating and financial management model:

(f) Reconfigure a substantial portion of PMA's investment portfolio to align it with Old Republic's investment management practices in regard to such factors as type, quality, and maturity distribution of fixed maturity securities holdings;

(g) Change PMA's external reinsurance ceded practices to adhere more closely to Old Republic's in regard to such matters as amount of exposures retained, type and financial standing of approved assuming reinsurers, and type of risk transfer reinsurance programs; and

(h) Reduce the PMA insurance companies' operating and balance sheet leverage through internal reinsurance arrangements with several Old Republic General Insurance Group subsidiaries acting as companion risk carriers.

The changes contemplated at (f), (g), and (h) could also have an effect on several purchase date adjustments noted above, and on PMA's financial position and operating results subsequent to the acquisition date.

In the accompanying pro forma balance sheet, the preliminary estimated purchase price has been calculated by using the quoted market value per share of Old Republic on July 9, 2010. This purchase price will be adjusted subsequently to reflect the quoted market value of the Old Republic common shares as of the acquisition's effective date.

Calculation of Preliminary Estimated Purchase Price

PMA shares outstanding as of July 9, 2010	32,280,474
Estimated exchange ratio	0.55
Total Old Republic shares to be issued	17,754,260
Old Republic closing share price on July 9, 2010	\$ 12.85
Estimated purchase price before adjustments for stock based compensation	\$ 228.1
Estimated fair value of PMA options outstanding as of July 9, 2010	\$ 1.1
Estimated purchase price	\$ 229.2

(i) The July 9, 2010 valuation of the Old Republic shares exchangeable for PMA's stock, when compared to the latter's reported shareholders' equity account as of March 31, 2010, as adjusted for certain preliminary purchase adjustments, largely accounts for the preliminary negative goodwill balance (\$140.3) which would be recorded as a gain on bargain purchase upon closing of the merger. Accordingly, such amount is reflected as an increase in retained earnings in the pro forma balance sheet. Preliminary negative goodwill will be adjusted based upon the final purchase price allocation as of the closing date of the merger.

(j) In connection with the merger, 17,754,260 Old Republic shares are expected to be issued in exchange for all of PMA's common shares and common shares issued following vesting of PMA restricted shares.

(k) Total transaction costs currently estimated at \$6.0 will be incurred and expensed by the consolidated entity. Consequently an adjustment of \$6.0 was recorded to cash and to retained earnings as of March 31, 2010 to reflect the estimated transaction costs.

(l) Elimination of PMA's common stock of \$171.1, additional paid-in capital of \$111.9, retained earnings of \$163.8, other comprehensive loss of \$5.9, and treasury stock of \$22.8.

As noted above, the accompanying pro forma financial statements were prepared using the quoted market price of \$12.85 per share of Old Republic, the closing price on July 9, 2010, and an exchange ratio of 0.55 shares of Old Republic common stock for each share of PMA class A common stock. The exchange ratio may be adjusted to a

Table of Contents**NOTES TO THE UNAUDITED PRO FORMA CONDENSED
COMBINED FINANCIAL STATEMENTS (Continued)**

minimum of 0.50 or maximum of 0.60 depending on the Old Republic measurement price (see The Merger Agreement Terms of the Merger below). The effect of an increase in Old Republic's stock price to \$18.70 per share, or an decrease to \$11.46 per share, assuming the minimum and maximum exchange ratios, on the estimated purchase price and pro forma common shareholders' equity is as follows:

	Minimum	Maximum
Exchange ratio	0.50	0.60
Old Republic's assumed share price at closing	\$ 18.70	\$ 11.46
Estimated purchase price	\$ 302.9	\$ 223.1
Increase (decrease) to pro forma shareholders' equity: Common stock	\$ (1.7)	\$ 1.6
Additional paid-in capital	\$ 75.4	\$ (7.7)
Retained earnings	\$ (73.7)	\$ 6.1

As discussed above, pro forma purchase adjustments are based on certain estimates and assumptions made as of the date of the pro forma financial information. The actual adjustments will depend on a number of factors, including changes in the estimated fair value of net balance sheet assets and operating results of PMA between March 31, 2010 and the effective date of the merger. Old Republic expects to make such adjustments at the effective date of the merger. These adjustments are likely to be different from the adjustments made to prepare the pro forma financial statements and such differences may be material.

Note 3 Debt

The historical and pro forma debt of Old Republic and PMA is summarized as follows:

	As of March 31, 2010		
	Historical Old Republic	Historical PMA	Pro forma Old Republic
8.00% Convertible Senior Notes due 2012	\$ 316.2	\$	\$ 316.2
ESSOP debt with an average yield of 3.73%	25.8		25.8
Trust preferred debt		62.5	62.5
8.50% Senior Notes due 2018		54.9	54.9
Surplus notes		10.0	10.0
Notes payable		10.0	10.0
4.25% Convertible debt due 2022			
Other miscellaneous debt	5.1		5.1
	\$ 347.2	\$ 137.4	\$ 484.6

Note 4 Earnings per Common Share

Pro forma earnings per common share for the three months ended March 31, 2010 and the year ended December 31, 2009 have been calculated based on the estimated weighted average number of common shares outstanding on a pro forma basis. The pro forma weighted average number of common shares outstanding was derived using Old Republic's historical weighted average common shares outstanding and PMA's historical weighted average common shares outstanding multiplied by the exchange ratio.

Table of Contents**NOTES TO THE UNAUDITED PRO FORMA CONDENSED
COMBINED FINANCIAL STATEMENTS (Continued)**

The following table sets forth the calculation of basic and diluted earnings per share for the three months ended March 31, 2010:

Historical PMA basic weighted average common shares outstanding	32,199,378
Exchange Ratio	0.55
Pro forma PMA basic weighted average common shares outstanding	17,709,658
Historical Old Republic basic weighted average common shares outstanding	236,387,779
Pro forma Old Republic basic weighted average common shares outstanding	254,097,437
Historical PMA diluted weighted average common shares outstanding	32,260,938
Exchange Ratio	0.55
Pro forma PMA diluted weighted average common shares outstanding	17,743,516
Historical Old Republic diluted weighted average common shares outstanding	236,462,231
Pro forma Old Republic diluted weighted average common shares outstanding	254,205,747
Pro forma Old Republic net income from continuing operations	\$ 33.1
Pro forma Old Republic net income per share from continuing operations:	
Basic	\$ 0.13
Diluted	\$ 0.13

The following table sets forth the calculation of basic and diluted earnings per share for the year ended December 31, 2009:

Historical PMA basic weighted average common shares outstanding	32,133,970
Exchange Ratio	0.55
Pro forma PMA basic weighted average common shares outstanding	17,673,684
Historical Old Republic basic weighted average common shares outstanding	235,657,425
Pro forma Old Republic basic weighted average common shares outstanding	253,331,109
Pro forma Old Republic diluted weighted average common shares outstanding	253,331,109*
Pro forma Old Republic net loss from continuing operations	\$ (58.3)
Pro forma Old Republic net loss per share from continuing operations:	
Basic	\$ (0.23)

Diluted \$ (0.23)*

* Common share equivalents have been excluded from diluted earnings per share calculations because their effect would be antidilutive.

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COMBINED FINANCIAL STATEMENTS (Continued)****Note 5 Book Value per Share**

The following table sets forth the calculation of book value per share as of March 31, 2010. The pro forma number of common shares outstanding was determined as if the shares issued, pursuant to the merger, had been issued and outstanding as of March 31, 2010.

	Historical Old Republic	Pro Forma Old Republic
Book value per common share calculation		
Total shareholders' equity	\$ 3,995.8	\$ 4,359.3
Shares	236,466,473	254,204,589
Book value per common share	\$ 16.90	\$ 17.15

Table of Contents**COMPARATIVE PER SHARE DATA**

The historical per share earnings, dividends, and book value of Old Republic and PMA shown in the table below are derived from their respective audited consolidated financial statements as of and for the year ended December 31, 2009 and their respective unaudited financial statements for the three months ended March 31, 2010. The pro forma comparative basic and diluted earnings per share and dividends per share data give effect to the merger using the purchase method of accounting as if the merger had been completed on January 1, 2009 for the year ended December 31, 2009 and for the three months ended March 31, 2010. The pro forma book value per share information was computed as if the merger had been completed on March 31, 2010. You should read this information in conjunction with the historical financial information of Old Republic and of PMA included or incorporated elsewhere in this proxy statement/prospectus, including Old Republic's and PMA's financial statements and related notes. The per share pro forma information assumes that all shares of PMA class A common stock are converted into shares of Old Republic common stock at the exchange ratio. The pro forma information presented below is for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have been achieved if the merger had been completed as of the beginning of the period presented, nor is it necessarily indicative of the future operating results or financial position of Old Republic after the merger.

The PMA pro forma equivalent per share amounts are calculated by multiplying the applicable Old Republic pro forma combined amount by the exchange ratio of 0.55 shares of Old Republic common stock for each share of PMA class A common stock.

	For the Three Months Ended March 31, 2010				For the Year Ended December 31, 2009			
	Old Republic		PMA		Old Republic		PMA	
	Pro		Pro		Pro		Pro	
	Historical	Forma Combined	Historical	Equivalent	Historical	Forma Combined	Historical	Equivalent
Basic earnings per share from continuing operations	\$ 0.11	\$ 0.13	\$ 0.25	\$ 0.07	\$ (0.42)	\$ (0.23)	\$ 1.27	\$ (0.13)
Diluted earnings per share from continuing operations	\$ 0.11	\$ 0.13	\$ 0.25	\$ 0.07	\$ (0.42)	\$ (0.23)	\$ 1.27	\$ (0.13)
Dividends declared	\$ 0.1725	\$ 0.1725		\$ 0.09	\$ 0.68	\$ 0.68		\$ 0.37
Book value per share	\$ 16.90	\$ 17.15	\$ 12.96	\$ 9.43	\$ 16.49	N/A	\$ 12.46	N/A

COMPARATIVE MARKET PRICE AND DIVIDEND INFORMATION

Old Republic's common stock is listed on the NYSE under the symbol ORI. PMA's class A common stock is listed on the Nasdaq Global Select Market under the symbol PMACA. The following table presents closing prices for shares of Old Republic common stock and PMA class A common stock on June 9, 2010, the last trading day before the public announcement of the execution of the merger agreement by Old Republic and PMA, and July 30, 2010, the latest practicable trading day before the date of this proxy statement/prospectus.

	Old Republic Common Stock	PMA Class A Common Stock
June 9, 2010	\$ 12.91	\$ 6.11
July 30, 2010	\$ 12.51	\$ 6.71

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The table below sets forth, for the calendar quarters indicated, the high and low sale prices per share of Old Republic common stock on the NYSE and per share of PMA class A common stock on the Nasdaq Global Select Market, and cash dividends declared for each quarterly period presented.

		Old Republic			PMA		
		High	Low	Cash Dividends	High	Low	Cash Dividends
1st quarter	2007	\$ 23.74	\$ 21.38	\$.15	\$ 9.77	\$ 8.40	\$
2nd quarter	2007	22.69	20.95	.16	11.40	9.12	
3rd quarter	2007	21.91	16.56	.16	11.17	8.63	
4th quarter	2007	\$ 19.57	\$ 13.57	\$.16	\$ 10.69	\$ 8.05	\$
1st quarter	2008	\$ 15.96	\$ 11.85	\$.16	\$ 9.14	\$ 7.45	\$
2nd quarter	2008	15.55	11.84	.17	10.23	8.24	
3rd quarter	2008	17.25	9.19	.17	12.00	8.00	
4th quarter	2008	\$ 12.99	\$ 6.77	\$.17	\$ 9.47	\$ 3.46	\$
1st quarter	2009	\$ 12.80	\$ 7.24	\$.17	\$ 7.20	\$ 3.50	\$
2nd quarter	2009	12.18	8.75	.17	5.35	3.70	
3rd quarter	2009	12.85	8.98	.17	6.33	4.27	
4th quarter	2009	\$ 12.49	\$ 10.03	\$.17	\$ 7.44	\$ 4.64	\$
1st quarter	2010	\$ 12.75	\$ 10.02	\$.1725	\$ 6.89	\$ 5.60	\$

Old Republic and PMA urge PMA shareholders to obtain current market quotations for shares of Old Republic common stock and PMA class A common stock before making any decision regarding the adoption of the merger agreement. No assurance can be given concerning the market price for Old Republic common stock before or after the date on which the merger is consummated. The market price for Old Republic common stock will fluctuate between the date of this proxy statement/prospectus and the date on which the merger is consummated and thereafter. See The Merger Agreement Terms of the Merger.

As of July 29, 2010, there were 2,609 registered holders of Old Republic's common stock. See Note 3(c) of the Notes to Consolidated Financial Statements for the year ended December 31, 2009 for a description of certain regulatory restrictions on the payment of dividends by Old Republic's insurance subsidiaries.

Table of Contents**COMPARATIVE FIVE YEAR PERFORMANCE GRAPHS FOR COMMON STOCK****Old Republic**

The following table, prepared on the basis of market and related data furnished by Standard & Poor's Total Return Service, reflects total market return data for the most recent five calendar years ended December 31, 2009. For purposes of the presentation, the information is shown in terms of \$100 invested at the close of trading on the last trading day preceding the first day of the fifth preceding year. The \$100 investment is deemed to have been made either in Old Republic common stock, in the S&P 500 Index of common stocks, or in an aggregate of the common shares of the Peer Group of publicly held insurance businesses selected by Old Republic. The cumulative total return assumes reinvestment of cash dividends on a pretax basis.

The information utilized to prepare the following table has been obtained from sources believed to be reliable, but no representation is made that it is accurate or complete in all respects.

**Comparison of Five Year Total Market Return
OLD REPUBLIC INTERNATIONAL CORPORATION vs. S&P 500 vs. Peer Group
(For the five years ended December 31, 2009)**

	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09
ORI	\$ 100.00	\$ 110.52	\$ 125.81	\$ 86.11	\$ 70.30	\$ 63.08
S&P 500	100.00	104.91	121.48	128.16	80.74	102.11
Peer Group	100.00	115.44	132.48	122.50	95.42	106.94

The Peer Group consists of the following publicly held corporations selected by the Company for its 2004 to 2009 comparison: Ace Limited, American Financial Group, Inc., The Chubb Corporation, Cincinnati Financial Corporation, First American Corporation, Stewart Information Services Corporation, MGIC Investment Corporation, Markel Corporation, PMI Group Inc., Travelers Companies, Inc., and XL Capital Ltd.

The composition of the Peer Group companies has been approved by Old Republic's compensation committee.

Table of Contents**PMA**

The following graph provides an indicator of cumulative total shareholder return on PMA's class A common stock for the last five fiscal years compared with the cumulative total return of the Standard & Poor's 500 Stock Index (the S&P 500), the Standard & Poor's Supercomposite Property/Casualty Insurance Index (the S&P Super P/C) and the Standard & Poor's 600 Insurance Property/Casualty Index (the S&P 600 P/C) for the same periods. The graph assumes that with respect to PMA's class A common stock, the S&P 500, the S&P Super P/C and the S&P 600 P/C, \$100 was invested on December 31, 2004, and all dividends were reinvested.

Cumulative Total Return

	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009
PMA Capital	\$ 100.00	\$ 88.21	\$ 89.08	\$ 79.42	\$ 68.41	\$ 60.87
S&P 500	100.00	104.83	121.20	127.85	81.12	102.15
S&P Super P/C	100.00	116.61	130.75	113.56	88.06	93.15
S&P 600 P/C	100.00	126.59	139.64	122.88	113.63	97.86

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking information about Old Republic and PMA and the combined company that is intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this proxy statement/prospectus or may be incorporated into this proxy statement/prospectus by reference to other documents and may include statements for the period after the completion of the merger. Representatives of Old Republic and PMA may also make forward-looking statements. Forward-looking statements are statements that are not historical facts. Words such as expect, believe, will, may, anticipate, plan, estimate, intend, should, can, likely, could and are intended to identify forward-looking statements. These statements include statements about the expected benefits of the merger, information about the combined company's objectives, plans and expectations, the likelihood of satisfaction of certain conditions to the completion of the merger and whether and when the merger will be completed. Forward-looking statements are not guarantees of performance. These statements are based upon the current beliefs and expectations of the management of each of Old Republic and PMA and are subject to a number of risks, uncertainties and assumptions, most of which are difficult to predict and many of which are beyond Old Republic's and PMA's control. These include, but are not limited to, quarterly variations in operating results, adverse changes in economic conditions in the markets served by Old Republic or PMA or by their customers, estimates and assumptions in determining financial results, and the other risks described under the caption Risk Factors in this proxy statement/prospectus, in Old Republic's Annual Report on Form 10-K for the year ended December 31, 2009 and Quarterly Report on Form 10-Q for the three months ended March 31, 2010 and in PMA's Annual Report on Form 10-K for the year ended December 31, 2009 and Quarterly Report on Form 10-Q for the three months ended March 31, 2010.

Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among others, the following factors:

- the ability to consummate the merger;
- the ability to integrate the operations of Old Republic and PMA;
- the amount and timing of any cost savings synergies or other efficiencies expected to result from the merger;
- the effects of competition in our markets;
- the current economic condition and expected trends in the industries we serve;
- the various risks and other factors considered by the respective boards of Old Republic and PMA as described under The Merger PMA's Reasons for the Merger, The Merger Recommendations of the PMA Board of Directors with Respect to the Merger and The Merger Old Republic's Reasons for the Merger ;
- the impact of political, regulatory and rating agency developments;
- future and pro forma financial condition or results of operations and future revenues and expenses; and
- business strategy and other plans and objectives for future operations.

Should one or more of the risks or uncertainties described above or elsewhere in this proxy statement/prospectus, in Old Republic's Annual Report on Form 10-K for the year ended December 31, 2009 or Quarterly Report on

Form 10-Q for the three months ended March 31, 2010 or in PMA's Annual Report on Form 10-K for the year ended December 31, 2009 or Quarterly Report on Form 10-Q for the three months ended March 31, 2010 occur, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this proxy statement/prospectus are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that Old Republic, PMA or persons acting on their behalf may issue.

In light of these risks and uncertainties, the results anticipated by the forward-looking statements discussed in this proxy statement/prospectus or made by representatives of Old Republic or PMA may not occur. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof

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or, in the case of statements incorporated by reference, on the date of the document incorporated by reference, or, in the case of statements made by representatives of Old Republic or PMA, on the date those statements are made. All subsequent written and oral forward-looking statements concerning the merger or the combined company or other matters addressed in this proxy statement/prospectus and attributable to Old Republic or PMA or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, neither Old Republic nor PMA undertakes any obligation to update or publish revised forward-looking statements to reflect events or circumstances after the date hereof or the date of the forward-looking statements or to reflect the occurrence of unanticipated events.

THE MERGER

The following is a description of the material aspects of the background and history behind the merger. This description may not contain all of the information that is important to you. You are encouraged to carefully read this entire proxy statement/prospectus, including the merger agreement attached hereto as Annex A, for a more complete understanding of the merger.

Background of the Merger

PMA's board of directors and senior management regularly review and consider business alternatives that would enhance shareholder value, including strategic alternatives and opportunities for organic growth. From time to time, PMA has evaluated strategic options in light of the business trends and regulatory conditions impacting it or expected to impact it and the insurance industry.

In the fall of 2008, PMA's Chief Executive Officer, Chief Financial Officer and board had discussions about various strategic alternatives and capital markets initiatives that would enhance PMA's ability to implement its strategic plan. Recognizing the challenges facing PMA including general uncertainty with respect to the sale of PMA's run-off operations, challenges inherent in being a smaller publicly-traded insurance company, extreme negative economic conditions and rating agency pressures, PMA's senior management and board held periodic telephonic and in-person meetings with Merrill Lynch, Pierce, Fenner & Smith Incorporated (BofA Merrill Lynch), its financial advisor, to discuss generally PMA's competitive position and capital raising opportunities and strategic alternatives that might be available to PMA. On March 28, 2008, PMA entered a stock purchase agreement in which it agreed to sell several subsidiaries with reinsurance run-off operations. The sale of the run-off operations was subject to the approval of the Pennsylvania Insurance Department. During 2008, the Pennsylvania Insurance Department commenced its review of the loss and loss adjustment expense reserves in connection with the periodic financial examination of PMA's insurance and reinsurance subsidiaries for the five years ended December 31, 2007.

On September 17, 2008, BofA Merrill Lynch made a presentation to the board which included an overview of the current market environment, PMA's position in the insurance industry and an overview of capital raising and strategic alternatives available to PMA. Following the presentation, PMA's Chief Executive Officer and the board requested that BofA Merrill Lynch undertake a formal evaluation of strategic alternatives. Among other things, the board asked BofA Merrill Lynch to develop a timeline and list of potential merger candidates to be approached if a sale transaction became a viable alternative.

From October through December 2008, BofA Merrill Lynch provided the board, in-person and telephonically, market updates and additional information on potential merger candidates. BofA Merrill Lynch also discussed the ability of PMA to access the private and public equity and debt markets.

On December 12, 2008, PMA's board held a telephonic meeting. At this meeting, which was also attended by PMA's Chief Financial Officer and General Counsel and representatives from BofA Merrill Lynch, the board discussed

possible divestitures, a sale of PMA and capital raising strategies for PMA, including the potential processes and timelines. During the meeting, the board considered PMA's ongoing discussions with A.M. Best and the Pennsylvania Department of Insurance regarding PMA's sale of its run-off operations. BofA Merrill Lynch made a presentation to the board that included an overview of the then current market conditions, a detailed timeline and a list of potential merger candidates if the board decided to pursue a sale transaction.

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Throughout January and February 2009, PMA's board and senior management continued exploring capital raising and strategic alternatives with BofA Merrill Lynch, including the possible sale of PMA.

On February 19, 2009, PMA's board held a meeting, which was also attended by PMA's Chief Financial Officer and General Counsel. Management reviewed the status of its discussions with A.M. Best regarding PMA's sale of the run-off operations and explained the possible impact on PMA's financial strength ratings if the sale was not completed. Management and the board also discussed the Pennsylvania Insurance Department's review of the sale of the run-off operations and potential outcomes that could result from the review. At this meeting, management and the board also discussed the status of PMA's capital markets and strategic initiatives. Given the continued uncertainty surrounding the sale of the run-off operations, the discussion focused on alternatives in the event that the sale of the run-off operations was not completed.

On March 20, 2009, PMA's board held a telephonic meeting, which meeting was attended by PMA's Chief Financial Officer and General Counsel. Management reviewed the status of the sale of the run-off operations and advised the board of their communications with the Pennsylvania Insurance Department regarding the sale. Management then reported to the board that the Pennsylvania Insurance Department had hired an actuarial firm to review the reserves of PMA's insurance subsidiaries. According to the Department, the results of that preliminary analysis questioned the reasonableness of the insurance subsidiaries' loss reserves. Management explained that it was in the process of reviewing the draft analysis and that numerous errors and questionable assumptions were apparent based on the review to date. At the meeting, PMA's Chief Executive Officer noted that, given the circumstances, PMA's capital markets and strategic initiatives were being suspended.

On May 6, 2009, PMA's board held a meeting that was also attended by PMA's Chief Financial Officer and General Counsel. Management reported on the status of the sale of the run-off operations and a potential framework that was discussed between management and the Pennsylvania Insurance Department for finalizing the sale of the run-off operations. The board and management discussed the proposed framework, alternatives to selling the run-off operations and potential ramifications if the sale was not completed. The board authorized management to proceed with the sale of the run-off operations based on the terms described in the framework proposed by the Department.

In early June 2009, A.M. Best placed the ratings of PMA and its subsidiaries under review with negative implications as a result of the delay in the sale of PMA's run-off operations and the potential impact to PMA's capital position when the transaction closed. PMA and the buyer of the run-off operations held discussions and communicated that each remained committed to the sale and PMA believed that the sale would close based on the revised framework discussed between PMA and the Department in May. As a result, management, in consultation with the board, determined that the time was appropriate to resume its exploration of alternatives with respect to capital raising and other strategic initiatives.

During June 2009, PMA's board instructed BofA Merrill Lynch to have preliminary discussions with a select list of potential partners to determine their level of interest in pursuing a transaction with PMA. After receiving confirmation of interest from five of the six parties contacted, the board authorized BofA Merrill Lynch to share additional information and schedule conversations and meetings between the potential partners and PMA's senior management team.

On June 5, 2009, PMA's board held a telephonic meeting, which meeting was also attended by PMA's Chief Financial Officer and General Counsel, to discuss a recent ratings press release by A.M. Best and communications with the Pennsylvania Insurance Department regarding the sale of PMA's run-off operations.

On June 29, 2009, BofA Merrill Lynch had a call with members of Old Republic's senior management and discussed the current merger and acquisition environment which included an overview of PMA.

Beginning in July 2009 and continuing through March 2010, BofA Merrill Lynch spoke with 17 potential partners with PMA's approval. A total of seven parties indicated that they were interested in exploring a potential transaction with PMA, and six of those parties executed confidentiality agreements with PMA and received confidential information.

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On July 14, 2009, PMA's Chief Executive Officer and Chief Financial Officer met with senior management of Party 1. Party 1 submitted a preliminary indication of interest on July 22, 2009 based on public information. Party 1 executed a confidentiality agreement and, over the course of the following five months, management shared information with Party 1 and conducted multiple in-person meetings. Party 1 ultimately withdrew from the process.

On August 6, 2009, PMA's board held a meeting, which meeting was also attended by PMA's Chief Financial Officer and General Counsel and representatives of BofA Merrill Lynch. The BofA Merrill Lynch representatives reviewed the then current market environment and their recent discussions with potential partners.

On August 21, 2009, BofA Merrill Lynch spoke with Party 2's financial advisors. Party 2 executed a confidentiality agreement on August 31, 2009 and received a confidential information memorandum. During the fall of 2009, BofA Merrill Lynch and PMA's Chief Executive Officer and Chief Financial Officer had multiple phone calls and in-person meetings with Party 2's senior management and their financial advisors. Party 2 submitted an oral indication of interest in December 2009, but subsequently informed BofA Merrill Lynch it would no longer participate in the process.

On August 28, 2009, PMA met with the senior management of Party 3. Infrequent conversations continued between PMA management and BofA Merrill Lynch and Party 3 through September and October at which point Party 3 withdrew from the process.

In August 2009, BofA Merrill Lynch had conversations with Old Republic regarding PMA. On September 3, 2009, PMA's Chief Executive Officer and Chief Financial Officer, Old Republic's Chief Executive Officer and the President and representatives of BofA Merrill Lynch met to discuss a potential transaction at BofA Merrill Lynch's offices in New York City. A confidentiality agreement was executed on September 18, 2009 between PMA and Old Republic. Thereafter, Old Republic commenced a preliminary due diligence review of PMA.

On September 16, 2009, PMA's board held a meeting which was also attended by PMA's Chief Financial Officer and General Counsel, outside counsel and BofA Merrill Lynch to discuss the status of the strategic alternatives review. At the meeting, BofA Merrill Lynch presented an update to the board on the current process, in addition to an overview of the competitive environment following second quarter results. BofA Merrill Lynch also provided the board additional information on potential partners.

On September 21, 2009, PMA's board held a telephonic meeting, which meeting was also attended by PMA's Chief Financial Officer and General Counsel and outside counsel, to review recent discussions with the Pennsylvania Insurance Department regarding the sale of the run-off operations and the review by the actuary engaged by the Department of PMA's insurance subsidiaries' loss reserves. Management explained that PMA had objected to the results of the actuary's reserve review and was engaging additional independent consultants to review the loss reserves. The board decided, given the current regulatory and rating agency issues, to engage a second outside law firm to advise the board with respect to strategic alternatives. PMA's Chief Financial Officer and General Counsel consulted with that law firm over the next several weeks.

On October 7, 2009, PMA's board held a telephonic meeting, which meeting was also attended by PMA's Chief Financial Officer and General Counsel and outside counsel. At the meeting, the board discussed with management the progress of the studies commissioned by PMA with respect to its insurance subsidiaries' loss reserves, the status of discussions with A.M. Best and the status of PMA's strategic partner review.

On October 12, 2009, PMA's board held a telephonic meeting, which meeting was attended by PMA's Chief Financial Officer and General Counsel and outside counsel. The board received a report on communications with the Pennsylvania Insurance Department, and the board and management discussed options available to PMA with respect to its discussions with the Department, and the status of PMA's strategic partner review.

PMA's Chief Executive Officer and Chief Financial Officer met with the chief executive officer of Party 4 on October 15, 2009. Party 4 continued to show interest into December 2009, at which time it decided not to proceed with a transaction.

On October 19, 2009 and October 26, 2009, PMA's board held telephonic meetings, which were attended by PMA's Chief Financial Officer and General Counsel and outside counsel. At the meetings, management reviewed PMA's meetings with the Pennsylvania Insurance Department. Management had met with the Department and the

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prospective buyer in connection with the sale of PMA's run-off operations and separately with the Department on the status of the Department's examination of the insurance subsidiaries. Through discussions with the Department, PMA had reached a resolution that would allow for the closing of the sale of the run-off operations. PMA also presented its position to the Department with respect to the examination, including the information and analyses that supported the reasonableness of PMA's loss reserve estimates. The Department agreed to take the supporting information into consideration as it continued its review of PMA's reserves. The board decided to move forward with the sale of the run-off operations based on the revised terms that had been negotiated.

During November 2009, Party 5 engaged in conversations with BofA Merrill Lynch regarding PMA. On December 11, 2009, Party 5 executed a confidentiality agreement and received confidential information. Party 5 participated in a management presentation by PMA management on January 5, 2010. At the end of January 2010, Party 5 decided not to proceed with a transaction.

On November 5, 2009, BofA Merrill Lynch had a conference call with senior management of PMA to discuss process and timing.

On November 5, 2009, Old Republic advised BofA Merrill Lynch that it was not interested in continuing discussions regarding PMA until the sale of PMA's run-off operations had been completed.

During November 2009, PMA's Chief Executive Officer had an initial conversation with the Chief Executive Officer of Party 6. A confidentiality agreement was sent and executed by Party 6 on November 23, 2009. Party 6 received confidential information and, on January 7, 2010, senior management of Party 6 attended a management presentation by PMA's management team. On January 21, 2010, Party 6 submitted an initial indication of interest. The board of PMA and senior management, after reviewing the matter with BofA Merrill Lynch, deemed the indication sufficient to continue discussions. Both PMA management and BofA Merrill Lynch had multiple discussions with Party 6 management and their financial advisors over the ensuing two months, including several due diligence meetings between March 8 and 11, 2010. On March 11, 2010, Party 6 informed BofA Merrill Lynch they were withdrawing from the process.

On November 11, 2009, PMA's board held a meeting, which meeting was also attended by PMA's Chief Financial Officer and General Counsel. At the meeting, among other items, the board received a presentation by representatives of BofA Merrill Lynch regarding the then current capital markets environment, potential alternatives relating to PMA's fee-based businesses and recent discussions with potential partners.

On December 24, 2009, PMA completed the sale of its run-off operations.

On January 10, 2010, a confidentiality agreement was sent to Party 7 following conversations between the chief executives of PMA and Party 7. The confidentiality agreement was executed on January 12, 2010 and Party 7 subsequently received confidential information. BofA Merrill Lynch conducted a number of calls with the financial advisors of Party 7 prior to a PMA management presentation to Party 7 senior management on February 16, 2010. In late February 2010, Party 7 informed BofA Merrill Lynch it would not continue with the process.

On January 14, 2010, PMA's board held a telephonic meeting, which meeting was also attended by PMA's Interim Chief Financial Officer and General Counsel. At the meeting, the board and management discussed its recent meeting with A.M. Best and discussions with the Pennsylvania Insurance Department.

By letter dated January 14, 2010, Old Republic submitted an indication of interest to BofA Merrill Lynch.

On January 15, 2010, BofA Merrill Lynch shared with Old Republic a summary and preliminary financial analysis of the sale of PMA's run-off operations.

On January 26, 2010, PMA's board held a telephonic meeting, which meeting was also attended by PMA's Interim Chief Financial Officer and General Counsel and representatives of BofA Merrill Lynch and outside counsel. At the meeting, among other things, a representative of BofA Merrill Lynch reported on the status of the capital markets initiative, and reviewed initial indications of interest received to date. BofA Merrill Lynch also shared with the board detailed information on each of the parties engaged in discussions, including examples of what the combined company would look like if PMA were to partner with each company. Outside counsel advised the board with respect to the different types of transactions that may be pursued. The board requested that

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management and BofA Merrill Lynch meet and return to the board with a proposed plan for contacting, in addition to those entities already contacted, certain of the larger insurance companies with an interest in workers' compensation insurance, so that the board could perform a comprehensive evaluation.

On January 29, 2010, BofA Merrill Lynch received approval from the board to contact six larger insurance companies with an interest in workers' compensation insurance, to discuss their interest in considering a strategic transaction with PMA. After contacting the identified parties, BofA Merrill Lynch informed PMA management and the board none of the parties were interested in engaging in discussions.

On January 29, 2010, A.M. Best affirmed the A- rating of PMA's insurance subsidiaries with a stable outlook.

On February 2, 2010, PMA's board held a telephonic meeting, which meeting was also attended by PMA's Interim Chief Financial Officer and General Counsel and outside counsel. At the meeting, management updated the board on its discussions with the Pennsylvania Insurance Department. The board and management discussed the difference between loss reserve estimates of PMA and the actuary engaged by the Department with respect to the insurance subsidiaries' reserves. Management outlined its approach with the Department going forward and reviewed with the board the process for appealing any examination report that might be issued by the Department. Management said that it would bring its independent actuarial analysis to a prompt conclusion and respond to the analysis of the Department's actuaries using PMA's actuarial analysis and the independent actuarial analysis, as well as the independent claim studies. Management reviewed the status of discussions with potential partners for the board.

On March 3, 2010, PMA received the Pennsylvania Insurance Department Bureau of Financial Examination's report on the financial examination of PMA's insurance subsidiaries. The report questioned the reasonableness of those companies' reserves.

On March 4, 2010, PMA's board held a meeting, which meeting was also attended by PMA's Interim Chief Financial Officer and General Counsel. The Examination Report was reviewed during the meeting and management maintained that its reserves were reasonable. It disagreed with the report and continued to work with the Department to determine whether a solution to the disagreement was possible. At the meeting, representatives of BofA Merrill Lynch provided an update on the status of the proposed transaction, noting that there were meetings scheduled with Party 6 and Old Republic in the next week. BofA Merrill Lynch also reported that one party was interested in a possible merger of equals. The board decided to continue with the scheduled meetings.

On March 5, 2010, PMA met with the Pennsylvania Insurance Department in an attempt to resolve the difference of opinion between the independent actuaries engaged by PMA and the Department with respect to the reserve position of PMA's insurance subsidiaries.

On March 12, 2010, PMA's board held a telephonic meeting, which meeting was attended by PMA's Interim Chief Financial Officer and General Counsel and outside counsel. At the meeting, management reviewed the meetings that it had with Party 6 earlier in the week and noted that members of management were meeting with Old Republic that same day.

On March 12, 2010, management of PMA and Old Republic and representatives of BofA Merrill Lynch met at BofA Merrill Lynch's offices in New York City to discuss the proposed transaction and their respective due diligence. One of the discussions included a review of the disagreement over reserves between PMA and the Pennsylvania Insurance Department.

On March 13, 2010, PMA's management team had a meeting with outside counsel and BofA Merrill Lynch to discuss the status of conversations with the Pennsylvania Insurance Department and the sale process that was ongoing. PMA's

Chairman, along with PMA's executive management team, discussed all alternatives available with outside counsel and BofA Merrill Lynch.

On March 14, 2010, PMA's board held a telephonic meeting, which meeting was attended by PMA's Interim Chief Financial Officer and General Counsel, outside counsel and representatives of BofA Merrill Lynch. Management reported that Party 6 had terminated discussions regarding a possible transaction until the disagreement over reserves with the Pennsylvania Insurance Department was resolved. Management also reported that Old

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Republic remained interested in a transaction with PMA. Old Republic requested, as a condition for proceeding, a 30-day exclusivity period to complete its due diligence and enter into a definitive agreement. The board continued to discuss a possible transaction with Old Republic, and BofA Merrill Lynch provided additional information on Old Republic to the board. After this discussion, the board approved entering into an exclusivity agreement with Old Republic.

PMA communicated the status of the discussions with Old Republic to the Pennsylvania Insurance Department on March 13 and 14, 2010 and requested the Department to reject the Bureau of Examination's report of financial examination.

On March 14, 2010, PMA and Old Republic executed a 30-day exclusivity agreement.

On March 15, 2010, the Pennsylvania Insurance Department rejected the Bureau of Examination's report and ordered the examiner to reopen the examination, obtain additional information with respect to the insurance companies' loss and LAE reserves and monitor PMA's discussions with Old Republic regarding a potential transaction.

On March 16, 2010, PMA's board held a telephonic meeting, which meeting was also attended by PMA's Interim Chief Financial Officer and General Counsel and outside counsel. Management and the board reviewed the Annual Report on Form 10-K and management reported that it would be updating A.M. Best on PMA's signed exclusivity agreement with Old Republic.

On March 19, 2010, PMA's General Counsel had a telephone call with Old Republic's General Counsel to discuss the process for moving forward with the proposed transaction.

During late March 2010 and early April 2010, Old Republic continued to conduct its due diligence examination of PMA and PMA conducted its due diligence examination of Old Republic.

Between April 5 and 9, 2010, management of PMA and Old Republic, along with representatives of BofA Merrill Lynch, MAKO Credit Risk Consulting LLC, a mortgage insurance business consultant engaged by PMA, and Macquarie, Old Republic's financial advisor, met at the offices of Old Republic to conduct due diligence for the proposed transaction.

On April 12, 2010, PMA received a draft merger agreement from Old Republic.

On April 14, 2010, PMA's board held a meeting, which meeting was also attended by PMA's Interim Chief Financial Officer and General Counsel, outside counsel and representatives of BofA Merrill Lynch and MAKO Credit Risk Consulting LLC. At the meeting, among other items, the board received an update on discussions with Old Republic and a report on the due diligence being performed by Old Republic. BofA Merrill Lynch noted that Old Republic was finalizing its due diligence on PMA and its review of PMA's loss reserves and reinsurance. BofA Merrill Lynch also reported on the exchange ratio that Old Republic was considering, including potential adjustments and collar features. The board also discussed certain terms of the draft merger agreement received from Old Republic. The board approved the extension of the exclusivity agreement to May 14, 2010. Also at the meeting, management reviewed the status of its due diligence examination of Old Republic, including its review of the mortgage insurance business and the operating philosophy of Old Republic. The board also discussed the operating risks of Old Republic, including potential negative business trends and litigation relating to Old Republic's mortgage insurance business.

On April 14, 2010, PMA and Old Republic executed a 30-day extension to the exclusivity agreement to May 14, 2010 to provide the parties additional time to conduct due diligence and negotiate the merger agreement.

Also on April 14, 2010, PMA met with the Pennsylvania Insurance Department in a further attempt to resolve the difference of opinion between PMA and the Department with respect to the reserve position of PMA's insurance subsidiaries.

On April 19, 2010, PMA's board held a telephonic meeting, which meeting was attended by PMA's Interim Chief Financial Officer and General Counsel, outside counsel and representatives of BofA Merrill Lynch. The board received a status report on discussions with Old Republic, noting that Old Republic was continuing its due diligence and advised that it had met with the Pennsylvania Insurance Department representatives in conjunction with Old

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Republic's due diligence. Management noted that PMA and counsel were reviewing the draft merger agreement. BofA Merrill Lynch updated the board on the status of discussions regarding the exchange ratio.

Between April 26, 2010 and April 29, 2010, PMA and Old Republic negotiated terms of the merger agreement and exchanged drafts of the agreement. The significant terms that were addressed included the exchange ratio, collar, termination rights, termination fee, PMA's right to receive and respond to other proposals, the employment and severance agreements of senior officers and continuation of employee benefit plans.

On May 5, 2010, PMA's board of directors held a meeting, which meeting was attended by PMA's Interim Chief Financial Officer and General Counsel, representatives of BofA Merrill Lynch and outside counsel. At the meeting, management updated the board on recent discussions with the Pennsylvania Insurance Department. In addition, representatives of BofA Merrill Lynch reported to the board on the terms of the proposed transaction with Old Republic and the status of negotiations with Old Republic, including discussions regarding the possible exchange ratio and the status of due diligence. BofA Merrill Lynch also reviewed the process that was undertaken to contact other interested parties, noting that a total of 17 parties were contacted or have contacted PMA, with six parties executing a confidentiality agreement and completing a preliminary review of PMA. BofA Merrill Lynch continued with a presentation summarizing the key economic terms of the possible transaction with Old Republic then being discussed, including the proposed exchange ratio, collar and termination fee, as well as a preliminary valuation analysis involving PMA and Old Republic and a review of Old Republic and its business. Outside counsel reviewed some of the legal considerations associated with proceeding and not proceeding with the proposed transaction. The board also received a presentation from PMA's General Counsel on the terms of the proposed merger agreement, including representations and warranties, covenants, conditions to closing and termination provisions. Counsel also discussed required regulatory and shareholder approval requirements, as well as employment and severance agreements. The board also discussed potential outcomes if it decided not to move forward with the transaction, including the possible responses by the Pennsylvania Insurance Department and rating agencies. Following the discussion, the board decided to continue to move forward with the transaction.

On May 5, 2010, PMA's General Counsel had a telephonic meeting with Old Republic's General Counsel to discuss terms of the proposed transaction.

On May 7, 2010, Old Republic's Chief Executive Officer, Chief Financial Officer and General Counsel met with the Pennsylvania Insurance Department to discuss matters relating to the proposed transaction with PMA.

On May 10, 2010, PMA's board held a telephonic meeting, which meeting was also attended by PMA's Interim Chief Financial Officer and General Counsel, outside counsel and representatives of BofA Merrill Lynch. At the meeting, the board received a report on the status of the proposed transaction with Old Republic, including a review of the discussions between Old Republic's management and the Pennsylvania Insurance Department. BofA Merrill Lynch updated the board on discussions with Old Republic's advisors regarding the proposed exchange ratio. After discussion, the board authorized the execution of a 30-day extension to the exclusivity period.

On May 14, 2010, PMA and Old Republic executed an extension to the exclusivity agreement to June 14, 2010.

On May 17, 2010, PMA's board held a telephonic meeting, which meeting was also attended by PMA's Interim Chief Financial Officer and General Counsel, outside counsel, and representatives of BofA Merrill Lynch. At the meeting, the board received a report on the status of the proposed transaction with Old Republic, including a discussion of the Form A approval process required by Pennsylvania insurance law. Management also noted that an extension to the exclusivity period had been executed and that discussions regarding the proposed exchange ratio were ongoing. It was also reported that PMA and Old Republic and their advisors were continuing to work on the merger agreement, Old Republic's registration statement, PMA's proxy statement and regulatory filings. BofA Merrill Lynch updated the board

regarding discussion on the proposed merger consideration.

Between May 19, 2010 and May 24, 2010, PMA and Old Republic continued to negotiate terms of the merger agreement and exchanged drafts of the agreement. The significant terms being addressed included the exchange ratio, collar, termination rights, termination fee, employment and severance agreements of senior officers and continuation of employee benefit plans.

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On May 24, 2010, PMA's board held a telephonic meeting, which meeting was also attended by PMA's Interim Chief Financial Officer and General Counsel, outside counsel and representatives of BofA Merrill Lynch. Management reviewed the status of merger agreement negotiations with Old Republic, including proposed changes to the agreement. The board was also updated on discussions regarding the proposed exchange ratio, collar and termination fee.

On June 9, 2010, the board of PMA convened a meeting to review and consider the proposed merger with Old Republic. Present at the meeting were PMA's Interim Chief Financial Officer and General Counsel and representatives from BofA Merrill Lynch and outside counsel. The entire board except for one director was present at the meeting. Management updated the board on the final negotiations of the proposed merger. PMA's General Counsel reviewed the terms of the merger agreement that had been negotiated with Old Republic. Outside counsel reviewed with the board its fiduciary duties as members of the board. Also at this meeting, BofA Merrill Lynch reviewed with PMA's board of directors the status of prior efforts to solicit interest from third parties and certain key terms of the proposed transaction. In addition, BofA Merrill Lynch reviewed with PMA's board of directors its financial analysis of the exchange ratio and delivered to PMA's board of directors an oral opinion, which was confirmed by delivery of a written opinion dated June 9, 2010, to the effect that, as of that date and based on and subject to various assumptions and limitations described in its opinion, the exchange ratio provided for in the merger was fair, from a financial point of view, to holders of PMA class A common stock. Following the presentation, the board reviewed and discussed other strategic alternatives and the positive and negative factors for entering into the proposed merger. Following the discussion, PMA's board, by unanimous vote of the directors present, determined that the terms of the merger agreement and the transactions contemplated thereby are advisable, fair to, and in the best interests of, PMA and PMA's shareholders.

On the afternoon of June 9, 2010, PMA, Old Republic and Merger Sub executed the merger agreement.

PMA's Reasons for the Merger

PMA's board of directors, at its meeting held on June 9, 2010, considered the terms of the merger agreement and the transactions contemplated thereby and determined them to be advisable, fair to, and in the best interests of, PMA and PMA's shareholders. PMA believes that a merger with Old Republic, and the additional financial strength and stability it can provide, will be of benefit to its shareholders, clients, employees and other stakeholders. In evaluating the merger, PMA's board of directors consulted with management, as well as its legal and financial advisors, and considered a number of factors, including the material factors set forth below.

PMA's Challenges as an Independent Company. Operating as a relatively small, stand-alone public company, PMA faces continuing, and sometimes conflicting, pressures from customers, brokers, competitors, regulatory agencies, financial analysts and independent rating agencies. The type of business that PMA writes and services is particularly sensitive to PMA's financial strength rating. The run-off operations recently sold by PMA had jeopardized PMA's rating and required funding that could otherwise have been used in PMA's other businesses. Following the disposition of the run-off operations, PMA needed access to additional capital in order to safely maintain its financial rating, address the regulatory issues described below and grow its business profitably. Given the current economic climate and the fact that PMA's shares trade at a considerable discount to their book value, PMA has had limited access to additional capital. PMA believes that Old Republic's financial strength and its greater access to capital will provide PMA increased stability and presents the best available alternative for the continued growth of PMA and its businesses. Following the merger, PMA will be part of a strong and larger diversified company that is well capitalized. The merger will provide PMA the opportunity for continued, potentially accelerated, profitable growth. PMA expects that this merger will enable its shareholders to realize a short-term premium and greater long-term value than if PMA continued to operate as a stand-alone entity.

Resolution of Pennsylvania Insurance Department Examination. In connection with its examination of PMA's insurance subsidiaries for the five years ended December 31, 2007, the Examination Bureau of the Pennsylvania Insurance Department issued a report in March 2010. This report raised certain issues relative to the reasonableness of those companies' loss and loss adjustment expense reserves as of year-end 2007. The Department subsequently rejected that report and directed the examiner to reopen the examination and obtain additional data, documentation and information from PMA relative to the December 31, 2007 reserves.

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PMA believes its original estimates of loss and loss adjustment expense reserves were reasonable and has provided the Department with several independent studies performed subsequent to December 31, 2007, as well as industry and other information in support of its position. Notwithstanding this additional support and information, PMA has not been able to achieve a resolution of these matters. After recent discussions with the Department, PMA concluded that it could only resolve these matters as a stand alone organization by engaging in administrative and legal review processes which, irrespective of their ultimate outcome, would likely hinder the long-term and day-to-day continuity of PMA's business operations, and, in the interim, potentially have a negative impact on its financial ratings. These discussions have also led PMA's board to conclude that the merger with Old Republic, a company with greater capitalization, resources and financial flexibility, would likely provide PMA with the necessary financial wherewithal to at once enhance PMA's own financial resources and lead to a resolution of the outstanding regulatory matters related to the Department's year-end 2007 examination. As indicated in the notes to the pro forma financial data on pages 26 to 34 of Old Republic's registration statement of which this PMA proxy statement is a part, Old Republic expects to provide reinsurance support to PMA's insurance subsidiaries to reduce their balance sheet leverage after the merger.

Favorable Consideration Received in Merger. The merger consideration represented a premium of approximately 15% to the closing price of PMA's class A common stock on June 8, 2010, the last trading day prior to the execution of the merger agreement. The exchange ratio, combined with the collar, provides reasonable certainty as to the relative value that PMA shareholders will receive in the merger in the form of shares of Old Republic common stock. PMA's class A common stock has historically traded at a discount to book value that is significantly greater than the discount at which other workers' compensation specialty insurers and diversified specialty insurers have traded. Old Republic has historically traded at a higher book value multiple than PMA. Old Republic is a respected organization, well positioned to continue creating value for its shareholders. It has a strong stock currency, and is well capitalized and appropriately positioned to take advantage of opportunities which will be available to it. According to its 2009 Annual Review, Old Republic has outperformed the Standard and Poor's 500 Index over the last 50 years with an annual book return that averaged 16.6% compared to an average annual return of 10.9% for the S&P Index. Old Republic has paid regular cash dividends on common shares without interruption since 1942 and paid \$0.68 per share in dividends during 2009.

Financial Presentation and Opinion of BofA Merrill Lynch. The opinion of BofA Merrill Lynch, dated June 9, 2010, to PMA's board of directors to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in its opinion, the exchange ratio provided for in the merger was fair, from a financial point of view, to holders of PMA class A common stock as more fully described below in the section entitled "The Merger - Opinion of PMA's Financial Advisor".

Low Probability of a Superior Offer. The results of the thorough and lengthy process undertaken by PMA and its financial advisor in connection with its proposed sale indicated that the probability of receiving an offer better than the offer made by Old Republic was low. Overall, 17 potential partners were contacted over a period of nine months and none of those companies indicated that it was willing to make an offer on terms better than those offered by Old Republic.

Alternative Strategies. Alternative strategies and scenarios in which PMA would continue to operate independently were examined by the board in consultation with management and PMA's financial and legal advisors. After the review of the alternative strategies, the board concluded that none of those strategies were preferable from a financial point of view and that a merger with Old Republic would provide the greatest benefit to PMA's shareholders, clients, employees and other stakeholders.

Terms of the Merger Agreement. All of the terms of the merger agreement were considered. In particular, the board of directors considered the risks posed to PMA and its shareholders by the terms of the merger agreement. While the merger agreement prohibits PMA from soliciting alternative proposals, PMA has the right to furnish information to, and engage in discussions with, a person who makes an unsolicited offer that PMA's board of directors determines in good faith is, or is reasonably likely to result in, a superior proposal. PMA has the right to terminate the merger agreement in order to accept a superior offer, subject to the terms and conditions of the merger agreement, including the payment to Old Republic of an \$8 million termination fee. PMA believes that the termination fee is reasonable and comparable to termination fees in similar transactions. The merger agreement

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contains limited conditions to Old Republic's obligation to complete the merger and permits PMA to specifically enforce its provisions, providing reasonable certainty that the merger can be completed. The merger agreement must be adopted by PMA's shareholders before the merger can be completed.

Decentralized Operations; Continuation of PMA Companies, Inc. PMA will continue to operate as PMA Companies, Inc. and once the merger is consummated, PMA will be identified as a subsidiary of Old Republic. Old Republic operates in a decentralized manner that emphasizes specialization by type of insurance coverage, industries and economic sectors, and client bases. This approach is expected to allow PMA to continue to maintain its headquarters, locations, management team and employees in substantially the manner they existed prior to the merger, which is expected to enable PMA to continue to execute its strategic plan by building on its strong relationships with its customers, clients and other partners and with the substantial resources of its merger partner.

Likelihood of Completion of Transaction. Based on the size of the transaction, the terms of the merger agreement and discussions with the Pennsylvania Insurance Department, PMA believes that there is a high likelihood that the regulatory and other approvals required in connection with the merger will be received.

Financial Strength Rating of Old Republic Insurance Subsidiaries. Old Republic has a disciplined underwriting, risk management and claims performance culture that focuses on successful long-term growth and profitability. Old Republic's core property and casualty insurance businesses have a strong profitability record. Old Republic's principal property and casualty insurance subsidiaries have A.M. Best ratings of A+ compared to PMA's A.M. Best rating of A-

Tax-Free Nature of the Merger. The merger is expected to qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code. This structure will permit shareholders of PMA to defer the recognition of taxes associated with their shares of PMA class A common stock (other than cash paid in lieu of fractional shares) until they decide to sell the shares of Old Republic common stock received in the merger.

Other Factors. In addition to the foregoing, PMA's board considered the following reasons for the merger:

PMA and Old Republic have similar cultures, core values and business principles that will foster growth and expansion. Both companies have similar business and operational philosophies of disciplined underwriting, risk management and claims performance. Likewise, both companies manage their businesses for long-term profitability and success.

Old Republic's stated business strategy is to increase penetration in the property and casualty business marketplace. PMA's business has little to no overlap with Old Republic's business operations and distribution channel partners.

Old Republic pursues a well diversified business approach, and Old Republic values that approach in PMA as well. PMA's fee-based businesses now represent 16% of PMA's total revenues, and are anticipated to continue to grow. Old Republic is very interested and supportive of PMA's insurance and fee-based operations, and PMA plans to continue to grow these business segments.

Potential Negative Factors Relating to the Merger. During its deliberations, PMA's board of directors considered potential risks and negative factors, including the following:

the risk that the merger does not close and its effect on PMA's business and the impact of the resolution of the financial examination being conducted by the Pennsylvania Insurance Department;

the risk that the merger may be delayed;

the merger consideration represents a discount to PMA's current book value and the highest price at which PMA's stock has traded during recent years;

the potential negative impact that the announcement of the merger may have on PMA's employees, customers, clients and other partners;

the significant costs involved and the diversion of management resources in negotiating the merger agreement, closing the merger and integrating PMA with Old Republic's operations;

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the inherent risks and financial condition of Old Republic's mortgage guaranty and title insurance businesses and the effect those businesses can have on the value of Old Republic's common stock;

the merger agreement prohibits PMA from soliciting alternative acquisition proposals; and

the potential that the termination fee may discourage an alternative proposal or result in a lower price in an alternative transaction.

The foregoing discussion of the factors considered by PMA's board of directors is not intended to be exhaustive, but, rather, includes the material factors considered by PMA's board of directors. In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, PMA's board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. PMA's board of directors considered all these factors as a whole, and overall considered the factors to be favorable to, and supportive of, its determination.

For the reasons set forth above, PMA's board of directors determined that the merger agreement and the transactions contemplated thereby are advisable, fair to and in the best interests of PMA and PMA's shareholders, and approved the merger agreement. PMA's board of directors recommends that you vote **FOR** the approval of the merger.

Recommendations of the PMA Board of Directors with Respect to the Merger

By unanimous vote of the directors present, the PMA board of directors, at a meeting held on June 9, 2010, determined that the terms of the merger agreement and the transactions contemplated thereby are advisable, fair to, and in the best interests of, PMA and PMA's shareholders, and approved the merger agreement and the transactions contemplated thereby, including the merger. The PMA board of directors recommends that the PMA shareholders vote **FOR** the proposal to adopt the merger agreement at the special meeting. The PMA board of directors also recommends that the PMA shareholders vote **FOR** the proposal to approve the adjournment or postponement of the special meeting for the solicitation of additional proxies if there are not sufficient votes present, in person or represented by proxy, at the time of the special meeting to adopt the merger agreement.

Opinion of PMA's Financial Advisor

PMA retained BofA Merrill Lynch to act as PMA's financial advisor in connection with PMA's exploration of strategic alternatives, including the merger. PMA selected BofA Merrill Lynch to act as PMA's financial advisor in connection with the merger on the basis of BofA Merrill Lynch's experience in transactions similar to the merger, its reputation in the investment community and its familiarity with PMA and its business.

On June 9, 2010, at a meeting of PMA's board of directors held to evaluate the merger, BofA Merrill Lynch delivered to PMA's board of directors an oral opinion, which was confirmed by delivery of a written opinion dated June 9, 2010, to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in its opinion, the exchange ratio provided for in the merger was fair, from a financial point of view, to holders of PMA class A common stock.

The full text of BofA Merrill Lynch's written opinion to PMA's board of directors, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex B to this document and is incorporated by reference herein in its entirety. The following summary of BofA Merrill Lynch's opinion is qualified in its entirety by reference to the full text of the opinion. BofA Merrill Lynch delivered its opinion to PMA's board of directors for the benefit and use of

PMA's board of directors in connection with and for purposes of its evaluation of the exchange ratio from a financial point of view. BofA Merrill Lynch's opinion does not address any other aspect of the merger and does not constitute a recommendation to any shareholder as to how to vote or act in connection with the proposed merger. In addition, the opinion does not in any manner address the prices at which shares of PMA class A common stock and Old Republic common stock would trade at any time, including following announcement or following the consummation of the transaction. The following is a summary of BofA Merrill Lynch's opinion, including the procedures followed, the assumptions made, the matters considered and the limitations on review undertaken by BofA Merrill Lynch in rendering its opinion.

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In connection with rendering its opinion, BofA Merrill Lynch, among other things:

reviewed certain publicly available business and financial information relating to PMA and Old Republic;

reviewed certain internal financial and operating information with respect to the business, operations and prospects of PMA furnished to or discussed with BofA Merrill Lynch by the management of PMA, including certain financial forecasts relating to PMA prepared by or at the direction of and approved by the management of PMA under certain scenarios (such forecasts, PMA Forecasts);

reviewed certain internal financial and operating information with respect to the business, operations and prospects of Old Republic furnished to or discussed with BofA Merrill Lynch by the management of Old Republic, including certain financial forecasts relating to Old Republic prepared by the management of Old Republic for the year ended December 31, 2010 (such forecasts, Old Republic 2010 Forecasts);

reviewed certain financial forecasts relating to Old Republic prepared by or at the direction of and approved by the management of PMA for the years ended December 31, 2011 through December 31, 2014 under certain scenarios (such forecasts, Old Republic Extended Forecasts);

reviewed certain reports regarding reserves for loss and loss adjustment expense of PMA prepared by an independent actuarial firm engaged by PMA which were made available to BofA Merrill Lynch by PMA;

discussed the past and current business, operations, financial condition and prospects of PMA with members of senior managements of PMA and Old Republic, and discussed the past and current business, operations, financial condition and prospects of Old Republic with members of senior managements of PMA and Old Republic;

discussed with the management of PMA its assessment of the financial examination of PMA's insurance subsidiaries currently being conducted by the Pennsylvania Insurance Department, including the status of such examination and the potential impact on PMA of any action that may be required to be taken as a result thereof;

reviewed the potential pro forma financial impact of the merger on the future financial performance of Old Republic;

participated in certain discussions and negotiations among representatives of PMA and Old Republic and their financial and legal advisors;

reviewed the trading histories for PMA class A common stock and Old Republic common stock and the valuation multiples implied by the merger for PMA class A common stock and a comparison of such trading histories and such valuation multiples with each other and with the trading histories and valuation multiples of other companies BofA Merrill Lynch deemed relevant;

compared certain financial and stock market information of PMA and Old Republic with similar information of other companies BofA Merrill Lynch deemed relevant;

considered the results of BofA Merrill Lynch's efforts on behalf of PMA to solicit, at the direction of PMA, indications of interest from third parties with respect to a possible acquisition of PMA;

reviewed a draft, dated June 4, 2010, of the merger agreement; and

performed such other analyses and studies and considered such other information and factors as BofA Merrill Lynch deemed appropriate.

In arriving at its opinion, BofA Merrill Lynch assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with BofA Merrill Lynch and relied upon the assurances of the managements of PMA and Old Republic that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the PMA Forecasts and the Old Republic Extended Forecasts, BofA Merrill Lynch was advised by PMA, and assumed, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of PMA as to the future financial performance of PMA and Old Republic, as applicable, under the scenarios reflected therein, in each case for the periods set forth therein. With respect to the Old Republic 2010 Forecasts, BofA Merrill Lynch was advised by Old

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Republic, and assumed, with the consent of PMA, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of Old Republic as to the future financial performance of Old Republic for the year ended December 31, 2010. As PMA was aware, although BofA Merrill Lynch requested financial forecasts with respect to Old Republic prepared by the management of Old Republic for the years ended December 31, 2011 through December 31, 2014, BofA Merrill Lynch was advised by the management of Old Republic that it had not prepared current and reliable financial forecasts for the periods beyond December 31, 2010. Accordingly, based upon discussions with the management of Old Republic and at the direction of PMA, BofA Merrill Lynch assumed that the Old Republic Extended Forecasts were a reasonable basis upon which to evaluate the future financial performance of Old Republic for the years ended December 31, 2011 through December 31, 2014 and, at the direction of PMA, used such forecasts for such periods in performing the analyses.

BofA Merrill Lynch did not make any physical inspection of the properties or assets of PMA or Old Republic, nor did BofA Merrill Lynch make or was it provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of PMA or Old Republic, other than the PMA actuarial reports referenced above that BofA Merrill Lynch reviewed and relied upon without independent verification for purposes of its opinion. BofA Merrill Lynch is not an expert in the evaluation of reserves for losses and loss adjustment expenses and BofA Merrill Lynch did not make an independent evaluation of the adequacy of the reserves of PMA or Old Republic. In that regard, BofA Merrill Lynch made no analysis of, and expressed no opinion as to, the adequacy of reserves for losses and loss adjustment expenses of PMA or Old Republic. BofA Merrill Lynch further relied, at the direction of PMA, upon the assessment of management of PMA as to the potential impact on PMA of any action that may be required to be taken as a result of the Pennsylvania Insurance Department examination.

BofA Merrill Lynch did not evaluate the solvency or fair value of PMA or Old Republic under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. BofA Merrill Lynch assumed, at the direction of PMA, that the merger would be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the merger, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, will be imposed that would have an adverse effect on PMA, Old Republic or the contemplated benefits of the merger. BofA Merrill Lynch also assumed, at the direction of PMA, that the merger will qualify for federal income tax purposes as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended. BofA Merrill Lynch also assumed, at the direction of PMA, that the final executed Agreement would not differ in any material respect from the draft, dated June 4, 2010, of the merger agreement reviewed by BofA Merrill Lynch.

BofA Merrill Lynch expressed no view or opinion as to any terms or other aspects of the merger (other than the exchange ratio to the extent expressly specified in its opinion), including, without limitation, the form or structure of the merger. BofA Merrill Lynch's opinion was limited to the fairness, from a financial point of view, of the exchange ratio to holders of PMA class A common stock and no opinion or view was expressed with respect to any consideration received in connection with the merger by the holders of any other class of securities, creditors or other constituencies of any party. In addition, no opinion or view was expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the merger, or class of such persons, relative to the exchange ratio. Furthermore, no opinion or view was expressed as to the relative merits of the merger in comparison to other strategies or transactions that might be available to PMA or in which PMA might engage or as to the underlying business decision of PMA to proceed with or effect the merger. BofA Merrill Lynch did not express any opinion as to what the value of Old Republic common stock actually would be when issued or the prices at which PMA class A common stock or Old Republic common stock would trade at any time, including following announcement or consummation of the merger. In addition, BofA Merrill Lynch expressed no opinion or recommendation as to how any shareholder should vote or act in connection with the merger or any related matter.

BofA Merrill Lynch's opinion was necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to BofA Merrill Lynch as of, the date of its opinion. As noted in the opinion, the credit, financial and stock markets have been experiencing unusual volatility and BofA Merrill Lynch expressed no opinion or view as to any potential effects of such volatility on PMA, Old Republic or the merger. It should be understood that subsequent developments may affect its opinion, and

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BofA Merrill Lynch does not have any obligation to update, revise or reaffirm its opinion. The issuance of BofA Merrill Lynch's opinion was approved by BofA Merrill Lynch's Americas Fairness Opinion Review Committee.

The following represents a brief summary of the material financial analyses presented by BofA Merrill Lynch to PMA's board of directors in connection with its opinion. The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by BofA Merrill Lynch, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses performed by BofA Merrill Lynch. Considering the data set forth in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by BofA Merrill Lynch.

PMA and Old Republic Financial Analyses

Except as otherwise noted, the following information, to the extent it is based on market data, is based on market data as it existed on or before June 7, 2010 and is not necessarily indicative of current market conditions.

As described more fully below, BofA Merrill Lynch assessed the fairness of the exchange ratio by assessing the stand-alone value of each of PMA and Old Republic using several methodologies, including an analysis of comparable publicly traded companies using valuation multiples from selected publicly traded companies and a discounted cash flow analysis. Each of these methodologies was used to generate implied per share valuation ranges for each of PMA and Old Republic on a fully diluted basis, which gives effect to the impact of restricted stock, options and convertible debt. The implied per share valuation ranges were then used to assess the exchange ratio implied by each methodology.

Based on Old Republic's share price of \$12.72 as of June 7, 2010, BofA Merrill Lynch noted that the implied offer price per share of PMA was \$7.00, an implied premium of 14.3% to PMA's share price of \$6.12 as of June 7, 2010. Such implied offer price represented a multiple of 0.54x PMA's fully diluted book value per share as of March 31, 2010, a multiple of 11.3x PMA's actual earnings per share for the year 2009, a multiple of 10.1x PMA's estimated research analysts consensus earnings per share for the year 2010 and a multiple of 8.4x PMA's estimated research analysts consensus earnings per share for the year 2011. By way of background, BofA Merrill Lynch noted that, based on the equity interests outstanding in each of PMA and Old Republic as of June 7, 2010, the exchange ratio would result in pro forma ownership of the combined company being approximately 6.9% for holders of PMA class A common stock, on a fully diluted basis, after giving effect to the net impact of options and convertible debt. The determination of fully diluted figures (including ownership) includes the net impact of options under the treasury stock method using values implied by the exchange ratio proposed in the merger agreement.

Selected Publicly Traded Companies Analyses. BofA Merrill Lynch reviewed and analyzed certain publicly available financial information and market trading data of selected publicly traded companies and compared such information to PMA and Old Republic. BofA Merrill Lynch reviewed the following 19 companies:

W.R. Berkley Corporation;

Markel Corporation;

American Financial Group, Inc.;

HCC Insurance Holdings, Inc.;

ProAssurance Corporation;

RLI Corp.;

Tower Group, Inc.;

Argo Group International Holdings, Ltd.;

Harleysville Group Inc.;

Selective Insurance Group, Inc.;

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AmTrust Financial Services, Inc.;

The Navigators Group, Inc.;

National Interstate Corporation;

United America Indemnity, Ltd.;

NYMAGIC, Inc.;

Employers Holdings, Inc.;

Amerisafe, Inc.;

SeaBright Holdings, Inc.; and

Eastern Insurance Holdings, Inc.

No company used in this analysis is identical or directly comparable to PMA or Old Republic. BofA Merrill Lynch selected these companies on the basis that each was a publicly traded company with operations in the specialty insurance or workers compensation industries. A complete analysis of the results of the following calculations cannot be limited to a quantitative review of such results, however, and involves complex considerations and judgments concerning the differences in the financial and operating characteristics of the comparable companies and other factors that could affect the public share prices of the comparable companies, as well as the price of shares of common stock of PMA and Old Republic.

A summary of multiples of the stock price to book value per share as of March 31, 2010 and stock price to earnings per share, including the implied expected return on equity for 2011, for each of the selected publicly traded companies is as follows:

	Price/3/31/10 Book Value per Share(1)	Price/2011E Operating EPS	2011E Return on Equity
<i>Diversified Specialty</i>			
W.R. Berkley Corporation	1.12x	10.0x	10.3%
Markel Corporation	1.14x	17.6x	6.0%
American Financial Group, Inc.	0.71x	7.1x	9.2%
HCC Insurance Holdings, Inc.	0.92x	8.2x	10.0%
ProAssurance Corporation	1.05x	11.0x	8.6%
RLI Corp.	1.32x	14.0x	8.8%
Tower Group, Inc.	0.87x	6.1x	12.7%
Argo Group International Holdings, Ltd.	0.54x	7.3x	7.1%
Harleysville Group Inc.	1.11x	9.7x	10.8%
Selective Insurance Group, Inc.	0.76x	9.6x	7.7%
AmTrust Financial Services, Inc.	1.26x	5.5x	18.7%

The Navigators Group, Inc.	0.79x	10.7x	7.1%
National Interstate Corporation	1.32x	9.3x	12.5%
United America Indemnity, Ltd.	0.53x	8.3x	6.0%
NYMAGIC, Inc.	0.74x	NAx	NA%
Mean	0.95x	9.6x	9.7%
<i>Workers Compensation Focused</i>			
Employers Holdings, Inc.	0.70x	12.2x	5.4%
Amerisafe, Inc.	1.03x	8.2x	11.1%
SeaBright Holdings, Inc.	0.58x	11.0x	5.0%
Eastern Insurance Holdings, Inc.	0.64x	11.5x	5.0%
Mean	0.74x	10.7x	6.6%
Overall Mean	0.90x	9.9x	9.0%

(1) Based on primary book value per share, which excludes the dilutive impact of options, warrants and restricted stock.

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Mathematical analysis, such as determining the average, is not in itself a meaningful method of using comparable company data. BofA Merrill Lynch performed this analysis to understand the range of book value multiples and estimated earnings multiples of these comparable publicly traded companies based upon market prices. In addition, BofA Merrill Lynch reviewed certain operating data for these companies, such as combined ratios, return on equity and growth in book value per share to assess the relative valuation of these companies, based on the most recent publicly available information. The projections and estimates for the selected publicly traded companies used by BofA Merrill Lynch in its analysis were based on consensus research analysts estimates as reported in the database known as Factset as well as historical information reported by such companies in their SEC filings. The 2011 earnings projections and estimates for PMA were based both on estimates of research analysts and estimates provided to BofA Merrill Lynch by or at the direction of and approved by the management of PMA. The 2011 earnings projections and estimates for Old Republic were based on estimates of research analysts.

Based in part on the multiples described above, BofA Merrill Lynch derived illustrative implied valuations per fully diluted share of PMA and Old Republic, which gives effect to the impact of options and convertible debt. For PMA, BofA Merrill Lynch applied book value multiples ranging from 0.50x to 0.70x PMA's March 31, 2010 adjusted book value per share and applied earnings multiples of 7.0x to 9.0x 2011 earnings per share based on research analysts estimates and PMA management estimates. For these purposes, PMA's adjusted book value per share reflects the potential impact of \$50 million reserve strengthening pre-tax, offset by the financial impact of \$50 million pre-tax of retroactive reinsurance protection purchased. For Old Republic, BofA Merrill Lynch applied book value multiples ranging from 0.70x to 0.90x Old Republic's March 31, 2010 book value per share and applied earnings multiples of 10.0x to 12.0x 2011 earnings per share based on research analysts estimates. BofA Merrill Lynch utilized these selected multiples after considering the current market conditions, current and historical trading multiples and the size and diversification of the selected publicly traded companies, among other things.

The resulting implied exchange ratio range was 0.3958x to 0.7124x based on the book value multiple methodology and 0.4052x to 0.6251x based on the earnings multiple methodology using PMA's 2011 estimate based on research analysts estimates and Old Republic's 2011 estimate based on research analysts estimates. The following table shows the ranges of implied valuation per fully diluted common share for each of PMA and Old Republic and the implied exchange ratio ranges derived using the book value multiple and earnings multiple methodologies. The table should be read together with the more detailed summary of the analyses set forth above.

Selected Publicly Traded Companies Analysis	Implied PMA Valuation		Implied Old Republic Valuation		Implied Exchange Ratio	
	per Share		per Share		Ratio	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Book value multiple	\$ 6.02	\$ 8.43	\$ 11.83	\$ 15.21	0.3958x	0.7124x
Earnings multiple analysts estimates (2011)	\$ 5.81	\$ 7.47	\$ 11.95	\$ 14.34	0.4052x	0.6251x

Discounted Cash Flow Analyses. BofA Merrill Lynch performed discounted cash flow analyses of PMA and Old Republic based on the PMA Forecasts, the Old Republic 2010 Forecasts and the Old Republic Extended Forecasts.

As described below, (x) the PMA scenarios reflect PMA management's various assumptions regarding possible reserve charges of differing amounts and, in several cases, an adverse rating action, and (y) the Old Republic scenarios reflect

assumptions made by or at the direction of and approved by PMA management with regards to adjusting the combined ratio of the Mortgage Guaranty Group segment as described below. As discussed in the The Merger Background of the Merger , PMA management believes that PMA s loss reserves are reasonably stated and provided independent support to the Pennsylvania Insurance Department for this position. The loss reserve assumptions reflected in the scenarios below are hypothetical estimates by PMA management of possible increases in net loss reserves that may be required to reach a resolution of the matters with the Pennsylvania Insurance Department as an alternative to the appeal process. The various scenarios prepared by or at the direction of and approved by the management of PMA are as follows:

PMA Case 1. This case reflects an assumed \$50 million pre-tax increase in reserves, which is approximately 11% of net loss reserves at December 31, 2009 as a possible resolution of differences relating

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to the Pennsylvania Insurance Department examination. This scenario reflects the impact of an A.M. Best financial strength ratings downgrade to B++.

PMA Case 2. This case reflects an assumed \$100 million pre-tax increase in reserves as a possible resolution of differences relating to the Pennsylvania Insurance Department examination. This scenario reflects the impact of an A.M. Best financial strength ratings downgrade to B++.

PMA Case 3. This case reflects an assumed \$50 million pre-tax increase in reserves as a possible resolution of differences relating to the Pennsylvania Insurance Department examination. This scenario assumes there is no change in PMA's A.M. Best financial strength ratings.

PMA Case 4. This case assumes that PMA no longer writes new business and, starting in 2011, places all operations in runoff. It also assumes that reserves are increased by \$100 million on a pre-tax basis and the fee-based business is sold.

Old Republic Base Case. This case assumes that the combined ratio of the Mortgage Guaranty segment of Old Republic is adjusted to achieve a combined ratio of 75.0% in 2014. A downside and an upside case were also run which, on average, would have decreased or increased, as applicable, the potential value of Old Republic common stock by approximately 3%.

The discounted cash flow analyses were performed in order to evaluate the fully diluted equity value per share, based on what could be achieved by each PMA and Old Republic as stand-alone entities. BofA Merrill Lynch calculated the fully diluted equity values per share for PMA and Old Republic as the sum of (1) the present values of the estimated future free cash flows per fully diluted share for each of PMA and Old Republic for the years 2010 through 2014 using discount rates ranging from 11.5% to 13.5% for PMA's Cases 1, 2 and 3, 12.5% to 14.5% for PMA Case 4 and 9.5% to 11.5% for the Old Republic Base Case, and (2) the present values of the illustrative terminal values per fully diluted share using estimated 2014 shareholders' equity based on terminal book value multiples ranging from 0.55x to 0.75x for PMA Cases 1 and 2, 0.60x to 0.80x for PMA Case 3, 0.80x to 0.90x statutory surplus for PMA Case 4 and 0.75x to 0.95x for the Old Republic Base Case. All selected discount rates considered risks inherent in the insurance industry, specific risks associated with the continuing operations of each of PMA and Old Republic on a stand-alone basis and other considerations. BofA Merrill Lynch selected terminal book value multiples based upon the current and historical trading values of PMA, Old Republic and selected publicly traded insurance companies. The per share amounts were based on the total outstanding diluted shares, which includes the impact of restricted stock, options and convertible debt.

The resulting implied exchange ratio range was (1) 0.2813x to 0.5330x based on the PMA projections for PMA Case 1 and the Old Republic Base Case projections, (2) 0.2565x to 0.4869x based on the PMA projections for PMA Case 2 and the Old Republic Base Case projections, (3) 0.4055x to 0.7365x based on the PMA projections for PMA Case 3 and the Old Republic Base Case projections and (4) 0.1916x to 0.3268x based on the PMA projections for PMA Case 4 and the Old Republic Base Case projections.

The following table shows the ranges of implied valuation per fully diluted common share for each of PMA and Old Republic and the implied exchange ratio ranges derived using the discounted cash flow analysis. The table should be read together with the more detailed summary of the analyses set forth above.

Implied PMA Valuation	Implied Old Republic Valuation
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Discounted Cash Flow Analysis	per Share		per Share		Implied Exchange Ratio	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
PMA Case 1/Old Republic Base Case	\$ 3.74	\$ 5.53	\$ 10.37	\$ 13.31	0.2813x	0.5330x
PMA Case 2/Old Republic Base Case	\$ 3.41	\$ 5.05	\$ 10.37	\$ 13.31	0.2565x	0.4869x
PMA Case 3/Old Republic Base Case	\$ 5.40	\$ 7.64	\$ 10.37	\$ 13.31	0.4055x	0.7365x
PMA Case 4/Old Republic Base Case	\$ 2.55	\$ 3.39	\$ 10.37	\$ 13.31	0.1916x	0.3268x

While a discounted cash flow analysis is a widely accepted and practiced valuation methodology, it relies on a number of assumptions, including growth rates, terminal values and discount rates. The implied exchange ratio range derived from the discounted cash flow analysis is not necessarily indicative of PMA or Old Republic's present or future value or results.

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Other Factors. In rendering its opinion, BofA Merrill Lynch also reviewed and considered other factors, including:

high and low trading prices of PMA class A common stock and Old Republic common stock during the 52-week period ended June 7, 2010, which implied an exchange ratio of between 0.2755x and 0.8519x; and

the future public market share price targets of PMA class A common stock and Old Republic common stock as reported by various analysts following the PMA and Old Republic common stocks, which implied an exchange ratio of between 0.4211x and 0.6875x.

BofA Merrill Lynch also observed that, under various financial measures, PMA could be viewed as contributing to the combined company a percentage higher than the percentage of the outstanding shares to be received by PMA's shareholders in the transaction. BofA Merrill Lynch, however, did not believe that this analysis was meaningful since it did not, in BofA Merrill Lynch's judgment, adequately reflect the potential need, as described in the scenarios above, to increase reserves as a possible resolution to the Pennsylvania Insurance Department examination or the potential risk to the business of a possible ratings downgrade that could result from a need to increase reserves. Similarly, BofA Merrill Lynch did not present an analysis based on selected precedent transactions, in light of BofA Merrill Lynch's belief that, given PMA's relatively unique circumstances, there were no comparable transactions.

Miscellaneous. As noted above, the discussion set forth above is a summary of the material financial analyses presented by BofA Merrill Lynch to PMA's board of directors in connection with its opinion and is not a comprehensive description of all analyses undertaken by BofA Merrill Lynch in connection with its opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to partial analysis or summary description. BofA Merrill Lynch believes that its analyses summarized above must be considered as a whole. BofA Merrill Lynch further believes that selecting portions of its analyses and the factors considered or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying BofA Merrill Lynch's analyses and opinion. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that such analysis was given greater weight than any other analysis referred to in the summary.

In performing its analyses, BofA Merrill Lynch considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of PMA and Old Republic. The estimates of the future performance of PMA and Old Republic in or underlying BofA Merrill Lynch's analyses are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those estimates or those suggested by BofA Merrill Lynch's analyses. These analyses were prepared solely as part of BofA Merrill Lynch's analysis of the fairness, from a financial point of view, of the exchange ratio and were provided to PMA's board of directors in connection with the delivery of BofA Merrill Lynch's opinion. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or the prices at which any securities have traded or may trade at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be BofA Merrill Lynch's view of the actual values of PMA or Old Republic.

Although BofA Merrill Lynch participated in the negotiations between the parties, the type and amount of consideration payable in the merger was determined by PMA and Old Republic and was approved by PMA's board of directors. The decision to enter into the merger agreement was solely that of PMA's board of directors. As described above, BofA Merrill Lynch's opinion and analyses were only one of many factors considered by PMA's board of directors in its evaluation of the proposed merger and should not be viewed as determinative of the views of PMA's board of directors or management with respect to the merger or the exchange ratio.

PMA has agreed to pay BofA Merrill Lynch for its services in connection with the merger an aggregate fee of \$3.8 million, a portion of which was payable in connection with its opinion and a significant portion of which is contingent upon the completion of the merger. PMA also has agreed to reimburse BofA Merrill Lynch for its expenses incurred in connection with BofA Merrill Lynch's engagement and to indemnify BofA Merrill Lynch, any

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controlling person of BofA Merrill Lynch and each of their respective directors, officers, employees, agents and affiliates against specified liabilities, including liabilities under the federal securities laws.

BofA Merrill Lynch and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of their businesses, BofA Merrill Lynch and its affiliates invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in the equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of PMA, Old Republic and certain of their respective affiliates.

In addition, BofA Merrill Lynch and its affiliates in the past have provided, currently are providing, and in the future may provide investment banking, commercial banking and other financial services to Old Republic and have received or in the future may receive compensation for the rendering of these services, including (i) having acted or are acting as lender under, or otherwise having extended credit under, certain credit facilities and other arrangements with Old Republic, (ii) having acted as book runner on a convertible debt offering for Old Republic and (iii) having provided or providing certain treasury management and trade products and services to Old Republic.

Old Republic's Reasons for the Merger

It is the opinion of Old Republic's management and board of directors that the merger will enhance Old Republic's growth prospects. Old Republic's management and board believe that long-term growth can be achieved through the greater geographic spread and certain industry specialization offered by PMA's current business model. Furthermore, Old Republic believes that it will acquire the continuing services of a dedicated operating management and the well regarded insurance services delivery of PMA's subsidiaries.

Interests of PMA Officers and Directors in the Merger

In considering the recommendation of the PMA board of directors with respect to the adoption of the merger agreement, PMA shareholders should be aware that the merger agreement includes an agreement that one independent member of the PMA board of directors be added to the Old Republic board of directors following completion of the merger. At the time the PMA board of directors approved the merger agreement, the PMA board of directors was aware that one member of PMA's board of directors would become a member of Old Republic's board of directors.

In addition, the terms of restricted stock award agreements between PMA and its non-employee directors provide that the vesting of all unvested restricted stock will accelerate upon a change in control transaction. The merger will constitute a change in control transaction.

Nine PMA officers are parties to employment and severance agreements with PMA. The merger agreement provides as a condition to the obligation of Old Republic to consummate the merger that Vincent T. Donnelly, President and Chief Executive Officer, shall have executed and delivered to PMA a voluntary written termination of his employment agreement and PMA shall have obtained a voluntary written termination from six of the eight other officers that are party to a severance agreement with PMA. The employment and severance agreements provide for payments to the officers in the event their employment is terminated following a change of control of PMA.

The nine officers of PMA referred to above, including the Chief Executive Officer who is a member of PMA's board of directors, have been advised by Old Republic that, following the merger, they will be employed by Old Republic on

terms comparable to their employment with PMA.

PMA's board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and making its recommendation that the PMA shareholders adopt the merger agreement. See The Merger PMA's Reasons for the Merger.

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Accounting Treatment

Accounting Standards Codification (ASC) Topic 805 requires the use of the purchase method of accounting for business combinations. In applying the acquisition method, it is necessary to identify the acquiree and the acquirer for accounting purposes. Old Republic will be considered the acquirer of PMA for accounting purposes. The purchase price will be allocated to the identifiable assets acquired and liabilities assumed from PMA based on their fair values as of the date of the completion of the transaction, with any excess being allocated to goodwill. Reported financial condition and results of operations of Old Republic issued after completion of the merger will reflect PMA's balances and results after completion of the merger, but will not be restated retroactively to reflect the historical financial position or results of operations of PMA. Following the completion of the merger, the earnings of the combined company will reflect purchase accounting adjustments; for example, additional depreciation of property, plant and equipment, amortization of identified intangible assets or other impacts from the purchase price allocation.

Regulatory Approvals Required for the Merger

Insurance Regulatory Approvals

PMA has three insurance company subsidiaries domiciled in the Commonwealth of Pennsylvania. Insurance laws in Pennsylvania require an acquiring person to obtain approval from the Insurance Commissioner of Pennsylvania before acquiring control of an insurance company domiciled in Pennsylvania. The Insurance Commissioner of Pennsylvania approved the proposed merger on August 3, 2010.

PMA has insurance subsidiaries domiciled in Bermuda and the Cayman Islands. The laws of those jurisdictions require a notice filing and, in the case of Bermuda, the consent of the Bermuda Monetary Authority, before any change in the control of PMA can occur. Old Republic has provided notice of the proposed merger to the Bermuda Monetary Authority and the Cayman Island Monetary Authority. The Bermuda Monetary Authority granted its approval on June 30, 2010.

Antitrust Approvals

The merger is subject to the expiration or termination of the applicable waiting period under the HSR Act. Under the HSR Act, the merger may not be consummated until notifications have been given and certain information has been furnished to the Antitrust Division and the FTC and the applicable waiting period has expired or been terminated.

Old Republic and PMA have filed the requisite Pre-Merger Notification and Report Forms under the HSR Act with the Antitrust Division and the FTC and have been notified that the waiting period has been terminated.

There can be no assurance that the merger will not be challenged on antitrust or competition grounds or, if a challenge is made, what the outcome would be. The Antitrust Division, the FTC, any U.S. state and other applicable regulatory bodies may challenge the merger on antitrust or competition grounds at any time, including after the termination of the waiting period under the HSR Act or other applicable process, as they may deem necessary or desirable or in the public interest. Accordingly, at any time before or after the completion of the merger, any such party could take action under the antitrust laws, including, without limitation, by seeking to enjoin the effective time of the merger or permitting completion subject to regulatory concessions or conditions. Private parties may also seek to take legal action under antitrust laws under certain circumstances.

Other Regulatory Procedures

The merger may be subject to certain regulatory requirements of other municipal, state, federal and foreign governmental agencies and authorities, including those relating to the insurance business and the offer and sale of securities. Old Republic and PMA are currently working to evaluate and comply in all material respects with these requirements, as appropriate, and do not currently anticipate that they will hinder, delay or restrict completion of the merger.

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It is possible that one or more of the regulatory approvals required to complete the merger will not be obtained on a timely basis or at all. In addition, it is possible that any of the governmental entities with which filings are made may seek regulatory concessions as conditions for granting approval of the merger. Under the merger agreement, Old Republic and PMA have each agreed to use reasonable best efforts to complete the merger, including to gain clearance from antitrust authorities and obtain other required approvals. See *The Merger Agreement Reasonable Best Efforts to Obtain Required Approvals*.

Although Old Republic and PMA do not expect regulatory authorities to raise any significant objections to the merger, Old Republic and PMA cannot be certain that all required regulatory approvals will be obtained or that these approvals will not contain terms, conditions or restrictions that would be detrimental to Old Republic after the effective time of the merger.

No Appraisal Rights

Holders of PMA's common stock are not entitled to dissenters' rights of appraisal under Pennsylvania law in connection with the merger.

Listing of Old Republic Common Stock

Old Republic will cause the shares of Old Republic common stock to be issued in connection with the merger to be approved for listing on the NYSE, subject to official notice of issuance, before the closing of the merger. Approval of the listing on the NYSE of the shares of Old Republic common stock to be issued pursuant to the merger is a condition to each party's obligation to complete the merger.

Delisting and Deregistration of PMA Class A Common Stock

If the merger is completed, PMA common stock will be delisted from the Nasdaq Global Select Market and deregistered under the Exchange Act.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion sets forth the material U.S. federal income tax consequences of the merger to U.S. Holders (as defined below) of PMA class A common stock. This discussion addresses only those U.S. Holders that hold PMA class A common stock as a capital asset. It does not address all of the U.S. federal income tax consequences that may be relevant to a particular holder of PMA class A common stock in light of that shareholder's particular circumstances or to a holder of PMA class A common stock that is subject to special rules, including, without limitation:

- a financial institution or insurance company;
- a tax-exempt organization;
- certain U.S. expatriates;
- a person that is not a U.S. Holder;
- a regulated investment company;
- a pass-through entity or an investor in such an entity;

a trader in securities that elects mark-to-market accounting;

a dealer or broker in securities or currencies;

a person that holds PMA class A common stock as part of a hedge, straddle, constructive sale or conversion transaction;

a person that acquired its shares of PMA class A common stock pursuant to the exercise of employee stock options or otherwise in connection with the performance of services;

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a person who holds shares of PMA class A common stock in an individual retirement or other tax-deferred account;

a person that has a functional currency other than the U.S. dollar; and

a person subject to the alternative minimum tax.

For purposes of this discussion U.S. Holder refers to a beneficial holder of PMA class A common stock that, for U.S. federal income tax purposes, is (i) an individual citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust (x) that is subject to the supervision of a court within the United States and to the control of one or more U.S. persons as described in section 7701(a)(30) of the Internal Revenue Code (Code) or (y) that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds PMA class A common stock, the tax treatment of a partner in such entity will generally depend upon the status and activities of both the partner and the partnership. A partner in a partnership holding PMA class A common stock is urged to consult its tax advisor regarding the tax consequences of the merger.

This discussion is based upon the Code, the Treasury Regulations issued thereunder, judicial interpretations thereof, and published positions of the Internal Revenue Service (IRS), all as in effect on the date of the Registration Statement of which this proxy statement/prospectus forms a part. The discussion and the opinions to be rendered by Locke Lord Bissell & Liddell LLP and Ballard Spahr LLP that are described below assume that there will be no change through the effective time of the merger in any of these authorities or interpretations. No assurance can be given that any of the foregoing authorities or interpretations will not be modified, revoked, supplemented or overruled, possibly with retroactive effect, in a manner that could adversely affect the current and continuing validity of this discussion or such opinions, or that the IRS will agree with the discussion or the opinions or that, if the IRS were to take a contrary position, such positions will not be ultimately sustained by the courts. In addition, neither this discussion nor any of the opinions described below addresses any state, local or non-US tax consequences of the merger.

Holders of shares of PMA class A common stock and persons holding options on PMA class A common stock are strongly urged to consult their own tax advisors as to the specific tax consequences to them of the merger in light of their particular circumstances, including the applicability and effect of U.S. federal, state, local, non-U.S. income and other tax laws.

Subject to the limitations, assumptions and qualifications set forth in this section entitled Material U.S. Federal Income Tax Consequences , each of Locke Lord Bissell & Liddell LLP, counsel to Old Republic, and Ballard Spahr LLP, counsel to PMA, will render an opinion at the time of closing of the merger that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code and that Old Republic and PMA will each be a party to the reorganization. These opinions will be subject to customary qualifications and assumptions, including that the merger will be completed according to the terms of the merger agreement. In rendering the tax opinions, each counsel may require and rely on representations of Old Republic, PMA and their affiliates, to be delivered at the time of closing. If any of the representations or assumptions upon which these opinions are based is or becomes inconsistent with the actual facts, or there is a change in applicable law, the U.S. federal income tax consequences of the merger could be materially and adversely affected. Neither of these tax opinions will be binding on the IRS. Neither Old Republic nor PMA intends to request any ruling from the IRS as to the U.S. Federal income tax consequences of the

merger. Consequently, no assurance can be given that the IRS will not assert, or that a court will not sustain, a position contrary to any of the tax consequences set forth below or to any of the tax consequences described in the tax opinions.

If the merger does not qualify as a reorganization within the meaning of Section 368(a) of the Code, then a U.S. Holder generally would recognize gain or loss on the exchange of PMA class A common stock for Old Republic common stock measured by the difference between the fair market value of the Old Republic common stock (together with any cash received in lieu of a fractional share of Old Republic common stock) received by such U.S. Holder and such U.S. Holder's adjusted tax basis in the PMA class A common stock surrendered.

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The following discussion assumes that the merger qualifies as a reorganization within the meaning of Section 368 of the Code and that each of Old Republic and PMA is a party to the reorganization within the meaning of Section 368(b) of the Code.

Material U.S. Federal Income Tax Consequences to U.S. Holders of PMA class A common stock Who Participate in the Merger

As a result of the merger qualifying as a reorganization within the meaning of Section 368(a) of the Code and Old Republic and PMA being parties to such reorganization, the material U.S. federal income tax consequences of the merger to U.S. Holders will be as follows:

a U.S. Holder whose shares of PMA class A common stock are exchanged in the merger for shares of Old Republic common stock will not recognize gain or loss with respect to such PMA class A common stock, except as to cash, if any, received in lieu of a fractional share of Old Republic common stock (as discussed below);

a U.S. Holder's aggregate tax basis in shares of Old Republic common stock received in the merger in exchange for PMA class A common stock (including any fractional shares deemed received and exchanged for cash as described below) will be the same as the aggregate tax basis of the PMA class A common stock surrendered in the merger;

a U.S. Holder's holding period for shares of Old Republic common stock received in the merger (including any fractional shares deemed received and exchanged for cash, as described below) will generally include the holding period for the shares of PMA class A common stock surrendered in exchange therefor in the merger;

if a U.S. Holder acquired different blocks of PMA class A common stock at different times or at different prices, such shareholder's tax basis and holding periods in its Old Republic common stock will be determined with reference to each block of PMA class A common stock; and

to the extent that a U.S. Holder receives cash in lieu of a fractional share of Old Republic common stock, the U.S. Holder will be deemed to have received that fractional share in the merger and then to have sold such fractional share for cash in redemption of that fractional share. The shareholder will generally recognize capital gain or loss equal to the difference between the cash received and the tax basis allocable to that fractional share of Old Republic common stock. This capital gain or loss will generally be long-term capital gain or loss if the U.S. Holder's holding period for its shares of PMA class A common stock exchanged exceeds one year at the closing date.

Certain Conditions to Completing the Merger

It is a condition to Old Republic's obligation to complete the merger that Old Republic receive, on the closing date of the merger, a written opinion of its counsel, Locke Lord Bissell & Liddell LLP, to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code and that Old Republic and PMA will each be a party to the reorganization. Similarly, it is a condition to PMA's obligation to complete the merger that, on the closing date of the merger, PMA receive an opinion of its counsel, Ballard Spahr LLP, to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code and that Old Republic and PMA will each be a party to the reorganization.

The opinions will be subject to limitations, assumptions and qualifications as described under "Material U.S. Federal Income Tax Consequences" above (including an assumption as to the accuracy of tax representation certificates to be

provided by Old Republic and PMA). If events occur between the date of this document and the closing of the merger that render Old Republic and/or PMA unable to make the representations required by Locke Lord Bissell & Liddell LLP and Ballard Spahr LLP or there is a change in applicable law, either or both of Locke Lord Bissell & Liddell LLP and Ballard Spahr LLP may be unable to deliver an opinion on the closing date that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. If either or both of Old Republic and PMA waives this condition to the completion of the merger, Old Republic and PMA intend to

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recirculate this proxy statement/prospectus and to resolicit the adoption of the merger agreement by the holders of PMA class A common stock. Neither Old Republic nor PMA currently intends to waive this condition.

Backup Withholding and Information Reporting

Non-corporate U.S. Holders may be subject to information reporting and backup withholding on any cash payments received in lieu of a fractional share interest in Old Republic. These U.S. Holders will not be subject to backup withholding, however, if they furnish a correct taxpayer identification number and certify that they are not subject to backup withholding on the Form W-9 or successor form included in the letter of transmittal to be delivered to the holders following the completion of the merger or are otherwise exempt from backup withholding. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against that holder's U.S. federal income tax liability, provided the required information or appropriate claim for refund is furnished to the IRS. U.S. Holders receiving Old Republic common stock as a result of the merger generally will be required to retain records pertaining to the merger and certain U.S. Holders will be required to file with their U.S. federal income tax return for the year in which the merger takes place a statement setting forth certain facts relating to the merger.

THE MERGER AGREEMENT

The following summary describes the material provisions of the merger agreement but does not purport to describe all of the terms of the merger agreement. The following summary is qualified in its entirety by reference to the complete text of the merger agreement, which is attached as Annex A to this proxy statement/prospectus and is incorporated by reference herein. This summary may not contain all of the information about the merger agreement that is important to you. You are encouraged to carefully read the merger agreement in its entirety.

The representations and warranties described below and included in the merger agreement were made by each of Old Republic and PMA to the other. These representations and warranties were made as of specific dates and are subject to important exceptions and limitations, including a contractual standard of materiality different from that generally applicable under federal securities laws. In addition, the representations and warranties may have been included in the merger agreement for the purpose of allocating risk between Old Republic and PMA, rather than to establish matters as facts. The merger agreement is described in this proxy statement/prospectus and attached as Annex A hereto only to provide you with information regarding its terms and conditions, and not to provide any other factual information regarding Old Republic, PMA or their respective businesses. Accordingly, you should not rely on the representations and warranties in the merger agreement as characterizations of the actual state of facts about Old Republic or PMA, and you should read the information provided elsewhere in this proxy statement/prospectus and in the documents incorporated by reference into this proxy statement/prospectus for information regarding Old Republic and PMA and their respective businesses. See [Where You Can Find More Information](#).

Terms of the Merger

The merger agreement provides that, subject to the terms and conditions of the merger agreement, and in accordance with the PBCL, upon the completion of the merger, Merger Sub will merge with and into PMA, with PMA continuing as the surviving corporation and succeeding to and assuming all of the rights and obligations of Merger Sub.

Upon the completion of the merger, each outstanding share of PMA class A common stock, excluding any shares owned by PMA or Old Republic or any subsidiary of PMA or Old Republic (other than PMA class A common stock held in trust accounts and the like for the benefit of a third party or in respect of an outstanding debt) will be converted into the right to receive 0.55 shares of Old Republic common stock (the exchange ratio), provided that the volume weighted average price per share of Old Republic common stock on the NYSE, as reported by Bloomberg LP, for the twenty consecutive trading days ending on and including the fifth trading day prior to, but not including, the effective

date of the merger, is at least \$12.50 but not greater than \$17.00 (the Old Republic measurement price). If the Old Republic measurement price is less than \$12.50, the exchange ratio will be determined by dividing \$6.875 by the Old Republic measurement price, subject to a maximum exchange ratio of 0.60 shares. If the Old Republic measurement price is greater than \$17.00, the exchange ratio will be determined by

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dividing \$9.350 by the Old Republic measurement price, subject to a minimum exchange ratio of 0.50 shares. The range from \$12.50 to \$17.00 is referred to as the collar.

Based on the number of shares of PMA class A common stock outstanding on July 30, 2010, and assuming conversion of all of PMA's 4.25% Convertible Debt and the exercise of all outstanding options to purchase shares of PMA class A common stock (which options, if unexercised, will be converted pursuant to the merger into options to acquire shares of Old Republic common stock), Old Republic would issue a maximum of approximately 19,884,057 shares of Old Republic common stock pursuant to the merger. In addition, following the merger, a maximum of approximately 573,871 shares of Old Republic common stock will be issuable in connection with outstanding PMA restricted share units that will be converted pursuant to the merger into restricted share units of Old Republic.

If the number of shares of Old Republic common stock outstanding changes before the merger is completed because of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other similar change in capitalization, then an appropriate and proportionate adjustment will be made to the number of shares of Old Republic common stock into which each share of PMA class A common stock will be converted.

Fractional Shares

Old Republic will not issue any fractional shares of Old Republic common stock in connection with the merger. Instead, any PMA shareholder who would otherwise have received a fraction of a share of Old Republic common stock will receive an amount in cash rounded to the nearest cent (without interest). This cash amount will be equal to such shareholder's proportionate interest in the net proceeds from the sale in the open market by the exchange agent, on behalf of all such holders, of the aggregate fractional shares of Old Republic common stock that would otherwise have been issued. The sale described in the previous sentence will occur as soon as practicable following the merger. The exchange agent is entitled to deduct its commissions and other out-of-pocket transaction costs from the proceeds of the sale, which will reduce the amounts payable to PMA shareholders that would have received a fractional share, but not below zero. The exchange agent will be entitled to deduct and withhold from the cash in lieu of fractional shares payable to any PMA shareholder the amounts it is required to deduct and withhold under any federal, state, local or foreign tax law. If the exchange agent withholds any amounts, these amounts will be treated for all purposes of the merger as having been paid to the shareholders from whom they were withheld.

Exchange of PMA Stock Certificates; Book-Entry Shares

Prior to the effective time, Old Republic will designate an exchange agent for the purpose of paying the merger consideration to PMA shareholders. At or prior to the effective time, Old Republic will authorize the exchange agent to issue an aggregate number of shares of Old Republic common stock equal to the merger consideration to be paid to holders of PMA class A common stock.

As soon as reasonably practicable following the completion of the merger, Old Republic's exchange agent will mail you a letter of transmittal and instructions for use in surrendering your PMA class A common stock (including any stock certificates if you hold shares in certificated form) for common stock of Old Republic and a fractional share payment in lieu of any fractional shares of Old Republic common stock. When you deliver your PMA stock certificates to the exchange agent along with a properly executed letter of transmittal and any other required documents, your PMA stock certificates will be cancelled.

PLEASE DO NOT SUBMIT YOUR PMA STOCK CERTIFICATES FOR EXCHANGE UNTIL YOU RECEIVE THE TRANSMITTAL INSTRUCTIONS AND LETTER OF TRANSMITTAL FROM THE EXCHANGE AGENT.

If you own PMA class A common stock in book-entry form or through a broker, bank or other holder of record, you will not need to obtain stock certificates to submit for exchange to the exchange agent. However, you or your broker or other nominee will need to follow the instructions provided by the exchange agent in order to properly surrender your shares of PMA class A common stock.

Holders of PMA class A common stock will not be entitled to receive any dividends or other distributions on Old Republic common stock until the merger is completed and you have surrendered your PMA class A common

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stock in exchange for Old Republic common stock. If Old Republic effects any dividend or other distribution on the Old Republic common stock with a record date occurring after the time the merger is completed and a payment date before the date you surrender your PMA class A common stock, you will receive the dividend or distribution, without interest, with respect to the whole shares of Old Republic common stock issued to you after you surrender your PMA class A common stock and the shares of Old Republic common stock are issued in exchange. If Old Republic effects any dividend or other distribution on the Old Republic common stock with a record date after the date on which the merger is completed and a payment date after the date you surrender your PMA class A common stock, you will receive the dividend or distribution, without interest, on that payment date with respect to the whole shares of Old Republic common stock issued to you. After the effective time of the merger, each certificate and book-entry formerly representing shares of PMA class A common stock that has not been surrendered will represent only the right to receive the merger consideration.

If your PMA stock certificate has been lost, stolen or destroyed, you may receive shares of Old Republic common stock upon the making of an affidavit to that fact, and if reasonably required by Old Republic or the exchange agent, the posting of a bond as indemnity against any claim that may be made against the surviving corporation, Old Republic, or the exchange agent with respect to the lost, stolen or destroyed PMA stock certificate. Old Republic will issue stock (or make a fractional share payment) in a name other than the name in which a surrendered PMA stock certificate is registered only if you present the exchange agent with all documents required to show and effect the unrecorded transfer of ownership and show that you paid any applicable stock transfer taxes.

Upon the first anniversary of the merger, the exchange agent will return to Old Republic the portion of the merger consideration that remains unclaimed by holders of PMA class A common stock. Thereafter, a holder of PMA class A common stock must look only to Old Republic for payment of the merger consideration to which the holder is entitled under the terms of the merger agreement. Any portion of the merger consideration remaining unclaimed by holders of PMA class A common stock as of the date that is immediately prior to such time as such amount would otherwise escheat to or become property of any governmental entity will, to the extent permitted by law, become the property of Old Republic, free and clear of any claims or interest of any person previously entitled to such merger consideration.

Treatment of PMA Equity Compensation Awards and Performance-Based Compensation Awards

Treatment of Stock Options. Immediately prior to the effective time of the merger, each outstanding PMA stock option shall become fully vested and exercisable to the extent the applicable award agreement or PMA equity compensation plan provides that such stock option shall vest upon an event that includes the merger. At the effective time of the merger, each outstanding PMA stock option that remains unexercised as of the completion of the merger will be converted into an option to purchase the number of whole shares of Old Republic common stock that is equal to the number of shares of PMA class A common stock subject to the option multiplied by the exchange ratio (rounded down to the nearest whole share), at an exercise price equal to the original exercise price for the stock option divided by the exchange ratio (rounded up to the nearest whole penny). With respect to options that are designed to qualify as incentive stock options under Section 422 of the Internal Revenue Code and options that are designed to satisfy an exemption from Section 409A of the Internal Revenue Code, the number of shares of Old Republic common stock subject to the converted option and the exercise price for such converted options shall be adjusted in accordance with the applicable tax regulations to the extent necessary to preserve the applicable tax status. The converted options will otherwise have the same terms and conditions as were in effect before the merger was effective.

Treatment of Stock Appreciation Rights. Immediately prior to the effective time of the merger, each outstanding PMA stock appreciation right shall become fully vested and exercisable to the extent the applicable award agreement or PMA equity compensation plan provides that such stock appreciation right shall vest upon an event that includes the merger. At the effective time of the merger, each outstanding PMA stock appreciation right that remains unexercised as of the completion of the merger will be converted into a stock appreciation right with respect to the number of

whole shares of Old Republic common stock that is equal to the number of shares of PMA class A common stock subject to the stock appreciation right multiplied by the exchange ratio (rounded down to the nearest whole share), at an exercise price equal to the original exercise price for the stock appreciation right divided by the exchange ratio (rounded up to the nearest whole penny). With respect to stock appreciation rights that are

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designed to satisfy an exemption from Section 409A of the Internal Revenue Code, the number of shares of Old Republic common stock underlying the converted stock appreciation right and the exercise price for such converted stock appreciation right shall be adjusted in accordance with the applicable tax regulations to the extent necessary to preserve the Section 409A exemption. The converted stock appreciation rights will otherwise have the same terms and conditions as were in effect before the merger was effective.

Treatment of Restricted Shares. Immediately prior to the effective time of the merger, each outstanding PMA restricted share shall become fully vested and exercisable to the extent the applicable restricted share award agreement or PMA equity compensation plan provides that such restricted share shall vest upon an event that includes the merger and, upon the merger, be converted into the right to receive the merger consideration. If the applicable restricted share award agreement or PMA equity compensation plan does not provide that such restricted share shall vest upon an event that includes the merger, at the effective time of the merger, such restricted shares will be converted into the number of whole shares (rounded to the nearest whole share) of Old Republic common stock equal to the exchange ratio times the number of restricted shares. The converted restricted shares will otherwise have the same terms and conditions as were in effect before the merger was effective, including applicable vesting requirements.

The terms of the award agreements for restricted shares issued to the non-employee directors of PMA in May 2010 provide that the restricted shares will vest upon a change of control. The merger will constitute a change of control.

Treatment of Restricted Share Units. At the effective time of the merger, all restricted share units awarded under a long-term incentive plan shall be converted into restricted share units with respect to the number of shares of Old Republic common stock that is equal to the number of shares of PMA class A common stock in which such restricted share units are denominated multiplied by each of the exchange ratio and the proportion of the performance period under the applicable long-term incentive plan that has passed at the time of the closing of the merger (rounded to the nearest number of whole shares).

All outstanding restricted share units were granted under PMA's 2009 and 2010 Officer Long Term Incentive Plans. At the effective time of the merger, the performance goals designated under each of PMA's 2009 and 2010 Officer Long Term Incentive Plans will be deemed to have been met at 100% of target. The payment of the awards will be based on the satisfaction by participants of only the service-based or time-based vesting requirements under the plans, if any. Each plan has a term of three years.

2008 Officer Long Term Incentive Plan. At the effective time of the merger, PMA's 2008 Officer Long Term Incentive Plan will be terminated.

2010 Officer Annual Incentive Compensation Plan. At the effective time of the merger, the performance goals designated under PMA's 2010 Officer Annual Incentive Compensation Plan will be deemed to have been met at a payout factor of 100%. The payment of the awards shall be based on the satisfaction by participants of only the service-based and time-based vesting requirements designated under the plan, if any.

Articles of Incorporation and By-laws of the Surviving Corporation

At the effective time, the articles of incorporation and bylaws of PMA shall by virtue of the merger be amended and restated to be identical to the articles of incorporation and by-laws of Merger Sub (other than references to Merger Sub's name, which will be replaced by references to PMA Companies, Inc.).

Directors and Officers

At the effective time, all of the directors of PMA (other than Vincent T. Donnelly, a director and officer of PMA) will resign, and the directors and officers of Merger Sub, together with Mr. Donnelly, will become the directors and officers of the surviving corporation until their successors have been elected or until their earlier death, resignation or removal in accordance with the organizational documents of the surviving corporation. Following the merger, Old Republic will add one of PMA's independent directors to its board to serve as a Class 2 director. The officers of Old Republic are not expected to change as a result of the merger.

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Completion of the Merger

Unless Old Republic and PMA agree otherwise, the parties are required to complete the merger on the fifth business day after satisfaction or, to the extent permitted by law, waiver of all of the conditions described under The Merger Agreement Conditions to Completion of the Merger below. The merger will be effective at the time the certificate of merger is filed with the Secretary of State of the Commonwealth of Pennsylvania or such later time as is agreed upon by the parties and specified in the certificate of merger.

Conditions to Completion of the Merger

The respective obligations of PMA, Old Republic and Merger Sub to complete the merger are subject to the satisfaction of certain conditions.

Conditions to each party's obligation to effect the merger. The obligations of Old Republic, Merger Sub and PMA to complete the merger are each subject to the satisfaction of the following conditions:

adoption by holders of PMA class A common stock of the merger agreement;

the approval of the listing of the Old Republic common stock to be issued in the merger on the NYSE, subject to official notice of issuance;

effectiveness of the registration statement of which this proxy statement/prospectus is a part and the absence of a stop order or proceedings threatened or initiated by the SEC for that purpose;

absence of any order, decree or injunction issued, and of any action taken by any court or agency or other law preventing or making illegal the consummation of the merger; and

the waiting period (and any extension thereof) applicable to the consummation of the merger under the HSR Act will have expired or been terminated and all regulatory approvals required to complete the merger will have been obtained.

Conditions to the obligations of Old Republic and Merger Sub to effect the merger. The obligations of Old Republic and Merger Sub to complete the merger are subject to the satisfaction or waiver of the following conditions:

the truth and correctness of PMA's representations and warranties in the merger agreement (in certain circumstances, subject to materiality or material adverse effect qualifications) as of the date of the merger agreement and as of the closing date as though made on and as of the closing date (except to the extent expressly made as of an earlier date, in which case as of such date);

the performance by PMA, in all material respects, of all of its obligations under the merger agreement;

receipt of a certificate executed by the Chief Executive Officer or the Chief Financial Officer of PMA as to the satisfaction of the conditions described in the preceding two bullets;

receipt of a legal opinion from Old Republic's counsel to the effect that the merger should qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

since December 31, 2009, the absence of any event or condition that has had or is reasonably likely to have, individually or in the aggregate, a material adverse effect on PMA; and

receipt of voluntary written terminations of employment or severance agreements with the Chief Executive Officer of PMA and six of the eight other PMA officers party to such agreements effective prior to the merger.

Conditions to the obligations of PMA to effect the merger. The obligations of PMA to complete the merger are subject to the satisfaction or waiver of the following conditions:

the truth and correctness of Old Republic's representations and warranties in the merger agreement (in certain circumstances, subject to materiality or material adverse effect qualifications) as of the date of the

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merger agreement and as of the closing date as though made on and as of the closing date (except to the extent expressly made as of an earlier date, in which case as of such date);

the performance by Old Republic, in all material respects, of all of its obligations under the merger agreement;

receipt of a certificate executed by the Chief Executive Officer or the Chief Financial Officer of Old Republic as to the satisfaction of the conditions described in the preceding two bullets;

receipt of a legal opinion from Ballard Spahr LLP to the effect that (i) the merger should qualify as a reorganization within the meaning of Section 368(a) of the Code, (ii) PMA, Merger Sub and Old Republic each will be a party to the reorganization within the meaning of Section 368(a) of the Internal Revenue Code and (iii) no gain or loss will be recognized by the PMA shareholders upon the receipt of the merger consideration (except cash received in lieu of fractional shares); and

since December 31, 2009, the absence of any event or condition that has had or is reasonably likely to have, individually or in the aggregate, a material adverse effect on Old Republic.

The merger agreement provides that any or all of the respective conditions of Old Republic and Merger Sub or PMA may be waived, in whole or in part, by Old Republic and Merger Sub or PMA, as applicable, to the extent legally allowed. In the event that either Old Republic or PMA were to waive a condition to the completion of the merger set forth above that would require material changes to the disclosure set forth in this proxy statement/prospectus, Old Republic and PMA will recirculate this proxy statement/prospectus and resolicit the adoption of the merger agreement by the holders of PMA class A common stock. Accordingly, if either or both of Old Republic and PMA waives the condition to completion of the merger that opinions are received from Old Republic's and PMA's respective counsel to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code and that Old Republic and PMA will each be a party to the reorganization, Old Republic and PMA intend to recirculate this proxy statement/prospectus and resolicit the adoption of the merger agreement by the holders of PMA class A common stock. Neither Old Republic nor PMA currently intends to waive any material condition to the completion of the merger, including the condition that the above referenced opinions are received.

Representations and Warranties

The merger agreement contains representations and warranties made by PMA relating to, among other things, the following:

due incorporation, good standing, qualification and corporate power, organizational documents, corporate records and governmental licenses, authorizations, permits and approvals to conduct its business;

corporate power and authority to enter into, and perform its obligations under, the merger agreement, enforceability of the merger agreement, approval of the merger agreement by the PMA board of directors, and the determination of the PMA board of directors that the merger agreement is in the best interests of PMA and its shareholders and that the merger agreement will be submitted to the PMA shareholders for adoption;

required governmental filings and approvals;

the absence of conflicts between the execution, delivery or performance of the merger agreement and PMA's or its subsidiaries' organizational documents, any applicable law or order, certain of PMA's contracts, or any governmental licenses, authorizations, permits or approvals, and the absence of any liens resulting from the execution, delivery or performance of the merger agreement;

capitalization and outstanding stock options and restricted stock awards;

PMA's subsidiaries;

filings with the SEC and internal controls and procedures;

financial statements;

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statutory statements of PMA's insurance subsidiaries filed with state insurance departments;

the accuracy of information provided by PMA for inclusion in this proxy statement/prospectus and compliance with SEC rules and regulations;

the absence of a material adverse effect on PMA since December 31, 2009;

the absence of undisclosed liabilities;

compliance with applicable laws, including insurance laws;

the absence of material litigation;

conduct of, and matters related to, PMA's insurance subsidiaries, reinsurance matters, actuarial analyses, and policy forms and marketing materials;

the determination of reserves;

PMA's owned and leased real property;

confirming receipt of the opinion from PMA's financial advisor described herein;

tax matters;

employee benefit plan matters, post-employment compensation and deferred compensation matters;

employee and labor matters;

environmental matters;

intellectual property rights;

material contracts of PMA and its subsidiaries;

finders' fees due in connection with the merger; and

the absence of certain affiliate transactions between PMA and its directors, officers or shareholders.

The merger agreement also contains representations and warranties made by each of Old Republic and Merger Sub relating to, among other things, the following:

due incorporation, good standing, qualification and corporate power, governmental licenses, authorizations, permits and approvals to conduct its business;

corporate power and authority to enter into, and perform its obligations under, the merger agreement, enforceability of the merger agreement and approval of the merger agreement by the board of directors of Old Republic and Merger Sub;

required governmental filings and approvals;

the absence of conflicts between the execution, delivery or performance of the merger agreement and Old Republic's or Merger Sub's organizational documents, any applicable law or order, or certain agreements of Old Republic or Merger Sub and the absence of any liens resulting from the execution, delivery or performance of the merger agreement;

capitalization of Old Republic;

filings with the SEC by Old Republic and internal controls and procedures of Old Republic;

financial statements of Old Republic;

accuracy of information supplied by Old Republic or Merger Sub for inclusion in this proxy statement/prospectus;

the absence of a material adverse effect on Old Republic since December 31, 2009;

the absence of undisclosed liabilities;

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compliance with applicable laws, including insurance laws;

the absence of certain material litigation or governmental orders;

tax matters; and

the absence of finders' fees due in connection with the merger.

Certain of the representations and warranties of PMA and Old Republic are qualified in whole or in part as to materiality or material adverse effect. For purposes of the merger agreement, material adverse effect means, with respect to Old Republic or PMA, as the case may be, a material adverse effect on the financial condition, results of operations or business of such party and its subsidiaries taken as a whole or the ability of such party to timely consummate the transactions contemplated by the merger agreement.

In determining whether a material adverse effect on PMA and its subsidiaries, on the one hand, or Old Republic and Merger Sub and their subsidiaries, on the other hand, has occurred, none of the following shall be considered:

- changes in global, national or regional political conditions (including acts of terrorism or war) or changes in general business, economic or market conditions, including changes generally in prevailing interest rates, credit markets or securities markets;
- changes in generally accepted accounting practices, (GAAP) or regulatory accounting requirements generally applicable to the relevant industries after the date of the merger agreement;
- changes in laws, rules or regulations of general applicability to companies in the industries in which the parties operate after the date of the merger agreement;
- the execution of the merger agreement or the public disclosure of the merger agreement; or
- any actions or omissions taken with the prior written consent of the other party or expressly required by the terms of the merger agreement.

However, the exceptions in the first, second and third bullet points in the preceding list do not apply only to the extent that the effects are disproportionately adverse to the financial condition, results of operations or business of such party and its subsidiaries, taken as a whole, as compared to other companies in its industry.

The representations and warranties of each of PMA, on the one hand, and Old Republic and Merger Sub, on the other hand, are subject to information disclosed in the confidential disclosure schedules delivered by PMA to Old Republic and Merger Sub, on the one hand, and by Old Republic and Merger Sub to PMA, on the other hand, and to the information in PMA's SEC filings or Old Republic's SEC filings, as the case may be, filed or furnished with the SEC prior to the date of the merger agreement, excluding information contained in the Risk Factors sections or any forward-looking disclaimers included in such SEC filings.

The representations and warranties in the merger agreement do not survive the completion of the merger.

Conduct of Business Prior to Closing

PMA has agreed to covenants in the merger agreement that affect the conduct of its business between the date the merger agreement was signed and the closing date. Prior to the closing date, subject to specified exceptions, PMA and each of its subsidiaries are required to (i) conduct business in the ordinary and usual course consistent with past practices and in material compliance with all laws, (ii) use commercially reasonable efforts to maintain and preserve their business organization, management and advantageous business relationships with customers, suppliers and others with which it has material business dealings and retain the services of its key employees and (iii) refrain from taking any action that is intended to or would reasonably be expected to adversely affect or materially delay the ability of the parties to obtain the regulatory approvals necessary to complete the merger or to perform its obligations under the merger agreement.

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In addition, without the prior written consent of Old Republic and subject to specified exceptions which are set forth in detail in the merger agreement, PMA will not, and will not permit any of its subsidiaries to take numerous actions, including the following:

amend its charter or by-laws or similar governing documents;

take any action to exempt any entity (other than Old Republic) from any state takeover statute or similar provisions of PMA's governing documents or terminate or amend any provisions of any confidentiality or standstill agreements;

declare, make or pay any dividend or other distribution (whether in cash, stock, securities or property) in respect of any of its capital stock, except for dividends or distributions by any wholly owned subsidiary of PMA to PMA or to any other wholly owned subsidiary of PMA;

adjust, split, combine, subdivide or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of, or in substitution for, shares of its capital stock;

repurchase, redeem or otherwise acquire any PMA securities or securities of a PMA subsidiary, except for in payment of the exercise price or withholding taxes in connection with the exercise of stock options or the vesting of restricted stock;

grant any stock options, stock appreciation rights, restricted shares, deferred equity units or other equity-based award with respect to PMA class A common stock or grant any third party the right to acquire any capital stock of PMA;

issue any additional shares of PMA class A common stock or other capital stock of PMA except pursuant to the settlement of outstanding equity awards;

acquire any corporation or other business organization or, other than in the ordinary course of business and consistent with past practices, make a material investment in (whether through the acquisition of stock, assets or otherwise) any other person;

sell, transfer, pledge, lease, grant, license, mortgage, encumber, subject to a lien or otherwise dispose of any of its properties or assets or cancel, release or assign any indebtedness or claim, except in the ordinary course of business consistent with past practice or pursuant to existing contracts;

incur, guarantee, assume or otherwise become responsible for any indebtedness;

increase the compensation or other benefits payable or provided to PMA's current or former directors, officers or employees except as required by law or pursuant to existing contracts;

pay any pension, severance or retirement benefits to any employee;

enter into any employment, change of control, severance or retention agreement with any employee of PMA;

establish, adopt, enter into or amend any company benefit plan for the benefit of any current or former directors, officers or employees or any of their beneficiaries;

accelerate the vesting of stock-based compensation or other long-term compensation under any company benefit plan;

enter into any collective bargaining agreement;

commence or settle any material claim, action or proceeding;

modify or amend, except in the ordinary course of business and consistent with past practice, or knowingly violate or terminate certain contracts material to PMA;

enter into certain new agreements that would materially restrict the business of PMA;

materially change any of its accounting policies (whether for financial accounting or tax purposes), except as required by applicable law, GAAP or regulatory guidelines;

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file or amend any material tax return, make or change any material tax election or settle or compromise any material tax liability other than in the ordinary course of business as required by law;

take any action or knowingly fail to take any action that is reasonably likely to prevent the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code;

enter into any new line of business or change in any material respect its investment, underwriting, risk and asset liability management and other operating policies, except as required by law or regulations;

transfer ownership, or grant any license or other rights to any person regarding any material company intellectual property;

take any action or willfully fail to take any action that would reasonably be expected to result in any condition to the merger not being satisfied; or

agree to or adopt any board resolution in support of any of the prohibited actions set forth above.

Old Republic also has agreed to covenants in the merger agreement that affect the conduct of its business between the date the merger agreement was signed and the closing date. Prior to the closing date, subject to specified exceptions which are set forth in detail in the merger agreement, without the prior written consent of PMA, Old Republic will not, and will not permit any of its subsidiaries to take the following actions:

amend, repeal or otherwise modify any provision of its certificate of incorporation or by-laws in a manner that would adversely affect PMA, its shareholders or the merger;

take any action or knowingly fail to take any action that is reasonably likely to prevent the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code;

take any action or willfully fail to take any action that would reasonably be expected to result in any condition to the merger not being satisfied;

take any action that would prevent, materially impede or materially delay the merger; or

agree to take, commit to take or adopt any board resolution in support of any of the prohibited actions set forth above.

No Solicitation of Other Offers by PMA

The merger agreement provides that PMA and its subsidiaries will immediately cease and terminate all existing discussions or negotiations with any third party conducted prior to the date of the merger agreement with respect to any alternative proposal. Under the terms of the merger agreement, subject to certain exceptions described below, PMA has also agreed that neither it nor any of its subsidiaries, directors, officers, employees agents or representatives will directly or indirectly:

solicit, initiate, encourage or facilitate or take any other action designed to facilitate any inquiries or proposals regarding any alternative proposals relating to any alternative transactions;

participate in any discussions or negotiations regarding any alternative transaction; or

enter into any agreement regarding any alternative transaction.

Under the merger agreement, an alternative proposal is any inquiry or proposal relating to an alternative transaction. Under the merger agreement, an alternative transaction includes the following transactions:

any direct or indirect acquisition by any third party (other than Old Republic and its subsidiaries) of more than 20% of the outstanding shares of PMA or any of its subsidiaries or more than 20% of the outstanding voting power of any new series or new class of preferred stock that would be entitled to vote with respect to the proposed merger, including pursuant to a tender offer or exchange offer;

any merger, share exchange, consolidation or other business combination involving PMA or any of its subsidiaries (other than the proposed merger);

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any transaction pursuant to which any third party (other than Old Republic and its subsidiaries) would acquire or would acquire control of assets (including equity securities of any subsidiary of PMA) of PMA or its subsidiaries that represent more than 20% of the fair market value of all of the assets, net revenues or net income of PMA and its subsidiaries, taken as a whole, immediately prior to such transaction; or

any other consolidation, business combination, recapitalization or similar transaction involving PMA or any of its subsidiaries other than the transactions contemplated by the merger agreement.

PMA has agreed that promptly (and in any event within 48 hours) after the receipt of any alternative proposal, PMA will provide oral and written notice to Old Republic of such proposal setting forth the identity of the third party and the material terms of such proposal. Similarly, PMA has agreed that promptly (and in any event within 48 hours) after the receipt of any request for non-public information relating to PMA or any of its subsidiaries or requests for access to the properties, books or records of PMA or any of its subsidiaries (other than requests not reasonably expected to be related to a takeover proposal), PMA will provide oral and written notice to Old Republic of such request. Additionally, PMA is required to use its best efforts to keep Old Republic fully informed on a current basis of any material changes in the status of any such alternative proposal or request, including any material changes to the terms of the takeover proposal or request. Neither PMA nor its board of directors shall approve or take any action to render the Pennsylvania takeover disclosure law inapplicable to any alternative proposal or alternative transaction.

If, following the execution of the merger agreement and prior to the adoption of the merger agreement by PMA shareholders, PMA receives a bona fide alternative proposal which did not arise as a result of a breach of PMA's no solicitation obligations under the merger agreement, and the Board of Directors of PMA determines in good faith that such alternative proposal constitutes or is reasonably likely to lead to a superior proposal, then, following execution of an appropriate confidentiality agreement with the person submitting the alternative proposal, the Board of Directors of PMA may consider and participate in discussions and negotiations with respect to such bona fide alternative proposal and may furnish information regarding PMA and its subsidiaries to the third party making the alternative proposal (provided PMA shall simultaneously provide to Old Republic any such information that was not previously provided). PMA shall provide Old Republic with 48 hours written notice before it enters into any such discussions or negotiations concerning any alternative proposal.

Under the merger agreement, a superior proposal is any proposal made by a third party to acquire, directly or indirectly, upon payment of cash and/or securities, 100% of the outstanding shares of PMA class A common stock or 100% of the assets, net revenues or net income of PMA and its subsidiaries, taken as a whole, and which the board of directors of PMA determines in its reasonable good faith judgment (after consultation with its financial advisor and outside legal counsel), that the proposal, (i) if consummated, would result in a transaction that is more favorable, from a financial point of view, to PMA's shareholders than the proposed merger and (ii) is reasonably capable of being completed, including, in the good faith judgment of the Board of Directors of PMA, the third party being reasonably capable of obtaining any required financing.

PMA Special Meeting

Except as provided in the merger agreement, PMA agreed to call a special meeting of the shareholders of PMA as soon as reasonably practicable for the purpose of obtaining shareholder adoption of the merger agreement and will use commercially reasonable efforts to cause such meeting to occur as soon as reasonably practicable. Subject to certain exceptions, PMA's board of directors has agreed to recommend that the holders of PMA class A common stock vote to adopt the merger agreement and to use commercially reasonable efforts to obtain adoption by PMA's shareholders.

Recommendation of the PMA Board of Directors

Under the merger agreement, PMA's board of directors has agreed to recommend that the holders of PMA class A common stock vote to adopt the merger agreement, which is set forth in The Merger Recommendations

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of the PMA Board of Directors with Respect to the Merger above. Subject to the provisions described below, the merger agreement provides that none of the PMA board of directors or any committee thereof will:

withdraw, modify or qualify or propose publicly to withdraw, modify or qualify the PMA board of directors recommendation regarding the merger proposal;

take any public action or make any public statement in connection with the PMA special shareholders meeting substantively inconsistent with the PMA board of directors recommendation regarding the merger proposal; or

approve or recommend, or publicly propose to approve or recommend or fail to recommend against any alternative proposal (each of the actions set forth in this bullet point or in the two preceding bullet points is referred to in this proxy statement/prospectus as a PMA change of recommendation).

However, at any time prior to the adoption of the merger agreement by the PMA shareholders, the PMA board of directors may effect a PMA change of recommendation if each of the following conditions is satisfied:

PMA receives a superior proposal and such superior proposal has not been withdrawn;

the board of directors of PMA determines in good faith (after consultation with outside legal counsel), that in light of a superior proposal, the failure to effect a PMA change of recommendation would be inconsistent with its fiduciary duties under Pennsylvania law;

Old Republic has received written notice from PMA at least three business days prior to the date the PMA change of recommendation occurs and such notice states that PMA has received an alternative proposal which the board of directors has determined is a superior proposal and that PMA intends to effect a PMA change of recommendation and how such change will be made and also includes the identity of the third party making the proposal and a summary of the material terms of such proposal (and in the event the alternative proposal is materially amended, PMA must provide a new notice at least two business days before effecting any PMA change of recommendation); and

during such notice period, PMA and its advisors have negotiated in good faith with Old Republic (if Old Republic desires to negotiate) to make adjustments in the terms and conditions of the merger agreement such that the alternative proposal would no longer constitute a superior proposal.

Reasonable Best Efforts to Obtain Required Approvals

Subject to the terms and conditions of the merger agreement, PMA, Old Republic and Merger Sub have agreed to use their reasonable best efforts to take, or cause to be taken, all actions, to file, or cause to be filed, all documents and to do, or cause to be done, all things necessary, proper and advisable to consummate the transactions contemplated by the merger agreement, including preparing and filing as promptly as practicable all documents to effect all necessary filings, consents, waivers, approvals, authorizations, permits or orders from all third parties and governmental entities. PMA, Old Republic and Merger Sub have agreed to make, or cause to be made, the filings and authorizations required under any regulatory law as promptly as reasonably practicable and to take or cause to be taken all other actions necessary, proper or advisable to cause the expiration or termination of the applicable waiting periods or receipt of required authorizations under any regulatory law as soon as practicable.

PMA and Old Republic will also use their reasonable best efforts to (i) cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or inquiry, (ii) subject to applicable legal limitations and the instructions of any governmental entity, keep the other party reasonably informed of any

communication received from or given to any governmental entity and of any communication received or given in connection with any proceeding by a private party, in each case regarding the transactions contemplated in the merger agreement, (iii) subject to applicable legal limitations and the instructions of any governmental entity, permit the other party to review in advance any communication to be given by it to, and consult with each other in advance of any meeting with, any governmental entity or, in connection with any proceeding by a private party, with any other person, and (iv) to the extent permitted by the governmental entity or other person, give the other party the opportunity to attend and participate in any such meetings.

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PMA and Old Republic will use their reasonable best efforts to resolve any objections or challenges to the merger brought by a governmental entity or a private party so as to permit consummation of merger on the terms set forth in the merger agreement as soon as reasonably practicable. Notwithstanding the foregoing, under the merger agreement, Old Republic shall not be required to and none of PMA or its subsidiaries may, without the prior written consent of Old Republic, take any action if doing so would prohibit or limit the business of Old Republic or PMA, limit the ability of Old Republic to own PMA or its subsidiaries, prohibit Old Republic from controlling in any material respect the business or operations of Old Republic, PMA or their affiliates or would reasonably be expected to materially and adversely affect the benefits, taken as a whole, that Old Republic expects to derive from the merger or have a material adverse effect on the business, financial condition or results of operations of PMA and its subsidiaries taken as a whole.

Employee Benefits Matters

Old Republic and PMA have agreed that, except as otherwise provided in the merger agreement, until December 31, 2011, Old Republic will provide continuing employees with employee benefits and compensation that are, in the aggregate, no less favorable than the employee benefits and compensation that were provided to such employees immediately prior to the merger, subject to pay or benefit cuts generally applicable to similarly situated Old Republic employees.

To the extent applicable, Old Republic has agreed to (i) use its reasonable best efforts to cause any pre-existing condition limitations or eligibility waiting periods under an Old Republic benefit plan to be waived (to the extent such a waiver would have been available under the PMA plan), (ii) recognize any health, dental or vision expenses incurred by such employees in the plan year that includes the merger for purposes of any applicable deductible and annual out-of-pocket expense requirements, and (iii) recognize service prior to the merger with PMA and any of its subsidiaries for purposes of eligibility to participate and vesting and level of benefits to the same extent such service was recognized by PMA or any of its subsidiaries under their analogous benefit plans.

Except as otherwise provided in the merger agreement, after the merger, Old Republic will cause the surviving corporation and its subsidiaries to honor, in accordance with its terms or as may be amended after the merger, each PMA benefit plan.

Expenses

Except as otherwise provided below in the event the merger agreement is terminated under certain circumstances, and with respect to the costs and expenses of printing and mailing this proxy statement/prospectus and all filing and other fees paid to the SEC in connection with the merger, which will be split equally between Old Republic and PMA, each of Old Republic and PMA will pay their own expenses incurred in connection with the merger.

Tax Treatment of the Merger

Following the merger, neither PMA nor Old Republic will knowingly take (or fail to take) any action that could cause the merger to fail to qualify as a reorganization within the meaning of Section 368(a) of the United States Internal Revenue Code and the regulations promulgated thereunder.

Directors and Officers Insurance and Indemnification

After the closing, the surviving corporation will, and Old Republic will cause the surviving corporation to, to the fullest extent permitted by law, indemnify, defend and hold harmless (and advance expenses to) the present and former directors and officers of PMA and its subsidiaries against all losses, claims, damages, costs, expenses,

liabilities or judgments or amounts that are paid in settlement of or in connection with any claim based in whole or in part on or arising in whole or in part out of the fact that such person is or was a director or officer of PMA or any of its subsidiaries, and pertaining to any matter existing or occurring, or any acts or omissions occurring, at or prior to the merger, whether asserted or claimed prior to, or at or after, the merger, or taken at the request of Old Republic.

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In addition, prior to the merger, PMA shall purchase directors and officers liability insurance and fiduciary liability insurance policies covering for a tail period of six years from the merger any acts or omissions occurring prior to the merger and covering each person covered by PMA's directors and officers liability insurance in effect as of the date of the merger agreement.

In the event of any claim, action, suit, proceeding or investigation, whether civil, criminal or administrative, including any claim in which any individual who is now, or has been prior to the date of merger agreement, or who becomes prior to the merger, a director or officer of PMA or any of its subsidiaries, is or is threatened to be, made a party based in whole or in part on, or arising in whole or in part out of, or pertaining to (i) the fact that he or she is or was a director or officer of PMA or any of its subsidiaries (or any such other person) prior to merger or (ii) the merger agreement or any of the transactions contemplated by merger agreement, whether asserted or arising before or after the merger, Old Republic and PMA shall cooperate and use their reasonable best efforts to defend against and respond to such claim. PMA has agreed that it will not settle or offer to settle any litigation or other legal proceeding against PMA or any of its directors or executive officers relating to the merger agreement or the merger without the prior written consent of Old Republic, which consent shall not be unreasonably withheld or delayed. All rights to indemnification for acts or omissions occurring prior to the merger existing as of the date of the merger agreement in favor of any party as provided in their respective certificates or articles of incorporation or bylaws (or comparable organizational documents), and any indemnification agreements in effect as of the date of the merger agreement, will survive the merger and continue in full force and effect in accordance with their terms.

Notification of Certain Events

PMA and Old Republic shall promptly advise the other of any change or event (i) having or reasonably likely to have a material adverse effect on it or (ii) that it believes would or would be reasonably likely to cause a material breach of any of its representations, warranties or covenants contained in the merger agreement.

Exemption from Liability under Section 16(b)

Old Republic and PMA will take all steps necessary or appropriate to cause any deemed disposition of shares of PMA class A common stock or conversion of any derivative securities in respect of such shares of PMA class A common stock or any deemed acquisition of shares of Old Republic common stock by an individual who after the merger is expected to be subject to Section 16(b) of the Exchange Act with respect to Old Republic, in each case in connection with the consummation of the transactions contemplated by the merger agreement, to be exempt under Rule 16b-3 promulgated under the Exchange Act.

Listing of Old Republic's Common Stock

Old Republic will cause the shares of Old Republic common stock to be issued in the merger to be approved for listing on the New York Stock Exchange, subject to official notice of issuance, prior to the merger.

Termination of the Merger Agreement

The merger agreement may be terminated, at any time prior to the consummation of the merger:

by mutual written consent of Old Republic and PMA;

subject to certain limitations described in the merger agreement, by either Old Republic or PMA, if:

the merger shall not have been consummated on or before December 31, 2010, unless the party seeking to terminate the merger agreement failed to perform or observe the applicable covenants and agreements under the merger agreement;

a required regulatory approval has been denied or any governmental entity has taken action permanently enjoining or otherwise prohibiting or making illegal the merger, including with respect to antitrust matters, if HSR approval has not been obtained within 120 days of the filing of the HSR application (such 120 day period to be extended for another 120 days if HSR approval is a reasonable possibility);

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the other party has breached a representation, warranty, covenant or agreement that would preclude the satisfaction of certain conditions to the consummation of the merger and such breach is not remedied within the applicable cure period;

the PMA board of directors shall have (i) failed to recommend the approval and adoption of the merger agreement to the PMA shareholders, (ii) made any PMA change of recommendation, (iii) approved or recommended, or publicly proposed to approve or recommend, any alternative proposal or (iv) failed to recommend to PMA's shareholders that they reject any tender offer or exchange offer that constitutes an alternative transaction within the ten business day period specified in Rule 14e-2(a) of the Exchange Act; or

the PMA shareholders have not adopted the merger agreement at the PMA special meeting.

Termination Fees and Expenses

If the merger agreement is terminated as described in The Merger Agreement Termination of the Merger Agreement above, the merger agreement will become void, and there will be no liability or obligation of any party or its officers and directors under the merger agreement except as to certain limited provisions set forth in the merger agreement, including the payment of termination fees and the reimbursement of reasonable out-of-pocket transaction expenses of Old Republic in connection with a termination of the merger agreement, as described below, which will survive the termination, and except that no party will be relieved or released from any liabilities or damages arising out of its knowing breach of the merger agreement.

If either Old Republic or PMA terminates the merger agreement as a result of the actions of the PMA board of directors (failed to recommend the merger to the PMA shareholders, made a PMA change of recommendation, approved or recommended any alternative proposal or failed to recommend to PMA's shareholders that they reject any tender offer or exchange offer that constitutes an alternative transaction), PMA will pay to Old Republic a termination fee of \$8 million.

If a pre-termination company takeover proposal event (as defined below) occurred and (i) Old Republic or PMA terminates the merger agreement as a result of the failure of the merger to be consummated by December 31, 2010 (provided PMA is not in material breach of the merger agreement and the PMA shareholders have adopted the merger agreement), (ii) Old Republic or PMA terminates the merger agreement as a result of the PMA shareholders failure to adopt the merger agreement, or (ii) Old Republic terminates the merger agreement as a result of PMA's breach of a representation, warranty, covenant or agreement that would preclude the satisfaction of certain conditions to the consummation of the merger and such breach is not remedied within the applicable cure period, then PMA shall pay Old Republic for its documented out-of-pocket expenses paid or payable to any third party in connection with the merger agreement (including all actuaries, attorneys, accountants and investment bankers fees and expenses), not to exceed \$2 million. If within six months of termination of the merger agreement under those circumstances, PMA consummates any alternative transaction, PMA shall pay Old Republic a termination fee of \$8 million less any expenses paid pursuant to the merger agreement.

Under the merger agreement, a pre-termination company takeover proposal event will occur if, prior to the event giving rise to the right to terminate the merger agreement, a bona fide alternative proposal shall have been made to PMA or has been made directly to its shareholders or any person shall have publicly announced an intention to make an alternative proposal involving PMA. For purposes of the right to terminate and the right to any expense reimbursement or any termination fees under the merger agreement, an alternative proposal is any inquiry or proposal relating to an alternative transaction. In this case, an alternative transaction includes the following transactions:

any direct or indirect acquisition by any third party (other than Old Republic and its subsidiaries) 50% or more of the outstanding shares of PMA class A common stock of 50% or more of the voting power of any new series or new class of preferred stock that would be entitled to vote with respect to the proposed merger, including pursuant to a tender offer or exchange offer;

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any merger, share exchange, consolidation or other business combination involving PMA or any of its subsidiaries (other than the proposed Old Republic merger) to which PMA is a party and in which the PMA shareholders will not hold at least 66²/₃% of the total voting power of the surviving company;

any transaction pursuant to which any third party (other than Old Republic and its subsidiaries) would acquire or would acquire control of assets (including equity securities of any subsidiary of PMA) of PMA or its subsidiaries that represent more than 50% of the fair market value of all of the assets, net revenues or net income of PMA and its subsidiaries, taken as a whole, immediately prior to such transaction; or

any other consolidation, business combination, recapitalization or similar transaction involving PMA or any of its subsidiaries other than the transactions contemplated by the merger agreement to which PMA is a party and in which the PMA shareholders will not hold at least 66²/₃% of the total voting power of the surviving company.

Amendment, Extension and Waiver

Old Republic and PMA have agreed that the merger agreement may be amended by the parties, as authorized by their respective boards of directors, in writing. After the adoption of the merger agreement by the PMA shareholders, no amendment may be made to the merger agreement without the approval of PMA shareholders, if such approval is required by law.

The parties have also agreed that, prior to the consummation of the merger, with the authorization of their respective boards of directors, the parties will be allowed, in writing, to the extent permitted by law, to extend the time for the performance of any of the obligations or other acts of the other parties, waive any inaccuracies in the representations and warranties contained in the merger agreement or waive compliance with any of the agreements or conditions contained in the merger agreement.

Governing Law

The merger agreement is governed by and will be construed in accordance with the laws of the Commonwealth of Pennsylvania.

INFORMATION ABOUT THE COMPANIES

PMA

PMA is a holding company whose operating subsidiaries provide insurance and related fee-based services. PMA's insurance products include workers' compensation and other commercial property and casualty lines of insurance. Fee-based services include third party administrator (TPA), managing general agent and program administrator services. The operating subsidiaries are marketed under PMA Companies and include The PMA Insurance Group, PMA Management Corp., PMA Management Corp. of New England, Inc., and Midlands Management Corporation (Midlands). PMA's insurance products are marketed primarily in the eastern part of the United States. These products are written through The PMA Insurance Group, PMA's property and casualty insurance segment. The PMA Insurance Group primarily includes the operations of PMA's principal insurance subsidiaries, Pennsylvania Manufacturers Association Insurance Company, Manufacturers Alliance Insurance Company and Pennsylvania Manufacturers Indemnity Company. PMA's Fee-based Business includes the operations of PMA Management Corp., PMA Management Corp. of New England, Inc., and Midlands. PMA Management Corp. is a TPA that provides various claims administration, risk management, loss prevention and related services, primarily to self-insured clients under

fee for service arrangements. PMA Management Corp. of New England, Inc. is a provider of risk management and TPA services. Midlands is a managing general agent, program administrator and provider of TPA services. PMA also has a Corporate and Other segment, which primarily includes corporate expenses and debt service.

PMA is a Pennsylvania corporation. PMA's common stock trades on the NASDAQ Stock Market® under the symbol PMACA. PMA has an A.M. Best Company rating of A- (Excellent), which is the 4th highest of 16 rating levels. PMA's principal executive offices are located at 380 Sentry Parkway, Blue Bell, Pennsylvania 19422, and its telephone number is (610) 397-5298.

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Old Republic

General Description of Business. Old Republic International Corporation is a Chicago based holding company engaged in the single business of insurance underwriting. It conducts its operations through a number of regulated insurance company subsidiaries organized into three major segments, namely, its General (property and liability insurance), Mortgage Guaranty, and Title Insurance Groups. References herein to such groups apply to Old Republic's subsidiaries engaged in these respective segments of business. The results of a small life and health insurance business are included within the corporate and other caption of this report. Old Republic refers to Old Republic International Corporation and its subsidiaries as the context requires.

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

Disciplined risk selection, evaluation, and pricing to reduce uncertainty and adverse selection;

Augmenting the predictability of expected outcomes through insurance of the largest number of homogeneous risks as to each type of coverage;

Reducing the insurance portfolio risk profile through:

diversification and spread of insured risks; and

assimilation of uncorrelated asset and liability exposures across economic sectors that tend to offset or counterbalance one another; and

Effectively managing gross and net limits of liability through appropriate use of reinsurance.

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

In light of the above factors, Old Republic's affairs are managed without regard to the arbitrary strictures of quarterly or even annual reporting periods that American industry must observe. In Old Republic's view, such short reporting time frames do not comport well with the long-term nature of much of its business. Management believes that Old Republic's operating results and financial condition can best be evaluated by observing underwriting and overall operating performance trends over succeeding five to ten year intervals. Such extended periods can encompass one or

two economic and/or underwriting cycles, and thereby provide appropriate time frames for such cycles to run their course and for reserved claim costs to be quantified with greater finality and effect.

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The contributions to consolidated net revenues and income before taxes, and the assets and shareholders' equity of each Old Republic segment are set forth in the following table. This information should be read in conjunction with Old Republic's consolidated financial statements, the notes thereto, and the section entitled "Old Republic Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this proxy statement/prospectus.

Financial Information Relating to Segments of Business(a)

Net Revenues(b)	2009	2008	2007
	(\$ in Millions)		
Years Ended December 31:			
General	\$ 2,052.7	\$ 2,255.9	\$ 2,438.0
Mortgage Guaranty	746.1	690.0	608.3
Title	914.1	681.3	878.5
Corporate & Other net(c)	138.1	132.1	131.4
Consolidated realized investment gains (losses)	6.3	(486.4)	70.3
Consolidation elimination adjustments	(53.8)	(35.3)	(35.8)
Consolidated	\$ 3,803.6	\$ 3,237.7	\$ 4,091.0
Income (Loss) Before Taxes	2009	2008	2007
Years Ended December 31:			
General	\$ 200.1	\$ 294.3	\$ 418.0
Mortgage Guaranty	(486.4)	(594.3)	(110.4)
Title	2.1	(46.3)	(14.7)
Corporate & Other net(c)	4.0	13.5	15.1
Consolidated realized investment gains (losses)	6.3	(486.4)	70.3
Consolidated	\$ (273.6)	\$ (819.2)	\$ 378.4
Assets	2009	2008	2007
As of December 31:			
General	\$ 9,920.8	\$ 9,482.9	\$ 9,769.9
Mortgage Guaranty	3,233.4	2,973.1	2,523.8
Title	852.8	762.4	770.4
Corporate & Other net(c)	503.5	509.5	437.9
Consolidation elimination adjustments	(320.5)	(462.0)	(211.5)
Consolidated	\$ 14,190.0	\$ 13,266.0	\$ 13,290.6

Shareholders Equity	2009	2008	2007
As of December 31:			
General	\$ 2,548.2	\$ 2,258.7	\$ 2,536.7
Mortgage Guaranty	581.7	828.0	1,237.7
Title	288.6	260.0	334.9
Corporate & Other net(c)	516.9	433.7	475.4
Consolidated elimination adjustments	(44.1)	(40.2)	(43.2)
Consolidated	\$ 3,891.4	\$ 3,740.3	\$ 4,541.6

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- (a) Reference is made to the table in Note 6 of the Notes to Consolidated Financial Statements for the year ended December 31, 2009, incorporated herein by reference, which shows the contribution of each subcategory to the consolidated net revenues and income or loss before income taxes of Old Republic's insurance industry segments.
- (b) Revenues consist of net premiums, fees, net investment and other income earned; realized investment gains (losses) are shown in total for all groups combined since the investment portfolio is managed as a whole.
- (c) Represents amounts for Old Republic's holding company parent, minor corporate services subsidiaries, and a small life and health insurance operation.

General Insurance Group

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

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

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

Aviation (1983): Insurance policies protect the value of aircraft hulls and afford liability coverage for acts that result in injury, loss of life, and property damage to passengers and others on the ground or in the air. Old Republic's aviation business does not extend to commercial airlines.

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

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

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

Consumer Credit Indemnity (CCI) (1955): Policies provide limited indemnity to lenders and other financial intermediaries against the risk of non-payment of consumer loan balances by individual buyers and borrowers arising

from unemployment, bankruptcy, and other failures to pay.

Errors & Omissions(E&O)/Directors & Officers (D&O)(1983): E&O liability policies are written for non-medical professional service providers such as lawyers, architects and consultants, and provides coverage for legal expenses, and indemnity settlements for claims alleging breaches of professional standards. D&O coverage provides for the payment of legal expenses, and indemnity settlements for claims made against the directors and officers of corporations from a variety of sources, most typically shareholders.

Fidelity (1981): Bonds cover the exposures of financial institutions and commercial and other enterprises for losses of monies or debt and equity securities due to acts of employee dishonesty.

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Guaranteed Asset Protection (GAP)(2003): This insurance covers an automobile loan borrower for the dollar value difference between an insurance company's liability for the total loss (remaining cash value) of an insured vehicle and the amount still owed on an automobile loan.

Surety (1981): Bonds are insurance company guarantees of performance by a corporate principal or individual such as for the completion of a building or road project, or payment on various types of contracts.

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

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

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

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

Workers Compensation (1920 s): This coverage is purchased by employers to provide insurance for employees' lost wages and medical benefits in the event of work-related injury, disability, or death.

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

Commercial automobile, general liability and workers' compensation insurance are typically produced in tandem for many assureds. For 2009, production of commercial automobile direct insurance premiums accounted for approximately 29.8% of consolidated General Insurance Group direct premiums written, while workers' compensation and general liability direct premium production amounted to approximately 19.2% and 13.6%, respectively, of such consolidated totals.

Approximately 85% of general insurance premiums are produced through independent agency or brokerage channels, while the remaining 15% is obtained through direct production facilities.

Mortgage Guaranty Group

Private mortgage insurance protects mortgage lenders and investors from default related losses on residential mortgage loans made primarily to homebuyers who make down payments of less than 20% of the home's purchase price. The Mortgage Guaranty Group insures only first mortgage loans, primarily on residential properties incorporating one-to-four family dwelling units.

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

Traditional primary insurance is issued on an individual loan basis to mortgage bankers, brokers, commercial banks and savings institutions through a network of Company-managed underwriting sites located throughout the country. Traditional primary loans are individually reviewed (except for loans insured under delegated approval programs) and priced according to filed premium rates. In underwriting traditional primary business, Old Republic generally adheres to the underwriting guidelines published by the Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac) or the Federal National Mortgage Association (FNMA or Fannie Mae), purchasers of many of the loans Old Republic insures. Delegated underwriting programs allow approved lenders to commit Old Republic to insure loans provided they adhere to predetermined underwriting guidelines. In 2009, delegated underwriting approvals accounted for approximately 67% of Old Republic's new traditional primary risk written.

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

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

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

Title Insurance Group

The title insurance business consists primarily of the issuance of policies to real estate purchasers and investors based upon searches of the public records, which contain information concerning interests in real property. The policy insures against losses arising out of defects, liens and encumbrances affecting the insured title and not excluded or excepted from the coverage of the policy. For the year ended December 31, 2009, approximately 39% of Old Republic's consolidated title premium and related fee income stemmed from direct operations (which include branch offices of its title insurers and wholly owned subsidiaries of Old Republic), while the remaining 61% emanated from independent title agents and underwritten title companies.

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

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

incapacity, missing heirs and escrow processing errors.

In connection with its title insurance operations, Old Republic also provides escrow closing and construction disbursement services, as well as real estate information products, national default management services, and services pertaining to real estate transfers and loan transactions.

Table of Contents**Corporate and Other Operations**

Corporate and other operations include the accounts of a small life and health insurance business as well as those of the parent holding company and several minor corporate services subsidiaries that perform investment management, payroll, administrative and minor marketing services.

Old Republic's small life and health business registered 2009 and 2008 net premium revenues of \$73.3 million and \$80.1 million, respectively. This business is conducted in both the United States and Canada and consists mostly of limited product offerings sold through financial intermediaries such as automobile dealers, travel agents, and marketing channels that are also utilized in some of Old Republic's general insurance operations. Production of term life insurance, accounting for net premiums earned of \$15.1 million in 2009 and \$16.8 million in 2008, was terminated and placed in run off as of year end 2004.

Consolidated Underwriting Statistics

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

	Years Ended December 31,		
	2009	2008	2007
	(\$ in Millions)		
General Insurance Group:			
Overall Experience:			
Net Premiums Earned	\$ 1,782.5	\$ 1,989.3	\$ 2,155.1
Claim Ratio	75.9%	72.2%	67.4%
Policyholders Dividend Benefit	.4	.8	.4
Expense Ratio	25.8	24.2	24.1
Composite Ratio	102.1%	97.2%	91.9%
Experience by Major Coverages:			
Commercial Automobile (Principally Trucking):			
Net Premiums Earned	\$ 652.8	\$ 694.5	\$ 752.4
Claim Ratio	71.3%	75.8%	73.9%
Workers Compensation:			
Net Premiums Earned	\$ 387.3	\$ 418.4	\$ 505.6
Claim Ratio	73.9%	67.2%	69.7%
Policyholders Dividend Benefit	1.0%	2.2%	1.2%
General Liability:			
Net Premiums Earned	\$ 143.2	\$ 150.2	\$ 168.1
Claim Ratio	65.3%	63.9%	59.8%
Three Above Coverages Combined:			
Net Premiums Earned	\$ 1,183.5	\$ 1,263.2	\$ 1,426.2
Claim Ratio	71.4%	71.5%	70.7%

Financial Indemnity:(a)

Net Premiums Earned	\$ 241.5	\$ 319.7	\$ 298.0
Claim Ratio	117.8%	95.0%	69.6%

Inland Marine and Commercial Multi-Peril:

Net Premiums Earned	\$ 168.8	\$ 192.9	\$ 199.3
Claim Ratio	61.4%	58.8%	54.0%

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	Years Ended December 31,		
	2009	2008	2007
	(\$ in Millions)		
Home and Automobile Warranty:			
Net Premiums Earned	\$ 141.6	\$ 126.2	\$ 129.8
Claim Ratio	65.2%	61.2%	62.9%
Other Coverages:(b)			
Net Premiums Earned	\$ 50.7	\$ 89.5	\$ 98.9
Claim Ratio	45.8%	43.6%	46.7%
Mortgage Guaranty Group:			
Net Premiums Earned	\$ 644.5	\$ 592.5	\$ 518.2
Claim Ratio	176.0%	199.3%	118.8%
Expense Ratio	12.6	15.7	17.7
Composite Ratio	188.6%	215.0%	136.5%
Title Insurance Group:(c)			
Net Premiums Earned	\$ 611.0	\$ 463.1	\$ 638.5
Combined Net Premiums & Fees Earned	\$ 888.4	\$ 656.1	\$ 850.7
Claim Ratio	7.9%	7.0%	6.6%
Expense Ratio	93.8	103.6	98.1
Composite Ratio	101.7%	110.6%	104.7%
All Coverages Consolidated:			
Net Premiums & Fees Earned	\$ 3,388.9	\$ 3,318.1	\$ 3,601.2
Claim and Benefit Ratio	76.7%	81.8%	60.2%
Expense Ratio	41.8	39.1	41.3
Composite Ratio	118.5%	120.9%	101.5%

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

- (a) Consists principally of fidelity, surety, consumer credit indemnity, executive indemnity (directors & officers and errors & omissions), and guaranteed asset protection (GAP) coverages.
- (b) Consists principally of aviation and travel accident coverages.
- (c) Title claim, expense, and composite ratios are calculated on the basis of combined net premiums and fees earned.

General insurance premiums have trended down during the three years ended December 31, 2009. Old Republic estimates that most of the downtrend has been caused by the combination of a softer pricing environment and the

recessionary economic conditions affecting its customers' operations. These conditions affect such factors as sales and employment levels, both of which are important elements upon which premiums are based. ***Mortgage guaranty*** premium levels have been pressured by lower industry-wide market penetration offset by reduced cessions to captive insurers. The significant increase in 2009 earned premiums was due to largely non-recurring captive reinsurance commutations which contributed \$82.5 million of additional premiums covering future losses. ***Title insurance*** premiums and fees had been in a downtrend between 2005 and late 2008. The combination of stronger refinance activity that began late in 2008 and continued into early 2009 and greater market share gains in the second half of last year produced a turn around for 2009 as a whole.

Variations in claim ratios are typically caused by changes in the frequency and severity of claims incurred, changes in premium rates and the level of premium refunds, and periodic changes in claim and claim expense

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reserve estimates resulting from ongoing reevaluations of reported and incurred but not reported claims and claim expenses. As demonstrated in the above table, Old Republic can therefore experience period-to-period volatility in the underwriting results posted for individual coverages. In light of Old Republic's basic underwriting focus in managing its business, a long-term objective has been to dampen this volatility by diversifying the coverages it offers and the industries it serves.

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

Excluding the impact of Old Republic's consumer credit indemnity (CCI) business discussed below, the overall **general insurance** claim ratio reflects reasonably consistent trends for all periods reported upon. To a large extent this major cost factor reflects pricing and risk selection improvements that have been applied since 2001, followed by a general price softening in the past three years or so. Changes in commercial automobile coverages claim ratios are primarily due to greater claim frequencies. Loss ratios for workers' compensation and liability insurance coverages may reflect greater variability due to chance events in any one year, changes in loss costs emanating from participation in involuntary markets (i.e. insurance assigned risk pools and associations in which participation is basically mandatory), and added provisions for loss costs not recoverable from assuming reinsurers which may experience financial difficulties from time to time. Additionally, workers' compensation claim costs in particular are affected by a variety of underwriting techniques such as the use of captive reinsurance retentions, retrospective premium plans, and self-insured or deductible insurance programs that are intended to mitigate claim costs over time. Claim ratios for a relatively small book of general liability coverages tend to be highly volatile year to year due to the impact of changes in claim emergence and severity of legacy asbestos and environmental claims exposures.

Old Republic generally underwrites concurrently workers' compensation, commercial automobile (liability and physical damage), and general liability insurance coverages for a large number of customers. Given this concurrent underwriting approach, an evaluation of trends in premiums, claim and dividend ratios for these individual coverages is more appropriately considered in the aggregate.

The higher claim ratio for financial indemnity coverages in the periods shown was driven principally by greater claim frequencies experienced in Old Republic's CCI coverage. These higher claim ratios added 7.3 and 6.1 percentage points, respectively, to the 2009 and 2008 general insurance overall claim ratio versus an insignificant effect for 2007.

Mortgage guaranty claim ratios, absent the effect of the third quarter 2009 reinsurance commutation transactions which had the impact of lowering the 2009 ratio from 199.6% to 176.0%, have continued to rise in recent periods. These ratios have risen principally as a result of higher reserve provisions and paid losses. Greater reserve provisions have resulted from higher levels of reported delinquencies emanating from the downturn in the national economy, widespread stress in housing and mortgage finance markets, and increasing unemployment. Trends in expected and actual claim frequency and severity have been impacted to varying degrees by several factors including, but not limited to, significant declines in home prices which limit a troubled borrower's ability to sell the mortgaged property in an amount sufficient to satisfy the remaining debt obligation; more restrictive mortgage lending standards which limit a borrower's ability to refinance the loan; increases in housing supply relative to recent demand; historically high levels of coverage rescissions and claim denials as a result of material misrepresentation in key underwriting information or non-compliance with prescribed underwriting guidelines, and changes in claim settlement costs. The latter costs are influenced by the amount of unpaid principal outstanding on delinquent loans as well as the rising expenses of settling claims due to higher investigation costs, legal fees, and accumulated interest expenses.

Title insurance loss ratios have remained in the single digits for a number of years due to a continuation of favorable trends in claims frequency and severity for business underwritten since 1992 in particular. Though still reasonably

contained, claim ratios have risen in the three most recent years due to the continuing downturn and economic stresses in the housing and related mortgage lending industries.

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

General Insurance Claim Reserves

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

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

In establishing claim reserves, the possible increase in future loss settlement costs caused by inflation is considered implicitly, along with the many other factors cited above. Reserves are generally set to provide for the ultimate cost of all claims. With regard to workers' compensation reserves, however, the ultimate cost of long-term disability or pension type claims is discounted to present value based on interest rates ranging from 3.5% to 4.0%. Old Republic, where applicable, uses only such discounted reserves in evaluating the results of its operations, in pricing its products and settling retrospective and reinsured accounts, in evaluating policy terms and experience, and for other general business purposes. Solely to comply with reporting rules mandated by the Securities and Exchange Commission, however, Old Republic has made statistical studies of applicable workers' compensation reserves to obtain estimates of the amounts by which claim and claim adjustment expense reserves, net of reinsurance, have been discounted. These studies have resulted in estimates of such amounts at \$143.9 million, \$156.8 million and \$148.5 million, as of December 31, 2009, 2008 and 2007, respectively. It should be noted, however, that these differences between discounted and non-discounted (terminal) reserves are, fundamentally, of an informational nature, and are not indicative of an effect on operating results for any one or series of years for the above noted reasons.

Early in 2001, the Federal Department of Labor revised the Federal Black Lung Program regulations. The revisions basically require a reevaluation of previously settled, denied, or new occupational disease claims in the context of newly devised, more lenient standards when such claims are resubmitted. Following a number of challenges and appeals by the insurance and coal mining industries, the revised regulations were, for the most part, upheld in June, 2002 and are to be applied prospectively. Since the final quarter of 2001, black lung claims filed or refiled pursuant to these anticipated and now final regulations have increased, though the volume of new claim reports has abated in recent years. The vast majority of claims filed to date against Old Republic pertain to business underwritten through loss sensitive programs that permit the charge of additional or refund of return premiums to wholly or partially offset changes in estimated claim costs, or to business underwritten as a service carrier on behalf of various industry-wide involuntary market (i.e. assigned risk) pools. A much smaller portion pertains to business produced on a traditional

risk transfer basis. Old Republic has established applicable reserves for claims as they have been reported and for claims not as yet reported on the basis of its historical experience as well as assumptions relative to the effect of the revised regulations. Inasmuch as a variety of challenges are likely as the revised regulations are implemented through the actual claim settlement process, the potential impact on reserves, gross and

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net of reinsurance or retrospective premium adjustments, resulting from such regulations cannot be estimated with reasonable certainty.

Old Republic's reserve estimates also include provisions for indemnity and settlement costs for various asbestosis and environmental impairment (A&E) claims that have been filed in the normal course of business against a number of its insurance subsidiaries. Many such claims relate to policies issued prior to 1985, including many issued during a short period between 1981 and 1982 pursuant to an agency agreement canceled in 1982. Over the years, Old Republic's property and liability insurance subsidiaries have typically issued general liability insurance policies with face amounts ranging between \$1.0 million and \$2.0 million and rarely exceeding \$10.0 million. Such policies have, in turn, been subject to reinsurance cessions which have typically reduced the subsidiaries' net retentions to \$.5 million or less as to each claim. Old Republic's exposure to A&E claims cannot, however, be calculated by conventional insurance reserving methods for a variety of reasons, including: a) the absence of statistically valid data inasmuch as such claims typically involve long reporting delays and very often uncertainty as to the number and identity of insureds against whom such claims have arisen or will arise; and b) the litigation history of such or similar claims for insurance industry members which has produced inconsistent court decisions with regard to such questions as to when an alleged loss occurred, which policies provide coverage, how a loss is to be allocated among potentially responsible insureds and/or their insurance carriers, how policy coverage exclusions are to be interpreted, what types of environmental impairment or toxic tort claims are covered, when the insurer's duty to defend is triggered, how policy limits are to be calculated, and whether clean-up costs constitute property damage. In recent times, the Executive Branch and/or the Congress of the United States have proposed or considered changes in the legislation and rules affecting the determination of liability for environmental and asbestosis claims. As of December 31, 2009, however, there is no solid evidence to suggest that possible future changes might mitigate or reduce some or all of these claim exposures. Because of the above issues and uncertainties, estimation of reserves for losses and allocated loss adjustment expenses for A&E claims in particular is much more difficult or impossible to quantify with a high degree of precision. Accordingly, no representation can be made that Old Republic's reserves for such claims and related costs will not prove to be overstated or understated in the future. At December 31, 2009, Old Republic's aggregate indemnity and loss adjustment expense reserves specifically identified with A&E exposures amounted to approximately \$172.8 million gross, and \$136.9 million net of reinsurance. Based on average annual claims payments during the five most recent calendar years, such reserves represented 8.4 years (gross) and 11.5 years (net of reinsurance) of average annual claims payments. Fluctuations in this ratio between years can be caused by the inconsistent pay out patterns associated with these types of claims. For the five years ended December 31, 2009, incurred A&E claim and related loss settlement costs have averaged 1.4% of average annual General Insurance Group claims and related settlement costs.

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

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The following table shows the evolving redundancies or deficiencies for reserves established as of December 31, of each of the years 1999 through 2009.

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	
	(\$ in Millions)										
	\$ 3,229	\$ 3,222	\$ 3,175	\$ 2,924	\$ 2,414	\$ 2,182	\$ 1,964	\$ 1,802	\$ 1,678	\$ 1,661	
		%	25.8%	27.2%	24.1%	15.3%	25.2%	24.7%	23.5%	23.2%	
			41.0	39.2	31.3	33.7	39.2	38.6	37.3	37.0	
				48.7	42.7	44.3	44.4	48.4	47.7	46.0	
					50.1	51.3	50.9	51.2	54.0	52.7	
						56.7	55.9	55.5	55.2	57.5	
							60.2	59.5	58.6	57.7	
								63.0	61.9	60.5	
									65.0	63.6	
		%	%	%	%	%	%	%	%	66.4	
										%	
		%	98.2%	97.4%	96.2%	95.2%	97.6%	97.2%	98.6%	99.6%	97.3%
			94.9	94.3	92.3	94.8	97.0	98.2	101.3	98.1	
				92.4	90.4	93.3	95.6	99.7	102.7	100.1	
					88.4	92.2	95.7	100.4	105.8	102.2	
						91.6	95.6	100.6	106.7	105.6	
							95.5	101.0	107.3	106.9	

							101.0	107.8	107.5	
								108.0	108.3	
									108.5	
	%	%	%	%	%	%	%	%	%	
	%	1.8%	5.1%	7.6%	11.6%	8.4%	4.5%	(1.0)%	(8.0)%	(8.5)%
	2.5%									

- (1) Amounts are reported net of reinsurance.
- (2) Excluding unallocated loss adjustment expense reserves.
- (3) Percent of most recent reestimated liability (line d). Decreases in paid loss percentages may at times reflect the reassumption by the Company of certain previously ceded loss reserves from assuming reinsurers through commutations of then existing reserves.
- (4) Percent of beginning liability (line b) for unpaid claims and claim adjustment expenses.
- (5) Beginning liability less the most current liability reestimated (line d) as a percent of beginning liability (line b).

In reviewing the preceding tabular data, it should be noted that prior periods' loss payment and development trends may not be repeated in the future due to the large variety of factors influencing the reserving and settlement processes outlined herein above. The reserve redundancies or deficiencies shown for all years are not necessarily indicative of the effect on reported results of any one or series of years since cumulative retrospective premium and commission adjustments employed in various parts of Old Republic's business may partially offset such effects. The moderately deficient development of reserves at year-ends 1999 to 2002 pertain mostly to claims incurred in prior accident years, generally for business written in the 1980's. (See Consolidated Underwriting Statistics above, and Reserves, Reinsurance, and Retrospective Adjustments elsewhere herein).

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The following table shows an analysis of changes in aggregate reserves for Old Republic's property and liability insurance claims and allocated claim adjustment expenses for each of the years shown:

	2009	2008	2007	2006	Years Ended December 31,			2002	2001	2000	1999
					2005	2004	2003				
					(\$ in Millions)						
Beginning reserves	\$ 3,222	\$ 3,175	\$ 2,924	\$ 2,414	\$ 2,182	\$ 1,964	\$ 1,802	\$ 1,678	\$ 1,661	\$ 1,699	\$ 1,740
Current claims and expenses:											
Current provision	1,343	1,452	1,490	1,295	1,191	1,070	893	814	749	690	730
Change in prior provisions	(56)	(83)	(110)	(116)	(52)	(55)	(25)	(7)	(44)	(66)	(66)
Total current claims and expenses	1,287	1,369	1,379	1,179	1,138	1,014	868	807	704	623	664
Current events	460	502	476	342	402	332	277	260	269	258	290
Prior events	818	820	652	326	504	463	428	423	418	402	440
Total events	1,279	1,323	1,128	668	907	796	706	683	687	661	730
Ending reserves (end - g)	3,229	3,222	3,175	2,924	2,414	2,182	1,964	1,802	1,678	1,661	1,699
Allocated claim adjustment expense	104	104	103	97	92	87	83	78	76	73	73
Insurance coverable	2,046	2,020	1,976	1,929	1,894	1,632	1,515	1,363	1,261	1,235	1,235

Claims
Reserves

Gross
Claims
Reserves (including
(j))

\$ 5,380	\$ 5,346	\$ 5,256	\$ 4,951	\$ 4,401	\$ 3,902	\$ 3,562	\$ 3,244	\$ 3,016	\$ 2,969	\$ 3,000
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Investments. In common with other insurance organizations, Old Republic invests most capital and operating funds in income producing securities. Investments must comply with applicable insurance laws and regulations which prescribe the nature, form, quality, and relative amounts of investments which may be made by insurance companies. Generally, these laws and regulations permit insurance companies to invest within varying limitations in state, municipal and federal government obligations, corporate debt, preferred and common stocks, certain types of real estate, and first mortgage loans. For many years, Old Republic's investment policy has therefore been to acquire and retain primarily investment grade, publicly traded, fixed maturity securities. The investment policy is also influenced by the terms of the insurance coverages written, by its expectations as to the timing of claim and benefit payments, and by income tax considerations. As a consequence of all these factors, Old Republic's invested assets are managed in consideration of enterprise-wide risk management objectives intended to assure solid funding of its subsidiaries long-term obligations to insurance policyholders and other beneficiaries, as well as evaluations of their long-term effect on stability of capital accounts. Accordingly, the investment portfolio contains little or no direct insurance risk-correlated asset exposures to real estate, mortgage-backed securities, collateralized debt obligations (CDOs), derivatives, junk bonds, hybrid securities, or illiquid private equity investments. In a similar vein, Old Republic does not engage in hedging transactions or securities lending operations, nor does it invest in securities whose values are predicated on non-regulated financial instruments exhibiting amorphous or unfunded counter-party risk attributes.

Management considers investment grade securities to be those rated by Standard & Poor's Corporation (Standard & Poor's) or Moody's Investors Service, Inc. (Moody's) that fall within the top four rating categories, or securities which are not rated but have characteristics similar to securities so rated. Old Republic had no bond or note investments in default as to principal and/or interest at December 31, 2009 and 2008. The status and fair value changes of each investment is reviewed on at least a quarterly basis, and estimates of other-than-temporary impairments in the portfolio's value are evaluated and established at each balance sheet date. Substantially all of Old Republic's invested assets as of December 31, 2009 have been classified as available for sale pursuant to the existing investment policy.

Old Republic's investment policies are not designed to maximize or emphasize the realization of investment gains. The combination of gains and losses from sales or impairments of securities are reflected as realized gains and losses in the income statement. Dispositions of securities result principally from scheduled maturities of bonds and notes and sales of fixed income and equity securities available for sale. Dispositions of securities at a realized gain or loss reflect such factors as ongoing assessments of issuers' business prospects, rotation among industry sectors, changes in credit quality, and tax planning considerations.

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

Consolidated Investments

	December 31,	
	2009	2008
	(\$ in Millions)	
Available for Sale		
Fixed Maturity Securities:		
U.S. & Canadian Governments	\$ 974.0	\$ 694.4
Tax-Exempt	2,344.0	2,365.7
Corporate	5,008.7	4,346.7
	8,326.8	7,406.9
Equity Securities	502.9	350.3
Short-term Investments	826.7	888.0
Miscellaneous Investments	24.0	29.7
Total available for sale	9,680.5	8,675.0
Other Investments	7.8	7.8
Total Investments	\$ 9,688.4	\$ 8,682.9

Sources of Consolidated Investment Income

	Years Ended December 31,		
	2009	2008	2007
	(\$ in Millions)		
Fixed Maturity Securities:			
Taxable Interest	\$ 285.5	\$ 259.1	\$ 247.7
Tax-Exempt Interest	83.0	86.1	85.2
	368.6	345.2	332.9
Equity Securities Dividends	7.4	13.3	16.1
Other Investment Income:			
Interest on Short-term Investments	5.4	16.5	28.2
Sundry	4.9	5.6	6.4
	10.4	22.1	34.6
Gross Investment Income	386.5	380.8	383.8

Less: Investment Expenses(a)	3.0	3.4	3.8
Net Investment Income	\$ 383.5	\$ 377.3	\$ 379.9

- (a) Investment expenses consist primarily of personnel costs, investment management and custody service fees, and interest incurred on funds held of \$.1 million, \$.6 million, and \$1.1 million for the years ended December 31, 2009, 2008, and 2007 respectively.

The independent credit quality ratings and maturity distribution for Old Republic's consolidated fixed maturity investments, excluding short-term investments, at the end of the last two years are shown in the following tables. These investments, \$8.3 billion and \$7.4 billion at December 31, 2009 and 2008, respectively, represented approximately 59% and 56%, respectively, of consolidated assets, and 81% and 78%, respectively, of consolidated liabilities as of such dates.

Table of Contents**Credit Quality Ratings of Fixed Maturity Securities(b)**

	December 31,	
	2009	2008
	(% of total portfolio)	
Aaa	22.3%	20.4%
Aa	20.3	24.5
A	30.3	31.4
Baa	25.7	22.0
Total investment grade	98.6	98.3
All other(c)	1.4	1.7
Total	100.0%	100.0%

(b) Credit quality ratings used are those assigned primarily by Moody's for U.S. Governments, Agencies and Corporate issuers and by Standard & Poor's (S&P) for U.S. and Canadian Municipal issuers, which are converted to equivalent Moody's ratings classifications. In the second quarter of 2009, Old Republic changed its source of credit quality ratings from Moody's to S&P for U.S. Municipal issuers due to their wider credit coverage. The December 31, 2008 disclosures have been restated to be comparable to the current period classifications. The effect of such change moderately improved the previously reported credit quality ratings.

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

Age Distribution of Fixed Maturity Securities

	December 31,	
	2009	2008
	(% of total portfolio)	
Maturity Ranges:		
Due in one year or less	9.3%	14.0%
Due after one year through five years	55.0	51.0
Due after five years through ten years	34.9	34.7
Due after ten years through fifteen years	.8	.3
Due after fifteen years		
	100.0%	100.0%
Average Maturity in Years	4.4	4.4

Marketing. Commercial automobile (trucking), workers' compensation and general liability insurance underwritten for business enterprises and public entities is marketed primarily through independent insurance agents and brokers with the assistance of Old Republic's trained sales, underwriting, actuarial, and loss control personnel. The remaining property and liability commercial insurance written by Old Republic is obtained through insurance agents or brokers who are independent contractors and generally represent other insurance companies, and by direct sales. No single source accounted for over 10% of Old Republic's premium volume in 2009.

Traditional primary mortgage insurance is marketed primarily through a direct sales force which calls on mortgage bankers, brokers, commercial banks, savings institutions and other mortgage originators. No sales commissions or other forms of remuneration are paid to the lending institutions or others for the procurement or development of business. The Mortgage Guaranty segment's ten largest customers were responsible for 47.6%, 50.4%, and 49.5% of traditional primary new insurance written in 2009, 2008, and 2007, respectively. The largest single customer accounted for 12.8% of traditional primary new insurance written in 2009 compared to 15.6% and 9.8% in 2008 and 2007, respectively.

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A substantial portion of Old Republic's title insurance business is referred to it by title insurance agents, builders, lending institutions, real estate developers, realtors, and lawyers. Title insurance and related real estate settlement products are sold through 242 Company offices and through agencies and underwritten title companies in Puerto Rico, the District of Columbia and all 50 states. The issuing agents are authorized to issue commitments and title insurance policies based on their own search and examination, or on the basis of abstracts and opinions of approved attorneys. Policies are also issued through independent title companies (not themselves title insurers) pursuant to underwriting agreements. These agreements generally provide that the agency or underwritten company may cause title policies of Old Republic to be issued, and the latter is responsible under such policies for any payments to the insured. Typically, the agency or underwritten title company deducts the major portion of the title insurance charge to the customer as its commission for services. During 2009, approximately 61% of title insurance premiums and fees were accounted for by policies issued by agents and underwritten title companies.

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

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

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

At least one Old Republic general insurance subsidiary is licensed to do business in each of the 50 states, the District of Columbia, Puerto Rico, Virgin Islands, Guam, and each of the Canadian provinces; mortgage insurance subsidiaries are licensed in 50 states and the District of Columbia; title insurance operations are licensed to do business in 50 states, the District of Columbia, Puerto Rico and Guam. Consolidated direct premium volume distributed among the various geographical regions shown was as follows for the past three years:

Geographical Distribution of Consolidated Direct Premiums Written

	2009	2008	2007
United States:			
Northeast	9.0%	9.4%	10.1%
Mid-Atlantic	7.7	7.3	8.6
Southeast	19.6	20.0	20.6
Southwest	12.6	12.7	12.2
East North Central	12.9	12.9	12.3

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West North Central	12.9	13.5	12.4
Mountain	8.8	8.3	8.2
Western	13.8	13.4	13.0
Foreign (Principally Canada)	2.7	2.5	2.6
Total	100.0%	100.0%	100.0%

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Reserves, Reinsurance, and Retrospective Adjustments. Old Republic's insurance subsidiaries establish reserves for unearned premiums, reported claims, claims incurred but not reported, and claim adjustment expenses, as required in the circumstances. Such reserves are based on regulatory accounting requirements and generally accepted accounting principles. In accordance with insurance industry practices, claim reserves are based on estimates of the amounts that will be paid over a period of time and changes in such estimates are reflected in the financial statements of the periods during which they occur. See "General Insurance Claim Reserves" herein.

To maintain premium production within its capacity and limit maximum losses and risks for which it might become liable under its policies, Old Republic, as is the practice in the insurance industry, may cede a portion or all of its premiums and liabilities on certain classes of insurance, individual policies, or blocks of business to other insurers and reinsurers. Although the ceding of insurance does not generally discharge an insurer from its direct liability to a policyholder, it is industry practice to establish the reinsured part of risks as the liability of the reinsurer. Old Republic also employs retrospective premium adjustments and risk sharing arrangements for parts of its business in order to minimize losses for which it might become liable under its insurance policies, and to afford its customers or producers a degree of participation in the risks and rewards associated with such business. Under retrospective arrangements, Old Republic collects additional premiums if losses are greater than originally anticipated and refunds a portion of original premiums if loss costs are lower. Pursuant to risk sharing arrangements, Old Republic adjusts production costs or premiums retroactively to likewise reflect deviations from originally expected loss costs. The amount of premium, production costs and other retrospective adjustments which may be made is either limited or unlimited depending on Old Republic's evaluation of risks and related contractual arrangements. To the extent that any reinsurance companies, retrospectively rated risks, or producers might be unable to meet their obligations under existing reinsurance, retrospective insurance and production agreements, Old Republic would be liable for the defaulted amounts. In these regards, however, Old Republic generally protects itself by withholding funds, by securing indemnity agreements, by obtaining surety bonds, or by otherwise collateralizing such obligations through irrevocable letters of credit, cash, or securities.

The following table displays Old Republic's General Insurance liabilities reinsured by its ten largest reinsurers as of December 31, 2009.

Reinsurer	A.M. Best Rating	Reinsurance Recoverable		Total Exposure to Reinsurer (\$ in Millions)	% of Total Consolidated Reinsured Liabilities
		On Paid Claims	On Claims Reserves		
Munich Reinsurance America, Inc.	A+	\$ 10.1	\$ 664.5	\$ 674.7	28.3%
Swiss Reinsurance America Corporation	A	3.4	179.1	182.5	7.7
National WC Reinsurance Pool	unrated	3.2	102.5	105.8	4.4
General Reinsurance Corporation	A++	1.8	83.7	85.5	3.6
Muenchener Ruckversicherungs	A+	3.9	79.0	83.0	3.5
School Boards Insurance Co of PA, Inc.	A-	1.0	63.9	65.0	2.7
Westport Insurance Corporation	A	.5	59.5	60.0	2.5
Kentucky Workers' Compensation Reins Pool for Coal Miners Risks	unrated	2.0	53.3	55.3	2.3
Transatlantic Reinsurance Company	A	(.1)	46.5	46.3	1.9
Hannover Ruckversicherungs	A	.3	44.5	44.8	1.9

Total	\$ 26.4	\$ 1,376.9	\$ 1,403.3	58.9%
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The Mortgage Guaranty Group's total claims exposure to its largest reinsurer, Balboa Reinsurance Company, was \$133.2 million, which represented 5.6% of total consolidated reinsured liabilities as of December 31, 2009. Reinsured liabilities of the Title Insurance Group and small life and health insurance operations are not material.

Reinsurance recoverable asset balances represent amounts due from or credited by assuming reinsurers for paid and unpaid claims and policy reserves. Such reinsurance balances that are recoverable from non-admitted foreign and certain other reinsurers such as captive insurance companies owned by assureds or business producers,

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as well as similar balances or credits arising from policies that are retrospectively rated or subject to assureds' high deductible retentions are substantially collateralized by letters of credit, securities, and other financial instruments. Old Republic evaluates on a regular basis the financial condition of its assuming reinsurers and assureds who purchase its retrospectively rated or high deductible policies. Estimates of unrecoverable amounts are included in Old Republic's net claim and claim expense reserves since reinsurance, retrospectively rated and self-insured deductible policies and contracts do not relieve Old Republic from its direct obligations to assureds or their beneficiaries.

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

Remaining portions of Old Republic's business are reinsured in most instances with independent insurance or reinsurance companies pursuant to excess of loss agreements. Except as noted in the following paragraph, reinsurance protection on property and liability coverages generally limits the net loss on most individual claims to a maximum of: \$4.1 million for workers' compensation; \$2.6 million for commercial auto liability; \$2.6 million for general liability; \$8.0 million for executive protection (directors & officers and errors & omissions); \$2.0 million for aviation; and \$2.6 million for property coverages. Roughly 34% of the mortgage guaranty traditional primary insurance in force is subject to lender sponsored captive reinsurance arrangements structured primarily on an excess of loss basis. All bulk and other mortgage guaranty insurance risk in force is retained. Exclusive of reinsurance, the average direct primary mortgage guaranty exposure is approximately (in whole dollars) \$38,500 per insured loan. Title insurance risk assumptions are currently limited to a maximum of \$500.0 million as to any one policy. The vast majority of title policies issued, however, carry exposures of less than \$1.0 million.

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

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

commercial property and casualty insurance lines. The TRIREA revised the definition of property and casualty insurance to exclude commercial automobile, burglary and theft, surety, professional liability and farm owner's multi-peril insurance. TRIPRA did not make any further changes to the definition of property and casualty insurance, however, it does include domestic acts of terrorism within the scope of the program. Although insurers are permitted to charge an additional premium for terrorism coverage, insureds may

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reject the coverage. Under TRIPRA, the program's protection is not triggered for losses arising from an act of terrorism until the industry first suffers losses of \$100 billion in the aggregate during any one year. Once the program trigger is met, the program will pay 85% of an insurer's terrorism losses that exceed that individual insurer's deductible. The insurer's deductible is 20% of direct earned premium on property and casualty insurance. Insurers may reinsure that portion of the risk they retain under the program. Effective January 1, 2008, Old Republic reinsured limits of \$198.0 million excess of \$2.0 million for claims arising from certain acts of terrorism for casualty clash coverage and catastrophe workers' compensation liability insurance coverage.

Competition. The insurance business is highly competitive and Old Republic competes with many stock and mutual insurance companies. Many of these competitors offer more insurance coverages and have substantially greater financial resources than Old Republic. The rates charged for many of the insurance coverages in which Old Republic specializes, such as workers' compensation insurance, other property and liability insurance and title insurance, are primarily regulated by the states and are also subject to extensive competition among major insurance organizations. The basic methods of competition available to Old Republic, aside from rates, are service to customers, expertise in tailoring insurance programs to the specific needs of its clients, efficiency and flexibility of operations, personal involvement by its key executives, and, as to title insurance, accuracy and timely delivery of evidences of title issued. Mortgage insurance companies also compete by providing contract underwriting services to lenders, enabling the latter to improve the efficiency of their operations by outsourcing all or part of their mortgage loan underwriting processes. For certain types of coverages, including loan credit indemnity and mortgage guaranty insurance, Old Republic also competes in varying degrees with the Federal Housing Administration (FHA) and the Veterans Administration (VA). In recent years, the FHA's market share of insured mortgages has increased significantly, mostly due to the more restrictive underwriting guidelines and premium rate increases imposed by private mortgage insurers. Nevertheless, Old Republic's insurance subsidiaries continue to compete with the FHA and VA by offering greater flexibility in regards to offered coverage levels, premium rate structures, and underwriting processes. Old Republic believes its experience and expertise have enabled it to develop a variety of specialized insurance programs and related services for its customers, and to secure state insurance departments' approval of these programs.

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

The FNMA and the FHLMC sometimes also referred to as Government Sponsored Enterprises (GSEs) have various qualifying requirements for private mortgage guaranty insurers which write mortgage insurance on loans acquired by the FNMA and FHLMC from mortgage lenders. These requirements call for compliance with the applicable laws and regulations of the insurer's domiciliary state and those states in which it conducts business and maintenance of contingency reserves in accordance with applicable state laws. The requirements also contain guidelines pertaining to captive reinsurance transactions. The GSEs also place additional restrictions on qualified insurers who fail to maintain the equivalent of a AA financial strength rating from at least two nationally recognized statistical rating agencies. Since 2008, substantially all national mortgage guaranty insurance companies, including Old Republic's insurance subsidiaries, have experienced ratings downgrades below AA. As a result, all of these companies have been required to submit capital remediation plans to FNMA and FHLMC, and continue as approved mortgage guaranty insurers for loans purchased by the GSEs.

The majority of states have also enacted insurance holding company laws which require registration and periodic reporting by insurance companies controlled by other corporations licensed to transact business within their respective

jurisdictions. Old Republic's insurance subsidiaries are subject to such legislation and are registered as controlled insurers in those jurisdictions in which such registration is required. Such legislation varies from state to state but typically requires periodic disclosure concerning the corporation which controls the registered insurers, or ultimate holding company, and all subsidiaries of the ultimate holding company, and prior approval of certain intercorporate transfers of assets (including payments of dividends in excess of specified amounts by the insurance

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subsidiary) within the holding company system. Each state has established minimum capital and surplus requirements to conduct an insurance business. All of Old Republic's subsidiaries meet or exceed these requirements, which vary from state to state.

Employees. As of December 31, 2009, Old Republic and its subsidiaries employed approximately 5,900 persons on a full time basis. A majority of eligible full time employees participate in various pension or similar plans which provide benefits payable upon retirement. Eligible employees are also covered by hospitalization and major medical insurance, group life insurance, and various savings, profit sharing, and deferred compensation plans. Old Republic considers its employee relations to be good.

Website access. Old Republic files various reports with the U.S. Securities and Exchange Commission (SEC), including its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. Old Republic's filings are available for viewing and/or copying at the SEC's Public Reference Room located at 450 Fifth Street, NW., Washington, DC 20549. Information regarding the operation of the Public Reference Room can be obtained by calling 1-800-SEC-0330. Old Republic's reports are also available by visiting the SEC's internet website (<http://www.sec.gov>) and accessing its EDGAR database to view or print copies of the electronic versions of Old Republic's reports. Additionally, Old Republic's reports can be obtained, free of charge, by visiting its internet website (<http://www.oldrepublic.com>), selecting *Investors* then *SEC Filings* to view or print copies of the electronic versions of Old Republic's reports. The contents of Old Republic's internet website are not intended to be, nor should they be considered incorporated by reference in any of the reports Old Republic files with the SEC.

Properties

The principal executive offices of Old Republic are located in the Old Republic Building in Chicago, Illinois. This Company-owned building contains 151,000 square feet of floor space of which approximately 54% is occupied by Old Republic, and the remainder is leased to others. In addition to its Chicago building, a subsidiary of the Title Insurance Group partially occupies its owned headquarters building in Minneapolis, Minnesota. This building contains 110,000 square feet of floor space of which approximately 68% is occupied by the Old Republic National Title Insurance Company. The remainder of the building is leased to others. Eight smaller buildings are owned by Old Republic and its subsidiaries in various parts of the nation and are primarily used for its business. The carrying value of all owned buildings and related land at December 31, 2009 was \$36.1 million.

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

Legal Proceedings

Legal proceedings against Old Republic and its subsidiaries routinely arise in the normal course of business and usually pertain to claim matters related to insurance policies and contracts issued by its insurance subsidiaries. Other, non-routine legal proceedings which may prove to be material to Old Republic or a subsidiary are discussed below.

Purported class action lawsuits are pending against Old Republic's principal title insurance subsidiary, Old Republic National Title Insurance Company (ORNTIC), in state or federal courts in five states — Connecticut (Castro et al. v. ORNTIC, U.S. District Court of Connecticut, filed May 19, 2006), New Jersey (Barandas et al. v. ORNTIC, U.S. District Court, District Court of New Jersey, filed April 13, 2006), Ohio (Chura et al. v. ORNTIC, Court of Common Pleas of Cuyahoga County, Ohio, filed December 1, 2002), Pennsylvania (Allen et al. v. ORNTIC, U.S. District Court, Eastern District, Pennsylvania, filed June 8, 2006; Markocki et al. v. ORNTIC, U.S. District Court, Eastern District, Pennsylvania, filed June 8, 2006), and Texas (Ahmad et al. v. ORNTIC, U.S. District Court,

Northern District, Texas, Dallas Division, filed February 8, 2008). The plaintiffs allege that ORNTIC failed to give consumers reissue and/or refinance credits on the premiums charged for title insurance covering mortgage refinancing transactions, as required by rate schedules filed by ORNTIC or by state rating bureaus with the state insurance regulatory authorities. The suits in Pennsylvania and Texas also allege violations of the federal Real Estate Settlement Procedures Act (RESPA). Substantially similar lawsuits are also pending

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against other unaffiliated title insurance companies in these and other states as well, and additional lawsuits based upon similar allegations could be filed against ORNTIC in the future. Classes have been certified in the New Jersey and Pennsylvania actions. Settlement agreements have been reached in the Connecticut and New Jersey actions and are not expected to cost ORNTIC more than \$2.9 million and \$2.2 million, respectively, including attorneys' fees and administrative costs.

Since early February 2008, some 80 purported consumer class action lawsuits have been filed against the title industry's principal title insurance companies, their subsidiaries and affiliates, and title insurance rating bureaus or associations in at least 10 states. The suits are substantially identical in alleging that the defendant title insurers engaged in illegal price-fixing agreements to set artificially high premium rates and conspired to create premium rates which the state insurance regulatory authorities could not evaluate and therefore, could not adequately regulate. A number of them have been dismissed and others consolidated. Approximately 57 remain nationwide. ORNTIC is currently among the named defendants in 35 of these actions in 5 states; its affiliate, American Guaranty Title Insurance Company is a named defendant in 10 of the consolidated actions in 1 state; and the Company is a named defendant in 8 of the actions in 1 state. No class has yet been certified in any of these suits against Old Republic and ORNTIC, and none of the actions against them allege RESPA violations.

National class action suits have been filed against Old Republic's subsidiary, Old Republic Home Protection Company (ORHP) in the California Superior Court, San Diego, and the U.S. District Court in Birmingham, Alabama. The California suit has been filed on behalf of all persons who made a claim under an ORHP home warranty contract from March 6, 2003 to the present. The suit alleges breach of contract, breach of the implicit covenant of good faith and fair dealing, violations of certain California consumer protection laws and misrepresentation arising out of ORHP's alleged failure to adopt and implement reasonable standards for the prompt investigation and processing of claims under its home warranty contracts. The suit seeks unspecified damages consisting of the rescission of the class members' contracts, restitution of all sums paid by the class members, punitive damages, declaratory and injunctive relief. No class has been certified in either action. ORHP has removed the action to the U.S. District Court for the Southern District of California. The Alabama suit alleges that ORHP pays fees to the real estate brokers who market its home warranty contracts and that the payment of such fees is in violation of Section 8(a) of RESPA. The suit seeks unspecified damages, including treble damages under RESPA.

On December 19, 2008, Old Republic Insurance Company and Old Republic Insured Credit Services, Inc. (Old Republic) filed suit against Countrywide Bank FSB, Countrywide Home Loans, Inc. (Countrywide) and Bank of New York Mellon, BNY Mellon Trust of Delaware in the Circuit Court, Cook County, Illinois seeking a declaratory judgment to rescind or terminate various credit indemnity policies issued to insure home equity loans and home equity lines of credit which Countrywide had securitized or held for its own account. In February of 2009 Countrywide filed a counterclaim alleging a breach of contract, bad faith and seeking a declaratory judgment challenging the factual and procedural bases that Old Republic has relied upon to deny or rescind coverage for individual defaulted loans under those policies. To date, Old Republic has rescinded or denied coverage on more than 11,500 defaulted loans, based upon material misrepresentations either by Countrywide as to the credit characteristics of the loans or by the borrowers in their loan applications.

On December 31, 2009, two of Old Republic's mortgage insurance subsidiaries, Republic Mortgage Insurance Company and Republic Mortgage Insurance Company of North Carolina (together RMIC) filed a Complaint for Declaratory Judgment in the Supreme Court of the State of New York, County of New York, against Countrywide Financial Corporation, Countrywide Home Loans, Inc., The Bank of New York Mellon Trust Company, N.A., BAC Home Loans Servicing, LP, and Bank of America, N.A. as successor in interest to Countrywide Bank, N.A. (together, Countrywide). The suit relates to five mortgage insurance master policies (the Policies) issued by RMIC to Countrywide or to The Bank of New York Mellon Trust Company as co-trustee for trusts containing securitized mortgage loans that were originated or purchased by Countrywide. RMIC has rescinded its mortgage insurance

coverage on over 1,500 of the loans originally covered under the Policies based upon material misrepresentations of the borrowers in their loan applications or the negligence of Countrywide in its loan underwriting practices or procedures. Each of the coverage rescissions occurred after a borrower had defaulted and RMIC reviewed the claim and loan file submitted by Countrywide. The suit seeks the Court's review and interpretation of the Policies incontestability provisions and its validation of RMIC's investigation procedures with respect to the claims and underlying loan files.

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On January 29, 2010, in response to RMIC's suit, Countrywide served RMIC with a demand for arbitration under the arbitration clauses of the same Policies. The demand proposes arbitration in Los Angeles, California, and raises largely the same issues as those raised in RMIC's suit against Countrywide, as well as Countrywide's and RMIC's compliance with the terms, provisions and conditions of the Policies. The demand includes a prayer for punitive, compensatory and consequential damages.

Except in the Connecticut and New Jersey actions against the title companies, where settlement agreements have been approved, the ultimate impact of these lawsuits and the arbitration, all of which seek unquantified damages, attorneys fees and expenses, is uncertain and not reasonably estimable. Old Republic and its subsidiaries intend to defend vigorously against each of the aforementioned actions. Although Old Republic does not believe that these lawsuits will have a material adverse effect on its consolidated financial condition, results of operations or cash flows, there can be no assurance in those regards.

Merger Sub

Merger Sub, a Pennsylvania corporation, is a wholly owned subsidiary of Old Republic that was formed solely for the purpose of effecting the merger. Merger Sub has not conducted and will not conduct any business prior to the merger. Aldo C. Zucaro is the president, chief executive officer and a director of Merger Sub. Mr. Zucaro also serves as the chairman of the board of directors, president and chief executive officer of Old Republic. Karl W. Mueller is the senior vice president and chief financial officer, treasurer and a director of Merger Sub. Mr. Mueller also serves as senior vice president and chief financial officer of Old Republic. Spencer LeRoy is the senior vice president, general counsel, secretary and a director of Merger Sub. Mr. LeRoy is also the senior vice president, general counsel and secretary of Old Republic. R. Scott Rager is the senior vice president and strategic planning officer of Merger Sub. Mr. Rager also serves as the senior vice president and strategic planning officer of Old Republic.

Merger Sub's principal executive offices are located at 307 North Michigan Avenue, Chicago, Illinois 60601 and its telephone number is (312) 346-8100.

Important business and financial information about Old Republic is incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information" below.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF OLD REPUBLIC**

Set forth below is certain selected historical consolidated financial data relating to Old Republic. The financial data has been derived from the unaudited financial statements filed as part of Old Republic's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 and the audited financial statements filed as part of Old Republic's Annual Report on Form 10-K for the year ended December 31, 2009. This financial data should be read in conjunction with the financial statements and the related notes and other financial information contained in such financial statements, which are attached to this proxy statement/prospectus, see Index to Financial Statements of Old Republic International Corporation. More comprehensive financial information, including management's discussion and analysis of Old Republic's financial condition and results of operations, is contained later in this proxy statement/prospectus under the heading Old Republic Management's Discussion and Analysis of Financial Condition and Results of Operations. The following summary is qualified in its entirety by reference to such other disclosure and all of the financial information and notes contained therein.

Selected Financial Data

	March 31,		December 31,				
	2010	2009	2009	2008	2007	2006	2005
	(\$ in millions, except share data)						
FINANCIAL POSITION:							
Cash and Invested Assets(a)	\$ 9,985.9	\$ 9,052.4	\$ 9,879.0	\$ 8,855.1	\$ 8,924.0	\$ 8,230.8	\$ 7,394.1
Other Assets	4,254.9	4,241.1	4,310.9	4,410.9	4,366.5	4,381.4	4,149.0
Total Assets	\$ 14,240.9	\$ 13,293.5	\$ 14,190.0	\$ 13,266.0	\$ 13,290.6	\$ 12,612.2	\$ 11,543.2
Liabilities, Other than Debt	\$ 9,897.8	\$ 9,429.0	\$ 9,951.8	\$ 9,292.6	\$ 8,684.9	\$ 8,098.6	\$ 7,376.4
Debt	347.2	221.1	346.7	233.0	64.1	144.3	142.7
Total Liabilities	10,245.0	9,650.2	10,298.6	9,525.7	8,749.0	8,243.0	7,519.1
Preferred Stock							
Common Shareholders							
Equity	3,995.8	3,643.2	3,891.4	3,740.3	4,541.6	4,369.2	4,024.0
Total Liabilities and Shareholders' Equity	\$ 14,240.9	\$ 13,293.5	\$ 14,190.0	\$ 13,266.0	\$ 13,290.6	\$ 12,612.2	\$ 11,543.2
Total Capitalization(b)	\$ 4,343.1	\$ 3,864.4	\$ 4,238.2	\$ 3,973.4	\$ 4,605.7	\$ 4,513.5	\$ 4,166.7

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	Quarters Ended		Years Ended December 31,				
	2010	2009	2009	2008	2007	2006	2005
RESULTS OF OPERATIONS:							
Net Premiums and Fees Earned	\$ 828.5	\$ 777.4	\$ 3,388.9	\$ 3,318.1	\$ 3,601.2	\$ 3,400.5	\$ 3,386.9
Net Investment and Other Income	101.0	101.0	408.3	406.0	419.3	374.6	354.0
Realized Investment Gains (Losses)	2.9		6.3	(486.4)	70.3	19.0	64.9
Net Revenues	932.6	878.5	3,803.6	3,237.7	4,091.0	3,794.2	3,805.9
Benefits, Claims, and Settlement Expenses	494.1	652.0	2,598.9	2,715.7	2,166.2	1,539.6	1,465.4
Underwriting and Other Expenses	407.1	319.3	1,478.3	1,341.2	1,546.3	1,574.3	1,593.0
Pretax Income (Loss)	31.2	(92.7)	(273.6)	(819.2)	378.4	680.1	747.3
Income Taxes (Credits)	6.2	(38.8)	(174.4)	(260.8)	105.9	215.2	195.9
Net Income (Loss)	\$ 25.0	\$ (53.9)	\$ (99.1)	\$ (558.3)	\$ 272.4	\$ 464.8	\$ 551.4
COMMON SHARE DATA:(c)							
Net Income (Loss):							
Basic	\$.11	\$ (0.23)	\$ (.42)	\$ (2.41)	\$ 1.18	\$ 2.01	\$ 2.40
Diluted	\$.11	\$ (0.23)	\$ (.42)	\$ (2.41)	\$ 1.17	\$ 1.99	\$ 2.37
Dividends:							
Cash Regular	\$.1725	\$ \$.1700	\$.6800	\$.6700	\$.6300	\$.5900	\$.5120
Special							.8000
Total	\$.1725	\$.1700	\$.6800	\$.6700	\$.6300	\$.5900	\$ 1.3120
Stock		%	%	%	%	%	%
Book Value	\$ 16.90	\$ 15.47	\$ 16.49	\$ 15.91	\$ 19.71	\$ 18.91	\$ 17.53
Common Shares (thousands):							
Outstanding	236,466	235,485	235,995	235,031	230,472	231,047	229,575
Average:							

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Basic	236,387	235,259	235,657	231,484	231,370	231,017	229,487
Diluted	236,462	235,259	235,657	231,484	232,912	233,034	232,108

- (a) Consists of cash, investments and accrued investment income.
- (b) Total capitalization consists of debt, preferred stock, and common shareholders equity.
- (c) All per share statistics herein have been restated to reflect all stock dividends or splits declared through March 31, 2010.

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**OLD REPUBLIC MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

(\$ in Millions, Except Share Data)

OVERVIEW

This management's discussion and analysis of financial condition and results of operation pertains to the consolidated accounts of Old Republic. Old Republic conducts its operations through three major regulatory segments, namely, its General (property and liability), Mortgage Guaranty, and Title insurance segments. A small life and health insurance business, accounting for 2.9% of consolidated operating revenues for the quarter ended March 31, 2010 and 1.8% of consolidated assets as of March 31, 2010, is included within the corporate and other caption of this report.

The consolidated accounts are presented in conformity with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) of accounting principles generally accepted in the United States of America (GAAP).

This management analysis should be read in conjunction with the consolidated financial statements and the footnotes included elsewhere in this proxy statement/prospectus.

The insurance business is distinguished from most others in that the prices (premiums) charged for various insurance products are set without certainty of the ultimate benefit and claim costs that will emerge or be incurred, often many years after issuance and expiration of a policy. This basic fact casts Old Republic as a risk-taking enterprise managed for the long run. Management therefore conducts the business with a primary focus on achieving favorable underwriting results over cycles, and on the maintenance of financial soundness in support of the insurance subsidiaries' long-term obligations to insurance beneficiaries. To achieve these objectives, adherence to insurance risk management principles is stressed, and asset diversification and quality are emphasized. In addition to income arising from Old Republic's basic underwriting and related services functions, significant investment income is earned from invested funds generated by those functions and from shareholders' capital. Investment management aims for stability of income from interest and dividends, protection of capital, and sufficient liquidity to meet insurance underwriting and other obligations as they become payable in the future. Securities trading and the realization of capital gains are not objectives. The investment philosophy is therefore best characterized as emphasizing value, credit quality, and relatively long-term holding periods. Old Republic's ability to hold both fixed maturity and equity securities for long periods of time is in turn enabled by the scheduling of maturities in contemplation of an appropriate matching of assets and liabilities.

In light of the above factors, Old Republic's affairs are managed without regard to the arbitrary strictures of quarterly or even annual reporting periods that American industry must observe. In Old Republic's view, such short reporting time frames do not comport well with the long-term nature of much of its business. Management believes that Old Republic's operating results and financial condition can best be evaluated by observing underwriting and overall operating performance trends over succeeding five to ten year intervals. Such extended periods can encompass one or two economic and/or underwriting cycles, and thereby provide appropriate time frames for such cycles to run their course and for reserved claim costs to be quantified with greater finality and effect.

EXECUTIVE SUMMARY

A. Quarters Ended March 31, 2010 and 2009

Old Republic's first quarter 2010 consolidated operating results, which exclude net realized investment gains or losses, reflected a substantial turn for the better when compared to the same quarter of 2009. As noted below, most of the gain stemmed from improved underwriting results in Old Republic's mortgage guaranty line. The latter arose from the combination of lower claim provisions and the positive effects of largely non-recurring captive reinsurance contract terminations (commutations) and terminations of certain pool insurance contracts. General insurance earnings were higher mostly as a result of lower claim costs. Title insurance operating earnings were basically flat quarter-over-quarter.

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Consolidated Results The major components of Old Republic's consolidated results and other data for the periods reported upon are shown below:

	Quarters Ended March 31,		
	2010	2009	Change
Operating revenues:			
General insurance	\$ 479.1	\$ 523.7	(8.5)%
Mortgage guaranty	160.5	171.2	(6.3)
Title insurance	262.0	160.2	63.5
Corporate and other	27.8	23.2	19.8
Total	\$ 929.6	\$ 878.5	5.8%
Pretax operating income (loss):			
General insurance	\$ 69.2	\$ 58.2	19.0%
Mortgage guaranty	(34.1)	(144.6)	76.4
Title insurance	(8.6)	(9.0)	4.3
Corporate and other	1.8	2.6	(31.4)
Sub-total	28.3	(92.8)	130.5
Realized investment gains (losses):			
From sales	2.9		
From impairments			
Net realized investment gains (losses)	2.9		N/M
Consolidated pretax income (loss)	31.2	(92.7)	133.7
Income taxes (credits)	6.2	(38.8)	116.0
Net income (loss)	\$ 25.0	\$ (53.9)	146.5%
Consolidated underwriting ratio:			
Benefits and claim ratio	59.6%	83.9%	
Expense ratio	47.4	39.6	
Composite ratio	107.0%	123.5%	
Components of diluted earnings per share:			
Net operating income (loss)	\$ 0.10	\$ (0.23)	143.5%
Net realized investment gains (losses)	0.01		
Net income (loss)	\$ 0.11	\$ (0.23)	147.8%
Cash dividends paid per share	\$ 0.1725	\$ 0.1700	1.5%

N/M: Not meaningful

The above table shows both operating and net income (loss) to highlight the effects of realized investment gain or loss recognition on period-to-period comparisons. Operating income, however, does not replace net income determined in accordance with GAAP as a measure of total profitability.

The recognition of realized investment gains or losses can be highly discretionary and arbitrary due to such factors as the timing of individual securities sales, recognition of estimated losses from write-downs for impaired securities, tax-planning considerations, and changes in investment management judgments relative to the direction of securities markets or the future prospects of individual investees or industry sectors. Likewise, non-recurring items which may emerge from time to time can distort the comparability of Old Republic's results from period to period. Accordingly, management uses net operating income, a non-GAAP financial measure, to evaluate and better

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explain operating performance, and believes its use enhances an understanding of Old Republic's basic business results.

General Insurance Results First quarter 2010 general insurance earnings were mainly affected by lower earned premiums and the changes in claim costs and expenses reflected in the following table.

	General Insurance Group Quarters Ended March 31,		
	2010	2009	Change
Net premiums earned	\$ 411.8	\$ 457.3	(10.0)%
Net investment income	64.6	63.4	1.8
Pretax operating income (loss)	\$ 69.2	\$ 58.2	19.0%
Claim ratio	70.6%	74.8%	
Expense ratio	26.7	25.6	
Composite ratio	97.3%	100.4%	

The continuation of a moderate decline in premium rates and recessionary conditions constrained premium growth in the latest quarter and each of the prior two years. Lessened economic activity affects such factors as sales and employment levels, both of which are important elements upon which Old Republic's commercial insurance premiums are based.

While the Group's invested asset base grew by approximately 10% year-over-year, net investment income was up negligibly by 1.8% quarter-over-quarter. The disparate growth rates reflect primarily a low yield market environment and the relatively short-term nature of the bond portfolio.

As the above table shows, the overall claim ratio declined by 4.2 percentage points quarter-over-quarter as experience for most insurance coverages reflected relatively stable trends in claim payments and reserve provisions. Moreover, the consumer credit indemnity (CCI) coverage impacted adversely the overall claim ratio by 3.9 percentage points compared to a 7.7 percentage point effect in last year's first quarter. Most of the reduced impact stemmed from lower CCI premium volume, and declining loan delinquency and claim payment trends.

The expense ratio edged up slightly as a small reduction in total expenses lagged the larger drop in earned premiums.

Mortgage Guaranty Results Operating results for Old Republic's mortgage guaranty segment improved significantly as downward trends in newly reported and outstanding traditional primary delinquencies resulted in lower claim reserve provisions. First quarter pretax operating results also benefited from gains emanating from additional commutations of two captive reinsurance agreements, and the termination of certain pool insurance contracts. Key indicators of this segment's performance are shown in the following table.

	Mortgage Guaranty Group Quarters Ended March 31,		
	2010	2009	Change

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Net premiums earned	\$ 136.2	\$ 145.3	(6.2)%
Net investment income	23.1	22.4	3.1
Pretax operating income (loss)	\$ (34.1)	\$ (144.6)	76.4%
Claim ratio	127.2%	199.9%	
Expense ratio	13.5	13.7	
Composite ratio	140.7%	213.6%	

As above noted, during this year's first quarter the Mortgage Guaranty Group negotiated the termination of two captive reinsurance agreements and certain pool insurance contracts. The reinsurance commutations resulted in additional net premiums earned of \$5.3 that are intended to cover Old Republic's assumption of future losses related to the agreements. Pursuant to GAAP accounting methodology these premiums must be recognized as income upon

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receipt rather than being deferred to future periods when the related claim costs are expected to arise. The cancellation of pool insurance contracts resulted in a reduction of first quarter 2010 incurred losses of approximately \$30.3. Taken together these transactions reduced the incurred claim ratio for the quarter by approximately 27.4 percentage points, increased the paid claim ratio by 128.8 percentage points, and decreased the pretax operating loss by approximately \$35.6. As a further consequence, these non-recurring transactions resulted in a reduction of operating cash flow of \$167.1.

Leaving aside the additional captive reinsurance premium income of \$5.3, mortgage guaranty earned premiums continued to decline in this year's first quarter. Lower volumes of new insurance and premium refunds related to claim rescissions accounted for most of the decline. New business volume reflected further weakness due to the downturn in overall mortgage originations, lower industry market penetration, and the continuation of more selective underwriting guidelines in place since late 2007.

Net investment income grew moderately due to a temporarily higher invested asset base in this year's first quarter.

First quarter 2010 claim costs were lower as a result of the first sequential decline in outstanding traditional primary loan delinquencies since the first quarter of 2007. The continuation of historically high levels of claim rescissions and denials also affected paid claim and reserve provision trends. The following table shows the major components of incurred claims inclusive of the above noted effect of captive reinsurance and pool insurance terminations.

	Mortgage Guaranty Group	
	Quarters Ended March 31,	
	2010	2009
Components of incurred claim ratio as a percent of earned premiums:		
Paid claims:		
Payments, excluding pool terminations	107.6%	107.1%
Pool terminations reserve payments	128.8	
Total paid claim ratio	236.5	107.1
Claim reserve provisions:		
Excluding pool terminations	47.0	92.8
Pool termination reserves released	(151.1)	
Net claim reserve provisions (release)	(104.2)	92.8
Effect of captive commutations	(5.1)	
Incurring claim ratio	127.2%	199.9%

Production and operating expense ratios for all periods reported upon reflect continued success in expense management.

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Title Insurance Results Old Republic's title business continued to generate the more positive operating momentum that emerged in last year's second half. Key performance indicators are shown in the following table.

	Title Insurance Group		
	Quarters Ended March 31,		
	2010	2009	Change
Net premiums and fees earned	\$ 255.2	\$ 154.3	65.4%
Net investment income	6.6	5.8	12.8
Pretax operating income (loss)	\$ (8.6)	\$ (9.0)	4.3%
Claim ratio	7.4%	6.6%	
Expense ratio	98.5	102.9	
Composite ratio	105.9%	109.5%	

First quarter 2010 net premiums and fees reflected accelerating growth as the Title Group gained market share from industry dislocations and consolidation. The consolidation of accounts from the Florida joint underwriting venture formed in mid-year 2009 also added to this year's revenue stream. A greater invested asset base generated meaningful investment income growth even though market yields remain relatively low.

Claim costs, however, rose at a quicker pace than premiums and fees revenues as Old Republic added moderately to reserve provisions in consideration of recent claim emergence trends. Growth in production and general operating expenses also reflected the greater costs associated with the much higher level of premiums and fees.

Corporate and Other Operations Old Republic's small life and health business and the net costs associated with the parent company and its internal services subsidiaries produced a lower net gain in this year's first quarter. Period-to-period variations in the results posted by these relatively small elements of Old Republic's operations usually stem from volatility inherent to the small scale of its life and health business, fluctuations in the costs of external debt, and net interest costs on intra-system financing arrangements.

Cash, Invested Assets, and Shareholders' Equity The following table reflects Old Republic's consolidated cash and invested assets as well as shareholders' equity at the dates shown:

	March 31,	December 31,	March 31,	% Change	
				2010	2009
Cash and invested assets:					
Fair value basis	\$ 9,985.9	\$ 9,879.0	\$ 9,052.4	1.1%	10.3%
Original cost basis	\$ 9,561.2	\$ 9,625.9	\$ 9,407.1	(.7)%	1.6%
Shareholders' equity:					

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Total	\$ 3,995.8	\$ 3,891.4	\$ 3,643.2	2.7%	9.7%
Per common share	\$ 16.90	\$ 16.49	\$ 15.47	2.5%	9.2%
Composition of shareholders' equity per share:					
Equity before items below	\$ 14.92	\$ 14.99	\$ 15.69	(0.5)%	(4.9)%
Unrealized investment gains (losses) and other accumulated comprehensive income (loss)	1.98	1.50	(0.22)		
Total	\$ 16.90	\$ 16.49	\$ 15.47	2.5%	9.2%

Consolidated cash flow from operating activities produced a deficit of \$19.3 for the first three months of 2010. This compares to positive operating cash flow of \$263.3 for the same period in 2009. This year's significant reduction was largely due to the net operating cash flow impact of the previously discussed mortgage guaranty pool terminations.

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The investment portfolio reflects a current allocation of approximately 85% to fixed-maturity securities and 6% to equities. As has been the case for many years, Old Republic's invested assets are managed in consideration of enterprise-wide risk management objectives intended to assure solid funding of its insurance subsidiaries' long-term obligations to policyholders and other beneficiaries, and of their long-term effect on the stability of capital accounts. The portfolio contains little or no direct insurance risk-correlated asset exposures to real estate, mortgage-backed securities, collateralized debt obligations (CDOs), derivatives, junk bonds, hybrid securities, or illiquid private equity investments. In a similar vein, Old Republic does not engage in hedging or securities lending transactions, nor does it invest in securities whose values are predicated on non-regulated financial instruments exhibiting amorphous or unfunded counter-party risk attributes.

Total equity investments include Old Republic's common stock holdings in two leading publicly held mortgage guaranty (MI) businesses (MGIC Investment Corp. and The PMI Group). These stocks were acquired in 2007 and 2008 as passive long-term investment additions for a core segment of Old Republic's business in anticipation of a recovery of the MI industry in 2010. In management's judgment, the past three years' depressed market valuations of companies operating in the housing and mortgage-lending sectors of the American economy have been impacted significantly by the cyclical and macroeconomic conditions affecting these sectors, and by the recent dysfunctionality of the banking and mortgage-lending industries. As shown in the following table, the March 31, 2010 fair value of the two securities had risen to 61.0% of their original cost compared to the 25.6% other-than-temporarily-impaired level to which they were written down in 2008.

	As of and for Periods Ended:		
	March 31,	December 31,	
	2010	2009	2008
Total value of the two MI investments:			
Original cost	\$ 416.4	\$ 416.4	\$ 416.4
Impaired cost	106.8	106.8	106.8
Fair value	254.0	130.7	82.7
Underlying equity(*)	\$ 235.6	\$ 274.6	\$ 515.9
Pretax other-than-temporary impairments recorded in income statement of the period	\$	\$	\$ (375.5)
Pretax unrealized investment gains (losses) recorded directly in shareholders equity account:			
For the period	\$ 123.3	\$ 48.0	\$ (24.1)
Cumulatively	\$ 147.2	\$ 23.9	\$ (24.1)

(*) Underlying equity based on latest reports (which may lag by one quarter) issued by investees.

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Substantially all changes in the shareholders' equity account reflect Old Republic's net income or loss, dividend payments to shareholders, and impairments or changes in market valuations of invested assets during the periods shown below:

	Shareholders' Equity per Share	
	Three Months Ended	
	March 31,	
	2010	2009
Beginning balance	\$ 16.49	\$ 15.91
Changes in shareholders' equity:		
Net operating income (loss)	0.10	(0.23)
Net realized investment gains (losses):		
From sales	0.01	
From impairments		
Subtotal	0.01	
Net unrealized investment gains (losses)	0.47	(0.04)
Total realized and unrealized investment gains (losses)	0.48	(0.04)
Cash dividends	(0.17)	(0.17)
Stock issuance, foreign exchange, and other transactions		
Net change	0.41	(0.44)
Ending balance	\$ 16.90	\$ 15.47

B. Years Ended December 31, 2009, 2008 and 2007

Old Republic experienced further operating difficulties in 2009. Since mid-year 2007, operating income has declined mostly due to Old Republic's mortgage guaranty and other insurance coverages linked to the housing and consumer credit fields.

Full year 2009 mortgage guaranty and consolidated operating results benefited from a GAAP accounting requirement that premiums received for largely non-recurring reinsurance commutations, be recognized immediately as income. As a consequence, 2009 pretax operating earnings benefited by \$76.3 (\$49.6 after tax or \$0.21 per share) from such premiums. Substantially all of these premiums will likely be absorbed by loss costs related to the future years' risk exposures they are designed to cover. General insurance performance has declined during the last three years due to a reduction of underwriting profitability among several coverages. Title operations returned to profitability in 2009 for the first time since 2006 as a result of greater real estate transactions, growth in market share, and expense control management.

2009 pre-tax investment gains of \$6.3 were enhanced by the reversal of a deferred tax valuation allowance to produce net post-tax realized investment gains of \$58.1 (\$0.25 per share). The valuation allowance pertained to losses from

other-than-temporary investment impairments, most of which originated in the second quarter of 2008. Realized losses in 2008 were mostly due to write downs of equity investments for other-than-temporary impairments.

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Consolidated Results The major components of Old Republic's consolidated results and other data for the periods reported upon are shown below:

Years Ended December 31,	2009	2008	2007	% Change	
				2009 vs. 2008	2008 vs. 2007
Operating revenues:					
General insurance	\$ 2,052.7	\$ 2,255.9	\$ 2,438.0	(9.0)%	(7.5)%
Mortgage guaranty	746.1	690.0	608.3	8.1	13.4
Title insurance	914.1	681.3	878.5	34.2	(22.4)
Corporate and other	84.3	96.8	95.6	(12.9)	1.3
Total	\$ 3,797.2	\$ 3,724.2	\$ 4,020.6	2.0%	(7.4)%
Pretax operating income (loss):					
General insurance	\$ 200.1	\$ 294.3	\$ 418.0	(32.0)%	(29.6)%
Mortgage guaranty	(486.4)	(594.3)	(110.4)	18.2	(438.1)
Title insurance	2.1	(46.3)	(14.7)	104.7	(214.7)
Corporate and other	4.0	13.5	15.1	(70.1)	(10.6)
Sub-total	(279.9)	(332.7)	308.0	15.9	(208.0)
Realized investment gains (losses):					
From sales	15.9	(4.1)	70.3		
From impairments	(9.5)	(482.3)			
Net realized investment gains (losses)	6.3	(486.4)	70.3	101.3	N/M
Consolidated pretax income (loss)					
Income taxes (credits)	(273.6)	(819.2)	378.4	66.6	(316.5)
	(174.4)	(260.8)	105.9	33.1	(346.2)
Net income (loss)	\$ (99.1)	\$ (558.3)	\$ 272.4	82.2%	(304.9)%
Consolidated underwriting ratio:					
Benefits and claim ratio	76.7%	81.8%	60.2%	(6.2)%	35.9%
Expense ratio	41.8	39.1	41.3	6.9	(5.3)
Composite ratio	118.5%	120.9%	101.5%	(2.0)%	19.1%
Components of diluted earnings per share:					
Net operating income (loss)	\$ (0.67)	\$ (0.81)	\$ 0.97	17.3%	(183.5)%
Net realized investment gains (losses)	0.25	(1.60)	0.20		
Net income (loss)	\$ (0.42)	\$ (2.41)	\$ 1.17	82.6%	(306.0)%

Cash dividends paid per share	\$	0.68	\$	0.67	\$	0.63	1.5%	6.3%
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N/M: Not meaningful

The above table shows both operating and net income (loss) to highlight the effects of realized investment gain or loss recognition and any non-recurring items on period-to-period comparisons. Operating income, however, does not replace net income computed in accordance with GAAP as a measure of total profitability.

The recognition of realized investment gains or losses can be highly discretionary and arbitrary due to such factors as the timing of individual securities sales, recognition of estimated losses from write-downs for impaired securities, tax-planning considerations, and changes in investment management judgments relative to the direction of securities markets or the future prospects of individual investees or industry sectors. Likewise, non-recurring items which may emerge from time to time, can distort the comparability of Old Republic's results from period to period. Accordingly, management uses net operating income, a non-GAAP financial measure, to evaluate and better

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explain operating performance, and believes its use enhances an understanding of Old Republic's basic business results.

General Insurance Results Pretax operating earnings for the periods reported upon were affected mostly by reduced premium volume and moderately higher claim and expense ratios. The following table shows these effects:

Years Ended December 31,	General Insurance Group				
	2009	2008	2007	% Change	
				2009 vs. 2008	2008 vs. 2007
Net premiums earned	\$ 1,782.5	\$ 1,989.3	\$ 2,155.1	(10.4)%	(7.7)%
Net investment income	258.9	253.6	260.8	2.1	(2.8)
Pretax operating income (loss)	\$ 200.1	\$ 294.3	\$ 418.0	(32.0)%	(29.6)%
Claim ratio	76.3%	73.0%	67.8%	4.5%	7.7%
Expense ratio	25.8	24.2	24.1	6.6	.4
Composite ratio	102.1%	97.2%	91.9%	5.0%	5.8%

Earned premiums for the large majority of insurance coverages trended down in the past three years. In recent years, premium growth has been constrained by the combination of a moderately declining rate environment and by recessionary economic conditions. These conditions affect such factors as sales and employment levels, both of which are important elements upon which premiums are based.

General insurance investment income trends have benefited from greater invested asset balances.

Overall claim ratios trended moderately higher during 2009 and 2008. 2009 and 2008 claim experience for the CCI coverage in particular has trended much higher adding approximately 7.3 and 6.1 percentage points to the above claim ratios for years ended December 31, 2009 and 2008, respectively versus an insignificant effect for 2007. Aggregate claim experience for other coverages, however, remained relatively consistent. Production and general operating expenses edged up slightly in 2009 as expense reduction lagged a larger drop in earned premiums.

Mortgage Guaranty Results 2009 mortgage guaranty operating results benefited from the captive reinsurance premiums receipts previously noted. Key indicators of this segment's evolving performance are shown in the following table:

Years Ended December 31,	Mortgage Guaranty Group				
	2009	2008	2007	% Change	
				2009 vs. 2008	2008 vs. 2007
Net premiums earned	\$ 644.5	\$ 592.5	\$ 518.2	8.8%	14.3%
Net investment income	92.0	86.8	79.0	5.9	10.0

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Pretax operating income (loss)	\$ (486.4)	\$ (594.3)	\$ (110.4)	18.2%	(438.1)%
Claim ratio	176.0%	199.3%	118.8%	(11.7)%	67.8%
Expense ratio	12.6	15.7	17.7	(19.7)	(11.3)
Composite ratio	188.6%	215.0%	136.5%	(12.3)%	57.5%

Absent the aforementioned effect of the reinsurance commutations further discussed below, mortgage guaranty earned premiums declined in 2009. Premium levels for the three years ended December 31, 2009 were impacted by the more selective underwriting criteria applied since late 2007, by an overall decline in the industry's business penetration, and by higher premium refunds related to coverage rescissions. These factors were attenuated somewhat by relatively high persistency levels for business produced in prior years, and by a continuing decline in premiums ceded to lender-owned (captive) reinsurance companies.

During 2009's third quarter, Old Republic's Mortgage Guaranty Group entered into commutations with four lender-owned captive reinsurers. As part of the transactions, Old Republic received reinsurance premiums of \$82.5

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to cover losses expected to occur after the contract termination date. Under GAAP, these reinsurance commutations have been treated as the termination of risk transfer reinsurance arrangements rather than transactions in which Old Republic takes on new or additional insurance risk. As a result of this GAAP characterization, the premiums received have been booked as current income rather than being deferred and subsequently recognized in the future periods during which the related risk will exist and expected claims will occur. Old Republic estimates that substantially all of these premiums will likely be absorbed by related claim costs thus negating the current appearance of a gain from the transactions. In the above table, the up front recognition of the \$82.5 of premiums also has the effect of portraying an increase in 2009's net premiums earned of 8.8%, whereas their exclusion through deferral to future at risk periods would have shown an actual 4.1% decline. As a further consequence of this GAAP premium recognition methodology the 2009 loss ratio dropped from 199.6% to 176.0%, and the 2009 pretax operating loss was reduced from \$562.7 to \$486.4. Excluding these premium recognition effects, quarterly claim ratios throughout 2009 averaged 199.7% versus a comparable average of 199.3% for 2008 and 115.2% for 2007. Greater numbers of coverage rescissions and a moderate decline in expected claim severity during 2009 offset to some degree the impact on claim reserve provisions of a continued uptrend in reported delinquent loans. The components of incurred mortgage guaranty claim ratios are shown in the following table:

	Years Ended December 31,		
	2009	2008	2007
Incurred claim ratio from:			
Paid claims	97.0%	74.8%	42.5%
Claim reserve provisions	102.6	124.5	76.3
Effect of commutations	(23.6)		
Total	176.0%	199.3%	118.8%

Production and operating expense ratios for all periods reported upon reflect continued success in expense management. Net investment income has trended up on the strength of an invested asset base enhanced by positive operating cash flow, funds generated by income tax related asset recoveries, and in 2009, capital additions and funds received in the above noted reinsurance commutations.

Title Insurance Results In 2009 Old Republic's title insurance business turned slightly profitable for the first time since 2006. Key operating performance indicators are shown in the following table:

Years Ended December 31,	Title Insurance Group				
	2009	2008	2007	% Change	
				2009 vs. 2008	2008 vs. 2007
Net premiums and fees earned	\$ 888.4	\$ 656.1	\$ 850.7	35.4%	(22.9)%
Net investment income	25.2	25.1	27.3	0.2	(7.9)
Pretax operating income (loss)	\$ 2.1	\$ (46.3)	\$ (14.7)	104.7%	(214.7)%
Claim ratio	7.9%	7.0%	6.6%	12.9%	6.1%
Expense ratio	93.8	103.6	98.1	(9.5)	5.6

Composite ratio	101.7%	110.6%	104.7%	(8.0)%	5.6%
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Growth in title premiums and fees for 2009 resulted mostly from greater refinance transactions earlier in the year and from market share gains taken from title industry dislocations and consolidations. Claim costs rose at a quicker pace, however, as Old Republic added moderately to reserve provisions in consideration of recent claim emergence trends. Production and general operating expenses, while relatively lower as a percentage of premium and fees revenues, rose dollar-wise in reflection of greater personnel and other production costs related to the higher revenues attained and anticipated.

Results for 2008 and 2007 also reflect the impact of the cyclical downturn in the housing and related mortgage lending sectors of the U.S. economy.

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Corporate and Other Operations Old Republic's small life and health insurance business and the net costs associated with the parent holding company and internal services subsidiaries produced a much lower operating gain in 2009. Period-to-period variations in the results of these relatively minor elements of Old Republic's operations usually stem from the volatility inherent to the small scale of its life and health business, fluctuations in the costs of external debt, and net interest on intra-system financing arrangements.

Cash, Invested Assets, and Shareholders' Equity The following table reflects Old Republic's consolidated cash and invested assets as well as shareholders' equity at the dates shown:

As of December 31:	2009	2008	2007	% Change	
				2009 vs. 2008	2008 vs. 2007
Cash and invested assets:					
Fair value basis	\$ 9,879.0	\$ 8,855.1	\$ 8,924.0	11.6%	(.8)%
Original cost basis	\$ 9,625.9	\$ 9,210.0	\$ 8,802.5	4.5%	4.6%
Shareholders' equity:					
Total	\$ 3,891.4	\$ 3,740.3	\$ 4,541.6	4.0%	(17.6)%
Per common share	\$ 16.49	\$ 15.91	\$ 19.71	3.6%	(19.3)%
Composition of shareholders' equity per share:					
Equity before items below	\$ 14.99	\$ 16.10	\$ 19.31	(6.9)%	(16.6)%
Unrealized investment gains (losses) and other accumulated comprehensive income (loss)	1.50	(0.19)	0.40		
Total	\$ 16.49	\$ 15.91	\$ 19.71	3.6%	(19.3)%

Consolidated cash flow from operating activities amounted to \$532.9, \$565.6 and \$862.5 for the years ended 2009, 2008 and 2007, respectively.

The investment portfolio reflects a current allocation of approximately 86 percent to fixed-maturity securities and 5 percent to equities. As has been the case for many years, Old Republic's invested assets are managed in consideration of enterprise-wide risk management objectives intended to assure solid funding of its subsidiaries' long-term obligations to insurance policyholders and other beneficiaries, and evaluations of their long-term effect on the stability of capital accounts. The portfolio contains little or no direct insurance risk-correlated asset exposures to real estate, mortgage-backed securities, CDOs, derivatives, junk bonds, hybrid securities, or illiquid private equity investments. In a similar vein, Old Republic does not engage in hedging or securities lending transactions, nor does it invest in securities whose values are predicated on non-regulated financial instruments exhibiting amorphous or unfunded counter-party risk attributes.

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Substantially all changes in the shareholders' equity account reflect Old Republic's net income or loss, dividend payments to shareholders, and impairments or changes in market valuations of invested assets during the periods shown below:

Years Ended December 31,	Shareholders' Equity per Share		
	2009	2008	2007
Beginning book value per share	\$ 15.91	\$ 19.71	\$ 18.91
Changes in shareholders' equity for the periods:			
Net operating income (loss)	(.67)	(.81)	.98
Net realized investment gains (losses):			
From sales	.04	(.01)	.20
From impairments	.21	(1.59)	
Subtotal	.25	(1.60)	.20
Net unrealized investment gains (losses)	1.59	(.33)	.05
Total realized and unrealized investment gains (losses)	1.84	(1.93)	.25
Cash dividends	(.68)	(.67)	(.63)
Stock issuance, foreign exchange, and other transactions	.09	(.39)	.20
Net change	.58	(3.80)	.80
Ending book value per share	\$ 16.49	\$ 15.91	\$ 19.71

Old Republic's significant investments in the stocks of two leading publicly held MI businesses (MGIC Investment Corp. and The PMI Group) account for a substantial portion of the 2008 realized and unrealized investment losses shown in the above and following tables. Unrealized losses, including losses on securities categorized as other-than-temporarily impaired (OTTI), represent the net difference between the most recently established cost and the fair values of the investments at each point in time. The aggregate original and impaired costs, fair value, and latest reported underlying equity values of the aforementioned two mortgage guaranty investments are shown below.

	December 31,		
	2009	2008	2007
Total value of the two MI investments:			
Original cost	\$ 416.4	\$ 416.4	\$ 429.7
Impaired cost	106.8	106.8	N/A
Fair value	130.7	82.7	375.1
Underlying equity(*)	\$ 274.6	\$ 515.9	\$ 679.7

(*) Underlying equity based on latest reports (which may lag by one quarter) issued by investees.

The above-noted mortgage guaranty holdings were acquired as passive long-term investment additions for a core segment of Old Republic's business in anticipation of a recovery of the MI industry in 2010. In management's judgment, the currently depressed market valuations of companies operating in the housing and mortgage-lending sectors of the American economy have been impacted significantly by the cyclical and macroeconomic conditions affecting these sectors, and by the recent dysfunctionality of the banking and mortgage lending industries. For external financial reporting purposes, however, Old Republic uses relatively short time frames in recognizing OTTI adjustments in its income statement. In this context, absent issuer-specific circumstances that would result in a contrary conclusion, all unrealized investment losses pertaining to any equity security reflecting a 20 percent or greater decline for a six month period is considered OTTI. Unrealized losses that are deemed temporary and all unrealized gains are recorded directly as a separate component of the shareholders' equity account and in the consolidated statement of comprehensive income. As a result of accounting idiosyncrasies, however, OTTI losses recorded in the income statement of one period can not be offset in the income statement of a subsequent period by

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fair value gains on the previously impaired securities unless the gains are realized through actual sales. Such unrealized fair value gains can only be recognized through direct credits in the shareholders' equity account and in the consolidated statement of comprehensive income.

2009 Capital Raise Early in 2009's second quarter, Old Republic obtained gross proceeds of \$316.25 through a public offering of 8% convertible Senior Notes due in 2012. The funds were used mostly to enhance the capital base of the general and title insurance segments, and to repay a portion of commercial paper debt previously incurred to strengthen the capital of the mortgage guaranty segment as of year end 2008. Along with the growth oriented capital additions to businesses with good prospects for the long term, the new funds enhance the stability and resiliency of Old Republic's consolidated capitalization.

DETAILED MANAGEMENT ANALYSIS

CRITICAL ACCOUNTING ESTIMATES

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

Old Republic believes that its most critical accounting estimates relate to: a) the determination of OTTI in the value of fixed maturity and equity investments; b) the establishment of deferred acquisition costs which vary directly with the production of insurance premiums; c) the recoverability of reinsured paid and/or outstanding losses; and d) the establishment of reserves for losses and loss adjustment expenses. The major assumptions and methods used in setting these estimates are discussed in the pertinent sections of this Management Analysis and are summarized as follows:

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

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

For the three years ended December 31, 2009, pretax charges due to other-than-temporary impairments in the value of securities affected pretax income or loss within a range of -143.2% and 0% and averaged -48.9%.

(b) Establishment of deferred acquisition costs (DAC)

The eligibility for deferral and the recoverability of DAC is based on the current terms and estimated profitability of the insurance contracts to which they relate. As of the three most recent year ends, consolidated DAC balances ranged between 1.5% and 1.9% and averaged 1.7% of consolidated assets. The annual change in DAC balances for the three-year period affected underwriting, acquisition and other expenses within a range of 1.1% and 1.8%, and averaged 1.4% of such expenses.

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

Assets consisting of gross paid losses recoverable from assuming reinsurers, and balance sheet date reserves similarly recoverable in future periods as gross losses are settled and paid, are established at the same time as the gross losses are paid or recorded as reserves. Accordingly, these assets are subject to the same estimation processes and valuations as the related gross amounts that are discussed below. As of the three most recent year ends, paid and

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outstanding reinsurance recoverable balances ranged between 30.1% and 32.9% and averaged 31.5% of the related gross reserves.

(d) The reserves for losses and loss adjustment expenses

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

The establishment of expected loss ratios for the three latest accident years, particularly for so-called long-tail coverages as to which information about covered losses emerges and becomes more accurately quantified over long periods of time. Long-tail lines of business generally include workers' compensation, auto liability, general liability, errors and omissions and directors and officers' liability, and title insurance. Gross loss reserves related to such long-tail coverages ranged between 66.0% and 79.1%, and averaged 72.0% of gross consolidated claim reserves as of the three most recent year ends. Net of reinsurance recoverables, such reserves ranged between 60.1% and 75.4% and averaged 67.3% as of the same dates.

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

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

For each of the three most recent calendar years, prior accident years' consolidated claim costs have developed favorably and have had the consequent effect of reducing consolidated annual loss costs between 3.0% and 7.2%, or by an average of approximately 4.7% per annum. As a percentage of each of these years' consolidated earned premiums and fees the favorable developments have ranged between 1.8% and 5.9%, and have averaged 3.7%.

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

ACCOUNTING POLICIES

The consolidated accounts are presented in accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) of accounting principles generally accepted in the United States of America (GAAP). In managing Old Republic's insurance subsidiaries and providing for their current tax liabilities, however, management adheres to state insurance regulatory and accounting practices. In comparison with GAAP, such practices reflect greater conservatism and comparability among insurers, and are intended to address the primary financial security interests of policyholders and their beneficiaries. This management analysis should be read in conjunction with Old Republic's annual and quarterly consolidated financial statements and the footnotes appended to them.

In recent years, the FASB has issued various releases requiring additional financial statement disclosures, and to provide guidance relative to the application of such releases. Of particular pertinence to Old Republic's financial

statements are certain disclosures relating to uncertainties affecting income tax provisions, methodologies for establishing the fair value and recording of other-than-temporary impairments of securities, and the composition of plan assets held by Old Republic's defined benefit pension plans. The requisite disclosures and explanations for these matters have been included in the footnotes to Old Republic's financial statements.

Table of Contents**FINANCIAL POSITION****A. Quarters Ended March 31, 2010 and 2009**

Old Republic's financial position at March 31, 2010 reflected increases in assets, and common shareholders' equity of .4% and 2.7%, respectively, and a decrease in liabilities of .5% when compared to the immediately preceding year-end. Cash and invested assets represented 70.1% and 69.6% of consolidated assets as of March 31, 2010 and December 31, 2009, respectively. As of March 31, 2010, cash and invested assets increased 1.1% to \$9,985.9 as a result of an increase in the fair value of investments.

Investments During the first quarter of 2010 and 2009, Old Republic committed substantially all investable funds to short to intermediate-term fixed maturity securities. At both March 31, 2010 and 2009, approximately 99% of Old Republic's investments consisted of marketable securities. Old Republic continues to adhere to its long-term policy of investing primarily in investment grade, marketable securities. The portfolio contains little or no insurance risk-correlated asset exposures to real estate, mortgage-backed securities, CDOs, derivatives, junk bonds, hybrid securities, or illiquid private equity investments. In a similar vein, Old Republic does not engage in hedging or securities lending transactions, nor does it invest in securities whose values are predicated on non-regulated financial instruments exhibiting amorphous or unfunded counter-party risk attributes. At March 31, 2010, Old Republic had no fixed maturity investments in default as to principal and/or interest.

Relatively high short-term maturity investment positions continued to be maintained as of March 31, 2010. Such positions reflect a large variety of seasonal and intermediate-term factors including current operating needs, expected operating cash flows, quarter-end cash flow seasonality, and investment strategy considerations. Accordingly, the future level of short-term investments will vary and respond to the interplay of these factors and may, as a result, increase or decrease from current levels.

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

The fair value of Old Republic's long-term fixed maturity investment portfolio is sensitive, however, to fluctuations in the level of interest rates, but not materially affected by changes in anticipated cash flows caused by any prepayments. The impact of interest rate movements on the long-term fixed maturity investment portfolio generally affects net unrealized gains or losses. As a general rule, rising interest rates enhance currently available yields but typically lead to a reduction in the fair value of existing fixed maturity investments. By contrast, a decline in such rates reduces currently available yields but usually serves to increase the fair value of the existing fixed maturity investment portfolio. All such changes in fair value are reflected, net of deferred income taxes, directly in the shareholders' equity account, and as a separate component of the statement of comprehensive income. Given Old Republic's inability to forecast or control the movement of interest rates, Old Republic sets the maturity spectrum of its fixed maturity securities portfolio within parameters of estimated liability payouts, and focuses the overall portfolio on high quality

investments. By so doing, Old Republic believes it is reasonably assured of its ability to hold securities to maturity as it may deem necessary in changing environments, and of ultimately recovering their aggregate cost.

Possible future declines in fair values for Old Republic's bond and stock portfolios would negatively affect the common shareholders' equity account at any point in time, but would not necessarily result in the recognition of realized investment losses. Old Republic reviews the status and fair value changes of each of its investments on at

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

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

Credit Quality Ratings of Fixed Maturity Securities(a)

	March 31, 2010	December 31, 2009
Aaa	21.8%	22.3%
Aa	20.2	20.3
A	30.6	30.3
Baa	26.2	25.7
Total investment grade	98.8	98.6
All other(b)	1.2	1.4
Total	100.0%	100.0%

(a) Credit quality ratings used are those assigned primarily by Moody's for U.S. Governments, Agencies and Corporate issuers and by Standard & Poor's (S&P) for U.S. and Canadian Municipal issuers, which are converted to equivalent Moody's ratings classifications.

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

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

March 31, 2010
Gross

	Amortized Cost	Unrealized Losses
Fixed Maturity Securities by Industry Concentration:		
Banking	\$ 23.0	\$ 1.4
Industrial	6.5	.5
Retail	4.1	.2
Total	\$ 33.7(c)	\$ 2.2

(c) Represents .4% of the total fixed maturity securities portfolio.

Table of Contents**Gross Unrealized Losses Stratified by Industry Concentration for Investment Grade Fixed Maturity Securities**

	March 31, 2010	
	Amortized Cost	Gross Unrealized Losses
Fixed Maturity Securities by Industry Concentration:		
Energy	\$ 33.5	\$ 1.1
Industrial	69.8	1.0
Utilities	56.5	.7
Banking	15.9	.6
Other (includes 13 industry groups)	282.8	1.8
Total	\$ 458.7(d)	\$ 5.5

(d) Represents 5.8% of the total fixed maturity securities portfolio.

Gross Unrealized Losses Stratified by Industry Concentration for Equity Securities

	March 31, 2010	
	Cost	Gross Unrealized Losses
Equity Securities by Industry Concentration:		
Index Funds	\$ 112.8	\$ 7.9
Health Care	15.1	.2
Natural Gas	.3	
Insurance	.2	
Total	\$ 128.5(e)	\$ 8.2(f)

(e) Represents 35.8% of the total equity securities portfolio.

(f) Represents 2.3% of the adjusted cost of the total equity securities portfolio, while gross unrealized gains represent 78.4% of the portfolio.

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

	March 31, 2010			
	Amortized Cost of Fixed Maturity Securities		Gross Unrealized Losses	
		Non- Investment		Non- Investment
	All	Grade Only	All	Grade Only
Maturity Ranges:				
Due in one year or less	\$	\$	\$	\$
Due after one year through five years	94.4	13.4	1.3	1.0
Due after five years through ten years	355.3	20.3	4.8	1.1
Due after ten years	42.7		1.5	
Total	\$ 492.5	\$ 33.7	\$ 7.7	\$ 2.2

Table of Contents**Gross Unrealized Losses Stratified by Duration and Amount of Unrealized Losses**

	March 31, 2010			
	Amount of Gross Unrealized Losses			
	Less Than			Total Gross
	20% of	20% to	More Than	Unrealized
	Cost	50%	50% of	Loss
		of Cost	Cost	
Number of Months in Loss Position:				
Fixed Maturity Securities:				
One to six months	\$ 4.6	\$	\$	\$ 4.6
Seven to twelve months	.1			.1
More than twelve months	2.5	.3		2.9
Total	\$ 7.3	\$	\$	\$ 7.7
Equity Securities:				
One to six months	\$.3	\$	\$	\$.3
Seven to twelve months				
More than twelve months	7.8			7.9
Total	\$ 8.1	\$	\$	\$ 8.2
Number of Issues in Loss Position:				
Fixed Maturity Securities:				
One to six months	92			92
Seven to twelve months	4			4
More than twelve months	11	1		12
Total	107	1		108(g)
Equity Securities:				
One to six months	3			3
Seven to twelve months				
More than twelve months	1	1		2
Total	4	1		5(g)

(g) At March 31, 2010 the number of issues in an unrealized loss position represent 5.3% as to fixed maturities, and 31.3% as to equity securities of the total number of such issues held by the Company.

The aging of issues with unrealized losses employs closing market price comparisons with an issue's original cost net of other-than-temporary impairment adjustments. The percentage reduction from such adjusted cost reflects the

decline as of a specific point in time (March 31, 2010 in the above table) and, accordingly, is not indicative of a security's value having been consistently below its cost at the percentages and throughout the periods shown.

Table of Contents**Age Distribution of Fixed Maturity Securities**

	March 31, 2010	December 31, 2009
Maturity Ranges:		
Due in one year or less	10.9%	9.3%
Due after one year through five years	53.2	55.0
Due after five years through ten years	35.1	34.9
Due after ten years through fifteen years	.8	.8
Due after fifteen years		
Total	100.0%	100.0%
Average Maturity in Years	4.3	4.4
Duration(h)	3.7	3.8

(h) Duration is used as a measure of bond price sensitivity to interest rate changes. A duration of 3.7 as of March 31, 2010 implies that a 100 basis point parallel increase in interest rates from current levels would result in a possible decline in the fair value of the long-term fixed maturity investment portfolio of approximately 3.7%.

Composition of Unrealized Gains (Losses)

	March 31, 2010	December 31, 2009
Fixed Maturity Securities:		
Amortized cost	\$ 7,877.1	\$ 7,896.2
Estimated fair value	8,352.2	8,326.8
Gross unrealized gains	482.8	448.0
Gross unrealized losses	(7.7)	(17.4)
Net unrealized gains (losses)	\$ 475.0	\$ 430.5
Equity Securities:		
Original cost	\$ 675.9	\$ 674.9
Adjusted cost(*)	358.6	357.5
Estimated fair value	631.4	502.9
Gross unrealized gains	281.0	159.0
Gross unrealized losses	(8.2)	(13.7)
Net unrealized gains (losses)	\$ 272.7	\$ 145.3

(*) net of OTTI adjustments

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

Liquidity The parent holding company meets its liquidity and capital needs principally through dividends paid by its subsidiaries. From time to time additional cash needs are also met by accessing Old Republic's commercial paper program and/or the debt and equity capital markets. The insurance subsidiaries' ability to pay

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cash dividends to the parent company is generally restricted by law or subject to approval of the insurance regulatory authorities of the states in which they are domiciled. Old Republic can receive up to \$295.6 in dividends from its subsidiaries in 2010 without the prior approval of regulatory authorities. The liquidity achievable through such permitted dividend payments is considered adequate to cover the parent holding company's currently expected cash outflows represented mostly by interest and scheduled repayments on outstanding debt, quarterly cash dividend payments to shareholders, modest operating expenses, and the near-term capital needs of its operating company subsidiaries. Old Republic can currently access the commercial paper market for up to \$150.0.

Capitalization Old Republic's total capitalization of \$4,343.1 at March 31, 2010 consisted of debt of \$347.2 and common shareholders' equity of \$3,995.8. Changes in the common shareholders' equity account reflect primarily operating results for the period then ended, dividend payments, and changes in market valuations of invested assets. Old Republic has paid cash dividends to its shareholders without interruption since 1942, and has increased the annual rate in each of the past 29 calendar years. The dividend rate is reviewed and approved by the Board of Directors on a quarterly basis each year. In establishing each year's cash dividend rate, Old Republic does not follow a strict formulaic approach. Rather, it favors a gradual rise in the annual dividend rate that is largely reflective of long-term consolidated operating earnings trends. Accordingly, each year's dividend rate is set judgmentally in consideration of such key factors as the dividend paying capacity of Old Republic's insurance subsidiaries, the trends in average annual statutory and GAAP earnings for the five most recent calendar years, and management's long-term expectations for Old Republic's consolidated business.

Under state insurance regulations, Old Republic's three mortgage guaranty insurance subsidiaries are required to operate at a maximum risk to capital ratio of 25:1 or otherwise hold minimum amounts of capital based on specified formulas. If a company's risk to capital ratio exceeds the limit or its capital falls below the minimum prescribed levels, absent expressed regulatory approval, it may be prohibited from writing new business until its risk to capital ratio falls below the limit or it reestablishes the required minimum levels of capital. At March 31, 2010, the statutory risk to capital ratio was 23.2:1 for the three companies combined. A continuation of operating losses could further reduce statutory surplus thus increasing the risk to capital ratio which Old Republic evaluates on a quarterly basis.

In anticipation that Old Republic's principal mortgage insurance subsidiary, Republic Mortgage Insurance Company (RMIC), will breach the minimum capital requirement during 2010, RMIC has requested and received waivers of the minimum policyholder position requirements from the North Carolina Department of Insurance, the Wisconsin Commissioner of Insurance, the Illinois Department of Insurance, the Florida Office of Insurance Regulation, and the Arizona Department of Insurance. RMIC has made similar requests to the insurance regulators in other states that have similar minimum capital or maximum risk-to-capital requirements. New insurance written in the states that have not issued a waiver to RMIC represented 34.6% of the total for the quarter ended March 31, 2010.

Old Republic has access to various capital resources including dividends from its subsidiaries, holding company investments, undrawn capacity under its commercial paper program, and access to debt and equity capital markets. At March 31, 2010, Old Republic's consolidated debt to equity ratio was 8.7%. This relatively low level of financial leverage should provide Old Republic with additional borrowing capacity to meet its capital commitments.

B. Years Ended December 31, 2009, 2008 and 2007

Old Republic's financial position at December 31, 2009 reflected increases in assets, liabilities, and common shareholders' equity of 7.0%, 8.1%, and 4.0%, respectively, when compared to the immediately preceding year-end. Cash and invested assets represented 69.6% and 66.8% of consolidated assets as of December 31, 2009 and December 31, 2008, respectively. Consolidated operating cash flow was positive at \$532.9 in 2009 compared to \$565.6 in 2008 and \$862.5 in 2007. As of December 31, 2009, the invested asset base increased 11.6% to \$9,688.4 as a result of positive operating cash flows, new funds from an April 2009 securities offering, and an increase in the fair

value of investments.

Investments During 2009 and 2008, Old Republic committed substantially all investable funds to short to intermediate-term fixed maturity securities. At both December 31, 2009 and 2008, approximately 99% of Old

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Republic's investments consisted of marketable securities. Old Republic continues to adhere to its long-term policy of investing primarily in investment grade, marketable securities. The portfolio contains little or no insurance risk-correlated asset exposures real estate, mortgage-backed securities, CDO's, derivatives, junk bonds, hybrid securities, or illiquid private equity investments. In a similar vein, Old Republic does not engage in hedging transactions or securities lending operations, nor does it invest in securities whose values are predicated on non-regulated financial instruments exhibiting amorphous or unfunded counter-party risk attributes. At December 31, 2009, Old Republic had no fixed maturity investments in default as to principal and/or interest.

Relatively high short-term maturity investment positions continued to be maintained as of December 31, 2009. Such positions reflect a large variety of seasonal and intermediate-term factors including current operating needs, expected operating cash flows, quarter-end cash flow seasonality, and investment strategy considerations. Accordingly, the future level of short-term investments will vary and respond to the interplay of these factors and may, as a result, increase or decrease from current levels.

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

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

Possible future declines in fair values for Old Republic's bond and stock portfolios would negatively affect the common shareholders' equity account at any point in time, but would not necessarily result in the recognition of realized investment losses. Old Republic reviews the status and fair value changes of each of its investments on at least a quarterly basis during the year, and estimates of other-than-temporary impairments in the portfolio's value are evaluated and established at each quarterly balance sheet date. In reviewing investments for other-than-temporary impairment, Old Republic, in addition to a security's market price history, considers the totality of such factors as the issuer's operating results, financial condition and liquidity, its ability to access capital markets, credit rating trends, most current audit opinion, industry and securities markets conditions, and analyst expectations to reach its conclusions. Sudden fair value declines caused by such adverse developments as newly emerged or imminent

bankruptcy filings, issuer default on significant obligations, or reports of financial accounting developments that bring into question the validity of previously reported earnings or financial condition, are recognized as realized losses as soon as credible publicly available information emerges to confirm such developments. Absent issuer-specific circumstances that would result in a contrary conclusion, any equity security with an unrealized investment loss amounting to a 20% or greater decline for a six month period is considered other-than-temporarily-impaired. In

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the event Old Republic's estimate of other-than-temporary impairments is insufficient at any point in time, future periods' net income would be affected adversely by the recognition of additional realized or impairment losses, but its financial condition would not necessarily be affected adversely inasmuch as such losses, or a portion of them, could have been recognized previously as unrealized losses.

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

Credit Quality Ratings of Fixed Maturity Securities(a)

	December 31,	
	2009	2008
Aaa	22.3%	20.4%
Aa	20.3	24.5
A	30.3	31.4
Baa	25.7	22.0
Total investment grade	98.6	98.3
All other(b)	1.4	1.7
Total	100.0%	100.0%

(a) Credit quality ratings used are those assigned primarily by Moody's for U.S. Governments, Agencies and Corporate issuers and by Standard & Poor's (S&P) for U.S. and Canadian Municipal issuers, which are converted to equivalent Moody's ratings classifications. In the second quarter of 2009, Old Republic changed its source of credit quality ratings from Moody's to S&P for U.S. Municipal issuers due to their wider credit coverage. The December 31, 2008 disclosures have been restated to be comparable to the current period classifications. The effect of such change moderately improved the previously reported credit quality ratings.

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

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

	December 31, 2009	
	Amortized	Gross
	Cost	Unrealized
		Losses
Fixed Maturity Securities by Industry Concentration:		
Banking	\$ 23.0	\$ 5.1
Retail	11.5	.7
Industrial	17.4	.5
Consumer non-durables	9.9	.1

Other (includes 2 industry groups)	7.5	.1
Total	\$ 69.6(c)	\$ 6.6

(c) Represents .9% of the total fixed maturity securities portfolio.

Table of Contents**Gross Unrealized Losses Stratified by Industry Concentration for Investment Grade Fixed Maturity Securities**

	December 31, 2009	
	Amortized Cost	Gross Unrealized Losses
Fixed Maturity Securities by Industry Concentration:		
U.S. Government & Agencies	\$ 302.7	\$ 2.9
Banking	36.3	1.5
Energy	45.6	1.2
Industrial	51.7	1.0
Other (includes 15 industry groups)	277.2	3.9
Total	\$ 713.9(d)	\$ 10.8

(d) Represents 9.0% of the total fixed maturity securities portfolio.

Gross Unrealized Losses Stratified by Industry Concentration for Equity Securities

	December 31, 2009	
	Cost	Gross Unrealized Losses
Equity Securities by Industry Concentration:		
Index Funds	\$ 112.8	\$ 13.3
Finance	1.2	.2
Natural Gas	.3	
Insurance	.2	
Total	\$ 114.6(e)	\$ 13.7(f)

(e) Represents 32.1% of the total equity securities portfolio.

(f) Represents 3.8% of the cost of the total equity securities portfolio, while gross unrealized gains represent 44.5% of the portfolio.

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

December 31, 2009

	Amortized Cost of Fixed Maturity Securities		Gross Unrealized Losses	
	All	Non- Investment Grade Only	All	Non- Investment Grade Only
Maturity Ranges:				
Due in one year or less	\$.9	\$	\$	\$
Due after one year through five years	339.1	43.1	5.4	3.2
Due after five years through ten years	399.8	26.5	10.2	3.3
Due after ten years	43.7		1.6	
Total	\$ 783.5	\$ 69.6	\$ 17.4	\$ 6.6

Table of Contents**Gross Unrealized Losses Stratified by Duration and Amount of Unrealized Losses**

	December 31, 2009 Amount of Gross Unrealized Losses			Total Gross Unrealized Loss
	Less Than 20% of Cost	20% to 50% of Cost	More Than 50% of Cost	
Number of Months in Loss Position:				
Fixed Maturity Securities:				
One to six months	\$ 8.4	\$	\$	\$ 8.4
Seven to twelve months				
More than twelve months	3.6	5.3		8.9
Total	\$ 12.0	\$ 5.3	\$	\$ 17.4
Equity Securities:				
One to six months	\$	\$.2	\$	\$.2
Seven to twelve months				
More than twelve months	13.3			13.4
Total	\$ 13.4	\$.3	\$	\$ 13.7
Number of Issues in Loss Position:				
Fixed Maturity Securities:				
One to six months	119			119
Seven to twelve months	1			1
More than twelve months	32	3		35
Total	152	3		155(g)
Equity Securities:				
One to six months	1	1		2
Seven to twelve months				
More than twelve months	2	1		3
Total	3	2		5(g)

(g) At December 31, 2009 the number of issues in an unrealized loss position represent 7.5% as to fixed maturities, and 31.3% as to equity securities of the total number of such issues held by Old Republic.

The aging of issues with unrealized losses employs closing market price comparisons with an issue's original cost net of other-than-temporary impairment adjustments. The percentage reduction from such adjusted cost reflects the

decline as of a specific point in time (December 31, 2009 in the above table) and, accordingly, is not indicative of a security's value having been consistently below its cost at the percentages and throughout the periods shown.

Table of Contents**Age Distribution of Fixed Maturity Securities**

	December 31,	
	2009	2008
Maturity Ranges:		
Due in one year or less	9.3%	14.0%
Due after one year through five years	55.0	51.0
Due after five years through ten years	34.9	34.7
Due after ten years through fifteen years	.8	.3
Due after fifteen years		
Total	100.0%	100.0%
Average Maturity in Years	4.4	4.4
Duration(h)	3.8	3.7

- (h) Duration is used as a measure of bond price sensitivity to interest rate changes. A duration of 3.8 as of December 31, 2009 implies that a 100 basis point parallel increase in interest rates from current levels would result in a possible decline in the fair value of the long-term fixed maturity investment portfolio of approximately 3.8%.

Composition of Unrealized Gains (Losses)

	December 31,	
	2009	2008
Fixed Maturity Securities:		
Amortized cost	\$ 7,896.2	\$ 7,385.2
Estimated fair value	8,326.8	7,406.9
Gross unrealized gains	448.0	196.8
Gross unrealized losses	(17.4)	(175.0)
Net unrealized gains (losses)	\$ 430.5	\$ 21.7
Equity Securities:		
Original cost	\$ 674.9	\$ 729.2
Adjusted cost(*)	357.5	373.3
Estimated fair value	502.9	350.3
Gross unrealized gains	159.0	49.6
Gross unrealized losses	(13.7)	(72.7)

Net unrealized gains (losses)	\$ 145.3	\$ (23.0)
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(*) net of OTTI adjustments

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

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Liquidity The parent holding company meets its liquidity and capital needs principally through dividends paid by its subsidiaries. From time to time additional cash needs are also met by accessing Old Republic's commercial paper program and/or debt and equity capital markets. The insurance subsidiaries' ability to pay cash dividends to the parent company is generally restricted by law or subject to approval of the insurance regulatory authorities of the states in which they are domiciled. Old Republic can receive up to \$295.6 in dividends from its subsidiaries in 2010 without the prior approval of regulatory authorities. The liquidity achievable through such permitted dividend payments is considered adequate to cover the parent holding company's currently expected cash outflows represented mostly by interest and scheduled repayments on outstanding debt, quarterly cash dividend payments to shareholders, modest operating expenses at the holding company, and the near-term capital needs of its operating company subsidiaries. Old Republic can currently access the commercial paper market for up to \$150.0.

Capitalization Old Republic's total capitalization of \$4,238.2 at December 31, 2009 consisted of debt of \$346.7 and common shareholders' equity of \$3,891.4. Changes in the common shareholders' equity account for the three most recent years reflect primarily operating results for the period then ended, dividend payments, and changes in market valuations of invested assets. Old Republic has paid cash dividends to its shareholders without interruption since 1942, and has increased the annual rate in each of the past 28 years. The dividend rate is reviewed and approved by the Board of Directors on a quarterly basis each year. In establishing each year's cash dividend rate Old Republic does not follow a strict formulaic approach. Rather, it favors a gradual rise in the annual dividend rate that is largely reflective of long-term consolidated operating earnings trends. Accordingly, each year's dividend rate is set judgmentally in consideration of such key factors as the dividend paying capacity of Old Republic's insurance subsidiaries, the trends in average annual statutory and GAAP earnings for the five most recent calendar years, and management's long-term expectations for Old Republic's consolidated business.

Under state insurance regulations, Old Republic's three mortgage guaranty insurance subsidiaries are required to operate at a maximum risk to capital ratio of 25:1 or otherwise hold minimum amounts of capital based on specified formulas. If a company's risk to capital ratio exceeds the limit or its capital falls below the minimum prescribed levels, absent expressed regulatory approval, it may be prohibited from writing new business until its risk to capital ratio falls below the limit or it reestablishes the required minimum levels of capital. At December 31, 2009, the statutory risk to capital ratio was 23.1:1 for the three companies combined. A continuation of operating losses could further reduce statutory surplus thus increasing the risk to capital ratio which Old Republic evaluates on a quarterly basis. During the fourth quarter of 2008, capital funds of \$150.0 were added to Old Republic's mortgage guaranty group.

Old Republic has access to various capital resources including dividends from its subsidiaries, holding company investments, undrawn capacity under its commercial paper program, and access to debt and equity capital markets. At December 31, 2009, Old Republic's consolidated debt to equity ratio was 8.9%. This relatively low level of financial leverage provides Old Republic with additional borrowing capacity to meet its capital commitments. During the second quarter of 2009, additional capital funds of \$30.0 and \$132.0 were directed to the title and general insurance segments, respectively, to enhance insurance capacity.

Contractual Obligations The following table shows certain information relating to Old Republic's contractual obligations as of December 31, 2009:

	Total	Payments Due in the Following Years			2015 and After
		2010	2011 and 2012	2013 and 2014	
Contractual Obligations:					
Debt	\$ 346.7	\$ 3.6	\$ 322.2	\$ 5.9	\$ 15.0

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Interest on Debt	68.4	26.4	39.7	1.2	1.0
Operating Leases	168.2	38.7	55.0	32.5	41.8
Pension Benefits Contributions(a)	86.0	1.8	35.9	26.3	22.0
Claim & Claim Expense Reserves(b)	7,915.0	2,562.8	2,067.3	716.7	2,568.0
Total	\$ 8,584.5	\$ 2,633.4	\$ 2,520.2	\$ 782.7	\$ 2,648.0

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- (a) Represents estimated minimum funding of contributions for the Old Republic International Salaried Employees Restated Retirement Plan (the Old Republic Plan), the Bituminous Casualty Corporation Retirement Income Plan (the Bitco Plan), and the Old Republic National Title Group Pension Plan (the Title Plan). Funding of the plans is dependent on a number of factors including actual performance versus actuarial assumptions made at the time of the actuarial valuations, as well as, maintaining certain funding levels relative to regulatory requirements.
- (b) Amounts are reported gross of reinsurance. As discussed herein with respect to the nature of loss reserves and the estimating process utilized in their establishment, Old Republic's loss reserves do not have a contractual maturity date. Estimated gross loss payments are based primarily on historical claim payment patterns, are subject to change due to a wide variety of factors, do not reflect anticipated recoveries under the terms of reinsurance contracts, and cannot be predicted with certainty. Actual future loss payments may differ materially from the current estimates shown in the table above.

RESULTS OF OPERATIONS

Revenues: Premiums & Fees

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

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

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

Title premium and fee revenues stemming from Old Republic's direct operations (which include branch offices of its title insurers and wholly owned agency subsidiaries) represent 36.6% of consolidated title business revenues for the three months ended March 31, 2010, and approximately 39% of such revenues for the year ended December 31, 2009. Such premiums are generally recognized as income at the escrow closing date which approximates the policy effective date. Fee income related to escrow and other closing services is recognized when the related services have been performed and completed. The remaining consolidated title premium and fee revenues are produced by independent title agents and underwritten title companies. Rather than making estimates that could be subject to significant variance from actual premium and fee production, Old Republic recognizes revenues from those sources upon receipt. Such receipts can reflect a three to four month lag relative to the effective date of the underlying title policy, and are offset concurrently by production expenses and claim reserve provisions.

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

	Earned Premiums and Fees					% Change from Prior Period
	General	Mortgage	Title	Other	Total	
Years Ended December 31:						
2007	\$ 2,155.1	\$ 518.2	\$ 850.7	\$ 77.0	\$ 3,601.2	5.9%
2008	1,989.3	592.5	656.1	80.1	3,318.1	(7.9)
2009	1,782.5	644.5	888.4	73.3	3,388.9	2.1
Quarters Ended March 31:						
2009	457.3	145.3	154.3	20.4	777.4	(8.2)
2010	\$ 411.8	\$ 136.2	\$ 255.2	\$ 25.1	\$ 828.5	6.6%

2009 and 2008 General Insurance Group earned premiums trended lower as a moderately declining rate environment for most commercial insurance prices has hindered retention of some business and precluded meaningful additions to the premium base. Earned premium growth of 13.3% in 2007 reflects additional business produced in a reasonably stable underwriting environment and the year-end 2006 acquisition of a liability insurance book of business.

2009 mortgage guaranty premium revenue increased 8.8% by comparison to 2008 primarily due to the commutation of certain reinsurance agreements during the third quarter of 2009. GAAP requires that commutation reinsurance premiums of \$82.5 million received from lenders' captive insurers to cover future periods' losses be recognized immediately as income as of the effective date of the reinsurance commutation agreements. Excluding the effect of immediate premium revenue recognition for these reinsurance commutation agreements, mortgage guaranty premium revenue would have reflected a year-over-year decline of 4.1% in 2009. Mortgage guaranty premium revenues for the three years ended December 31, 2009 were impacted by more selective underwriting criteria applied since late 2007, an overall decline in the industry's business penetration, and by higher premium refunds related to coverage rescissions. These lower premium revenue trends have been mitigated somewhat by greater business persistency levels for business produced in prior years, and by a continuing decline in premiums ceded to lender-owned (captive) reinsurance companies.

Title Group premium and fee revenues grew by 35.4% in 2009 as a result of greater refinance transactions in late 2008 and early 2009 and from market share gains taken from title industry dislocations and consolidations. Title premium and fee revenues decreased by 22.9% and 13.2% in 2008 and 2007, respectively. The decline was particularly accentuated in the segment's direct operations, most of which are concentrated in the Western United States, and all of which reflected a downturn in home sales and resales.

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

General Insurance Earned Premiums by Type of Coverage	
Commercial	Inland
Automobile	Marine

	(Mostly Trucking)	Workers Compensation	Financial Indemnity	and Property	General Liability	Other
Years Ended December 31:						
2007	35.0%	23.5%	13.8%	9.3%	7.8%	10.6%
2008	34.9	21.0	16.1	9.7	7.5	10.8
2009	36.6	21.7	13.5	9.5	8.0	10.7
Quarters Ended March 31:						
2009	35.2	22.5	14.5	9.7	8.5	9.6
2010	39.3%	22.9%	11.5%	9.5%	7.1%	9.7%

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The following tables provide information on production and related risk exposure trends for Old Republic's Mortgage Guaranty Group:

Mortgage Guaranty Production by Type

	Traditional Primary	Bulk	Other	Total
New Insurance Written:				
Years Ended December 31:				
2007	\$ 31,841.7	\$ 10,800.3	\$ 901.6	\$ 43,543.7
2008	20,861.9	3.5	1,123.5	21,989.0
2009	7,899.2		.5	7,899.8
Quarters Ended March 31:				
2009	2,212.0		.5	2,212.6
2010	\$ 748.3	\$	\$	\$ 748.3

	Traditional Primary	Bulk	Other	Total
New Risk Written by Type:				
Years Ended December 31:				
2007	\$ 7,844.5	\$ 724.5	\$ 15.2	\$ 8,584.4
2008	4,815.0	.6	11.8	4,827.5
2009	1,681.7			1,681.7
Quarters Ended March 31:				
2009	468.4			468.4
2010	\$ 168.2	\$	\$	\$ 168.2

	Earned Premiums		Persistency	
	Direct	Net	Traditional Primary	Bulk
Premium and Persistency Trends by Type:				
Years Ended December 31:				
2007	\$ 612.7	\$ 518.2	77.6%	73.7%
2008	698.4	592.5	83.9	88.4
2009	648.6	644.5	82.8	88.3
Quarters Ended March 31:				
2009	170.3	145.3	83.3	89.7
2010	\$ 145.8	\$ 136.2	83.6%	88.3%

While there is no consensus in the marketplace as to the precise definition of sub-prime, Old Republic generally views loans with credit (FICO) scores less than 620, loans underwritten with reduced levels of documentation and loans with

loan to value ratios in excess of 95% as having a higher risk of default. Risk in force concentrations by these attributes are disclosed in the following tables for both traditional primary and bulk production. Premium rates for loans exhibiting greater risk attributes are typically higher in anticipation of potentially greater defaults and claim costs. Additionally, bulk insurance policies, which represent 7.5% of total net risk in force as of March 31, 2010, are frequently subject to deductibles and aggregate stop losses which serve to limit the overall risk on a pool of insured loans. As the decline in the housing markets has accelerated and mortgage

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lending standards have tightened, rising defaults and the attendant increases in reserves and paid claims on higher risk loans have become more significant drivers of increased claim costs.

	Net Risk in Force			
	Traditional Primary	Bulk	Other	Total
Net Risk in Force By Type:				
As of December 31:				
2007	\$ 18,808.5	\$ 2,539.9	\$ 511.1	\$ 21,859.5
2008	20,463.0	2,055.0	457.0	22,975.1
2009	18,727.9	1,776.7	297.2	20,801.9
As of March 31:				
2009	19,809.1	2,006.8	386.7	22,202.7
2010	\$ 18,209.6	\$ 1,507.4	\$ 274.8	\$ 19,991.9

	Analysis of Risk in Force			
	FICO Less Than 620	FICO 620 to 680	FICO Greater Than 680	Unscored/ Unavailable
Risk in Force Distribution By FICO Scores:				
Traditional Primary:				
As of December 31:				
2007	8.5%	33.6%	55.1%	2.8%
2008	7.0	30.5	60.5	2.0
2009	6.5	28.8	63.1	1.6
As of March 31:				
2009	6.8	30.2	61.2	1.8
2010	6.5%	28.5%	63.4%	1.6%
Bulk(a):				
As of December 31:				
2007	19.4%	34.9%	45.4%	.3%
2008	18.2	33.7	47.9	.2
2009	17.6	33.1	49.2	.1
As of March 31:				
2009	18.0	33.7	48.1	.2
2010	20.2%	33.4%	46.3%	.1%

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LTV 85.0 and Below	LTV 85.01 to 90.0	LTV 90.01 to 95.0	LTV Greater Than 95.0
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Risk in Force Distribution By Loan to Value (LTV) Ratio:

Traditional Primary:

As of December 31:

2007	4.7%	34.4%	32.0%	28.9%
2008	5.1	35.5	31.6	27.8
2009	5.3	36.4	31.6	26.7

As of March 31:

2009	5.2	35.8	31.4	27.6
2010	5.3%	36.5%	31.6%	26.6%

Bulk(a):

As of December 31:

2007	62.0%	20.9%	9.3%	7.8%
2008	63.5	20.1	8.6	7.8
2009	65.9	18.4	7.8	7.9

As of March 31:

2009	64.0	19.8	8.4	7.8
2010	61.8%	20.6%	8.7%	8.9%

Risk in Force Distribution By Top Ten States:

Traditional Primary

	FL	TX	GA	IL	OH	CA	NJ	VA	NC	PA
As of December 31:										
2007	8.9%	7.7%	5.3%	5.2%	3.4%	4.5%	3.1%	2.8%	4.5%	3.8%
2008	8.3	8.1	5.2	5.2	3.2	5.5	3.1	2.9	4.4	3.8
2009	8.1	8.5	5.2	5.1	3.2	5.5	3.1	2.9	4.5	4.0
As of March 31:										
2009	8.3	8.1	5.2	5.1	3.1	5.7	3.1	2.9	4.3	3.9
2010	8.0%	8.5%	5.2%	5.1%	3.2%	5.4%	3.1%	2.9%	4.5%	4.0%

Bulk(a)

	FL	TX	GA	IL	OH	CA	NJ	AZ	CO	NY
As of December 31:										
2007	9.3%	4.8%	4.2%	4.1%	3.1%	17.5%	3.4%	4.2%	3.0%	5.5%

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2008	10.0	4.6	4.0	3.9	3.1	18.2	3.4	4.3	2.9	5.4
2009	10.4	4.6	4.0	4.0	3.2	17.8	3.5	4.1	3.0	5.4
As of March 31:										
2009	10.1	4.6	4.0	3.9	3.1	18.2	3.5	4.3	3.0	5.4
2010	9.9%	5.1%	4.1%	4.0%	3.5%	16.2%	3.5%	3.9%	3.0%	5.8%

(a) Bulk pool risk in-force, which represented 39.8% and 46.8% of total bulk risk in-force at March 31, 2010 and December 31, 2009, respectively, has been allocated pro-rata based on insurance in-force.

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	Full Documentation	Reduced Documentation
Risk in Force Distribution By Level of Documentation:		
Traditional Primary:		
As of December 31:		
2007	88.0%	12.0%
2008	90.0	10.0
2009	91.1	8.9
As of March 31:		
2009	90.1	9.9
2010	91.4%	8.6%
Bulk(a):		
As of December 31:		
2007	49.6%	50.4%
2008	49.1	50.9
2009	49.4	50.6
As of March 31:		
2009	49.0	51.0
2010	53.1%	46.9%
	Fixed Rate & ARMS with Resets >= 5 years	ARMS with Resets < 5 years
Risk in Force Distribution By Loan Type:		
Traditional Primary:		
As of December 31:		
2007	94.4%	5.6%
2008	95.8	4.2
2009	96.3	3.7
As of March 31:		
2009	95.8	4.2
2010	96.4%	3.6%
Bulk(a):		
As of December 31:		
2007	70.9%	29.1%
2008	74.4	25.6
2009	75.4	24.6
As of March 31:		
2009	74.8	25.2
2010	72.6%	27.4%

- (a) Bulk pool risk in-force, which represented 39.8% and 46.8% of total bulk risk in-force at March 31, 2010 and December 31, 2009, respectively, has been allocated pro-rata based on insurance in-force.

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

Title Premium and Fee Production by Source

	Direct Operations	Independent Title Agents & Other
Years Ended December 31:		
2007	32.1%	67.9%
2008	36.8	63.2
2009	38.5	61.5
Quarters Ended March 31:		
2009	43.5	56.5
2010	36.6%	63.4%

Revenues: Net Investment Income

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

	Invested Assets at Adjusted Cost					Fair Value Adjust-	Invested Assets at Fair
	General	Mortgage	Title	Corporate and Other	Total	ment	Value
As of December 31:							
2008	\$ 5,618.7	\$ 2,099.7	\$ 545.8	\$ 417.5	\$ 8,681.8	\$ 1.0	\$ 8,682.9
2009	5,670.9	2,466.3	615.2	355.2	9,107.8	580.6	9,688.4
As of March 31:							
2009	5,625.9	2,354.9	564.0	338.9	8,883.9	1.2	8,885.2
2010	\$ 5,700.4	\$ 2,379.2	\$ 598.1	\$ 368.2	\$ 9,046.1	\$ 752.3	\$ 9,798.5

	Net Investment Income					Yield at	
	General	Mortgage	Title	Corporate and Other	Total	Original	Fair
						Cost	Value

Years Ended												
December 31:												
2007	\$	260.8	\$	79.0	\$	27.3	\$	12.7	\$	379.9	4.58%	4.52%
2008		253.6		86.8		25.1		11.6		377.3	4.27	4.33
2009		258.9		92.0		25.2		7.2		383.5	4.15	4.17
Quarters Ended												
March 31:												
2009		63.4		22.4		5.8		1.6		93.4	4.09	4.25
2010	\$	64.6	\$	23.1	\$	6.6	\$	1.8	\$	96.2	4.09%	3.95%

Consolidated net investment income grew by 1.6% and 11.2% in 2009 and 2007, respectively, and declined by .7% in 2008. This revenue source was affected by a rising invested asset base caused by positive consolidated operating cash flows, by a concentration of investable assets in interest-bearing securities, and by changes in market rates of return. Yield trends reflect the relatively short maturity of Old Republic's fixed maturity securities portfolio as well as continuation of a relatively lower yield environment during the past several years.

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Old Republic's investment policies have not been designed to maximize or emphasize the realization of investment gains. Rather, these policies aim for a stable source of income from interest and dividends, protection of capital, and the providing of sufficient liquidity to meet insurance underwriting and other obligations as they become payable in the future. Dispositions of fixed maturity securities arise mostly from scheduled maturities and early calls; for the first quarters of 2010 and 2009, 71.0% and 96.8%, respectively, and for the years ended December 31, 2009, 2008 and 2007, 87.2%, 90.1% and 85.1%, respectively, of all such dispositions resulted from these occurrences. Dispositions of securities at a realized gain or loss reflect such factors as ongoing assessments of issuers' business prospects, rotation among industry sectors, changes in credit quality, and tax planning considerations. Additionally, the amount of net realized gains and losses registered in any one accounting period are affected by the aforementioned assessments of securities' values for other-than-temporary impairment. As a result of the interaction of all these factors and considerations, net realized investment gains or losses can vary significantly from period-to-period, and in Old Republic's view are not indicative of any particular trend or result in the basics of its insurance business.

The following table reflects the composition of net realized gains or losses for the periods shown. A significant portion of Old Republic's indexed stock portfolio was sold at a gain during 2007, with proceeds redirected to a more concentrated, select list of common stocks expected to provide greater long-term total returns.

	Realized Gains (Losses) on Disposition of Securities			Impairment Losses on Securities			Net Realized Gains (Losses)
	Equity Securities			Equity Securities			
	Fixed Maturity Securities	and Miscellaneous Investments	Total	Fixed Maturity Securities	and Miscellaneous Investments	Total	
Years Ended December 31:							
2007	\$ 2.2	\$ 68.1	\$ 70.3	\$	\$	\$	\$ 70.3
2008	(25.0)	20.9	(4.1)	(11.5)	(470.7)	(482.3)	(486.4)
2009	4.2	11.7	15.9	(1.5)	(8.0)	(9.5)	6.3
Quarters Ended March 31:							
2009							
2010	\$ 2.9	\$	\$ 2.9	\$	\$	\$	\$ 2.9

Expenses: Benefits and Claims

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

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The following table shows a breakdown of gross and net of reinsurance claim reserve estimates for major types of insurance coverages as of March 31, 2010 and December 31, 2009:

	Claim and Loss Adjustment Expense Reserves			
	March 31, 2010		December 31, 2009	
	Gross	Net	Gross	Net
Commercial automobile (mostly trucking)	\$ 1,067.2	\$ 881.0	\$ 1,049.4	\$ 860.5
Workers compensation	2,253.9	1,284.4	2,258.1	1,285.6
General liability	1,278.5	637.2	1,281.8	638.7
Other coverages	633.8	429.8	649.1	444.7
Unallocated loss adjustment expense reserves	147.8	104.7	141.9	104.7
Total general insurance reserves	5,381.4	3,337.3	5,380.4	3,334.3
Mortgage guaranty	2,083.5	1,813.3	2,225.6	1,962.6
Title	260.1	260.1	260.8	260.8
Life and health	29.9	23.5	29.0	21.5
Unallocated loss adjustment expense reserves other coverages	19.7	19.7	19.1	19.1
Total claim and loss adjustment expense reserves	\$ 7,774.8	\$ 5,454.1	\$ 7,915.0	\$ 5,598.5
Asbestosis and environmental claim reserves included in the above general insurance reserves:				
Amount	\$ 170.2	\$ 135.6	\$ 172.8	\$ 136.9
% of total general insurance reserves	3.2%	4.1%	3.2%	4.1%

Changes in aggregate case, IBNR, and loss adjustment expense reserves are shown in the following table:

	Quarter Ended	
	March 31,	
	2010	2009
Reserve increase(decrease):		
General Insurance	\$ 3.0	\$ (13.5)
Mortgage Guaranty	(148.9)	134.8
Title Insurance	(.4)	(5.8)
Other	2.0	2.2
Total	\$ (144.3)	\$ 117.7

IBNR reserves carried in each segment were as follows:

	March 31, 2010	December 31, 2009
General Insurance	\$ 1,653.9	\$ 1,621.6
Mortgage Guaranty	37.7	39.7
Title Insurance	187.7	191.3
Other	8.5	9.4
Total	\$ 1,887.9	\$ 1,862.0

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The following table shows a breakdown of gross and net of reinsurance claim reserve estimates for major types of insurance coverages as of December 31, 2009 and 2008:

	Claim and Loss Adjustment Expense Reserves			
	December 31,			
	2009		2008	
	Gross	Net	Gross	Net
Commercial automobile (mostly trucking)	\$ 1,049.4	\$ 860.5	\$ 1,035.7	\$ 849.8
Workers compensation	2,258.1	1,285.6	2,241.6	1,271.8
General liability	1,281.8	638.7	1,209.2	612.3
Other coverages	649.1	444.7	709.7	487.9
Unallocated loss adjustment expense reserves	141.9	104.7	150.6	104.9
Total general insurance reserves	5,380.4	3,334.3	5,346.9	3,326.9
Mortgage guaranty	2,225.6	1,962.6	1,581.7	1,380.6
Title	260.8	260.8	261.2	261.2
Life and health	29.0	21.5	28.1	22.2
Unallocated loss adjustment expense reserves other coverages	19.1	19.1	23.2	23.2
Total claim and loss adjustment expense reserves	\$ 7,915.0	\$ 5,598.5	\$ 7,241.3	\$ 5,014.2
Asbestosis and environmental claim reserves included in the above general insurance reserves:				
Amount	\$ 172.8	\$ 136.9	\$ 172.4	\$ 145.0
% of total general insurance reserves	3.2%	4.1%	3.2%	4.4%

Old Republic's reserve for loss and loss adjustment expenses represents the accumulation of estimates of ultimate losses, including incurred but not reported losses and loss adjustment expenses. The establishment of claim reserves by Old Republic's insurance subsidiaries is a reasonably complex and dynamic process influenced by a large variety of factors as further discussed below. Consequently, reserves established are a reflection of the opinions of a large number of persons, of the application and interpretation of historical precedent and trends, of expectations as to future developments, and of management's judgment in interpreting all such factors. At any point in time, Old Republic is exposed to possibly higher or lower than anticipated claim costs and the resulting changes in estimates are recorded in operations of the periods during which they are made. Increases to prior reserve estimates are often referred to as unfavorable development whereas any changes that decrease previous estimates of Old Republic's ultimate liability are referred to as favorable development. Most of the decline in mortgage guaranty reserves at March 31, 2010 resulted from the previously discussed cancellation of certain pool insurance policies.

Overview of Loss Reserving Process

Most of Old Republic's consolidated claim and related expense reserves stem from its *general insurance* business. At December 31, 2009, such reserves accounted for 68.0% and 59.6% of consolidated gross and net of reinsurance reserves, respectively, while similar reserves at December 31, 2008 represented 73.8% and 66.3% of the respective consolidated amounts.

Old Republic's reserve setting process reflects the nature of its insurance business and the decentralized basis upon which it is conducted. Old Republic's *general insurance* operations encompass a large variety of lines or classes of commercial insurance; it has negligible exposure to personal lines such as homeowners or private passenger automobile insurance that exhibit wide diversification of risks, significant frequency of claim occurrences, and high degrees of statistical credibility. Additionally, Old Republic's insurance subsidiaries do not provide significant amounts of insurance protection for premises; most of its property insurance exposures relate to cargo, incidental property, and insureds' inland marine assets. Consequently, the wide variety of policies issued and commercial insurance customers served require that loss reserves be analyzed and established in the context of the

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unique or different attributes of each block or class of business produced by Old Republic. For example, accident liability claims emanating from insured trucking companies or from general aviation customers become known relatively quickly, whereas claims of a general liability nature arising from the building activities of a construction company may emerge over extended periods of time. Similarly, claims filed pursuant to errors and omissions or directors and officers (E&O/D&O) liability coverages are usually not prone to immediate evaluation or quantification inasmuch as many such claims may be litigated over several years and their ultimate costs may be affected by the vagaries of judged or jury verdicts. Approximately 87% of the *general insurance* group's claim reserves stem from liability insurance coverages for commercial customers which typically require more extended periods of investigation and at times protracted litigation before they are finally settled. As a consequence of these and other factors, Old Republic does not utilize a single, overarching loss reserving approach.

Old Republic prepares periodic analyses of its loss reserve estimates for its significant insurance coverages. It establishes point estimates for most losses on an insurance coverage line-by-line basis for individual subsidiaries, sub-classes, individual accounts, blocks of business or other unique concentrations of insurance risks such as directors and officers liability, that have similar attributes. Actuarially or otherwise derived ranges of reserve levels are not utilized as such in setting these reserves. Instead the reported reserves encompass Old Republic's best point estimates at each reporting date and the overall reserve level at any point in time therefore represents the compilation of a very large number of reported reserve estimates and the results of a variety of formula calculations largely driven by statistical analysis of historical data. Reserve releases or additions are implicitly covered by the point estimates incorporated in total reserves at each balance sheet date. Old Republic does not project future variability or make an explicit provision for uncertainty when determining its best estimate of loss reserves, although, as discussed below, over the most recent ten-year period management's estimates have developed slightly favorably on an overall basis.

Aggregate loss reserves consist of liability estimates for claims that have been reported (*case*) to Old Republic's insurance subsidiaries and reserves for claims that have been incurred but not yet reported (*IBNR*) or whose ultimate costs may not become fully apparent until a future time. Additionally, Old Republic establishes unallocated loss adjustment expense reserves for loss settlement costs that are not directly related to individual claims. Such reserves are based on prior years' cost experience and trends, and are intended to cover the unallocated costs of claim departments' administration of case and IBNR claims over time. Long-term, disability-type workers' compensation reserves are discounted to present value based on interest rates that range from 3.5% to 4.0%. The amount of discount reflected in the year end net reserves totaled \$143.9, \$156.8 and \$148.5 as of December 31, 2009, 2008, and 2007, respectively.

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

Overall, reserves pertaining to several hundred large individual commercial insurance accounts that exhibit sufficient statistical credibility, and at times may be subject to retrospective premium rating plans or the utilization of varying levels or types of self-insured retentions through captive insurers and similar risk management mechanisms are established on an account by account basis using case reserves and applicable formula-driven methods. Large account reserves are usually set and analyzed for groups of coverages such as workers' compensation, commercial auto and general liability that are typically underwritten jointly for many customers. For certain so-called long-tail categories of insurance such as retained or assumed excess liability or excess workers' compensation, officers and directors liability, and commercial umbrella liability relative to which claim development patterns are particularly long, more volatile, and immature in their early stages of development, Old Republic judgmentally establishes the most current accident

years loss reserves on the basis of expected loss ratios. Such expected loss ratios typically reflect currently estimated loss ratios from prior accident years, adjusted for the effect of actual and anticipated rate changes, actual and anticipated changes in coverage, reinsurance, mix of business, and other anticipated changes in external factors such as trends in loss costs or the legal and claims environment. Expected loss ratios are generally used for the two to three most recent accident years depending on

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the individual class or category of business. As actual claims data emerges in succeeding interim and annual periods, the original accident year loss ratio assumptions are validated or otherwise adjusted sequentially through the application of statistical projection techniques such as the Bornhuetter/Ferguson method which utilizes data from the more mature experience of prior years to arrive at a likely indication of more recent years' loss trends and costs.

Mortgage guaranty insurance reserves for unpaid claims and claim adjustment expenses are recognized only upon an instance of default. The latter is defined as an insured mortgage loan that has missed two or more consecutive monthly payments. Loss reserves are therefore based on statistical calculations that take into account the number of reported insured mortgage loan defaults as of each balance sheet date, as well as experience-based estimates of loan defaults that have occurred but have not as yet been reported (IBNR). Further, the loss reserve estimating process takes into account a large number of variables including trends in claim severity, potential salvage recoveries, expected cure rates for reported loan delinquencies at various stages of default, the level of coverage rescissions and claims denials due to material misrepresentation in key underwriting information or non-compliance with prescribed underwriting guidelines, and management judgments relative to future employment levels, housing market activity, and mortgage loan interest costs, demand, and extensions. Historically, coverage rescissions and claims denials as a result of material misrepresentation in key underwriting information or non-compliance with terms of the master policy have not been material; however, they have increased significantly since early 2008.

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

Incurred Loss Experience

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

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

Years Ended December 31:	2009	2008	2007
Gross reserves at beginning of year	\$ 7,241.3	\$ 6,231.1	\$ 5,534.7
Less: reinsurance losses recoverable	2,227.0	1,984.7	1,936.6
Net reserves at beginning of year:			
General Insurance	3,326.9	3,279.7	3,022.8
Mortgage Guaranty	1,382.6	644.9	249.6
Title Insurance	282.4	296.9	304.1
Other	22.2	24.7	21.6
Sub-total	5,014.2	4,246.3	3,598.0
Incurred claims and claim adjustment expenses:			
Provisions for insured events of the current year:			
General Insurance	1,409.2	1,520.1	1,562.8
Mortgage Guaranty	1,284.0	1,199.5	551.3
Title Insurance	63.6	46.3	72.3
Other	36.4	41.9	37.8
Sub-total	2,793.3	2,807.8	2,224.2
Change in provision for insured events of prior years:			
General Insurance	(56.8)	(83.0)	(110.6)
Mortgage Guaranty(a)	(149.9)	(18.7)	64.4
Title Insurance	6.7	(0.6)	(16.3)
Other	(1.3)	(3.8)	(3.6)
Sub-total	(201.3)	(106.1)	(66.1)
Total incurred claims and claim adjustment expenses(a)	2,592.0	2,701.6	2,158.1
Payments:			
Claims and claim adjustment expenses attributable to insured events of the current year:			
General Insurance	498.6	549.0	518.7
Mortgage Guaranty(a)	7.8	59.8	29.6
Title Insurance	7.1	5.4	7.5
Other	25.8	30.3	23.9
Sub-total	539.3	644.5	579.7
Claims and claim adjustment expenses attributable to insured events of prior years:			
General Insurance	846.4	840.8	676.3

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Mortgage Guaranty(a)	543.5	383.2	190.8
Title Insurance	68.5	54.8	55.8
Other	9.9	10.2	7.1
Sub-total	1,468.3	1,289.0	930.0
Total payments	2,007.7	1,933.5	1,509.8
Amount of reserves for unpaid claims and claim adjustment expenses at the end of each year, net of reinsurance losses recoverable:(b)			
General Insurance	3,334.3	3,326.9	3,279.7
Mortgage Guaranty	1,965.4	1,382.6	644.9
Title Insurance	277.1	282.4	296.9
Other	21.5	22.2	24.7
Sub-total	5,598.5	5,014.2	4,246.3
Reinsurance losses recoverable	2,316.5	2,227.0	1,984.7
Gross reserves at end of year	\$ 7,915.0	\$ 7,241.3	\$ 6,231.1

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- (a) In common with all other insurance lines, mortgage guaranty paid and incurred claim and claim adjustment expenses include only those costs actually or expected to be paid by Old Republic. Claims not paid by virtue of coverage rescissions and claims denials amounted to \$719.5, \$211.0, and \$36.4 for 2009, 2008, and 2007, respectively. In a similar vein, changes in mortgage guaranty aggregate case, IBNR, and loss adjustment expense reserves shown in the following table and entering into the determination of incurred claim costs, take into account, among a large number of variables, claim cost reductions for anticipated coverage rescissions and claims denials of \$881.9 in 2009, \$830.5 in 2008, and none in 2007. The significant decline of \$149.9 in 2009 for prior years mortgage guaranty incurred claim provisions resulted mostly from greater than anticipated coverage rescissions and claim denials.

	2009	2008	2007
Reserve increase(decrease):			
General Insurance	\$ 7.4	\$ 47.2	\$ 256.9
Mortgage Guaranty	582.8	737.7	395.3
Title Insurance	(5.3)	(14.5)	(7.2)
Other	(.7)	(2.5)	3.1
Total	\$ 584.3	\$ 768.0	\$ 648.3

- (b) Year end IBNR reserves carried in each segment were as follows:

	2009	2008	2007
General Insurance	\$ 1,621.6	\$ 1,583.8	\$ 1,539.0
Mortgage Guaranty	39.7	33.0	20.8
Title Insurance	191.3	200.7	223.4
Other	9.4	9.0	11.8
Total	\$ 1,862.0	\$ 1,826.5	\$ 1,795.0

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

	General	Mortgage	Title	Consolidated
Years Ended December 31:				
2007	67.8%	118.8%	6.6%	60.2%
2008	73.0	199.3	7.0	81.8
2009	76.3	176.0	7.9	76.7
Quarters Ended March 31:				
2009	74.8	199.9	6.6	83.9
2010	70.6%	127.2%	7.4%	59.6%

Years Ended December 31:	2009	2008	2007
Reconciliation of consolidated ratio:			
Provision for insured events of the current year	82.6%	85.0%	62.0%
Change in provision for insured events of prior years:			
Due to asbestos and environmental			.1
Due to all other coverages	(5.9)	(3.2)	(1.9)
Net (favorable) unfavorable development	(5.9)	(3.2)	(1.8)
Consolidated benefits and claim ratio	76.7%	81.8%	60.2%

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The consolidated benefits and claim ratio reflects the changing effects of period-to-period contributions of each segment to consolidated results, and this ratio's variances within each segment. For the three most recent calendar years, the above table indicates that the one-year development of consolidated reserves at the beginning of each year produced average favorable developments that reduced the consolidated loss ratio by 3.7%.

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

	General Insurance Claims Ratios by Type of Coverage						
	All Coverages	Commercial Automobile (Mostly Trucking)	Workers Compensation	Financial Indemnity	Inland Marine and Property	General Liability	Other
Years Ended December 31:							
2007	67.8%	74.0%	70.9%	69.6%	54.9%	59.9%	55.9%
2008	73.0	76.1	69.4	95.0	60.5	64.4	53.9
2009	76.3	71.5	74.9	117.8	63.0	65.6	60.1
Quarters Ended March 31:							
2009	74.8	74.9	69.6	120.0	57.8	59.2	58.2
2010	70.6%	76.5%	72.2%	85.4%	49.7%	52.4%	71.6%

The overall general insurance claims ratio reflects reasonably consistent trends, excluding the impact of Old Republic's CCI business, for the past three years. To a large extent this major cost factor reflects pricing and risk selection improvements that have been applied since 2001, together with elements of reduced loss severity and frequency. The higher claim ratio for financial indemnity coverages in the periods shown was driven principally by greater claim frequencies experienced in Old Republic's CCI coverage. During the three most recent calendar years, the *general insurance* group experienced favorable development of prior year loss reserves primarily due to the commercial automobile, general aviation, and the E&O/D&O (financial indemnity) lines of business; these were partially offset by unfavorable development in excess workers' compensation coverages, by ongoing development of asbestos and environmental (A&E) claim reserves, and by unfavorable development of the CCI reserves. Unfavorable developments attributable to A&E claim reserves are due to periodic re-evaluations of such reserves as well as subsequent reclassifications of other coverages' reserves, typically workers' compensation, deemed assignable to A&E category of losses.

Except for a small portion that emanates from ongoing primary insurance operations, a large majority of the A&E claim reserves posted by Old Republic stem mainly from its participations in assumed reinsurance treaties and insurance pools which were discontinued fifteen or more years ago and have since been in run-off status. With respect to the primary portion of gross A&E reserves, Old Republic administers the related claims through its claims personnel as well as outside attorneys, and posted reserves reflect its best estimates of ultimate claim costs. Claims administration for the assumed portion of Old Republic's A&E exposures is handled by the claims departments of unrelated primary or ceding reinsurance companies. While Old Republic performs periodic reviews of certain claim files managed by third parties, the overall A&E reserves it establishes respond to the paid claim and case reserve activity reported to Old Republic as well as available industry statistical data such as so-called survival ratios. Such ratios represent the number of years' average paid losses for the three or five most recent calendar years that are

encompassed by an insurer's A&E reserve level at any point in time. According to this simplistic appraisal of an insurer's A&E loss reserve level, Old Republic's average five year survival ratios stood at 9.8 years (gross) and 13.9 years (net of reinsurance) as of March 31, 2010 and 8.4 years (gross) and 11.5 years (net of reinsurance) as of December 31, 2009 and 7.3 years (gross) and 9.9 years (net of reinsurance) as of December 31, 2008. Fluctuations in this ratio between years can be caused by the inconsistent pay out patterns associated with these types of claims. Incurred net losses for A&E claims have averaged 1.4% of **general insurance** group net incurred losses for the five years ended December 31, 2009.

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A summary of reserve activity, including estimates for IBNR, relating to A&E claims at December 31, 2009 and 2008 is as follows:

	2009		December 31, 2008	
	Gross	Net	Gross	Net
<i>Asbestos:</i>				
Reserves at beginning of year	\$ 133.1	\$ 108.6	\$ 149.4	\$ 121.9
Loss and loss expenses incurred	(2.1)		(4.9)	(7.4)
Claims and claim adjustment expenses paid	(8.9)	(5.0)	(11.4)	(5.8)
Reserves at end of year	122.0	103.5	133.1	108.6
<i>Environmental:</i>				
Reserves at beginning of year	39.3	36.4	41.1	36.1
Loss and loss expenses incurred	21.2	2.1	6.0	6.2
Claims and claim adjustment expenses paid	(9.8)	(5.1)	(7.8)	(5.9)
Reserves at end of year	50.7	33.4	39.3	36.4
Total asbestos and environmental reserves	\$ 172.8	\$ 136.9	\$ 172.4	\$ 145.0

Mortgage guaranty claims ratios were lower in the first quarter of 2010 primarily as a result of the first sequential decline in outstanding traditional primary loan delinquencies since the first quarter of 2007. As more fully discussed above, the Mortgage Guaranty Group negotiated the termination of two captive reinsurance agreements and certain pool insurance contracts in the first quarter. Taken together these transactions reduced the incurred claims ratio by 27.4 percentage points for the first quarter of 2010. Reinsurance commutation transactions in the third quarter of 2009 had the impact of lowering the 2009 ratio from 199.6% to 176.0%, or 23.6 percentage points. These claims ratios have risen through year-end 2009 principally as a result of higher reserve provisions and paid losses. Reserve provisions have been impacted by the levels of reported delinquencies emanating from the downturn in the national economy, widespread stress in housing and mortgage finance markets, and increasing unemployment. Trends in expected and actual claim frequency and severity have been impacted to varying degrees by several factors including, but not limited to, significant declines in home prices which limit a troubled borrower's ability to sell the mortgaged property in an amount sufficient to satisfy the remaining debt obligation, more restrictive mortgage lending standards which limit a borrower's ability to refinance the loan, increases in housing supply relative to recent demand, historically high levels of coverage rescissions and claims denials as a result of material misrepresentation in key underwriting information or non-compliance with prescribed underwriting guidelines, and changes in claim settlement costs. The latter costs are influenced by the amount of unpaid principal outstanding on delinquent loans as well as the rising expenses of settling claims due to higher investigations costs, legal fees, and accumulated interest expenses.

In common with all other insurance lines, mortgage guaranty paid and incurred claim and claim adjustment expenses include only those costs actually or expected to be paid by Old Republic. Claims not paid by virtue of coverage rescissions and claims denials amounted to \$198.0 and \$127.0 for the quarters ended March 31, 2010 and 2009, respectively. In a similar vein, changes in mortgage guaranty aggregate case, IBNR, and loss adjustment expense reserves entering into the determination of incurred claim costs take into account a large number of variables including changes in claim cost estimates for anticipated coverage rescissions and claims denials of \$(268.1) and

\$31.1 for the quarters ended March 31, 2010 and 2009, respectively.

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Average *mortgage guaranty* paid claims, and certain delinquency ratio data as of the end of the periods shown are listed below:

	Average Paid Claim Amount(a)		Delinquency Ratio	
	Traditional Primary	Bulk	Traditional Primary	Bulk
Years Ended December 31:				
2007	\$ 32,214	\$ 34,951	5.47%	6.85%
2008	43,532	56,481	10.34	17.17
2009	48,492	59,386	16.83	30.81
Quarters Ended March 31:				
2009	48,968	61,806	11.47	21.71
2010	\$ 47,874	\$ 61,878	16.89%	28.72%

(a) Amounts are in whole dollars.

Traditional Primary Delinquency Ratios for Top Ten States(b):

	FL	TX	GA	IL	OH	CA	NJ	VA	NC	PA
As of December 31:										
2007	7.7%	4.5%	7.2%	5.4%	8.1%	6.7%	5.4%	4.1%	4.8%	5.2%
2008	21.9	7.1	11.1	10.8	11.0	19.8	11.4	8.1	7.6	7.7
2009	34.1	10.6	18.8	19.5	16.4	30.5	21.1	13.9	12.3	11.6
As of March 31:										
2009	25.4	6.9	12.1	12.2	11.4	23.7	13.9	9.3	8.0	8.2
2010	34.5%	10.5%	19.1%	19.8%	16.2%	30.5%	21.4%	14.2%	12.8%	11.4%

Bulk Delinquency Ratios for Top Ten States(b):

	FL	TX	GA	IL	OH	CA	NJ	NY	CO	AZ
As of December 31:										
2007	7.8%	5.4%	7.3%	8.6%	10.6%	7.0%	6.6%	6.6%	5.8%	5.1%
2008	27.0	10.2	16.3	19.1	17.1	22.4	16.0	13.8	9.8	18.2
2009	46.5	16.3	27.6	35.7	23.4	41.3	33.3	26.8	17.0	37.5
As of March 31:										

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2009	34.3	12.2	19.5	22.8	19.1	30.0	22.0	18.0	11.6	25.1
2010	42.9%	16.6%	27.6%	34.9%	23.7%	35.1%	34.2%	27.4%	17.3%	33.1%

Total Delinquency Ratios for Top Ten States (includes other business)(b):

	FL	TX	GA	IL	OH	CA	NJ	NY	NC	PA
As of December 31:										
2007	6.9%	4.5%	6.7%	5.0%	8.0%	5.5%	5.5%	5.4%	4.1%	5.1%
2008	21.3	7.2	11.2	10.2	11.4	17.2	12.1	10.8	6.8	8.1
2009	36.4	11.2	19.4	20.5	17.2	33.9	24.1	20.1	11.5	12.9
As of March 31:										
2009	25.9	7.5	12.5	11.9	12.3	23.1	15.5	13.2	7.4	9.0
2010	35.1%	11.1%	19.4%	20.8%	17.1%	31.1%	24.1%	20.4%	12.0%	12.7%

(b) As determined by risk in force as of March 31, 2010, these 10 states represent approximately 49.9%, 59.1%, and 50.2%, of traditional primary, bulk, and total risk in force, respectively.

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Title insurance loss ratios have remained in the single digits for a number of years due to a continuation of favorable trends in claims frequency and severity for business underwritten since 1992 in particular. Though still reasonably contained, claim ratios have risen for the first quarter of 2010 and most recent three years due to the continuing downturn and economic stresses in the housing and related mortgage lending industries.

Volatility of Reserve Estimates and Sensitivity

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

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

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

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

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

Loss reserve uncertainty is illustrated by the variability in loss reserve development presented in the schedule which appears under Item 1 of this Annual Report. That schedule shows the cumulative loss reserve development for each of the past ten years through December 31, 2009 for the *general insurance* business which currently represents 59.6% of Old Republic's total loss and loss adjustment expense reserves, net of reinsurance reserves. For each of these ten calendar years, prior accident years' *general insurance* claim reserves have developed, as a percentage of the original estimates, within a range of 8.5% unfavorable in 2000 to a 11.6% favorable development in 2005. For the ten year period the net development has averaged 2.5% favorable.

On a consolidated basis, which includes all coverages provided by Old Republic, the one year development on prior year loss reserves over the same ten year period has ranged from -.2% unfavorable to 10.1% favorable and averaged 4.3%. Although management does not have a practical business reason for making projections of likely outcomes of

future loss developments, its analysis and evaluation of Old Republic's existing business mix, current aggregate loss reserve levels, and loss development patterns suggests the reasonable likelihood that 2009 year-end loss reserves could ultimately develop within a range of +/- 5%. The most significant factors impacting the potential reserve development for each of Old Republic's insurance segments is discussed above. While Old Republic has generally experienced favorable loss developments for the latest ten year period on an overall basis, the current analysis of loss development factors and economic conditions influencing Old Republic's insurance coverages

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indicates a gradual downward trend in favorable development during the most recent three years, with respect to general insurance. In management's opinion, the other segments' loss reserve development patterns show greater variability due to changes in economic conditions which cannot be reasonably anticipated. Consequently, management believes that using a 5% potential range of reserve development provides a reasonable benchmark for a sensitivity analysis of Old Republic's reserves as of December 31, 2009.

Reinsurance Programs

To maintain premium production within its capacity and limit maximum losses and risks for which it might become liable under its policies, Old Republic may cede a portion or all of its premiums and liabilities on certain classes of insurance, individual policies, or blocks of business to other insurers and reinsurers. For a further discussion of Old Republic's reinsurance programs, see Information About the Companies Old Republic.

Subsidiaries within the *general insurance* segment have generally obtained reinsurance coverage from independent insurance or reinsurance companies pursuant to excess of loss agreements. Under excess of loss reinsurance agreements Old Republic is generally reimbursed for claim costs exceeding contractually agreed-upon levels. During the three year period ended December 31, 2009, Old Republic's net retentions have risen gradually within the general insurance segment; however, such changes have not had a material impact on Old Republic's consolidated financial statements.

Generally, *mortgage guaranty* insurance risk has historically been reinsured through excess of loss contracts through insurers owned by or affiliated with lending institutions and financial and other intermediaries whose customers are insured by Old Republic. Effective December 31, 2008, Old Republic discontinued excess of loss reinsurance cessions to lenders' captive insurance companies for all new production originated subsequent to the effective date. Traditional pro-rata (quota share) reinsurance arrangements will continue to be offered by Old Republic. During the third quarter of 2009, the Mortgage Guaranty Group recaptured business previously ceded to several captives. In substance, the transactions are cut-off reinsurance commutation arrangements whereby the captives have remitted to Old Republic the reserves on existing claim obligations and a risk premium for claims that will occur after the recapture date. In accordance with GAAP, Old Republic recorded proceeds of \$148.9 million and established a combination of existing claim reserves (\$68.4 million) and premium income of \$82.5 million covering claims expected to occur after the transaction date. Old Republic estimates that substantially all of these premiums will likely be absorbed by those expected claims in future periods thus negating the appearance of a current period bottom line gain from these 2009 transactions. Except for relatively few facultative reinsurance cessions covering large risks, the *title insurance* segment does not utilize reinsurance to manage its insurance risk.

Old Republic does not anticipate any significant changes to its reinsurance programs during 2010.

Expenses: Underwriting Acquisition and Other Expenses

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

	General	Mortgage	Title	Consolidated
Years Ended December 31:				
		&		