

OLD REPUBLIC INTERNATIONAL CORP
Form 10-Q
August 05, 2016

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

FORM 10-Q

Quarterly report pursuant to section 13 or 15(d) of the Security Exchange Act of 1934
for the quarterly period ended: June 30, 2016 or

Transition report pursuant to section 13 or 15(d) of the Security Exchange Act of 1934
Commission File Number: 001-10607

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

Delaware No. 36-2678171
(State or other jurisdiction of (IRS Employer Identification No.)
incorporation or organization)

307 North Michigan Avenue, Chicago, Illinois 60601
(Address of principal executive office) (Zip Code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes: No:

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 definitions of "accelerated filer", "large 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

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

Class	Shares Outstanding June 30, 2016
Common Stock / \$1 par value	262,445,592

There are 48 pages in this report

OLD REPUBLIC INTERNATIONAL CORPORATION

Report on Form 10-Q / June 30, 2016

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Old Republic International Corporation and Subsidiaries
Consolidated Balance Sheets
(\$ in Millions, Except Share Data)

	(Unaudited)	
	June 30, 2016	December 31, 2015
Assets		
Investments:		
Available for sale:		
Fixed maturity securities (at fair value) (amortized cost: \$8,011.7 and \$8,149.4)	\$ 8,335.5	\$ 8,181.5
Equity securities (at fair value) (cost: \$1,925.8 and \$1,826.4)	2,333.4	1,987.8
Short-term investments (at fair value which approximates cost)	550.6	669.4
Miscellaneous investments	27.5	27.2
Total	11,247.2	10,866.1
Held to maturity:		
Fixed maturity securities (at amortized cost) (fair value: \$652.8 and \$359.7)	629.2	355.8
Other investments	3.0	3.5
Total investments	11,879.4	11,225.5
Other Assets:		
Cash	168.7	159.8
Securities and indebtedness of related parties	25.4	27.7
Accrued investment income	90.4	90.1
Accounts and notes receivable	1,519.1	1,310.2
Federal income tax recoverable: Current	34.3	26.5
Deferred	—	154.5
Prepaid federal income taxes	82.4	63.3
Reinsurance balances and funds held	128.1	129.0
Reinsurance recoverable: Paid losses	65.9	61.1
Policy and claim reserves	3,262.3	3,122.5
Deferred policy acquisition costs	262.4	255.4
Sundry assets	472.1	475.6
Total Other Assets	6,111.7	5,876.1
Total Assets	\$ 17,991.2	\$ 17,101.6
Liabilities, Preferred Stock, and Common Shareholders' Equity		
Liabilities:		
Losses, claims, and settlement expenses	\$ 9,126.6	\$ 9,120.1
Unearned premiums	1,918.2	1,748.7
Other policyholders' benefits and funds	194.4	196.4
Total policy liabilities and accruals	11,239.3	11,065.3
Commissions, expenses, fees, and taxes	435.6	452.3
Reinsurance balances and funds	642.4	496.1
Federal income tax payable: Deferred	48.6	—
Debt	982.9	952.8
Sundry liabilities	264.1	253.9
Commitments and contingent liabilities		
Total Liabilities	13,613.1	13,220.7
Preferred Stock (1)	—	—
Common Shareholders' Equity:		
Common stock (1)	262.4	261.9

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Additional paid-in capital	706.2	698.0
Retained earnings	3,064.8	2,937.5
Accumulated other comprehensive income	387.0	29.2
Unallocated ESSOP shares (at cost)	(42.5)	(45.8)
Total Common Shareholders' Equity	4,378.0	3,880.8
Total Liabilities, Preferred Stock and Common Shareholders' Equity	\$ 17,991.2	\$ 17,101.6

At June 30, 2016 and December 31, 2015, there were 75,000,000 shares of \$0.01 par value preferred stock authorized, of which no shares were outstanding. As of the same dates, there were 500,000,000 shares of common (1) stock, \$1.00 par value, authorized, of which 262,445,592 and 261,968,328 were issued as of June 30, 2016 and December 31, 2015, respectively. At June 30, 2016 and December 31, 2015, there were 100,000,000 shares of Class B Common Stock, \$1.00 par value, authorized, of which no shares were issued.

See accompanying Notes to Consolidated Financial Statements.

Old Republic International Corporation and Subsidiaries
Consolidated Statements of Income (Unaudited)
(\$ in Millions, Except Share Data)

	Quarters Ended		Six Months Ended	
	June 30, 2016	2015	June 30, 2016	2015
Revenues:				
Net premiums earned	\$1,192.6	\$ 1,158.2	\$2,343.5	\$ 2,261.2
Title, escrow, and other fees	121.3	115.2	216.1	206.7
Total premiums and fees	1,313.9	1,273.5	2,559.6	2,467.9
Net investment income	94.9	93.1	191.2	184.6
Other income	26.6	26.5	53.9	52.0
Total operating revenues	1,435.5	1,393.3	2,804.9	2,704.6
Realized investment gains (losses):				
From sales	6.6	16.6	50.8	35.5
From impairments	—	—	—	—
Total realized investment gains (losses)	6.6	16.6	50.8	35.5
Total revenues	1,442.2	1,410.0	2,855.7	2,740.2
Benefits, Claims and Expenses:				
Benefits, claims and settlement expenses	587.2	604.4	1,157.0	1,169.2
Dividends to policyholders	5.5	3.6	9.8	9.0
Underwriting, acquisition, and other expenses	689.9	639.7	1,336.3	1,235.5
Interest and other charges	10.6	10.2	21.3	20.7
Total expenses	1,293.4	1,258.1	2,524.6	2,434.6
Income before income taxes (credits)	148.8	151.8	331.1	305.6
Income Taxes (Credits):				
Current	38.6	46.4	95.8	95.4
Deferred	9.0	3.3	11.3	4.6
Total	47.7	49.7	107.1	100.0
Net Income	\$101.0	\$ 102.0	\$224.0	\$ 205.5
Net Income Per Share:				
Basic	\$.39	\$.39	\$.87	\$.79
Diluted	\$.35	\$.36	\$.78	\$.72
Average shares outstanding:				
Basic	259,093,315	249,468,711	258,998,523	259,371,887
Diluted	296,069,028	285,987,501	295,923,028	285,852,949
Dividends Per Common Share:				
Cash	\$.1875	\$.1850	\$.3750	\$.3700

See accompanying Notes to Consolidated Financial Statements.

Old Republic International Corporation and Subsidiaries
 Consolidated Statements of Comprehensive Income (Unaudited)
 (\$ in Millions)

	Quarters Ended		Six Months Ended	
	June 30, 2016	2015	June 30, 2016	2015
Net Income As Reported	\$101.0	\$102.0	\$224.0	\$205.5
Other comprehensive income (loss):				
Unrealized gains (losses) on securities:				
Unrealized gains (losses) on securities before reclassifications	276.4	(190.4)	589.0	(116.6)
Amounts reclassified as realized investment gains from sales in the statements of income	(6.6)	(16.6)	(50.8)	(35.5)
Pretax unrealized gains (losses) on securities	269.7	(207.1)	538.1	(152.2)
Deferred income taxes (credits)	94.3	(72.4)	188.2	(53.4)
Net unrealized gains (losses) on securities, net of tax	175.4	(134.6)	349.9	(98.7)
Defined benefit pension plans:				
Net pension adjustment before reclassifications	—	—	.1	.1
Amounts reclassified as underwriting, acquisition, and other expenses in the statements of income	.1	.2	.3	.5
Net adjustment related to defined benefit pension plans	.1	.2	.4	.7
Deferred income taxes (credits)	—	—	.1	.2
Net adjustment related to defined benefit pension plans, net of tax	.1	.1	.2	.4
Foreign currency translation and other adjustments	1.3	1.6	7.6	(6.1)
Net adjustments	176.8	(132.9)	357.8	(104.4)
Comprehensive Income (Loss)	\$277.9	\$(30.8)	\$581.8	\$101.1

See accompanying Notes to Consolidated Financial Statements.

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

	Six Months Ended June 30,	
	2016	2015
Cash flows from operating activities:		
Net income	\$224.0	\$205.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred policy acquisition costs	(6.7)	(19.2)
Premiums and other receivables	(208.6)	(117.5)
Unpaid claims and related items	6.5	83.5
Unearned premiums and other policyholders' liabilities	27.1	56.7
Income taxes	3.0	16.9
Prepaid federal income taxes	(19.1)	(17.5)
Reinsurance balances and funds	142.0	103.0
Realized investment (gains) losses	(50.8)	(35.5)
Accounts payable, accrued expenses and other	46.3	27.8
Total	163.8	303.7
Cash flows from investing activities:		
Fixed maturity securities:		
Available for sale:		
Maturities and early calls	484.5	323.3
Sales	157.6	115.4
Sales of:		
Equity securities	283.1	90.5
Other - net	7.5	10.1
Purchases of:		
Fixed maturity securities:		
Available for sale	(503.2)	(524.8)
Held to maturity	(278.4)	(62.6)
Equity securities	(338.0)	(103.6)
Other - net	(21.0)	(20.3)
Net decrease (increase) in short-term investments	118.6	(43.7)
Other - net	—	—
Total	(89.2)	(215.7)
Cash flows from financing activities:		
Issuance of debentures and notes	32.4	—
Issuance of common shares	5.0	4.1
Redemption of debentures and notes	(3.5)	(3.3)
Dividends on common shares	(96.7)	(95.7)
Other - net	(2.8)	(1.5)
Total	(65.6)	(96.5)
Increase (decrease) in cash	8.8	(8.6)

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Cash, beginning of period	159.8	136.7
Cash, end of period	\$168.7	\$128.1

Supplemental cash flow information:

Cash paid (received) during the period for: Interest	\$20.4	\$20.6
Income taxes	\$103.7	\$83.2

See accompanying Notes to Consolidated Financial Statements.

OLD REPUBLIC INTERNATIONAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(\$ in Millions, Except Share Data)

1. Accounting Policies and Basis of Presentation:

The accompanying consolidated financial statements have been prepared 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"). These interim financial statements should be read in conjunction with these notes and those included in the Company's 2015 Annual Report on Form 10-K incorporated herein by reference.

Pertinent accounting and disclosure pronouncements issued from time to time by the FASB are adopted by the Company as they become effective. In May 2015, the FASB issued guidance requiring additional disclosures about short-duration insurance contracts. The new disclosures, which are required for annual periods beginning after December 31, 2015 and for interim periods beginning after December 31, 2016, are intended to provide additional information about insurance liabilities including the nature, amount, timing, and uncertainty of future cash flows related to those liabilities. In May 2014, the FASB issued a comprehensive revenue recognition standard which will be effective in 2018 and applies to all entities that have contracts with customers, except for those that fall within the scope of other standards, such as insurance contracts. In January 2016, the FASB issued guidance on the recognition and measurement of financial instruments which will be effective in 2018. Among other changes, the standard will require equity investments to be measured at fair value with changes in fair value recognized in the consolidated statement of income. In February 2016, the FASB issued guidance on lease accounting which will be effective in 2019 and requires balance sheet recognition of all leases with a term of greater than 12 months. In March 2016, the FASB issued guidance intended to simplify certain aspects of accounting for share-based payment award transactions which will be effective beginning in 2017. Most recently, in June 2016, the FASB issued guidance on accounting for credit losses on financial instruments which will be effective in 2020. The guidance will require immediate recognition of expected credit losses for certain financial instruments and also modifies the impairment model for available for sale debt securities. The Company is currently evaluating the foregoing guidance to determine the potential impact of its adoption on its consolidated financial statements. Certain debt amounts have been reduced due to the reclassification of immaterial debt issuance costs previously classified as deferred assets, in order to comply with a 2015 pronouncement by the FASB.

The financial accounting and reporting process relies on estimates and on the exercise of judgment. In the opinion of management all adjustments consisting only of normal recurring accruals necessary for a fair presentation of the results have been recorded for the interim periods. Amounts shown in the consolidated financial statements and applicable notes are stated (except as otherwise indicated and as to share data) in millions, which amounts may not add to totals shown due to truncation. Necessary reclassifications are made in prior periods' financial statements whenever appropriate to conform to the most current presentation.

2. Common Share Data:

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

	Quarters Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Numerator:				
Net income	\$ 101.0	\$ 102.0	\$ 224.0	\$ 205.5
Numerator for basic earnings per share - income available to common stockholders	101.0	102.0	224.0	205.5
Adjustment for interest expense incurred on assumed conversion of convertible notes	3.6	3.6	7.3	7.3
Numerator for diluted earnings per share - income available to common stockholders after assumed conversion of convertible notes	\$ 104.7	\$ 105.7	\$ 231.3	\$ 212.8
Denominator:				
Denominator for basic earnings per share - weighted-average shares (a)	259,093,250	259,468,711	258,998,252	258,371,887
Effect of dilutive securities - stock based compensation awards	1,297,379	1,330,655	1,257,907	1,404,422
Effect of dilutive securities - convertible senior notes	35,678,335	35,588,135	35,666,648	35,576,640
Denominator for diluted earnings per share - adjusted weighted-average shares and assumed conversion of convertible notes (a)	296,069,028	296,387,501	295,923,078	295,352,949
Earnings per share: Basic	\$.39	\$.39	\$.87	\$.79
Diluted	\$.35	\$.36	\$.78	\$.72
Anti-dilutive common stock equivalents excluded from earning per share computations:				
Stock based compensation awards	1,693,800	1,086,500	1,693,800	1,078,250
Convertible senior notes	—	—	—	—
Total	1,693,800	1,086,500	1,693,800	1,078,250

(a) In calculating earnings per share, pertinent accounting rules require that common shares owned by the Company's Employee Savings and Stock Ownership Plan that are not yet allocated to participants in the plan be excluded from the calculation. Such shares are issued and outstanding and have the same voting and other rights applicable to all other common shares.

3. Investments:

The Company may classify its invested assets in terms of those assets relative to which it either (1) has the positive intent and ability to hold until maturity, (2) has available for sale or (3) has the intention of trading. As of June 30, 2016 and December 31, 2015, substantially all the Company's invested assets were classified as "available for sale."

Fixed maturity securities classified as "held to maturity" are carried at amortized cost while fixed maturity securities and other preferred and common stocks (equity securities) classified as "available for sale" are included at fair value with changes in such values, net of deferred income taxes, reflected directly in shareholders' equity. Fair values for fixed maturity securities and equity securities are based on quoted market prices or estimates using values obtained from independent pricing services as applicable.

The Company 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 ("OTTI") in the portfolio's value are evaluated and established at each quarterly balance sheet date. In reviewing investments for OTTI, the Company, in addition to a security's market price history, considers the totality of such factors as the issuer's operating results, financial condition and liquidity, its ability to access capital markets, credit rating trends, most current 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 the issuer's previously reported earnings or financial condition, are recognized as realized losses as soon as credible publicly available information emerges to confirm such developments. Absent issuer-specific circumstances that would result in a contrary conclusion, any equity security with an unrealized investment loss amounting to a 20% or greater decline consecutively during a six month period is considered OTTI. In the event the Company's estimate of OTTI is insufficient at any point in time, future periods' net income (loss) would be adversely affected by the recognition of additional realized or impairment losses, but its financial position would not necessarily be affected adversely inasmuch as such losses, or a portion of them, could have been recognized previously as unrealized losses in shareholders' equity. The Company recognized no OTTI adjustments for the quarters and six months ended June 30, 2016 and 2015.

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Fixed Maturity Securities by Type:				
June 30, 2016:				
Available for sale:				
U.S. & Canadian Governments	\$ 1,357.5	\$ 48.6	\$ —	\$ 1,406.1
Corporate	6,654.2	325.3	50.1	6,929.4
	\$ 8,011.7	\$ 373.9	\$ 50.1	\$ 8,335.5
Held to maturity:				
Tax-exempt	\$ 629.2	\$ 23.6	\$ —	\$ 652.8
December 31, 2015:				
Available for sale:				
U.S. & Canadian Governments	\$ 1,269.5	\$ 18.9	\$ 3.6	\$ 1,284.9
Corporate	6,879.9	166.8	150.2	6,896.5
	\$ 8,149.4	\$ 185.8	\$ 153.8	\$ 8,181.5
Held to maturity:				
Tax-exempt	\$ 355.8	\$ 4.0	\$.1	\$ 359.7

	Amortized Cost	Estimated Fair Value
Fixed Maturity Securities Stratified by Contractual Maturity at June 30, 2016:		
Available for sale:		
Due in one year or less	\$ 714.9	\$ 721.8
Due after one year through five years	3,872.4	4,046.0
Due after five years through ten years	3,280.9	3,414.9
Due after ten years	143.4	152.7
	\$ 8,011.7	\$ 8,335.5
Held to maturity:		
Due in one year or less	\$ —	\$ —
Due after one year through five years	14.1	14.1
Due after five years through ten years	557.8	578.9
Due after ten years	57.2	59.7
	\$ 629.2	\$ 652.8

A summary of the Company's equity securities follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Equity Securities:				
June 30, 2016	\$ 1,925.8	\$ 435.6	\$ 28.0	\$ 2,333.4
December 31, 2015	\$ 1,826.4	\$ 266.7	\$ 105.3	\$ 1,987.8

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

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	12 Months or Less		Greater than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
June 30, 2016:						
Fixed Maturity Securities:						
U.S. & Canadian Governments	\$.3	\$ —	\$ 1.3	\$ —	\$ 1.6	\$ —
Tax-exempt	11.1	—	—	—	11.1	—
Corporate	340.4	12.1	329.8	38.0	670.2	50.1
Subtotal	351.8	12.1	331.1	38.0	683.0	50.2
Equity Securities	206.0	4.1	219.1	23.8	425.1	28.0
Total	\$ 557.9	\$ 16.3	\$ 550.2	\$ 61.9	\$ 1,108.2	\$ 78.2

December 31, 2015:

Fixed Maturity Securities:						
U.S. & Canadian Governments	\$ 363.3	\$ 2.8	\$ 59.2	\$.7	\$ 422.6	\$ 3.6
Tax-exempt	49.5	.1	—	—	49.5	.1
Corporate	2,214.5	100.0	336.4	50.2	2,550.9	150.2
Subtotal	2,627.4	103.0	395.7	50.9	3,023.1	154.0
Equity Securities	502.1	87.3	31.3	17.9	533.4	105.3
Total	\$ 3,129.5	\$ 190.4	\$ 427.0	\$ 68.9	\$ 3,556.6	\$ 259.3

At June 30, 2016, the Company held 152 fixed maturity and 11 equity securities in an unrealized loss position, representing 8.4% (as to fixed maturities) and 12.2% (as to equity securities) of the total number of such issues it held. At December 31, 2015, the Company held 709 fixed maturity and 22 equity securities in an unrealized loss position, representing 39.2% (as to fixed maturities) and 23.9% (as to equity securities) of the total number of such issues it held. Of the securities in an unrealized loss position, 61 and 79 fixed maturity securities and 4 and 1 equity securities, had been in a continuous unrealized loss position for more than 12 months as of June 30, 2016 and December 31, 2015, respectively. The unrealized losses on these securities are primarily deemed to reflect changes in the interest rate environment and changes in fair values of fixed income and equity securities issued by participants in the extractive industries in particular. As part of its assessment of other-than-temporary impairments, the Company considers its intent to continue to hold, and the likelihood that it will not be required to sell investment securities in an unrealized loss position until cost recovery, principally on the basis of its asset and liability maturity matching procedures.

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

The Company uses quoted values and other data provided by a nationally recognized independent pricing source as inputs into its quarterly process for determining fair values of its fixed maturity and equity securities. To validate the techniques or models used by pricing sources, the Company's review process includes, but is not limited to: (i) initial and ongoing evaluation of methodologies used by outside parties to calculate fair value; and (ii) comparing other

sources including the fair value estimates to its knowledge of the current market and to independent fair value estimates provided by the investment custodian. The independent pricing source obtains market quotations and actual transaction prices for securities that have quoted prices in active markets and uses its own proprietary method for determining the fair value of securities that are not actively traded. In general, these methods involve the use of "matrix pricing" in which the independent pricing source uses observable market inputs including, but not limited to, investment yields, credit risks and spreads, benchmarking of like securities, broker-dealer quotes, reported trades and sector groupings to determine a reasonable fair value.

Level 1 securities include U.S. and Canadian Treasury notes, publicly traded common stocks, the quoted net asset value ("NAV") mutual funds, and most short-term investments in highly liquid money market instruments. Level 2 securities generally include corporate bonds, municipal bonds, and certain U.S. and Canadian government agency securities. Securities classified within Level 3 include non-publicly traded bonds and equity securities. There were no significant changes in the fair value of assets measured with the use of significant unobservable inputs as of June 30, 2016 and December 31, 2015.

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

As of June 30, 2016:	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Available for sale:				
Fixed maturity securities:				
U.S. & Canadian Governments	\$702.5	\$703.5	\$	-\$1,406.1
Corporate	—	6,918.5	10.5	6,929.4
Equity securities	2,331.2	—	2.1	2,333.4
Short-term investments	550.6	—	—	550.6
Held to maturity:				
Fixed maturity securities:				
Tax-exempt	\$—	\$652.8	\$	-\$652.8
As of December 31, 2015:				
Available for sale:				
Fixed maturity securities:				
U.S. & Canadian Governments	\$606.6	\$678.2	\$	-\$1,284.9
Corporate	—	6,886.0	10.5	6,896.5
Equity securities	1,985.8	—	2.0	1,987.8
Short-term investments	669.4	—	—	669.4
Held to maturity:				
Fixed maturity securities:				
Tax-exempt	\$—	\$359.7	\$	-\$359.7

There were no transfers between Levels 1, 2 or 3 during the quarter ended June 30, 2016.

Investment income is reported net of allocated expenses and includes appropriate adjustments for amortization of premium and accretion of discount on fixed maturity securities acquired at other than par value. Dividends on equity securities are credited to income on the ex-dividend date. Realized investment gains and losses, which result from sales or write-downs of securities, are reflected as revenues in the income statement and are determined on the basis of amortized value at date of sale for fixed maturity securities, and cost in regard to equity securities; such bases apply to the specific securities sold. Unrealized investment gains and losses, net of any deferred income taxes, are recorded directly as a component of accumulated other comprehensive income in shareholders' equity. At June 30, 2016, the Company and its subsidiaries had no non-income producing fixed maturity securities.

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

	Quarters Ended		Six Months Ended	
	June 30, 2016	2015	June 30, 2016	2015
Investment income from:				
Fixed maturity securities	\$74.3	\$74.0	\$149.4	\$147.6
Equity securities	19.7	18.5	40.7	36.3
Short-term investments	.5	.2	1.1	.4
Other sources	1.2	1.2	1.9	1.9
Gross investment income	95.9	94.0	193.2	186.3
Investment expenses (a)	1.0	.8	1.9	1.7
Net investment income	\$94.9	\$93.1	\$191.2	\$184.6
Realized gains (losses) on:				
Fixed maturity securities:				
Gains	\$4.6	\$4.7	\$7.0	\$8.1
Losses	(.5)	(.1)	(.7)	(.4)
Net	4.0	4.6	6.3	7.7
Equity securities:				
Gains	2.6	13.6	68.3	29.7
Losses	—	(1.6)	(23.8)	(1.6)
Net	2.6	12.0	44.4	28.0
Other long-term investments, net	—	—	—	(.2)
Total realized gains (losses)	6.6	16.6	50.8	35.5
Income taxes (credits)	2.3	5.8	17.8	12.4
Net realized gains (losses)	\$4.3	\$10.8	\$33.0	\$23.1
Changes in unrealized investment gains (losses) on:				
Fixed maturity securities	\$144.1	\$(134.8)	\$291.8	\$(56.0)
Less: Deferred income taxes (credits)	50.3	(47.0)	102.0	(19.6)
	93.7	(87.7)	189.8	(36.3)
Equity securities & other long-term investments	125.6	(72.3)	246.2	(96.1)
Less: Deferred income taxes (credits)	43.9	(25.4)	86.1	(33.7)
	81.6	(46.9)	160.0	(62.4)
Net changes in unrealized investment gains (losses)	\$175.4	\$(134.6)	\$349.9	\$(98.7)

Investment expenses consist of personnel costs and investment management and custody service fees, as well as (a) interest incurred on funds held of \$.1 and \$- for the quarters ended June 30, 2016 and 2015, and \$.2 and \$.1 for the six months ended June 30, 2016 and 2015, respectively.

4. Employee Benefit Plans:

The Company has a pension plan (the Plan) covering a portion of its work force. The Plan is a defined benefit plan pursuant to which pension payments are based primarily on years of service and employee compensation near retirement. The Plan is closed to new participants and benefits were frozen as of December 31, 2013. As a result, eligible employees retain all of the vested rights as of the effective date of the freeze, while additional benefits no longer accrue. Plan assets are comprised principally of fixed maturity securities, common stocks and short-term

investments. Cash contributions of \$- and \$1.9 were made to the pension plan in the second quarter of 2016 and 2015, respectively, and \$- and \$3.7 were made during the first half of 2016 and 2015, respectively. No additional cash contributions are expected to be made in the remaining portion of calendar year 2016.

5. Information About Segments of Business:

Old Republic is engaged in the single business of insurance underwriting and related services. The Company conducts its operations through a number of regulated insurance company subsidiaries organized into three major segments, namely its General Insurance Group (property and liability insurance), Title Insurance Group, and the Republic Financial Indemnity Group ("RFIG") Run-off Business. The results of a small life & accident insurance business are included with those of the holding company parent and minor corporate services operations. Each of the Company's segments underwrites and services only those insurance coverages which may be written by it pursuant to state insurance regulations and corporate charter provisions. Segment results exclude net realized investment gains or losses and other-than-temporary impairments as these are aggregated in the consolidated totals. The contributions of Old Republic's insurance industry segments to consolidated totals are shown in the following table.

	Quarters Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
General Insurance:				
Net premiums earned	\$741.8	\$709.3	\$1,460.8	\$1,412.7
Net investment income and other income	103.9	100.7	209.7	200.4
Total revenues before realized gains or losses	\$845.8	\$810.1	\$1,670.5	\$1,613.1
Income before taxes (credits) and realized investment gains or losses (a)	\$80.0	\$85.1	\$167.1	\$167.1
Income tax expense (credits) on above	\$24.4	\$27.4	\$51.3	\$53.6
Title Insurance:				
Net premiums earned	\$403.1	\$387.4	\$782.5	\$724.3
Title, escrow and other fees	121.3	115.2	216.1	206.7
Sub-total	524.5	502.7	998.7	931.0
Net investment income and other income	9.3	8.3	18.7	16.7
Total revenues before realized gains or losses	\$533.8	\$511.1	\$1,017.5	\$947.8
Income before taxes (credits) and realized investment gains or losses (a)	\$44.6	\$47.7	\$66.0	\$63.6
Income tax expense (credits) on above	\$15.7	\$16.7	\$23.3	\$22.3
RFIG Run-off Business:				
Net premiums earned	\$42.7	\$56.3	\$90.5	\$114.4
Net investment income and other income	5.7	6.3	11.7	12.6
Total revenues before realized gains or losses	\$48.5	\$62.6	\$102.3	\$127.1
Income before taxes (credits) and realized investment gains or losses	\$14.3	\$(.1)	\$42.0	\$35.0
Income tax expense (credits) on above	\$4.9	\$(.1)	\$14.5	\$12.1
Consolidated Revenues:				
Total revenues of above Company segments	\$1,428.3	\$1,383.9	\$2,790.3	\$2,688.0
Other sources (b)	28.7	29.5	57.1	57.9
Consolidated net realized investment gains (losses)	6.6	16.6	50.8	35.5
Consolidation elimination adjustments	(21.5)	(20.1)	(42.5)	(41.3)
Consolidated revenues	\$1,442.2	\$1,410.0	\$2,855.7	\$2,740.2
Consolidated Income Before Taxes (Credits):				
Total income before income taxes (credits) and realized investment gains or losses of above Company segments	\$139.0	\$132.6	\$275.3	\$265.8
Other sources - net (b)	3.0	2.5	4.9	4.1
Consolidated net realized investment gains (losses)	6.6	16.6	50.8	35.5
Consolidated income before income taxes (credits)	\$148.8	\$151.8	\$331.1	\$305.6
Consolidated Income Tax Expense (Credits):				
Total income tax expense (credits) for above Company segments	\$45.1	\$44.0	\$89.2	\$88.2
Other sources - net (b)	.2	—	.1	(.5)

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Income tax expense (credits) on consolidated net realized investment gains (losses)	2.3	5.8	17.8	12.4
Consolidated income tax expense (credits)	\$47.7	\$49.7	\$107.1	\$100.0

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	June 30, 2016	December 31, 2015
Consolidated Assets:		
General Insurance	\$ 15,299.2	\$ 14,523.0
Title Insurance	1,363.7	1,314.3
RFIG Run-off Business	972.5	978.7
Total assets for the above company segments	17,635.6	16,816.1
Other assets (b)	703.1	760.5
Consolidation elimination adjustments	(347.5)	(475.0)
Consolidated assets	\$ 17,991.2	\$ 17,101.6

Income before taxes (credits) is reported net of interest charges on intercompany financing arrangements with Old Republic's holding company parent for the following segments: General - \$13.2 and \$25.3 compared to \$10.3 and (a) \$20.4 for the quarter and six months ended June 30, 2016 and 2015, respectively, and Title - \$2.1 and \$4.2 compared to \$2.0 and \$4.0 for the quarter and six months ended June 30, 2016 and 2015, respectively.

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

The material increases in mortgage guaranty insurance claims and loss payments that began in 2007 gradually depleted Republic Mortgage Insurance Company's ("RMIC") statutory capital base and forced it to discontinue writing new business. The insurance laws of 16 jurisdictions, including RMIC's and its affiliate company, Republic Mortgage Insurance Company of North Carolina's ("RMICNC") domiciliary state of North Carolina, require a mortgage insurer to maintain a minimum amount of statutory capital relative to risk in force (or a similar measure) in order to continue to write new business. The formulations currently allow for a maximum risk-to-capital ratio of 25 to 1, or alternatively stated, a "minimum policyholder position" ("MPP") of one-twenty-fifth of the total risk in force. The failure to maintain the prescribed minimum capital level in a particular state generally requires a mortgage insurer to immediately stop writing new business until it reestablishes the required level of capital or receives a waiver of the requirement from a state's insurance regulatory authority. RMIC breached the minimum capital requirement during the third quarter of 2010. RMIC had previously requested and, subsequently received waivers or forbearance of the minimum policyholder position requirements from the regulatory authorities in substantially all affected states. Following several brief extensions, the waiver from its domiciliary state of North Carolina expired on August 31, 2011, and RMIC and its affiliate company, RMICNC, discontinued writing new business in all states and limited themselves to servicing the run-off of their existing business. They were placed under the North Carolina Department of Insurance's ("NCDOI") administrative supervision the following year and ultimately ordered to defer the payment of 40% of all settled claims as a deferred payment obligation ("DPO").

On July 1, 2014, the NCDOI issued a Final Order approving an Amended and Restated Corrective Plan (the "Amended Plan") submitted jointly on April 16, 2014, by RMIC and RMICNC. Under the Amended Plan, RMIC and RMICNC were authorized to pay 100% of their DPOs accrued as of June 30, 2014 and to settle all subsequent valid claims entirely in cash, without establishing any DPOs. In anticipation of receiving this Final Order, ORI invested \$125.0 of cash and securities in RMIC during June 2014. In mid-July 2014, in furtherance of the Final Order, RMIC and RMICNC processed payments of their accumulated DPO balances of approximately \$657.0 relating to fully settled claims charged to periods extending between January 19, 2012 and June 30, 2014. Both subsidiaries remain under the supervision of the NCDOI as they continue to operate in run-off mode. The approval of the Amended Plan notwithstanding, the NCDOI retains its regulatory supervisory powers to review and amend the terms of the Amended Plan in the future as circumstances may warrant.

6. Commitments and Contingent Liabilities:

Legal proceedings against the Company and its subsidiaries routinely arise in the normal course of business and usually pertain to claim matters related to insurance policies and contracts issued by its insurance subsidiaries. Other, non-routine legal proceedings which may prove to be material to the Company or a subsidiary are discussed below.

On December 19, 2008, Old Republic Insurance Company and 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 ("BNYM") in the Circuit Court, Cook County, Illinois (Old Republic Insurance Company, et al. v. Countrywide Bank FSB, et al.) seeking rescission of 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, a declaratory judgment and money damages based upon systemic material misrepresentations and fraud by Countrywide as to the credit characteristics of the loans or by the borrowers in their loan applications. 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 had relied upon to deny or rescind coverage for individual defaulted loans under those policies, as well as unspecified compensatory and punitive damages. The Court ruled that Countrywide does not have standing to counterclaim with respect to the policies insuring the securitized loans because those policies were issued to BNYM. In response, Countrywide and BNYM jointly filed a motion asking the Court to allow an amended counterclaim in which BNYM would raise substantially similar allegations as those raised by Countrywide and make substantially similar requests but with respect to the policies issued to BNYM. The Court dismissed their motion, with leave to re-plead the counterclaim. BNYM's subsequent attempt to re-plead was granted by the Court and BNYM has re-pleaded its counterclaim. A multi-phase trial is set to begin March 13, 2017.

On December 30, 2011 and on January 4, 2013, purported class action suits alleging RESPA violations were filed in the Federal District Court, for the Eastern District of Pennsylvania targeting RMIC, other mortgage guaranty insurance companies, PNC Financial Services Group (as successor to National City Bank) and HSBC Bank USA, N.A., and their wholly-owned captive insurance subsidiaries. (White, Hightower, et al. v. PNC Financial Services Group (as successor to National City Bank) et al.), (Ba, Chip, et al. v. HSBC Bank USA, N.A., et al.). The lawsuits are two of twelve against various lenders, their captive reinsurers and the mortgage insurers, filed by the same law firms. All of these lawsuits were substantially identical in alleging that the mortgage guaranty insurers had reinsurance arrangements with the defendant banks' captive insurance subsidiaries under which payments were made in violation of the anti-kickback and fee splitting prohibitions of Sections 8(a) and 8(b) of RESPA. Ten of the twelve suits have been dismissed. The remaining suits seek unspecified damages, costs, fees and the return of the allegedly improper payments. A class has not been certified in either suit and RMIC has filed motions to dismiss the cases.

On October 9, 2014, Intellectual Ventures I LLC and Intellectual Ventures II LLC (collectively, "IV") served a complaint naming as defendants Old Republic National Title Insurance Company, Old Republic Title Insurance Group, Inc., Old Republic Insurance Company and Old Republic General Insurance Group, Inc. (collectively, "Old Republic")(Intellectual Ventures I LLC et al. v. Old Republic General Insurance Group, Inc. et al.). The lawsuit is pending in the United States District Court for the Western District of Pennsylvania. IV alleges that Old Republic has infringed three patents and seeks damages, costs, expenses, and pre-judgment and post-judgment interest for the alleged infringement, in addition to injunctive relief. On October 14, 2014, Old Republic filed a motion to dismiss each count of the complaint on the grounds that the patents fail to meet the patentability test established by the United States Supreme Court in *Alice Corp. Pty. Ltd. v. CLS Bank, 134 S.Ct. 2347 (2014)*. The Court granted Old Republic's motion to dismiss on all three patents on September 25, 2015. Concurrently, Old Republic filed inter partes review petitions challenging validity of the patents before the United States Patent & Trademark Office ("USPTO") in late September and early October, 2015. In late October, 2015, IV filed notice of its appeal of the District Court's dismissal of its claims. The Patent and Trademark Appeal Board of the USPTO has accepted the petitions challenging the validity of all three patents and has until early April, 2017, to rule.

On January 20, 2015, Intellectual Ventures II LLC filed two complaints in the United States District Court for the Eastern District of Texas naming as defendants Great West Casualty Company and BITCO General Insurance Corporation and BITCO National Insurance Company. (Intellectual Ventures II LLC v. Great West Casualty Company) and (Intellectual Ventures II LLC v. BITCO General Insurance Corporation et al.) The plaintiff alleges a single patent infringement and seeks damages, costs, expenses, and pre-judgment and post-judgment interest in addition to injunctive relief. On April 9, 2015, plaintiff amended each complaint to allege a second patent infringement claim. The District Court set a trial date in September, 2016. In August and September, 2015, Great West and BITCO filed inter partes review petitions challenging validity of the patents before the United States Patent & Trademark Office. Both petitions have been accepted for review. The Patent and Trademark Appeal Board of the USPTO has until February 9, 2017, to rule on the validity challenge of one of the patents and until March 22, 2017, to rule on the other patent. On May 11, 2016, the parties filed a stipulation of dismissal on one of the patent infringement claims in the District Court. On June 29, 2016, IV disclaimed all claims it asserted against Great West and BITCO on that patent and, accordingly, the inter partes review will be terminated by the Patent and Trademark Appeal Board in due course. With respect to the remaining single patent infringement claim, on May 12, 2016, the District Court issued a stay on the suit until such time as the Patent and Trade Mark Appeal Board issues its ruling on the inter partes review.

On July 5, 2016, Ocwen Loan Servicing, LLC and Homeward Residential, Inc. (collectively, "Ocwen") filed an amendment to an initial complaint against Republic Mortgage Insurance Company and Republic Mortgage Insurance Company of North Carolina (collectively, "RMIC"). The suit, which is captioned *Ocwen et al. v. RMIC et al.*, is pending in the General Court of Justice, Superior Court Division for Forsyth County, North Carolina. The amendment for the first time identifies specific mortgage insurance certificates as to which Ocwen alleges breaches of contract,

bad faith and violations of certain fair claims settlement practices laws and seeks declaratory relief in regard to certain claims handling practices on future claims. RMIC believes the suit is without merit and intends to defend vigorously.

Under GAAP, an estimated loss is accrued only if the loss is probable and reasonably estimable. The Company and its subsidiaries have defended and intend to continue defending vigorously against each of the aforementioned actions. The Company does not believe it probable that any of these actions will have a material adverse effect on its consolidated financial position, results of operations, or cash flows, though there can be no assurance in those regards. The Company has made an estimate of its potential liability under certain of these matters, all of which seek unquantified damages, attorneys' fees, and expenses. Because of the uncertainty of the ultimate outcomes of the aforementioned disputes, additional costs may arise in future periods beyond the Company's current reserves. It is also unclear what effect, if any, the run-off operations of RMIC and its limited capital will have in the actions against it.

7. Debt:

Consolidated debt of Old Republic and its subsidiaries is summarized below:

	June 30, 2016		December 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
3.75% Convertible Senior Notes due 2018	\$546.9	\$702.6	\$546.0	\$709.5
4.875% Senior Notes due 2024	395.4	430.4	395.1	404.6
ESSOP debt with an average yield of 3.94% and 3.69%, respectively	8.1	8.1	11.7	11.7
Other miscellaneous debt with an average yield of 1.8%	32.4	32.5	—	—
Total debt	\$982.9	\$1,173.7	\$952.8	\$1,125.8

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

The Company completed a public offering of \$550.0 aggregate principal amount of Convertible Senior Notes in early March, 2011. The notes bear interest at a rate of 3.75% per year, mature on March 15, 2018, and are convertible at any time prior to maturity by the holder into 64,3407 shares (subject to periodic adjustment under certain circumstances) of common stock per one thousand dollar note.

The Company's 3.75% Convertible Senior Notes and 4.875% Senior Notes ("the Notes") contain provisions defining certain events of default, among them a court ordered proceeding due to the insolvency of a Significant Subsidiary. The Notes define Significant Subsidiary in accordance with the paragraph (w) of Rule 1-02 of the SEC's Regulation S-X. The Company's flagship mortgage guaranty insurance carrier, RMIC, qualifies as a Significant Subsidiary for purposes of the Notes. If RMIC were to become statutorily impaired, its insolvency could trigger a receivership proceeding which, in turn could ultimately result in an event of default. If this were to occur, the outstanding principal of the Notes could become immediately due and payable. Management believes the Final Order by the North Carolina Department of Insurance to RMIC has precluded such an event of default from occurring in the foreseeable future. Moreover, RMIC was statutorily solvent at June 30, 2016 and management has every expectation that its solvent state is likely to prevail. RMIC is expected to be an increasingly less significant subsidiary over time as its in force business declines.

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

The following table shows a summary of the carrying value and fair value of financial liabilities segregated among the various input levels described in Note 3 above:

	Carrying Fair			
	Value	Value	Level 1	Level 2 Level 3
Financial Liabilities:				
Debt:				
June 30, 2016	\$ 982.9	\$ 1,173.7	\$—	\$1,133.0 \$40.6
December 31, 2015	\$ 952.8	\$ 1,125.8	\$—	\$1,114.1 \$11.7

8. Income Taxes:

Tax positions taken or expected to be taken in a tax return by the Company are recognized in the financial statements when it is more likely than not that the position would be sustained upon examination by tax authorities. To the best of management's knowledge, there are no tax uncertainties that are expected to result in significant increases or decreases to unrecognized tax benefits within the next twelve month period. The Company views its income tax exposures as primarily consisting of timing differences whereby the ultimate deductibility of a taxable amount is highly certain but the timing of its deductibility is uncertain. Such differences relate principally to the timing of deductions for loss and premium reserves. As in prior examinations, the Internal Revenue Service ("IRS") could assert that claim reserve deductions were overstated thereby reducing the Company's statutory taxable income in any particular year. The Company believes that it establishes its reserves fairly and consistently at each balance sheet date, and that it would succeed in defending its tax position in these regards. Because of the impact of deferred tax accounting, the possible accelerated payment of tax to the IRS would not necessarily affect the annual effective tax rate. The Company classifies interest and penalties as income tax expense in the consolidated statement of income. During the second quarter 2016, the IRS completed an examination of the Company's consolidated Federal income tax returns for the years 2011 through 2013, which produced no material change to the Company's net income.

OLD REPUBLIC INTERNATIONAL CORPORATION
MANAGEMENT ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS
Six Months Ended June 30, 2016 and 2015
(\$ in Millions, Except Share Data)
OVERVIEW

This management analysis of financial position and results of operations pertains to the consolidated accounts of Old Republic International Corporation ("Old Republic", "ORI", or "the Company"). The Company conducts its operations through three major segments, namely, its General (property and liability), Title, and the RFIG (mortgage guaranty and consumer credit indemnity) Run-off Business. A small life and accident insurance business, accounting for .4% of consolidated operating revenues for the six months ended June 30, 2016 and .9% of consolidated assets as of that date, is included within the corporate and other caption of this report.

The consolidated accounts are presented in conformity with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") of accounting principles generally accepted in the United States of America ("GAAP"). As a publicly held company, Old Republic utilizes GAAP largely to comply with the financial reporting requirements of the Securities and Exchange Commission ("SEC"). From time to time the FASB and the SEC issue various releases, most of which require additional financial statement disclosures and provide related application guidance. Recent guidance issued by the FASB is summarized further in Note 1 of the Notes to Consolidated Financial Statements.

As a state regulated financial institution vested with the public interest, however, business of the Company's insurance subsidiaries is managed pursuant to the laws, regulations, and accounting practices of the various states in the U.S. and those of a small number of other jurisdictions outside the U.S. in which they operate. In comparison with GAAP, the statutory accounting practices reflect greater conservatism and comparability among insurers, and are intended to address the primary financial security interests of policyholders and their beneficiaries. Additionally, these practices also affect a significant number of important factors such as product pricing, risk bearing capacity and capital adequacy, the determination of Federal income taxes payable currently among ORI's tax-consolidated entities, and the upstreaming of dividends by insurance subsidiaries to the parent holding company. The major differences between these statutory financial accounting practices and GAAP are summarized in Note 1(a) to the consolidated financial statements included in Old Republic's 2015 Annual Report on Form 10-K.

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 for sufficiency of liquidity to meet insurance underwriting and other obligations as they become payable in the future. Securities trading and the realization of capital gains are not objectives. The investment philosophy is therefore best characterized as emphasizing value, credit quality, and relatively long-term holding periods. The Company's ability to hold both fixed maturity and equity securities for long periods of time is in turn enabled by the scheduling of maturities in contemplation of an appropriate matching of assets and liabilities, and by investments in large capitalization equity securities with necessary market liquidity.

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

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

EXECUTIVE SUMMARY

Pretax operating earnings rose 5.1 percent and 3.8 percent in the second quarter and first half of 2016, respectively. For each of these periods, earnings were most positively affected by greater profits in the run-off RFIG segment as litigation cost provisions were relatively less burdensome. In combination, Old Republic's core General and Title insurance groups produced moderately lower year-over-year earnings in the second quarter of 2016, while first half results were essentially unchanged. As the table immediately below indicates, realized net investment gains enhanced pretax and net income to different degrees in each of the periods reported upon.

Financial Highlights

	Quarters Ended		Six Months Ended	
	June 30, 2016	2015	June 30, 2016	2015
Operating revenues:				
General insurance	\$845.8	\$810.1	\$1,670.5	\$1,613.1
Title insurance	533.8	511.1	1,017.5	947.8
Corporate and other	7.2	9.4	14.5	16.5
Subtotal	1,386.9	1,330.6	2,702.6	2,577.5
RFIG run-off business	48.5	62.6	102.3	127.1
Total	\$1,435.5	\$1,393.3	\$2,804.9	\$2,704.6
Pretax operating income (loss):				
General insurance	\$80.0	\$85.1	\$167.1	\$167.1
Title insurance	44.6	47.7	66.0	63.6
Corporate and other	3.0	2.5	4.9	4.1
Subtotal	127.7	135.3	238.2	234.9
RFIG run-off business	14.3	(0.1)	42.0	35.0
Total	142.1	135.1	280.3	270.0
Realized investment gains (losses):				
From sales	6.6	16.6	50.8	35.5
From impairments	—	—	—	—
Net realized investment gains (losses)	6.6	16.6	50.8	35.5
Consolidated pretax income (loss)	148.8	151.8	331.1	305.6
Income taxes (credits)	47.7	49.7	107.1	100.0
Net income (loss)	\$101.0	\$102.0	\$224.0	\$205.5
Components of diluted earnings per share:				
Net operating income (loss):				
General insurance	\$0.19	\$0.19	\$0.39	\$0.38
Title insurance	0.10	0.11	0.15	0.14
Corporate and other	0.02	0.02	0.04	0.04
Subtotal	0.31	0.32	0.58	0.56
RFIG run-off business	0.03	—	0.09	0.08
Total	0.34	0.32	0.67	0.64
Net realized investment gains (losses)	0.01	0.04	0.11	0.08
Net income (loss)	\$0.35	\$0.36	\$0.78	\$0.72
Cash dividends paid per share	\$0.1875	\$0.1850	\$0.3750	\$0.3700
Ending book value per share			\$16.89	\$15.16

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 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 affecting this segment's performance for each of the periods reported upon.

	General Insurance Group					
	Quarters Ended June 30,			Six Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Net premiums earned	\$741.8	\$709.3	4.6 %	\$1,460.8	\$1,412.7	3.4 %
Net investment income	77.7	74.7	4.0	156.3	148.5	5.3
Other income	26.2	25.9	1.0	53.3	51.8	2.9
Operating revenues	845.8	810.1	4.4	1,670.5	1,613.1	3.6
Benefits and claim costs	532.3	520.2	2.3	1,057.2	1,039.1	1.7
Sales and general expenses	218.9	193.4	13.2	417.9	384.3	8.7
Interest and other costs	14.5	11.3	28.6	28.1	22.4	25.4
Total operating expenses	765.8	724.9	5.6	1,503.3	1,445.9	4.0
Pretax operating income (loss)(*)	\$80.0	\$85.1	(5.9)%	\$167.1	\$167.1	— %
Benefit and claim ratio	71.8%	73.3%	72.4%	73.6%		
Expense ratio	26.0	23.6	25.0	23.5		
Composite underwriting ratio	97.8%	96.9%	97.4%	97.1%		

(*) In connection with the run-off mortgage guaranty ("MI") and consumer credit indemnity ("CCI") combination, \$15.2 and \$21.2 of pretax operating losses for the second quarter and first half of 2016, and \$20.5 and \$24.9 of pretax operating losses for the second quarter and first half of 2015, 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.

General Insurance pretax operating earnings were partially constrained by lower underwriting profitability in this year's second quarter. For the first half of the year, however, the segment's operating earnings benefitted from moderately higher net investment income joined to relatively stable underwriting profitability.

Low single digit earned premium growth prevailed for the latest quarter and year-to-date periods. Premium trends for both 2016 periods were most positively affected by gains in commercial automobile (trucking), in certain other coverages such as home and auto warranty, and by the emerging premium production of a new underwriting facility established in early 2015. Growth was somewhat hindered in the 2016 interim periods due to declining volume in a large account construction book of business, operating in a very competitive environment.

General Insurance benefit and claim cost ratios were relatively flat for the respective quarterly and first half periods of 2016 and 2015. In addition to estimates of current year costs, 2016 ratios are inclusive of (0.7) and (0.2) percentage point reductions emanating from favorable developments of prior years' reserves in the second quarter and first half of 2016, respectively. By contrast, the corresponding ratios for 2015 are inclusive of 0.9 and 1.0 percentage point additions stemming from unfavorable developments of previously established reserves, respectively. Relatively higher expense ratios in 2016's periods stemmed principally from higher costs incurred in a start-up business and increased litigation cost provisions by comparison to the same periods in 2015.

Quarterly or year-to-date fluctuations in the reported benefits and claims ratio trends are not particularly meaningful in evaluating Old Republic's liability insurance-oriented mix of business. Management currently anticipates, however, that recent years' uptrends in these ratios should abate and revert gradually to currently targeted annual averages in the high 60% to low 70%.

Title Insurance Results - Year-over-year earnings edged down in this year's second quarter while first half results continued along the positive path set in recent years.

	Title Insurance Group					
	Quarters Ended June			Six Months Ended June		
	30,	2015	Change	30,	2015	Change
Net premiums and fees earned	\$524.5	\$502.7	4.3 %	\$998.7	\$931.0	7.3 %
Net investment income	8.9	7.9	12.5	18.0	15.9	13.3
Other income	0.3	0.4	(6.2)	0.7	0.8	(10.2)
Operating revenues	533.8	511.1	4.5	1,017.5	947.8	7.4
Claim costs	26.8	25.1	6.9	51.2	48.9	4.7
Sales and general expenses	460.4	436.4	5.0	896.1	831.1	7.8
Interest and other costs	1.9	1.8	1.9	4.0	4.0	(0.7)
Total operating expenses	489.2	463.4	5.6	951.4	884.1	7.6
Pretax operating income (loss)	\$44.6	\$47.7	(6.4)%	\$66.0	\$63.6	3.8 %
Claim ratio	5.1 %	5.0 %	5.1 %	5.3 %		
Expense ratio	87.7	86.7	89.7	89.2		
Composite underwriting ratio	92.8%	91.7%	94.8%	94.5%		

The continuation of a favorable mortgage rate environment and improving housing and commercial property markets led to higher revenues from title premiums and fees in this year's second quarter and first six months. The improvements were achieved in spite of adverse effects that recently implemented mortgage disclosure rules are having on the consummation of real estate transactions.

As the above table shows, 2016 underwriting margins were compressed to a relatively small degree. Claims ratios were essentially unchanged, but expense ratios climbed slightly as operating costs rose at a faster pace than title premiums and fees revenues. While a smaller component of title profitability, net investment income rose in both periods as it benefitted from moderately higher yields on a larger bond and common stock investment portfolio.

RFIG Run-off Business Results - The table below shows the operating components of this run-off book of business and their contributions to combined results.

	RFIG Run-off Business					
	Quarters Ended June 30,			Six Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
A. MI:						
Net premiums earned	\$38.7	\$50.1	(22.7)%	\$83.1	\$102.7	(19.1)%
Net investment income	5.5	6.0	(9.3)	11.2	12.2	(8.4)
Claim costs	9.3	30.5	(69.5)	19.9	44.1	(54.7)
Pretax operating income (loss)	\$29.9	\$20.8	43.6 %	\$64.0	\$60.9	5.2 %
Claim ratio	24.0%	60.9%	24.0%	42.9%		
Expense ratio	13.0	9.6	12.4	9.7		
Composite underwriting ratio	37.0%	70.5%	36.4%	52.6%		
B. CCI(*):						
Net premiums earned	\$4.0	\$6.2	(35.5)%	\$7.4	\$11.6	(36.3)%
Net investment income	0.2	0.2	28.6	0.5	0.4	29.6
Benefits and claim costs	19.3	26.8	(28.0)	28.8	36.8	(21.7)
Pretax operating income (loss)	\$(15.6)	\$(21.0)	25.8 %	\$(21.9)	\$(25.8)	15.0 %
Claim ratio	484.0%	433.2%	387.5%	315.1%		
Expense ratio	12.9	9.4	14.8	9.3		
Composite underwriting ratio	496.9%	442.6%	402.3%	324.4%		
C. Total MI and CCI run-off business:						
Net premiums earned	\$42.7	\$56.3	(24.1)%	\$90.5	\$114.4	(20.9)%
Net investment income	5.7	6.3	(8.0)	11.7	12.6	(7.2)
Benefits and claim costs	28.6	57.4	(50.1)%	48.8	80.9	(39.7)
Pretax operating income (loss)	\$14.3	\$(0.1)	N/M	\$42.0	\$35.0	20.1 %
Claim ratio	67.1%	101.9%	53.9%	70.8%		
Expense ratio	13.0	9.6	12.6	9.7		
Composite underwriting ratio	80.1%	111.5%	66.5%	80.5%		

(*) In connection with the run-off mortgage guaranty ("MI") and consumer credit indemnity ("CCI") combination, \$15.2 and \$21.2 of pretax operating losses for the second quarter and first half of 2016, and \$20.5 and \$24.9 of pretax operating losses for the second quarter and first half of 2015, 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.

Consistent with a run-off operating mode, further declines in earned premiums were posted by the MI and CCI lines. Investment income for MI was also lower as reduced premium volume and ongoing claim payments created downward pressure on the invested asset base.

Year-over-year comparisons of the MI claim ratio were positive. The lower ratios for both 2016 periods were attributable to continued declines in reported delinquencies and higher rates at which reported defaults are cured or otherwise resolved without payment. Moreover, 2016 MI claims costs were less affected by litigation costs that impacted adversely last year's claim ratio. Additionally, favorable developments of previously established claim reserves lowered claim ratios by 41.9 and 40.5 percentage points in the second quarter and first half of 2016, respectively. For 2015, the reductions amounted to 80.6 percentage points for both periods.

Year-to-year comparisons of the much smaller CCI run-off line reflected similarly negative trends in earned premiums, but much greater volatility in claims costs and the resultant claim ratios. The latter were particularly impacted by changes in estimates of ongoing litigation costs.

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. The interplay of these various operating elements is summarized in the following table:

	Corporate and Other Operations			
	Quarters		Six Months	
	Ended June		Ended June	
	30,	30,	2016	2015
Net premiums earned	\$4.7	\$5.0	\$9.5	\$9.7
Net investment income	2.4	4.1	5.1	7.5
Other income	—	0.1	(0.1)	(0.6)
Operating revenues	7.2	9.4	14.5	16.5
Benefits and claim costs	4.9	5.3	9.5	9.2
Insurance expenses	2.1	1.1	4.3	3.3
Corporate, interest, and other expenses-net	(2.9)	0.4	(4.3)	(0.1)
Total operating expenses	4.1	6.8	9.5	12.4
Pretax operating income (loss)	\$3.0	\$2.5	\$4.9	\$4.1

Consolidated Results - The consolidated changes and occurrences in Old Republic's segmented business for the most recent interim periods are shown in the following table:

	ORI Consolidated					
	Quarters Ended June 30,			Six Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Net premiums and fees earned	\$1,313.9	\$1,273.5	3.2 %	\$2,559.6	\$2,467.9	3.7 %
Net investment income	94.9	93.1	1.9	191.2	184.6	3.6
Other income	26.6	26.5	0.2	53.9	52.0	3.7
Operating revenues	1,435.5	1,393.3	3.0	2,804.9	2,704.6	3.7
Benefits and claim costs	592.8	608.1	(2.5)	1,166.9	1,178.3	(1.0)
Sales and general expenses	689.9	639.7	7.8	1,336.3	1,235.5	8.2
Interest and other costs	10.6	10.2	4.0	21.3	20.7	3.0
Total operating expenses	1,293.4	1,258.1	2.8	2,524.6	2,434.6	3.7
Pretax operating income (loss)	142.1	135.1	5.1	280.3	270.0	3.8
Income taxes (credits)	45.3	43.9	3.3	89.3	87.6	1.9
Net operating income (loss)	96.7	91.2	6.0	190.9	182.4	4.7
Realized investment gains (losses)	6.6	16.6	(59.9)	50.8	35.5	43.0
Income taxes (credits) on realized investment gains (losses)	2.3	5.8	(59.9)	17.8	12.4	42.9
Net realized investment gains (losses)	4.3	10.8	(59.9)	33.0	23.1	43.0
Net income (loss)	\$101.0	\$102.0	(1.0)%	\$224.0	\$205.5	9.0 %
Claim ratio	45.1 %	47.8 %	45.6 %	47.7 %		
Expense ratio	50.3	47.9	49.8	47.7		
Composite underwriting ratio	95.4 %	95.7 %	95.4 %	95.4 %		
Consolidated operating cash flow	\$163.8	\$303.7	(46.1)%			

Consolidated operating cash flow was additive to investable funds in the amount of \$163.8 and \$303.7 for the first six months of 2016 and 2015, respectively. Excluding the MI and CCI operating cash flows, these amounts would be \$218.7 and \$387.7, respectively.

The sum total of Old Republic's segmented results is represented by the following major components of pretax consolidated income:

	Quarters Ended June 30,			Six Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Pretax operating income:						
Underwriting and related services:						
All segments except RFIG	\$49.2	\$58.7	(16.1)%	\$80.0	\$83.7	(4.4)%
RFIG run-off	8.5	(6.4)	231.7	30.3	22.3	35.5
Subtotal	57.8	52.2	10.7	110.4	106.1	4.0
Net investment income	94.9	93.1	1.9	191.2	184.6	3.6
Interest and other costs	(10.6)	(10.2)	4.0	(21.3)	(20.7)	3.0
Total	142.1	135.1	5.1	280.3	270.0	3.8
Realized investment gains(losses)	6.6	16.6	(59.9)	50.8	35.5	43.0
Consolidated pretax income	\$148.8	\$151.8	(2.0)%	\$331.1	\$305.6	8.4%

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,	Dec. 31,	June 30,	June '16	June '16	
2016	2015	2015	Dec. '15	June '15	

Cash and invested assets:

Carried at fair value	\$11,509.5	\$11,119.6	\$11,286.4	3.5%	2.0%
Carried at amortized cost	629.2	355.8	62.4	76.8	N/M
Total per balance sheet	\$12,138.7	\$11,475.5	\$11,348.8	5.8%	7.0%
Cost basis	\$11,409.6	\$11,284.5	\$10,927.3	1.1%	4.4%

Shareholders' equity: Total	\$4,378.0	\$3,880.8	\$3,937.4	12.8%	11.2%
Per common share	\$16.89	\$15.02	\$15.16	12.5%	11.4%

Composition of shareholders' equity per share:

Equity before items below	\$15.40	\$14.91	\$14.44	3.3%	6.6%
Unrealized investment gains (losses) and other accumulated comprehensive income (loss)	1.49	0.11	0.72		
Total	\$16.89	\$15.02	\$15.16	12.5%	11.4%

Segmented composition of
shareholders' equity per share:

Excluding run-off segment	\$ 15.70	\$ 14.06	\$ 14.22	11.7 %	10.4 %
RFIG run-off segment	1.19	0.96	0.94		
Total	\$ 16.89	\$ 15.02	\$ 15.16	12.5 %	11.4 %

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, 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, 2016, the consolidated investment portfolio reflected an allocation of approximately 80 percent to fixed-maturity and short-term investments, and 20 percent to equities. Investments in high quality, dividend-paying equity securities have been emphasized since 2013, while the asset quality of the fixed maturity portfolio remains at high levels.

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

	Shareholders' Equity Per Share			
	Quarter Ended	Six Months Ended	Year Ended	
	June 30, 2016	June 30, 2016	2015	Dec. 31, 2015
Beginning balance	\$16.00	\$15.02	\$15.15	\$15.15
Changes in shareholders' equity:				
Net operating income (loss)	0.37	0.74	0.70	1.40
Net realized investment gains (losses):				
From sales	0.02	0.13	0.09	0.23
From impairments	—	—	—	—
Subtotal	0.02	0.13	0.09	0.23
Net unrealized investment gains (losses)	0.68	1.35	(0.38)	(0.96)
Total realized and unrealized investment gains (losses)	0.70	1.48	(0.29)	(0.73)
Cash dividends	(0.19)	(0.38)	(0.37)	(0.74)
Stock issuance, foreign exchange, and other transactions	0.01	0.03	(0.03)	(0.06)
Net change	0.89	1.87	0.01	(0.13)
Ending balance	\$16.89	\$16.89	\$15.16	\$15.02
Percentage change for the period	5.6 %	12.5 %	0.1 %	(0.9)%
Capitalization - As the table below indicates, the major change in Old Republic's capitalization in the six months ended June 30, 2016 consisted of a 12.8% increase in the common shareholders' account.				
	Capitalization(*)			
	June 30, 2016	December 31, 2015	June 30, 2015	
Debt:				
3.75% Convertible Senior Notes due 2018	\$546.9	\$546.0	\$545.0	
4.875% Senior Notes due 2024	395.4	395.1	394.8	
ESSOP debt with an average yield of 3.9%	8.1	11.7	11.7	
Other miscellaneous debt with an average yield of 1.8%	32.4	—	—	
Total debt	982.9	952.8	951.6	
Common shareholders' equity	4,378.0	3,880.8	3,937.4	
Total capitalization	\$5,361.0	\$4,833.7	\$4,889.1	
Capitalization ratios:				
Debt	18.3 %	19.7 %	19.5 %	
Common shareholders' equity	81.7	80.3	80.5	
Total	100.0 %	100.0 %	100.0 %	

(*) Certain debt amounts have been reduced due to the reclassification of relatively immaterial debt issuance costs previously classified as deferred assets, in order to comply with a 2015 pronouncement by the Financial Accounting Standards Board.

The changes in common shareholders' equity stem primarily from each periods net income, dividend payments to shareholders and changes in the value of invested assets carried at fair value.

DETAILED MANAGEMENT ANALYSIS

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

FINANCIAL ACCOUNTING AND REPORTING POLICIES

The Company'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 the Company. As a result, actual experienced outcomes can differ from the estimates made at any point in time and thus affect future periods' reported revenues, expenses, net income or loss, and financial condition.

Old Republic believes that its most critical accounting estimates relate to: a) the determination of other-than-temporary impairments ("OTTI") in the value of fixed maturity and equity investments; b) the valuation of deferred income tax assets; c) the establishment and recoverability of deferred acquisition costs; d) the recoverability of reinsured paid and/or outstanding losses; and e) the establishment of reserves for losses and loss adjustment expenses. The major assumptions and methods used in setting these estimates are discussed in the Company's 2015 Annual Report on Form 10-K.

FINANCIAL POSITION

The Company's financial position at June 30, 2016 reflected increases in assets, liabilities, and common shareholders' equity of 5.2%, 3.0%, and 12.8%, respectively, when compared to the immediately preceding year-end. Cash and invested assets represented 67.5% and 67.1% of consolidated assets as of June 30, 2016 and December 31, 2015, respectively. As of June 30, 2016, the cash, accrued investment income, and invested asset base rose by 5.8% to \$12,138.7.

Investments - During the first six months of 2016 and 2015, the Company committed the majority of investable funds to short to intermediate-term fixed maturity securities and higher yielding publicly traded large capitalization common shares. At both June 30, 2016 and 2015, approximately 99% of the Company's investments consisted of marketable securities. Old Republic continues to adhere to its long-term policy of investing primarily in investment grade, marketable securities. The portfolio contains no significant insurance risk-correlated asset exposures to real estate, mortgage-backed securities, collateralized debt obligations ("CDO's"), derivatives, hybrid securities, or illiquid private equity 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. At June 30, 2016, the Company 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 June 30, 2016. 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, debt maturities, and investment strategy considerations. Accordingly, the future level of short-term investments will vary and respond to the interplay of these factors and may, as a result, increase or decrease from current levels.

The Company does not own or utilize derivative financial instruments for the purpose of hedging, enhancing the overall return of its investment portfolio, or reducing the cost of its debt obligations. With regard to its equity portfolio, the Company does not own any options nor does it engage in any type of option writing. Traditional

investment management tools and techniques are employed to address the yield and valuation exposures of the invested assets base. The long-term fixed maturity investment portfolio is managed so as to limit various risks inherent in the bond market. Credit risk is addressed through asset diversification and the purchase of investment grade securities. Reinvestment rate risk is reduced by concentrating on non-callable issues, and by taking asset-liability matching considerations into account. Purchases of mortgage and asset backed securities, which have variable principal prepayment options, are generally avoided. Market value risk is limited through the purchase of bonds of intermediate maturity. The combination of these investment management practices is expected to produce a more stable long-term fixed maturity investment portfolio that is not subject to extreme interest rate sensitivity and principal deterioration.

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

Possible future declines in fair values for Old Republic's available for sale bond and equity 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. The Company 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, the Company, in addition to a security's market price history, considers the totality of such factors as the issuer's operating results, financial condition and liquidity, its ability to access capital markets, credit rating trends, most current 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 the issuer's previously reported earnings or financial condition, are recognized as realized losses as soon as credible publicly available information emerges to confirm such developments. Absent issuer-specific circumstances that would result in a contrary conclusion, any equity security with an unrealized investment loss amounting to a 20% or greater decline consecutively during a six month period is considered other-than-temporarily-impaired. In the event the Company's estimate of other-than-temporary impairments is insufficient at any point in time, future periods' net income (loss) would be affected adversely by the recognition of additional 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 in shareholders' equity.

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

Credit Quality Ratings of Fixed Maturity Securities (a)

	June 30, 2016	December 31, 2015
Aaa	19.0 %	17.2 %
Aa	11.1	9.6
A	31.1	32.3
Baa	30.5	34.7
Total investment grade	91.7	93.8
All other (b)	8.3	6.2
Total	100.0 %	100.0 %

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

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

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

June 30, 2016	Amortized Cost	Gross Unrealized
------------------	-------------------	---------------------

Losses

Fixed
Maturity
Securities
by
Industry

Concentration:

Energy	\$ 254.0	\$ 24.1
Basic Industry	66.1	11.8
Industrial	61.5	4.1
Telecom	13.9	2.7
Other (includes 6 industry groups)	61.6	2.7
Total	\$ 457.4	(c)\$ 45.7

(c) Represents 5.3% of the total fixed maturity securities portfolio.

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

June 30, 2016	Amortized Cost	Gross Unrealized Losses
Fixed Maturity Securities by Industry Concentration:		
Natural Gas	\$ 90.7	\$ 2.8
Energy	65.0	.9
Technology	28.8	.4
Basic Industrial	14.5	—
Other (includes 16 industry groups)	76.5	.1
Total	\$ 275.8	(d)\$ 4.5

(d) Represents 3.2% of the total fixed maturity securities portfolio.

Gross Unrealized Losses Stratified by
Industry Concentration for Equity
Securities

June 30, 2016	Cost	Gross Unrealized Losses
Equity Securities by Industry Concentration:		
Energy	\$232.4	\$ 23.9
Health Care	59.4	2.2
Industrial	81.3	1.3
Technology	70.0	.4
Insurance	10.0	.1
Total	\$453.2(e)	\$ 28.0 (f)

(e) Represents 23.5% of the total equity securities portfolio.

(f) Represents 1.5% of the cost of the total equity securities portfolio, while gross unrealized gains represent 22.6% of the portfolio.

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

June 30, 2016	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	\$47.2	\$ 7.9	\$—	\$ —
or less				
Due after one year	269.5	145.9	14.0	11.9
through				
five years				
Due after five years	389.2	277.6	31.4	29.0
through				
ten years				
Due after ten years	27.1	25.7	4.6	4.6
Total	\$733.2	\$ 457.4	\$50.2	\$ 45.7

Gross Unrealized Losses Stratified by
Duration and Amount of Unrealized Losses

June 30, 2016	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	\$2.2	\$—	\$—	\$ 2.2
Seven to twelve months	9.9	—	—	9.9
More than twelve months	20.3	9.3	8.3	38.0
Total	\$32.4	\$9.3	\$8.3	\$ 50.2

Equity
Securities:

One to six months	\$4.1	\$—	\$—	\$ 4.1
Seven to twelve months	—	—	—	—
More than twelve months	23.8	—	—	23.8
Total	\$28.0	\$—	\$—	\$ 28.0

Number
of Issues
in Loss

Position:

Fixed
Maturity
Securities:

One to six months	45	—	—	45	
Seven to twelve months	46	—	—	46	
More than twelve months	54	6	1	61	
Total	145	6	1	152	(g)

Equity
Securities:

One to six months	7	—	—	7	
Seven to twelve months	—	—	—	—	
More than twelve months	4	—	—	4	
Total	11	—	—	11	(g)

(g) At June 30, 2016 the number of issues in an unrealized loss position represent 8.4% as to fixed maturities, and 12.2% as to equity securities of the total number of such issues held by the Company.

The aging of issues with unrealized losses employs balance sheet date fair value comparisons with an issue's original cost. The percentage reduction from such cost reflects the decline as of a specific point in time (June 30, 2016 in the above table) and, accordingly, is not indicative of a security's value having been consistently below its cost at the percentages shown nor throughout the periods shown.

Age Distribution of Fixed
Maturity Securities

	June 30, 2016	December 31, 2015
Maturity Ranges: Due in one year or less	8.3 % 45.0	9.9 % 40.8

Due after one year through five years	44.4	47.0	
Due after five years through ten years			
Due after ten years through fifteen years	2.0	1.9	
Due after fifteen years	.3	.4	
Total	100.0 %	100.0	%

Average Maturity in Years	4.8	4.9
Duration (h)	4.2	4.3

Duration is used as a measure of bond price sensitivity to interest rate changes. A duration of 4.2 as of June 30, (h)2016 implies that a 100 basis point parallel increase in interest rates from current levels would result in a possible decline in the fair value of the long-term fixed maturity investment portfolio of approximately 4.2%.

Composition of Unrealized Gains
(Losses)

	June 30, 2016	December 31, 2015
Available for Sale:		
Fixed Maturity Securities:		
Amortized cost	\$8,011.7	\$ 8,149.4
Estimated fair value	8,335.5	8,181.5
Gross unrealized gains	373.9	185.8
Gross unrealized losses	(50.1)	(153.8)
Net unrealized gains (losses)	\$323.7	\$ 32.0

Equity Securities:		
Original cost	\$1,925.8	\$ 1,826.4
Estimated fair value	2,333.4	1,987.8
Gross unrealized gains	435.6	266.7
Gross unrealized losses	(28.0)	(105.3)
Net unrealized gains (losses)	\$407.6	\$ 161.4

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

Liquidity - The parent holding company meets its liquidity and capital needs principally through dividends and interest on intercompany financing arrangements paid by its subsidiaries. The insurance subsidiaries' ability to pay cash dividends to the parent company is generally restricted by law or subject to approval of the insurance regulatory authorities of the states in which they are domiciled. The Company can receive up to \$493.8 in dividends from its subsidiaries in 2016 without the prior approval of regulatory authorities. The liquidity achievable through such permitted dividend payments is considered sufficient to cover the parent holding company's currently expected cash outflows represented mostly by interest and scheduled repayments on outstanding debt, reasonably anticipated cash dividend payments to shareholders, modest operating expenses, and the near-term capital needs of its operating company subsidiaries. At June 30, 2016, the Company's consolidated debt to equity ratio was 22.5%.

The Company's 3.75% Convertible Senior Notes and 4.875% Senior Notes ("the Notes") contain provisions defining certain events of default, among them a court ordered proceeding due to the insolvency of a Significant Subsidiary. The Notes define Significant Subsidiary in accordance with the paragraph (w) of Rule 1-02 of the SEC's Regulation S-X. The Company's flagship mortgage guaranty insurance carrier, Republic Mortgage Insurance Company, ("RMIC") qualifies as a Significant Subsidiary for purposes of the Notes. If RMIC were to become statutorily impaired, its insolvency could trigger a receivership proceeding which, in turn could ultimately result in an event of default. If this were to occur, the outstanding principal of the Notes could become immediately due and payable. As of June 30, 2016, RMIC was statutorily solvent and management has every expectation that its solvent state is likely to prevail.

See the Company's 2015 Annual Report on Form 10-K, Item 1 - Business for a discussion of regulatory matters affecting RMIC. Management believes these current events have precluded the aforementioned potential for an event of default from occurring in the foreseeable future.

Capitalization - Old Republic's total capitalization of \$5,361.0 at June 30, 2016 consisted of debt of \$982.9 and common shareholders' equity of \$4,378.0. Changes in the common shareholders' equity account reflect primarily net income for the period then ended, changes in the fair value of invested assets, and dividend payments.

Old Republic has paid cash dividends to its shareholders without interruption since 1942, and has increased the annual rate in each of the past 35 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 the Company does not follow a strict formulaic approach. Rather, it favors a gradual rise in the annual dividend rate that is largely reflective of long-term consolidated operating earnings trends. Accordingly, each year's dividend rate is set judgmentally in consideration of such key factors as the dividend paying capacity of the Company's insurance subsidiaries, the trends in average annual statutory and GAAP earnings for the five to ten most recent calendar years, and management's long-term expectations for the Company's consolidated business and its individual operating subsidiaries.

Under state insurance regulations, the Company's three mortgage guaranty insurance subsidiaries are required to operate at a maximum risk to capital ratio of 25:1 or otherwise hold minimum amounts of capital based on specified formulas. As noted in prior periods' reports, the Company's flagship mortgage guaranty insurance carrier had been operating pursuant to a waiver of minimum state regulatory capital requirements since late 2009. This waiver expired on August 31, 2011. The Company's mortgage insurance subsidiaries therefore discontinued writing new business in all states and limited themselves to servicing the run-off of their existing business. As noted elsewhere herein, RMIC and

RMICNC have been operating pursuant to a Summary Order since January 19, 2012 and December 3, 2012, respectively, and the risk-to-capital ratio considerations are therefore no longer of consequence.

RESULTS OF OPERATIONS

Revenues: Premiums & Fees

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

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

Title premium and fee revenues stemming from the Company's direct operations (which include branch offices of its title insurers and wholly owned agency subsidiaries) represent approximately 28% of 2016 consolidated title business revenues. Such premiums are generally recognized as income at the escrow closing date which approximates the policy effective date. Fee income related to escrow and other closing services is recognized when the related services have been performed and completed. The remaining 72% of consolidated title premium and fee revenues is produced by independent title agents and underwritten title companies. Rather than making estimates that could be subject to significant variance from actual premium and fee production, the Company recognizes revenues from those sources upon receipt. Such receipts can reflect a three to four month lag relative to the effective date of the underlying title policy, and are offset concurrently by production expenses and claim reserve provisions.

The Company's mortgage guaranty premiums primarily stem from monthly installments paid on long-duration, guaranteed renewable insurance policies. 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 RFIG Run-off Business' Risk Factors for premium income and long-term claim exposures in the Company's 2015 Annual Report on Form 10-K under Item 1A - Risk Factors, revenue recognition for insured loans is not appropriately matched to the risk exposure and the consequent recognition of both normal and catastrophic loss occurrences.

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

	Earned Premiums and Fees					% Change from prior period
	General	Title	RFIG Run-off	Other	Total	
Years Ended December 31:						
2013	\$2,513.7	\$1,996.1	\$ 316.5	\$59.3	\$4,885.6	9.3 %
2014	2,735.6	1,759.2	255.4	60.7	4,811.1	(1.5)
2015	2,894.7	2,045.3	219.9	19.4	5,179.4	7.7
Six Months Ended June 30:						
2015	1,412.7	931.0	114.4	9.7	2,467.9	7.1
2016	1,460.8	998.7	90.5	9.5	2,559.6	3.7
Quarters Ended June 30:						
2015	709.3	502.7	56.3	5.0	1,273.5	8.6
2016	\$741.8	\$524.5	\$ 42.7	\$4.7	\$1,313.9	3.2 %

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

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General Insurance Earned Premiums by Type of Coverage

	Commercial Workers Compensation (including trucking)	Automobile and Marine and Property	Financial Indemnity	Inland Marine and Property	General Liability	Other
Years Ended December 31:						
2013	39.6%	32.8 %	3.8 %	7.7 %	6.3 %	9.8 %
2014	40.6	31.9	3.9	7.5	6.2	9.9
2015	39.0	32.1	4.1	7.4	5.9	11.5
Six Months Ended June 30:						
2015	39.5	31.8	3.9	7.4	6.0	11.4
2016	37.5	33.2	4.1	7.3	5.5	12.4
Quarters Ended June 30:						
2015	38.2	32.1	3.9	7.4	5.9	12.5
2016	37.2%	32.8 %	4.1 %	7.2 %	5.2 %	13.5%

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:		
2013	27.9 %	72.1 %
2014	27.1	72.9
2015	27.2	72.8
Six Months Ended June 30:		
2015	28.8	71.2
2016	28.5	71.5
Quarters Ended June 30:		
2015	29.7	70.3
2016	30.0 %	70.0 %

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

Premium and Persistency Trends by Type:	Earned Premiums		Persistency	
	Direct	Net	Traditional Primary	Bulk
Years Ended December 31:				
2013	\$296.6	\$286.7	79.1 %	81.9 %
2014	234.6	227.6	82.2	66.9
2015	201.1	195.9	79.9	56.1
Six Months Ended June 30:				
2015	105.3	102.7	81.2	62.8
2016	84.8	83.1	79.3 %	63.4 %
Quarters Ended June 30:				

2015	51.4	50.1
2016	\$39.6	\$38.7

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

While there is no consensus in the marketplace as to the precise definition of "sub-prime", Old Republic generally views loans with credit (FICO) scores less than 620, loans underwritten with reduced levels of documentation and loans with loan to value ratios in excess of 95% as having a higher risk of default. Risk in force concentrations by these attributes are disclosed in the following tables for both traditional primary and bulk production. Premium rates for loans exhibiting greater risk attributes are typically higher in anticipation of potentially greater defaults and claim costs. Additionally, bulk insurance policies, which represent 6.5% of total net risk in force as of June 30, 2016, are frequently subject to deductibles and aggregate stop losses which serve to limit the overall risk on a pool of insured loans.

Net Risk in Force

Net Risk in Force By Type:	Traditional Primary	Bulk	Other	Total
As of December 31:				
2013	\$ 9,579.6	\$704.8	\$48.5	\$10,333.0
2014	7,984.8	549.6	31.8	8,566.2
2015	6,414.9	428.2	24.1	6,867.3
As of June 30:				
2015	7,174.0	471.7	28.0	7,673.8
2016	\$ 5,697.1	\$395.5	\$22.7	\$6,115.3

Analysis of Risk in Force

Risk in Force Distribution By FICO Scores:	FICO less than 620	FICO 620 to 680	FICO Greater than 680	Unscored/Unavailable
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Traditional Primary:

As of December 31:				
2013	6.6 %	28.1 %	64.3 %	1.0 %
2014	6.6	28.5	64.0	.9
2015	6.8	29.3	63.0	.9
As of June 30:				
2015	6.7	28.9	63.6	.8
2016	7.0 %	29.8 %	62.5 %	.7 %

Bulk(a):

As of December 31:				
2013	23.5 %	33.0 %	43.3 %	.2 %
2014	26.1	33.1	40.7	.1
2015	28.4	32.2	39.2	.2
As of June 30:				
2015	27.6	32.3	40.0	.1
2016	29.0 %	32.0 %	38.8 %	.2 %

Risk in Force Distribution By Loan to Value ("LTV") Ratio:	LTV 85.0 and below	LTV 85.01 to 90.0	LTV 90.01 to 95.0	LTV Greater than 95.0
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Traditional Primary(b):

As of December 31:				
2013	4.2 %	34.5 %	32.2 %	29.1 %
2014	3.9	34.2	31.5	30.4
2015	3.8	33.5	30.9	31.8
As of June 30:				
2015	3.8	33.9	31.2	31.1
2016	3.8 %	33.0 %	30.8 %	32.4 %

Bulk(a):

As of December 31:

2013	56.9%	23.4%	10.2%	9.5 %
2014	52.5	25.8	11.1	10.6
2015	48.3	28.0	11.9	11.8

As of June 30:

2015	49.3	27.5	11.7	11.5
2016	47.5%	28.4%	11.9%	12.2 %

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- (a) Bulk pool risk in-force, which represented 15.7% of total bulk risk in-force at June 30, 2016, has been allocated pro-rata based on insurance in-force.
- (b) The LTV distribution reflects base LTV ratios which are determined prior to the impact of single premiums financed and paid at the time of loan origination.

Risk in Force Distribution By Top Ten States:

	Traditional Primary									
	TX	FL	GA	IL	CA	NC	PA	NJ	VA	MD
As of December 31:										
2013	8.3%	7.5%	5.5%	5.2%	4.9%	4.8%	4.4%	3.8%	3.2%	2.9%
2014	7.8	7.3	5.7	5.3	4.9	4.8	4.3	4.0	3.4	3.0
2015	7.1	7.5	5.9	5.5	4.9	4.7	4.3	4.2	3.4	3.4
As of June 30:										
2015	7.4	7.3	5.8	5.4	4.9	4.8	4.3	4.2	3.4	3.3
2016	6.7%	7.6%	5.9%	5.7%	4.9%	4.6%	4.3%	4.3%	3.5%	3.6%

	Bulk (a)									
	TX	FL	GA	IL	CA	AZ	PA	NJ	OH	NY
As of December 31:										
2013	5.4%	9.3%	4.4%	3.9%	14.1%	2.8%	3.4%	4.0%	3.8%	7.9%
2014	5.3	9.3	4.6	4.0	13.0	2.7	3.5	4.4	4.0	7.6
2015	5.1	8.9	4.7	4.0	12.8	2.8	3.6	4.4	4.2	7.4
As of June 30:										
2015	5.2	9.0	4.7	4.0	13.0	2.7	3.6	4.4	4.2	7.2
2016	5.1%	8.7%	4.8%	4.1%	12.6%	2.8%	3.7%	4.3%	4.2%	7.5%

Risk in Force Distribution By Level of Documentation:

	Full Documentation		Reduced Documentation	
Traditional Primary:				
As of December 31:				
2013	92.7	%	7.3	%
2014	92.7		7.3	
2015	92.6		7.4	
As of June 30:				
2015	92.6		7.4	
2016	92.5	%	7.5	%
Bulk (a):				
As of December 31:				
2013	57.6	%	42.4	%
2014	62.3		37.7	
2015	66.6		33.4	
As of June 30:				
2015	66.1		33.9	
2016	67.3	%	32.7	%

(a) Bulk pool risk in-force, which represented 15.7% of total bulk risk in-force at June 30, 2016, has been allocated pro-rata based on insurance in-force.

Risk in Force Distribution By Loan Type:	Fixed Rate & ARMs with Resets >=5 Years	ARMs with Resets <5 years
Traditional Primary:		
As of December 31:		
2013	97.2 %	2.8 %
2014	97.2	2.8
2015	97.3	2.7
As of June 30:		
2015	97.2	2.8
2016	97.2 %	2.8 %
Bulk (a):		
As of December 31:		
2013	74.3 %	25.7 %
2014	72.4	27.6
2015	71.8	28.2
As of June 30:		
2015	72.1	27.9
2016	71.5 %	28.5 %

(a) Bulk pool risk in-force, which represented 15.7% of total bulk risk in-force at June 30, 2016, has been allocated pro-rata based on insurance in-force.

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

	Net CCI Earned Premiums	Risk in Force
Years Ended December 31:		
2013	\$ 29.8	\$989.4
2014	27.7	858.5
2015	23.9	776.9
Six Months Ended June 30:		
2015	11.6	818.4
2016	7.4	\$739.5
Quarters Ended June 30:		

2015	6.2
2016	\$ 4.0

Revenues: Net Investment Income

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

	Invested Assets at Cost				Total	Fair	Invested
	General	Title	RFIG Run-off	Corporate and Other		Value Adjust- ment	Assets at Fair Value (a)
As of December 31:							
2014	\$7,962.3	\$915.0	\$ 923.2	\$ 691.7	\$10,492.3	\$576.4	\$11,068.8
2015	8,667.4	1,010.5	792.0	562.3	11,032.4	193.0	11,225.5
As of June 30:							
2015	8,231.6	949.3	845.1	683.4	10,709.6	423.7	11,133.4
2016	\$8,908.6	\$1,011.1	\$ 737.4	\$ 490.9	\$11,148.0	\$731.4	\$11,879.4

(a) The June 30, 2016 and December 31, 2015 amounts include \$652.8 and \$359.7, respectively, (fair value) fixed maturity securities classified as held to maturity which are reported and reflected herein at amortized cost of \$629.2 and \$355.8, respectively.

	Net Investment Income				Total	Yield at	
	General	Title	RFIG Run-off	Corporate and Other		Cost	Fair Value
Years Ended							
December 31:							
2013	\$249.6	\$26.6	\$ 36.8	\$ 5.6	\$318.7	3.17%	2.97%
2014	278.8	29.9	27.5	9.2	345.5	3.33	3.15
2015	312.1	34.0	25.1	17.2	388.6	3.61	3.49
Six Months Ended							
June 30:							
2015	148.5	15.9	12.6	7.5	184.6	3.48	3.33
2016	156.3	18.0	11.7	5.1	191.2	3.45	3.31
Quarters Ended							
June 30:							
2015	74.7	7.9	6.3	4.1	93.1	3.49	3.33
2016	\$77.7	\$8.9	\$ 5.7	\$ 2.4	\$94.9	3.40	