

Old Republic Reports Results For The Second Quarter And First Half Of 2015

July 23, 2015 9:01 AM ET

CHICAGO, July 23, 2015 /PRNewswire/ -- Old Republic International Corporation (NYSE: ORI) today reported that net operating income for this year's second quarter and first half exceeded our expectations. The results were bolstered by much improved underwriting performance in the Company's general insurance business and by continued strength of its title insurance operations. The RFIG run-off segment also posted better year-over-year results partly due to less burdensome litigation claim expense provisions than experienced in the same periods of 2014. This year's consolidated net income was comparatively lower as the unusually high level of realized investment gains recognized in the first half of 2014 were not repeated in this year's second quarter and year-to-date periods.

The major components of consolidated results and related data are summarized in the following table.

Financial Highlights (a)				
	Quarters Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Operating revenues:				
General insurance	\$ 810.1	\$ 766.8	\$ 1,613.1	\$ 1,512.1
Title insurance	511.1	429.2	947.8	831.0
Corporate and other	9.4 (b)	16.7	16.5 (b)	34.9
Subtotal	1,330.6	1,212.8	2,577.5	2,378.2
RFIG run-off business	62.6	71.1	127.1	145.1
Total	<u>\$ 1,393.3</u>	<u>\$ 1,283.9</u>	<u>\$ 2,704.6</u>	<u>\$ 2,523.3</u>
Pretax operating income (loss):				
General insurance	\$ 85.1	\$ 59.7	\$ 167.1	\$ 141.6
Title insurance	47.7	26.0	63.6	30.8
Corporate and other	2.5	(1.7)	4.1	(2.3)
Subtotal	135.3	83.9	234.9	170.1
RFIG run-off business	(0.1)	(34.2)	35.0	(14.6)
Total	<u>135.1</u>	<u>49.7</u>	<u>270.0</u>	<u>155.4</u>
Realized investment gains (losses):				
From sales	16.6	49.9	35.5	241.2
From impairments	-	-	-	-
Net realized investment gains (losses)	<u>16.6</u>	<u>49.9</u>	<u>35.5</u>	<u>241.2</u>
Consolidated pretax income (loss)	<u>151.8</u>	<u>99.6</u>	<u>305.6</u>	<u>396.6</u>
Income taxes (credits)	49.7	33.5	100.0	136.0
Net income (loss)	<u>\$ 102.0</u>	<u>\$ 66.1</u>	<u>\$ 205.5</u>	<u>\$ 260.5</u>
Components of diluted earnings per share:				
Net operating income (loss):				
General insurance	\$ 0.19	\$ 0.14	\$ 0.38	\$ 0.32
Title insurance	0.11	0.06	0.14	0.07
Corporate and other	0.02	0.01	0.04	0.02
Subtotal	0.32	0.21	0.56	0.41
RFIG run-off business	-	(0.08)	0.08	(0.03)
Total	0.32	0.13	0.64	0.38
Net realized investment gains (losses)	0.04	0.11	0.08	0.53
Net income (loss)	<u>\$ 0.36</u>	<u>\$ 0.24</u>	<u>\$ 0.72</u>	<u>\$ 0.91</u>
Cash dividends paid per share	<u>\$ 0.1850</u>	<u>\$ 0.1825</u>	<u>\$ 0.3700</u>	<u>\$ 0.3650</u>
Ending book value per share			<u>\$ 15.16</u>	<u>\$ 15.29</u>

(a) Unaudited; All amounts in this report are in millions except per share data and percentages.
(b) Reflects the transfer of accident insurance business from a life and accident subsidiary to a general insurance affiliate resulting in an \$8.5 and \$18.9 reduction in premiums during the second quarter and first half of 2015, respectively.

The preceding table shows both operating and net income to highlight the effects of realized investment gain or loss recognition on period-to-period earnings comparisons. Management uses net operating income, a non-GAAP financial measure, to evaluate and better explain operating performance, believing that this measure enhances an understanding of Old Republic's core business results. Operating income, however, does not replace net income determined in accordance with GAAP as a measure of total profitability.

The timing of realized investment gain or loss recognition can be highly discretionary due to such factors as individual securities sales, recording of estimated losses from write-downs of 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. Since 2013, asset management operations have in part been oriented toward an enhancement of income from interest and dividends. To a large extent, this strategy has led to sales of non-income producing or low-yielding securities. Proceeds from these sales have largely been reinvested in higher yielding common shares of American companies with distinguished long-term records of earnings and dividend growth.

General Insurance Results – The table below shows the major elements driving operating performance for the periods reported upon.

	General Insurance Group					
	Quarters Ended June 30,			Six Months Ended June 30,		
	2015	2014	Change	2015	2014	Change
Net premiums earned	\$ 709.3	\$ 671.8	5.6%	\$ 1,412.7	\$ 1,328.3	6.4%
Net investment income	74.7	69.8	7.0	148.5	135.8	9.4
Benefits and claim costs	520.2	518.9	0.3	1,039.1	996.3	4.3
Pretax operating income (loss)(*)	<u>\$ 85.1</u>	<u>\$ 59.7</u>	<u>42.5%</u>	<u>\$ 167.1</u>	<u>\$ 141.6</u>	<u>18.0%</u>
Claim ratio	73.3%	77.2%		73.6%	75.0%	
Expense ratio	<u>23.6</u>	<u>23.0</u>		<u>23.5</u>	<u>23.2</u>	
Composite underwriting ratio	<u>96.9%</u>	<u>100.2%</u>		<u>97.1%</u>	<u>98.2%</u>	

(*) In connection with the run-off mortgage guaranty ("MI") and consumer credit indemnity ("CCI") combination, \$20.5 and \$24.9 of pretax operating losses for the second quarter and first half of 2015, and \$70.8 and \$87.3 of pretax operating losses for the second quarter and first half of 2014, respectively, are retained by certain general insurance companies pursuant to various quota share and stop loss reinsurance agreements. All of these amounts, however, have been reclassified such that 100% of the CCI run-off business is reported in the RFIG run-off segment.

2015 general insurance operating earnings benefitted from more positive underwriting performance. Earned premium revenues rose for most insurance coverages with production spurred by moderately strong new and renewal business throughout this year's first two quarters.

The gain in earned premiums was accompanied by lower expense provisions for current and prior years' claim occurrences. Loss developments in this year's first half were slightly deficient relative to previously established reserves. Their effect was to add approximately 0.9 and 1.0 percentage points to the claim ratio of the latest quarter and year-to-date periods, respectively. By contrast, unfavorable developments in 2014 added 2.5 and 0.7 percentage points to last year's second quarter and first half claim ratios, respectively. 2015 production and general operating expenses held steady in context of revenue trends. Year-to-date the combination of these favorable factors led to the more positive composite underwriting ratios shown in the above table.

Net investment income advanced by 7.0 and 9.4 percent in this year's second quarter and first half, respectively. In recent quarters this revenue source has trended higher due to the combination of a rising invested asset base and enhanced yields afforded by a high quality common stock portfolio.

Title Insurance Results – Earnings in this year's second quarter and first half continued in a highly positive vein as the comparative table below shows.

	Title Insurance Group	
	Quarters Ended June 30,	Six Months Ended June 30,

	2015	2014	Change	2015	2014	Change
Net premiums and fees earned	\$ 502.7	\$ 421.0	19.4%	\$ 931.0	\$ 814.9	14.3%
Net investment income	7.9	7.4	6.8	15.9	14.5	9.4
Claim costs	25.1	25.4	-1.4	48.9	49.2	-0.7
Pretax operating income (loss)	<u>\$ 47.7</u>	<u>\$ 26.0</u>	<u>83.3%</u>	<u>\$ 63.6</u>	<u>\$ 30.8</u>	<u>106.6%</u>
Claim ratio	5.0%	6.0%		5.3%	6.0%	
Expense ratio	<u>86.7</u>	<u>89.0</u>		<u>89.2</u>	<u>91.4</u>	
Composite underwriting ratio	<u>91.7%</u>	<u>95.0%</u>		<u>94.5%</u>	<u>97.4%</u>	

The substantial bottom line improvements in this year's first half were attributable to better performance of this segment's basic underwriting and related services functions. Operating results were buoyed by declining claim and operating costs in relation to increased premiums and fees revenues. Stronger housing and commercial property transactions together with continued market share strength led to the significant percentage growth of the revenue stream. Net investment income gained on the strength of greater yields on a slightly larger bond and stock investment portfolio.

RFIG Run-off Business Results – The following table shows RFIG's comparative results for its mortgage guaranty ("MI") and consumer credit indemnity ("CCI") run-off coverages.

	RFIG Run-off Business					
	Quarters Ended June 30,			Six Months Ended June 30,		
	2015	2014	Change	2015	2014	Change
A. MI:						
Net premiums earned	\$ 50.1	\$ 57.0	-12.1%	\$ 102.7	\$ 115.8	-11.3%
Net investment income	6.0	6.0	-0.1	12.2	14.2	-14.2%
Claim costs	30.5	20.3	50.1	44.1	43.2	1.9
Pretax operating income (loss)	<u>\$ 20.8</u>	<u>\$ 37.1</u>	<u>-43.9%</u>	<u>\$ 60.9</u>	<u>\$ 74.0</u>	<u>-17.7%</u>
Claim ratio	60.9%	35.7%		42.9%	37.4%	
Expense ratio	<u>9.6</u>	<u>9.8</u>		<u>9.7</u>	<u>11.0</u>	
Composite underwriting ratio	<u>70.5%</u>	<u>45.5%</u>		<u>52.6%</u>	<u>48.4%</u>	
B. CCI(*):						
Net premiums earned	\$ 6.2	\$ 7.8	-21.2%	\$ 11.6	\$ 14.7	-20.6%
Net investment income	0.2	0.1	55.6	0.4	0.2	50.4
Benefits and claim costs	26.8	78.8	-65.9	36.8	102.3	-64.0
Pretax operating income (loss)	<u>\$ (21.0)</u>	<u>\$ (71.4)</u>	<u>70.5%</u>	<u>\$ (25.8)</u>	<u>\$ (88.7)</u>	<u>70.9</u>
Claim ratio	N/M	N/M		N/M	N/M	
Expense ratio	<u>9.4%</u>	<u>7.7%</u>		<u>9.3%</u>	<u>9.1%</u>	
Composite underwriting ratio	<u>N/M</u>	<u>N/M</u>		<u>N/M</u>	<u>N/M</u>	
C. Total MI and CCI business run-off:						
Net premiums earned	\$ 56.3	\$ 64.8	-13.2%	\$ 114.4	\$ 130.5	-12.3%
Net investment income	6.3	6.2	1.1	12.6	14.5	-13.0
Benefits and claim costs	57.4	99.2	-42.1	80.9	145.6	-44.4%
Pretax operating income (loss)	<u>\$ (0.1)</u>	<u>\$ (34.2)</u>	<u>99.4%</u>	<u>\$ 35.0</u>	<u>\$ (14.6)</u>	<u>N/M</u>
Claim ratio	101.9%	152.9%		70.8%	111.6%	
Expense ratio	<u>9.6</u>	<u>9.5</u>		<u>9.7</u>	<u>10.8</u>	

Composite underwriting ratio 111.5% 162.4% 80.5% 122.4%

(*) In connection with the run-off MI and CCI combination, \$20.5 and \$24.9 of pretax operating losses for the second quarter and first half of 2015, and \$70.8 and \$87.3 of pretax operating losses for the second quarter and first half of 2014, respectively, are retained by certain general insurance companies pursuant to various quota share and stop loss reinsurance agreements. All of these amounts, however, have been reclassified and are included for segment reporting purposes such that section (B) in the above table incorporates 100% of the CCI run-off business results.

N/M = Not meaningful

Consistent with a run-off operating mode, the MI and CCI lines have been posting continuing declines in earned premiums for the past several years. Second quarter 2015 MI operating results were constrained by greater provisions for disputed claims in litigation, but nonetheless extended the positive outcomes achieved since 2013's second quarter. The continued declines in reported delinquencies and the higher rates at which previously reported defaults are cured or otherwise resolved without payment, dampened normally occurring claim provisions in the latest quarter. Since year end 2012, these factors have led to favorable development of previously established claim reserves. Setting aside the aforementioned litigation expense provisions, these positive outcomes contributed to a lowering of MI claim ratios by 80.6 and 87.0 percentage points in the second quarters of 2015 and 2014, respectively. For the first half, these ratios were reduced by 80.6 and 105.8 percentage points, respectively.

The CCI run-off portion of RFIG's operations was also negatively impacted by litigation claim expense provisions in this year's second quarter. The additional provision was largely responsible for the much greater CCI loss posted to this year's second quarter compared to the results of the preceding three months of 2015. This year's second quarter loss, however, was much less extensive than that registered in the same period of 2014 when a litigated claim was settled for a greater amount than originally anticipated.

Corporate and Other Operations – The combination of a small life and accident insurance business and the net costs associated with operations of the parent holding company and its internal services subsidiaries usually produce highly variable results. Earnings variations posted by these relatively minor elements of Old Republic's business stem from volatility inherent to the small scale of life and accident insurance operations, and net interest costs pertaining to external and intra-system financing arrangements. For this year's second quarter and first half, the much lower life & accident premium volume reflects the transfer of accident insurance premiums from a life and accident subsidiary to a general insurance group affiliate; the effect on pretax operating income (loss) was negligible. The interplay of these various operating elements is summarized in the following table:

	Corporate and Other Operations					
	Quarters Ended June 30,			Six Months Ended June 30,		
	2015	2014	Change	2015	2014	Change
Life & accident premiums earned	\$ 5.0	\$ 14.8	-65.9%	\$ 9.7	\$ 31.5	-69.3%
Net investment income	4.1	1.9	117.4	7.5	3.2	128.3
Other income	0.1	-	N/M	(0.6)	-	N/M
Benefits and claim costs	5.3	11.5	-54.0	9.2	23.9	-61.5
Insurance expenses	1.1	6.4	-82.9	3.3	14.1	-76.6
Corporate, interest, and other expenses-net	0.4	0.5	-15.6	(0.1)	(0.7)	84.8%
Pretax operating income (loss)	<u>\$ 2.5</u>	<u>\$ (1.7)</u>	<u>242.5%</u>	<u>\$ 4.1</u>	<u>\$ (2.3)</u>	<u>N/M</u>

Consolidated Results – The combination of all of the above changes and events in Old Republic's business segments contributed to the following consolidated results:

	ORI Consolidated					
	Quarters Ended June 30,			Six Months Ended June 30,		
	2015	2014	Change	2015	2014	Change
Net premiums and fees earned	\$ 1,273.5	\$ 1,172.6	8.6%	\$ 2,467.9	\$ 2,305.3	7.1%
Net investment income	93.1	85.4	9.1	184.6	168.2	9.7
Other income	26.5	25.8	2.7	52.0	49.6	4.8
Operating revenues	<u>1,393.3</u>	<u>1,283.9</u>	<u>8.5</u>	<u>2,704.6</u>	<u>2,523.3</u>	<u>7.2</u>
Benefits and claims	608.1	655.1	-7.2	1,178.3	1,215.2	-3.0

Sales and general expenses	639.7	573.5	11.6	1,235.5	1,141.3	8.2
Interest and other costs	10.2	5.5	84.6	20.7	11.2	84.3
Total operating expenses	1,258.1	1,234.2	1.9	2,434.6	2,367.8	2.8
Pretax operating income (loss)	135.1	49.7	171.9	270.0	155.4	73.8
Income taxes (credits)	43.9	16.0	173.3	87.6	51.6	69.6
Net operating income (loss)	91.2	33.6	171.3	182.4	103.7	75.8
Realized investment gains (losses)	16.6	49.9	-66.6	35.5	241.2	-85.3
Income taxes (credits) on realized investment gains (losses)	5.8	17.4		12.4	84.4	
Net realized investment gains (losses)	10.8	32.4	-66.6	23.1	156.8	-85.3
Net income (loss)	\$ 102.0	\$ 66.1	54.4%	\$ 205.5	\$ 260.5	-21.1%
Consolidated operating cash flow	\$ 112.9	\$ 36.8	206.8%	\$ 303.7	\$ 172.3	76.2%
Claim ratio	47.8%	55.9%		47.7%	52.7%	
Expense ratio	47.9	46.2		47.7	46.9	
Composite underwriting ratio	95.7%	102.1%		95.4%	99.6%	

Consolidated operating cash flow for this year's first half increased by 76.2% to \$303.7 versus \$172.3 in the first six months of 2014. Excluding the RFIG Run-off negative operating cash flows, these amounts would be up by nearly 79% to \$387.7 from \$216.8, respectively.

Cash, Invested Assets, and Shareholders' Equity – The table below reflects Old Republic's consolidated cash and invested asset balances as well as the shareholders' equity account at the dates shown.

		Cash, Invested Assets, and Shareholders' Equity				
					% Change	
		June 30, 2015	Dec. 31, 2014	June 30, 2014	June '15/ Dec. '14	June '15/ June '14
Cash and invested assets:	Fair value basis ⁽¹⁾	\$ 11,348.8	\$ 11,291.6	\$ 11,399.5	0.5 %	-0.4 %
	Cost basis	\$ 10,927.3	\$ 10,717.9	\$ 10,784.3	2.0 %	1.3 %
Shareholders' equity:	Total	\$ 3,937.4	\$ 3,924.0	\$ 3,953.1	0.3 %	-0.4 %
	Per common share	\$ 15.16	\$ 15.15	\$ 15.29	0.1 %	-0.9 %
Composition of shareholders' equity per share:						
	Equity before items below	\$ 14.44	\$ 14.02	\$ 13.81	3.0 %	4.6 %
	Unrealized investment gains (losses) and other accumulated comprehensive income (loss)	0.72	1.13	1.48		
	Total	\$ 15.16	\$ 15.15	\$ 15.29	0.1 %	-0.9 %
Segmented composition of shareholders' equity per share:						
	Excluding run-off segment	\$ 14.22	\$ 14.35	\$ 14.60	-0.9 %	-2.6 %
	RFIG run-off segment	0.94	0.80	0.69		
	Total	\$ 15.16	\$ 15.15	\$ 15.29	0.1 %	-0.9 %

(1) The June 30, 2015 amount includes \$61.1 (fair value) fixed maturity securities classified as held to maturity which are reported and reflected herein at amortized cost of \$62.4.

Old Republic's invested assets are managed in consideration of enterprise-wide risk management objectives. Most importantly, these are intended to ensure solid funding of insurance subsidiaries' long-term obligations to policyholders and other beneficiaries, and the necessary long-term stability of their capital accounts. As a result, the investment portfolio contains no significant insurance risk-correlated asset exposures to real estate, mortgage-backed securities, collateralized debt obligations ("CDO's"), derivatives, junk

bonds, hybrid securities, or illiquid private equity investments. In a similar vein, the Company does not engage in hedging or securities lending transactions, nor does it invest in securities whose values are predicated on non-regulated financial instruments exhibiting amorphous or unfunded counter-party risk attributes.

As of June 30, 2015, the consolidated investment portfolio reflected a current allocation of approximately 82 percent to fixed-maturity and short-term investments, and 18 percent to equities. Exposure to high quality dividend-paying equity securities has been emphasized since 2013. Asset quality of the fixed maturity portfolio has remained at high levels.

Changes in shareholders' equity per share are reflected in the following table. As indicated, the changes resulted mostly from each year's net income or loss, increased dividend payments to shareholders, and changes in the value of invested assets carried at fair value.

	Shareholders' Equity Per Share		
	Quarter Ended June 30,	Six Months Ended June 30,	
	2015	2015	2014
Beginning balance	\$ 15.48	\$ 15.15	\$ 14.64
Changes in shareholders' equity:			
Net operating income (loss)	0.35	0.70	0.40
Net realized investment gains (losses):			
From sales	0.04	0.09	0.61
From impairments	-	-	-
Subtotal	0.04	0.09	0.61
Net unrealized investment gains (losses)	(0.52)	(0.38)	0.03
Total realized and unrealized investment gains (losses)	(0.48)	(0.29)	0.64
Cash dividends	(0.18)	(0.37)	(0.37)
Stock issuance, foreign exchange, and other transactions	(0.01)	(0.03)	(0.02)
Net change	(0.32)	0.01	0.65
Ending balance	\$ 15.16	\$ 15.16	\$ 15.29

Capitalization – In last year's third quarter the Company raised \$400 through a public offering of 10-year notes. Since then no substantial changes other than those noted immediately above have occurred in Old Republic's consolidated debt and equity capitalizations.

	Capitalization		
	June 30,	December 31,	June 30,
	2015	2014	2014
Debt:			
3.75% Convertible Senior Notes due 2018	\$ 550.0	\$ 550.0	\$ 550.0
4.875% Senior Notes due 2024	400.0	400.0	-
ESSOP debt with an average yield of approximately 3.7%	11.7	15.0	15.0
Other miscellaneous debt	-	-	1.1
Total debt	961.7	965.0	566.2
Common shareholders' equity	3,937.4	3,924.0	3,953.1
Total capitalization	\$ 4,899.2	\$ 4,889.1	\$ 4,519.3
Capitalization ratios:			
Debt	19.6%	19.7%	12.5%
Common shareholders' equity	80.4	80.3	87.5
Total	100.0%	100.0%	100.0%

Conference Call Information

Old Republic has scheduled a conference call at 3:00 p.m. ET (2:00 p.m. CT) today, to discuss its second quarter 2015 performance and to review major operating trends and business developments. To access this call live in listen-only mode:

- **Log on to the Company's website** at www.oldrepublic.com 15 minutes before the call to download the necessary software, or, **alternatively**
- **the call can also be accessed by phone at 888-576-4398.**

Interested parties may also listen to a replay of the call through July 30, 2015 by dialing 877-870-5176, passcode 9722703, or by accessing it on Old Republic International's website through August 23, 2015.

About Old Republic

Chicago-based Old Republic International Corporation is one of the nation's 50 largest publicly held insurance organizations. Its most recent financial statements reflect consolidated assets of approximately \$17.2 billion and common shareholders' equity of \$3.9 billion, or \$15.16 per share. Its current stock market valuation is approximately \$4.21 billion, or \$16.13 per share.

The Company is organized as an insurance holding company whose subsidiaries actively market, underwrite, and provide risk management services for a wide variety of coverages mostly in the general and title insurance fields. A long-term interest in mortgage guaranty and consumer credit indemnity lines has devolved to a run-off operating mode in recent years.

The nature of Old Republic's business requires that it be managed for the long run. For the 25 years ended in 2014, the Company's total market return, with dividends reinvested, has grown at a compounded annual rate of 11.0 percent per share. For the same period, the total market return, with dividends reinvested, for the S&P 500 Index has grown at a 9.6 percent annual compound rate. During those years, Old Republic's shareholders' equity account, inclusive of cash dividends, has risen at an average annual rate of 9.7 percent per share, and the regular cash dividend has grown at a 9.5 percent annual compound rate. According to the most recent edition of *Mergent's Dividend Achievers*, Old Republic is one of just 97 qualifying companies, out of thousands considered, that have posted at least 25 consecutive years of annual dividend growth.

Accompanying Financial Data:

- Summary Financial Statements and Common Stock Statistics
- Safe Harbor Statement

Financial Supplement

A financial supplement to this news release is available on the Company's website.

Old Republic International Corporation			
Summary Financial Statements and Common Stock Statistics (Unaudited)			
	June 30,	December 31,	June 30,
SUMMARY BALANCE SHEETS:	2015	2014	2014
Assets:			
Cash and fixed maturity securities	\$ 9,276.3	\$ 9,163.4	\$ 9,861.1
Equity securities	1,956.1	2,011.7	1,424.1
Other invested assets	116.2	116.4	114.3
Cash and invested assets	11,348.8	11,291.6	11,399.5
Accounts and premiums receivable	1,405.2	1,287.6	1,380.0
Federal income tax recoverable: Current	16.6	29.2	77.7
Deferred	83.5	37.0	43.5
Prepaid federal income taxes	63.3	45.7	30.9
Reinsurance balances recoverable	3,459.3	3,422.5	3,395.2
Sundry assets	900.2	874.2	856.8
Total	\$ 17,277.0	\$ 16,988.1	\$ 17,183.9
Liabilities and Shareholders' Equity:			
Policy liabilities	\$ 2,001.5	\$ 1,832.7	\$ 1,889.5

Benefit and claim reserves	9,131.6	9,122.0	9,648.8
Debt	961.7	965.0	566.2
Sundry liabilities	1,244.6	1,144.2	1,126.1
Shareholders' equity	3,937.4	3,924.0	3,953.1
Total	<u>\$ 17,277.0</u>	<u>\$ 16,988.1</u>	<u>\$ 17,183.9</u>

SUMMARY INCOME STATEMENTS:	Quarters Ended		Six Months Ended		Fiscal Twelve Months Ended	
	June 30,		June 30,		June 30,	
	2015	2014	2015	2014	2015	2014
Net premiums and fees earned	\$ 1,273.5	\$ 1,172.6	\$ 2,467.9	\$ 2,305.3	\$ 4,973.7	\$ 4,803.1
Net investment income	93.1	85.4	184.6	168.2	361.9	328.8
Other income	26.5	25.8	52.0	49.6	103.9	96.1
Net realized investment gains (losses)	16.6	49.9	35.5	241.2	66.7	247.6
Total revenues	<u>1,410.0</u>	<u>1,333.9</u>	<u>2,740.2</u>	<u>2,764.5</u>	<u>5,506.3</u>	<u>5,475.7</u>
Benefits and claims	608.1	655.1	1,178.3	1,215.2	2,477.5	2,344.5
Sales and general expenses	639.7	573.5	1,235.5	1,141.3	2,475.1	2,420.9
Interest and other costs	10.2	5.5	20.7	11.2	35.1	21.4
Total expenses	<u>1,258.1</u>	<u>1,234.2</u>	<u>2,434.6</u>	<u>2,367.8</u>	<u>4,987.9</u>	<u>4,787.0</u>
Pretax income (loss)	151.8	99.6	305.6	396.6	518.4	688.7
Income taxes (credits)	49.7	33.5	100.0	136.0	163.6	230.5
Net income (loss)	<u>\$ 102.0</u>	<u>\$ 66.1</u>	<u>\$ 205.5</u>	<u>\$ 260.5</u>	<u>\$ 354.7</u>	<u>\$ 458.2</u>

COMMON STOCK STATISTICS:

Net income (loss):	Basic	\$.39	\$.26	\$.79	\$ 1.01	\$ 1.37	\$ 1.78
	Diluted	\$.36	\$.24	\$.72	\$.91	\$ 1.25	\$ 1.60
Components of earnings per share:							
Basic, net operating income (loss)		\$.35	\$.13	\$.70	\$.40	\$ 1.20	\$ 1.16
Realized investment gains (losses)		.04	.13	.09	.61	.17	.62
Basic net income (loss)		<u>\$.39</u>	<u>\$.26</u>	<u>\$.79</u>	<u>\$ 1.01</u>	<u>\$ 1.37</u>	<u>\$ 1.78</u>
Diluted, net operating income (loss)		\$.32	\$.13	\$.64	\$.38	\$ 1.10	\$ 1.06
Realized investment gains (losses)		.04	.11	.08	.53	.15	.54
Diluted net income (loss)		<u>\$.36</u>	<u>\$.24</u>	<u>\$.72</u>	<u>\$.91</u>	<u>\$ 1.25</u>	<u>\$ 1.60</u>
Cash dividends on common stock		<u>\$.1850</u>	<u>\$.1825</u>	<u>\$.3700</u>	<u>\$.3650</u>	<u>\$.7350</u>	<u>\$.7250</u>
Book value per share						<u>\$ 15.16</u>	<u>\$ 15.29</u>
Common shares outstanding:							
Average basic		<u>259,468,711</u>	<u>258,379,076</u>	<u>259,371,887</u>	<u>258,282,459</u>	<u>259,198,845</u>	<u>258,112,691</u>
Average diluted		<u>295,987,501</u>	<u>295,051,774</u>	<u>295,852,949</u>	<u>294,902,279</u>	<u>295,629,170</u>	<u>294,698,591</u>
Actual, end of period						<u>259,678,854</u>	<u>258,597,605</u>

SUMMARY STATEMENTS OF COMPREHENSIVE INCOME (LOSS):

Net income (loss) as reported	\$ 102.0	\$ 66.1	\$ 205.5	\$ 260.5	\$ 354.7	\$ 458.2
Post-tax net unrealized gains (losses)	(134.6)	61.8	(98.7)	6.7	(126.0)	11.8
Other adjustments	1.7	1.9	(5.6)	(1.6)	(69.3)	64.9
Net adjustments	<u>(132.9)</u>	<u>63.7</u>	<u>(104.4)</u>	<u>5.0</u>	<u>(195.4)</u>	<u>76.7</u>
Comprehensive income (loss)	<u>\$ (30.8)</u>	<u>\$ 129.9</u>	<u>\$ 101.1</u>	<u>\$ 265.6</u>	<u>\$ 159.3</u>	<u>\$ 534.9</u>

Safe Harbor Statement

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

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

A more detailed listing and discussion of the risks and other factors which affect the Company's risk-taking insurance business are included in Part I, Item 1A - Risk Factors, of the Company's 2014 Form 10-K Annual Report and Part II, Item 1A - Risk Factors, of the Company's recent Form 10-Q filings to the Securities and Exchange Commission, which Items are specifically incorporated herein by reference.

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

For the latest news releases and other corporate documents on Old Republic:

Please write to:

Investor Relations

Old Republic International Corporation

307 North Michigan Avenue

Chicago, IL 60601

312-346-8100

or visit us at www.oldrepublic.com

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/old-republic-reports-results-for-the-second-quarter-and-first-half-of-2015-300117597.html>

SOURCE Old Republic International Corporation

AT OLD REPUBLIC: A. C. Zucaro: Chairman & CEO, (312) 346-8100, AT FINANCIAL RELATIONS BOARD:
Analysts/Investors: Marilyn Meek, (212) 827-3773