OLD REPUBLIC INTERNATIONAL CORPORATION

Managing for the long run

Annual Report
Form 10-K
Proxy Statement

2009

About Us

Our MISSION is to provide quality insurance security and related services to businesses, individuals, and public institutions and be a dependable long-term steward of the trust our policyholders and shareholders place in us.

Old Republic traces its beginnings to 1923, although several acquired subsidiaries began operations much earlier. The Company is one of America's 50 largest shareholder-owned insurance businesses. Its subsidiaries market, underwrite, and provide risk management services for a wide variety of coverages, predominantly in the general (property and liability), mortgage guaranty, and title insurance fields. The Company is primarily a commercial lines underwriter serving the insurance needs of a large number of organizations, including many of America's leading industrial and financial services institutions.

For the beneficiaries of their insurance products and services, Old Republic's insurance subsidiaries provide quality assurance of the promises they make. For employees, the Company offers an environment of success in which they can pursue personal goals of professional and economic achievement in the context of Old Republic's business objectives.

Old Republic's record as a long-term investment compares very favorably within American industry. The Company's performance reflects an entrepreneurial spirit, a necessary long-term orientation in the management of its business, and a corporate structure that promotes accountability and encourages the taking of prudent business risks. For the 25 years ended in 2009, the Company's total market return, with dividends reinvested, has grown at a compounded annual rate of 9.7 percent per share. For the same period, the total market return, with dividends reinvested, for the S&P 500 Index has grown at a 10.5 percent annual compound rate. During those years, Old Republic's shareholders' equity account, inclusive of cash dividends, has risen at an average annual rate of 11.6 percent per share, and the regular cash dividend has grown at a 10.3 percent annual compound rate. According to the most recent edition of *Mergent's Dividend Achievers*, Old Republic is one of just 120 companies, out of 10,000-plus publicly held corporations, that have posted at least 25 consecutive years of annual dividend growth.

Managing for the Long Run.

Contents

Page	
ii	Financial Highlights
iii	Senior Executive Management and Board of Directors
iv – vii	Letter to the Shareholders
viii	Ten Year Financial Summary
ix - x	Corporate and Shareholders' Information
	Form 10K Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, including:
	Item 1 – Business Discussion
	Item 1A – Discussion of Risk Factors
	Item 1B through Item 6
	Item 7 – Management Analysis of Financial Position and Results of Operations
	Item 8 – Financial Statements and Footnote Disclosures
	– Report of Independent Registered Public Accounting Firm
	– Management's Responsibility for Financial Statements
	Item 9A – Discussion of Management's Controls and Procedures
	Notice of Annual Meeting of Shareholders and Proxy Statement

Old Republic International Corporation

Financial Highlights ($ in Millions, Except Per Share Data)

Consolidated Data, Years Ended December 31:

	2009	2008	% Change
Total revenues	**$ 3,803.6**	$ 3,237.7	17.5%
Pretax income (loss)	**(273.6)**	(819.2)	66.6
Net operating income (loss): Total	**(157.2)**	(188.1)	16.4
Per share-diluted	**(.67)**	(.81)	17.3
Net income (loss): Total	**(99.1)**	(558.3)	82.2
Per share-diluted	**(.42)**	(2.41)	82.6
Operating cash flow	**532.9**	565.6	-5.8
Assets, December 31	**14,190.0**	13,266.0	7.0
Common shareholders' equity, December 31: Total	**3,891.4**	3,740.3	4.0
Per share	**16.49**	15.91	3.6
Cash dividends per share	**$ .68**	$ .67	1.5%

Segments of Business Results:

	Revenues			Pretax Income (Loss)		
Years Ended December 31:	2009	2008	% Change	2009	2008	% Change
General Insurance	**$ 2,052.7**	$ 2,255.9	-9.0%	**$ 200.1**	$ 294.3	-32.0%
Mortgage Guaranty	**746.1**	690.0	8.1	**(486.4)**	(594.3)	18.2
Title Insurance	**914.1**	681.3	34.2	**2.1**	(46.3)	104.7
Corporate & Other	**84.3**	96.8	-12.9	**4.0**	13.5	-70.4
Realized Gains (Losses)	**6.3**	(486.4)	101.3	**6.3**	(486.4)	101.3
Consolidated	**$ 3,803.6**	$ 3,237.7	17.5%	**$ (273.6)**	$ (819.2)	66.6%

Common Share Statistics

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Net operating income (loss): Basic	**$ (.67)**	$ (.81)	$ .98	$ 1.96	$ 2.22	$ 1.77	$ 1.96	$ 1.69	$ 1.47	$ 1.23
Diluted	**(.67)**	(.81)	.97	1.94	2.19	1.75	1.95	1.68	1.46	1.22
Net income (loss): Basic	**(.42)**	(2.41)	1.18	2.01	2.40	1.91	2.02	1.74	1.55	1.33
Diluted	**(.42)**	(2.41)	1.17	1.99	2.37	1.89	2.01	1.73	1.54	1.32
Book value	**16.49**	15.91	19.71	18.91	17.53	16.94	15.65	13.96	12.48	11.00
Cash dividends paid (a)	**.68**	.67	.63	.59	1.31	.40	.89	.34	.31	.29
Closing price	**$ 10.04**	$ 11.92	$ 15.41	$ 23.28	$ 21.01	$ 20.24	$ 20.29	$ 14.93	$ 14.93	$ 17.06
Ratio of closing price to:										
Book value	**.6x**	.7 x	.8x	1.2x	1.2x	1.2x	1.3x	1.1x	1.2x	1.6x
Net operating income (loss): Diluted	**N/Mx**	N/Mx	15.9x	12.0x	9.6x	11.6x	10.4x	8.9x	10.2x	14.0x
Net return on beginning equity (b)	**(2.6)%**	(12.3)%	6.2%	11.6%	14.3%	12.2%	14.6%	14.1%	14.2%	13.5%

(a) Special cash dividends of $.800 and $.534 per share were paid in December 2005 and 2003, respectively.

(b) Represents net income less preferred dividend requirements as a percentage of common shareholders' equity at the beginning of the year.

N/M = not meaningful

SENIOR EXECUTIVE MANAGEMENT
(as of December 31, 2009)

Charles S. Boone
Senior Vice President - Investments and Treasurer

James A. Kellogg
President and Chief Operating Officer

Spencer LeRoy III
Senior Vice President, Secretary and General Counsel

Karl W. Mueller
Senior Vice President and Chief Financial Officer

Christopher Nard
Senior Vice President - Mortgage Guaranty; President and Chief Executive Officer - Republic Mortgage Insurance Companies

R. Scott Rager
Senior Vice President - General Insurance; President and Chief Operating Officer - Old Republic General Insurance Companies

Rande K. Yeager
Senior Vice President - Title Insurance; President and Chief Executive Officer - Old Republic Title Insurance Companies

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

BOARD OF DIRECTORS
(as of December 31, 2009)

Harrington Bischof
President
Pandora Capital Corporation

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

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

Leo E. Knight, Jr.
Chairman and Chief Executive Officer (Retired)
National City Mortgage Company

John W. Popp
Partner (Retired)
KPMG LLP
Accountants

William A. Simpson
Chairman (Retired)
Republic Mortgage Insurance Company

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

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

Charles F. Titterton
Insurance Group Director (Retired)
Standard & Poor's Corporation

Dennis P. Van Mieghem
Partner (Retired)
KPMG LLP
Accountants

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

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

Management Letter

2009: Annus Miserabilis III

2007 marked the beginning of what is now being called The Great Recession. 2009 represented the third annual installment, and there was no let-up in its impact on Old Republic's business.

Weak Housing and Finance Markets Bring Loss

For the second year in a row we posted a consolidated net operating loss. The main cause for this was significant underwriting losses among the Company's mortgage guaranty and other insurance linked to the housing and financial services fields. While our general insurance segment was less affected by underwriting difficulties stemming from these areas, profit margins were pressured by a soft pricing environment and less favorable investment income growth. The following table shows how these factors contributed to a steady decline in consolidated operating earnings during the past four years, since they peaked in 2005.

Operations Summary
($ in millions except share data)

	2009	2008	2007	2006	2005
Operating revenues:					
General insurance	$ 2,052.7	$ 2,255.9	$ 2,438.0	$ 2,138.7	$ 2,017.6
Mortgage guaranty	746.1	690.0	608.3	529.9	516.0
Title insurance	914.1	681.3	878.5	1,007.3	1,108.6
Corporate and other	84.3	96.8	95.6	99.2	98.6
Total	$ 3,797.2	$ 3,724.2	$ 4,020.6	$ 3,775.2	$ 3,741.0
Pretax operating income (loss):					
General insurance	$ 200.1	$ 294.3	$ 418.0	$ 401.6	$ 350.0
Mortgage guaranty	(486.4)	(594.3)	(110.4)	228.4	243.7
Title insurance	2.1	(46.3)	(14.7)	31.0	88.7
Corporate and other	4.0	13.5	15.1	-	(.1)
Sub-total	(279.9)	(332.7)	308.0	661.1	682.4
Income taxes (credits) on operations	(122.7)	(144.6)	81.3	208.6	173.2
Net operating income (loss)	**(157.2)**	**(188.1)**	**226.7**	**452.4**	**509.1**
Realized investment gains (losses) from actual transactions, net of taxes (credits)	10.3	(2.7)	45.7	12.3	48.2
Net income (loss) from consummated transactions	(146.8)	(190.8)	272.4	464.8	557.4
Investment gains (losses) from mark-to-market adjustments, net of deferred taxes (credits)	47.7	(367.5)	-	-	(6.0)
Net income (loss)	**$ (99.1)**	**$ (558.3)**	**$ 272.4**	**$ 464.8**	**$ 551.4**
Net income (loss) per share:					
Net operating income (loss)	$ (0.67)	$ (0.81)	$ 0.97	$ 1.94	$ 2.19
Actual realized investment gains (losses)	0.04	(0.01)	0.20	0.05	0.21
Sub-total	(0.63)	(0.82)	1.17	1.99	2.40
Mark-to-market gains (losses)	0.21	(1.59)	-	-	(0.03)
Total	$ (0.42)	$ (2.41)	$ 1.17	$ 1.99	$ 2.37

2009's Economic Backdrop and Outcomes

In last year's report we observed that the "business landscape was marked by extraordinary economic events that shook financial markets and most institutional participants in them. These events can fairly be traced to government easy money and social engineering policies stretching back a dozen years or more, to many years of poor lending practices for consumer borrowings, and to a large swatch of the private sector whose mindset remained focused on short-term results."

The history of these times will recount how the activities and the securities invented and sold by both renowned and lesser-known financial institutions undermined the public trust and many fortifications of American enterprise. Financial charlatans peddling hocus-pocus-laden securities, errant rating agencies, accounting legerdemain, and inattentive regulation all lent a complicit hand to the debacle that ensued. This reached its denouement as 2007 came to an end. In its wake, housing as a cornerstone of the American economy was broken, and trusting investors and their investment mavens were entrapped in a maelstrom of toxic financial investments. Peoples' nest eggs sustained untold losses, as did the assets of many banks and insurance companies—which were intended as bulwarks to promises of financial indemnity. Without doubt, history will tell of the many years it will take to reset the cornerstone. It also will tell of the intrusion of government regulation that followed.

The events that affected the business landscape of 2008 continued to poison the wellspring of America's economy in 2009. Last year's media reports feasted attention on the after-effects of private sector and government economic assumptions and presumptions gone awry. These after-effects have lingered longer than we would have liked and led us to continue to play defense throughout 2009.

Playing defense has meant protecting Old Republic's balance sheet strength to assure our full participation in new business opportunities as the economy regains its footing. We've done this in a number of ways:

- Investing all available funds in transparently secure and highly liquid debt securities with relatively short maturities. As a result, we have great certainty that these can be liquidated to at least recover their original cost whenever the need arises.
- Staying on top of all types of receivables—most notably the long-term balances due from reinsurers—to assure their ultimate collectability.
- Sticking with long-established estimating practices when setting claim reserves. This assures the quality of our promises of financial indemnity and the strength of the capital resources we truly have.
- Limiting the amount of debt we owe, to maintain a high degree of flexibility in projecting the reach of our capital resources.

Playing defense has also required a re-assessment of our decades-long commitment to insure financial interests in the housing and consumer credit sectors of the American economy. The recent underwriting losses we've sustained from mortgage guaranty and consumer credit indemnity coverages have been of catastrophic proportions never imagined. Their impact on the long-term management of Old Republic's business has required a recalibration of our capital allocation model. It is now geared to emphasize underwriting orientations less prone to financially related catastrophic exposures, and more amenable to pricing discipline and flexibility. We remain committed to mortgage guaranty and related insurance indemnities. But we intend that they be better counterbalanced against a greater amount of coverages in other insurance lines and industries served. By doing this, we assure greater intermediate-term opportunities to expand our general and title insurance business until the mortgage guaranty playing field clears up.

2009 Performance: A Mirror Image of 2008

Leaving aside a largely non-recurring benefit from certain mortgage guaranty reinsurance transactions, Old Republic's 2009 consolidated operating results tracked fairly closely with the preceding year's.

General Insurance operating income for 2009 was affected mostly by lower premium volume and moderately higher claim and expense ratios. Earned premiums for the majority of insurance coverages continued to trend lower throughout the year. Premium growth has been constrained by the combination of a moderately declining rate environment for about the past three years, and by the recession. These conditions affect factors such as sales and employment levels, both of which are important elements upon which premiums are based. General insurance investment income trends benefited from greater invested asset balances.

Overall claim ratios continued to trend moderately higher. Claim experience for the consumer credit indemnity (CCI) coverage, however, remained at high levels. This added approximately 7.3 percentage points to the overall 2009 claim ratio, compared with a 6.1 percentage point increase for 2008. The overall claim ratios were 76.3% in 2009 and 73.0% in 2008, compared with an average of 66.9% from 2005 to 2007.

Production and general operating expenses remained under good overall control throughout the year, but still rose by 1.6 percentage points to 25.8 percent in 2009. A small reduction in total expenses lagged a larger drop in the earned premium base.

As noted earlier, 2009 ***Mortgage Guaranty*** operating results benefited from non-recurring captive reinsurance premiums receipts. During the third quarter, Old Republic's Mortgage Guaranty Group entered into reinsurance commutation agreements with four lender-owned captive reinsurers. As part of the transactions, the Company received reinsurance premiums of $82.5 million to cover losses expected to occur after the commutation date. Under GAAP accounting principles, these reinsurance commutations were treated as terminations of risk transfer reinsurance arrangements rather than transactions in which the Company takes on new or additional insurance risk. Because of this, the premiums received were booked as current income rather than being deferred—and then recognized in the future periods during which the related risk will exist and expected claims will occur.

We estimate that nearly all of these premiums will likely be absorbed by related claim costs, which negates what currently appears to be a gain. The up-front recognition of these premiums also had the effect of looking like an 8.8% increase in 2009's net premiums. Excluding this, premiums would have shown an actual 4.1% decline. As a further consequence of this GAAP premium recognition methodology, the reported 2009 loss ratio dropped from 199.6% to 176.0%, and the mortgage guaranty pretax operating loss was reduced from $562.7 million to $486.4 million. Without these premium recognition effects, quarterly claim ratios throughout 2009 averaged 199.7% versus 199.3% for 2008. Greater claim rescissions, and a moderate decline in expected claim severity during 2009, partially offset the impact of a continued uptrend in delinquent loans on claim reserve provisions.

In all other regards the lower premium levels resulted mostly from our use of more selective underwriting criteria since late 2007, from an overall decline in the industry's business penetration, and from higher premium refunds related to claim rescissions. These factors were somewhat offset by relatively high persistency levels for business produced in prior years, and by a continuing decline in premiums ceded to lender-owned (captive) reinsurance companies.

Production and operating expense ratios continued to reflect successful expense management. Net investment income trended up throughout 2009. This resulted from an invested asset base enhanced by positive operating cash flow. Most of last year's operating cash flow was generated primarily by income tax-related asset recoveries and funds received through reinsurance commutations.

In 2009, Old Republic's ***Title Insurance*** business turned slightly profitable for the first time since 2006. Growth in premiums and fees resulted mostly from greater refinance transactions earlier in the year, and from market share gains taken from title industry dislocations and consolidations. Claim costs rose at a quicker pace, however, as the Company made modest additions to reserve provisions in consideration of recent claim emergence trends. Production and general operating expenses—while relatively lower as a percentage of premium and fees revenues—rose in total dollars. This reflected greater personnel and other production costs related to the higher revenues attained and anticipated.

In total, **Old Republic's consolidated operations** shed red ink for the second consecutive year out of the past 34. Despite this, we were able to pay a slightly higher dividend to our shareholders, marking the 28th straight year of cash dividend increases.

The combination of adverse operating results and the cash dividend outlay in 2009 were beneficially offset, however, by substantial gains in the value of our investment portfolio. As a result, we experienced the moderate increase in the shareholders' account shown in the following table.

	2009		2008	
	Total ($ in millions)	Per Share	Total ($ in millions)	Per Share
Common shareholders' equity, beginning of year	$ 3,740.3	$ 15.91	$ 4,541.6	$ 19.71
Changes for the year:				
Net operating gains (losses)	(157.2)	(0.67)	(188.1)	(0.81)
Investment gains (losses):				
From securities sales	10.3	0.04	(2.7)	(0.01)
From mark-to-market impairments	47.7	0.21	(367.5)	(1.59)
Sub-total	(99.1)	(0.42)	(558.3)	(2.41)
Unrealized investment gains (losses)	376.1	1.59	(78.1)	(0.33)
Cash dividends paid	(160.0)	(0.68)	(155.2)	(0.67)
Other – net	34.1	0.09	(9.5)	(0.39)
Net change for the year:	151.1	0.58	(801.2)	(3.80)
Common shareholders' equity, end of year	$ 3,891.4	$ 16.49	$ 3,740.3	$ 15.91

Financial Strength Undiminished

Old Republic's 2009 capital account grew by 4% following an approximate 17.5% decline in 2008. Debt levels rose to $346.7 million last year from $233.0 million at year-end 2008.

Most short-term debt outstanding at the end of 2008 was refinanced as part of a $316.25 million public offering of 8% convertible senior notes due in 2012. Much of this was dedicated to the capital base of our general and title insurance segments. The resulting debt-to-equity ratio of 8.9% at year-end 2009 did not have a significant effect on capitalization strength and flexibility.

As noted above, Old Republic's balance sheet retained its relatively pristine state. It continued to be devoid of poor quality, illiquid, and non-transparent investment securities. Intangible assets (such as goodwill) have remained negligible in relation to both total assets and shareholders' equity. Previously established net liabilities for prior years' claims continued to develop favorably in 2009, so as not to impinge on current-year results.

Market Valuation of Old Republic's Stock

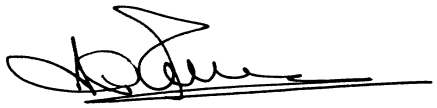
Old Republic's common shares at year-end 2009 reflected a 15.8% drop in value from the preceding year end marking the third consecutive year of decline. However, total market return (the sum of the year-to-year percentage change in the closing price, and the cash dividend as a percentage of the prior year-end closing price) reflected a smaller decline of 10.1%. Total return on a book value basis (the sum of the annual post-tax change in shareholders' equity per share and the pre-tax dividend yield on that account) amounted to 7.9%. In both instances Old Republic's consistent cash dividend payment made a big difference. For the 10 years ended December 31, 2009, total market and total book returns have averaged 7.2% and 9.5%, respectively. While we are always disappointed by market reversals in the valuation of our common shares, we remain confident about their long-term prospects.

Outlook for Our Business

In our view, the near-term prospects for the American economy are not very auspicious. We are managing the Company's widely diversified insurance lines on the assumption that the economic recovery will be rather labored and take much longer to achieve than originally anticipated. Continuing difficulties in the housing, banking, and related financial services sectors—all of which tend to be most affected by consumer income and employment levels—are expected to lend a slow pace to the rebound. In addition, a possible rise in interest rates in 2010 could lengthen the road to recovery.

Even in the face of this situation, Old Republic's 2010 operations should still post better results than we saw during the past two years. While our general insurance segment is not expected to have significant opportunities for top-line growth, underwriting performance should improve moderately. Our mortgage guaranty and consumer credit indemnity lines probably bore the brunt of claim incidence and severity during 2009. As 2010 progresses, these costs should begin to subside, which will reduce downward pressure on net income. Title insurance should stay on track with its 2009 profit recovery. The substantial market share gains achieved by our associates in most parts of the nation—plus our new Florida-based title insurance underwriting joint venture—should amplify both the top- and bottom-line benefits we expect from the ultimate recovery of America's housing and mortgage lending industries. The combination of our three major business segments holds the possibility of guiding Old Republic's bottom line into the profit column as 2010 progresses.

Respectfully submitted on behalf of the
Company and its Board of Directors,



Aldo C. Zucaro
Chairman and Chief Executive Officer
Chicago, Illinois
February 25, 2010

Old Republic International Corporation
Ten-Year Financial Summary

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Financial Position										
Cash and Fixed Maturity Securities	**$ 9,230.9**	$ 8,358.9	$ 7,900.3	$ 7,397.9	$ 6,675.3	$ 6,405.9	$ 5,745.8	$ 5,126.3	$ 4,721.6	$ 4,438.3
Equity Securities	**502.9**	350.3	842.1	669.1	552.4	459.0	513.5	513.5	391.6	295.5
Other Invested Assets	**145.2**	145.8	181.6	163.7	166.3	155.2	143.3	136.8	136.3	127.3
Reinsurance Recoverable	**2,558.0**	2,448.0	2,259.3	2,231.3	2,167.2	1,846.5	1,723.8	1,529.2	1,415.3	1,386.5
Prepaid Federal Income Taxes	**221.4**	463.4	536.5	468.4	545.7	499.3	446.5	391.5	337.2	283.1
Sundry Assets	**1,531.4**	1,499.4	1,570.6	1,681.6	1,435.9	1,204.7	1,139.2	1,017.9	918.1	750.5
Total	**$ 14,190.0**	$ 13,266.0	$ 13,290.6	$ 12,612.2	$ 11,543.2	$ 10,570.8	$ 9,712.3	$ 8,715.4	$ 7,920.2	$ 7,281.4
Policy Liabilities	**$ 1,223.4**	$ 1,293.0	$ 1,372.4	$ 1,398.1	$ 1,228.1	$ 1,079.1	$ 987.1	$ 875.1	$ 767.8	$ 563.9
Benefit and Claim Reserves	**7,915.0**	7,241.3	6,231.1	5,534.7	4,939.8	4,403.5	4,022.7	3,676.8	3,451.0	3,389.5
Sundry Liabilities	**1,160.1**	991.3	1,145.4	1,310.2	1,351.0	1,222.5	1,148.7	1,007.4	917.2	888.5
Preferred Stock	**-**	-	-	-	-	-	-	-	.3	.7
Common Shareholders' Equity	**3,891.4**	3,740.3	4,541.6	4,369.2	4,024.0	3,865.6	3,553.6	3,155.8	2,783.7	2,438.7
Total	**$ 14,190.0**	$ 13,266.0	$ 13,290.6	$ 12,612.2	$ 11,543.2	$ 10,570.8	$ 9,712.3	$ 8,715.4	$ 7,920.2	$ 7,281.4
Total Capitalization	**$ 4,238.2**	$ 3,973.4	$ 4,605.7	$ 4,513.5	$ 4,166.7	$ 4,008.6	$ 3,691.3	$ 3,297.4	$ 2,943.1	$ 2,677.4
Book Value Per Share (a)	**$ 16.49**	$ 15.91	$ 19.71	$ 18.91	$ 17.53	$ 16.94	$ 15.65	$ 13.96	$ 12.48	$ 11.00
Operating Results										
Net Premiums and Fees	**$ 3,388.9**	$ 3,318.1	$ 3,601.2	$ 3,400.5	$ 3,386.9	$ 3,116.1	$ 2,936.0	$ 2,423.9	$ 2,029.5	$ 1,736.8
Net Investment Income	**383.5**	377.3	379.9	341.6	310.1	290.8	279.2	272.6	274.7	273.9
Other Income	**24.8**	28.7	39.4	33.0	43.9	36.7	51.2	45.8	39.4	26.1
Net Realized Gains (Losses)	**6.3**	(486.4)	70.3	19.0	64.9	47.9	19.3	13.9	29.7	33.6
Total Revenues	**3,803.6**	3,237.7	4,091.0	3,794.2	3,805.9	3,491.6	3,285.8	2,756.4	2,373.4	2,070.6
Benefits and Claims	**2,598.9**	2,715.7	2,166.2	1,539.6	1,465.4	1,307.9	1,112.8	974.8	860.5	761.2
Sales and General Expenses	**1,478.3**	1,341.2	1,546.3	1,574.3	1,593.0	1,532.7	1,493.2	1,220.8	1,006.2	880.7
Total Expenses	**4,077.2**	4,056.9	3,712.6	3,114.0	3,058.5	2,840.7	2,606.0	2,195.7	1,866.8	1,642.0
Pretax Income (Loss)	**(273.6)**	(819.2)	378.4	680.1	747.3	650.9	679.7	560.7	506.6	428.6
Income Taxes (Credits)	**(174.4)**	(260.8)	105.9	215.2	195.9	215.9	219.9	167.7	159.7	131.0
Net Income (Loss)	**$ (99.1)**	$ (558.3)	$ 272.4	$ 464.8	$ 551.4	$ 435.0	$ 459.8	$ 392.9	$ 346.9	$ 297.5
Operating Cash Flow (c)	**$ 532.9**	$ 565.6	$ 862.5	$ 1,004.7	$ 833.6	$ 775.5	$ 665.3	$ 583.8	$ 436.1	$ 254.9
Net Income (Loss) Per Share:(a)										
Basic	**$ (.42)**	$ (2.41)	$ 1.18	$ 2.01	$ 2.40	$ 1.91	$ 2.02	$ 1.74	$ 1.56	$ 1.33
Diluted	**$ (.42)**	$ (2.41)	$ 1.17	$ 1.99	$ 2.37	$ 1.89	$ 2.01	$ 1.73	$ 1.54	$ 1.32
Revenues By Operating Segment										
General Insurance	**$ 2,052.7**	$ 2,255.9	$ 2,438.0	$ 2,138.7	$ 2,017.6	$ 1,822.5	$ 1,572.7	$ 1,376.7	$ 1,195.0	$ 1,057.1
Mortgage Guaranty	**746.1**	690.0	608.3	529.9	516.0	489.9	498.6	467.1	436.0	395.3
Title Insurance	**914.1**	681.3	878.5	1,007.3	1,108.6	1,051.8	1,128.0	836.5	648.9	518.7
Corporate & Other (b)	**84.3**	96.8	95.6	99.2	98.6	79.3	66.9	62.0	63.6	65.6
Realized Gains (Losses)	**6.3**	(486.4)	70.3	19.0	64.9	47.9	19.3	13.9	29.7	33.6
Total	**$ 3,803.6**	$ 3,237.7	$ 4,091.0	$ 3,794.2	$ 3,805.9	$ 3,491.6	$ 3,285.8	$ 2,756.4	$ 2,373.4	$ 2,070.6
Pretax Income (Loss) By Operating Segment										
General Insurance	**$ 200.1**	294.3	$ 418.0	$ 401.6	$ 350.0	$ 333.0	$ 258.9	$ 182.1	$ 141.5	$ 117.6
Mortgage Guaranty	**(486.4)**	(594.3)	(110.4)	228.4	243.7	224.5	276.4	267.7	261.9	240.1
Title Insurance	**2.1**	(46.3)	(14.7)	31.0	88.7	62.5	129.6	97.6	75.0	40.2
Corporate & Other (b)	**4.0**	13.5	15.1	-	(.1)	(17.2)	(4.5)	(.7)	(1.5)	(3.0)
Realized Gains (Losses)	**6.3**	(486.4)	70.3	19.0	64.9	47.9	19.3	13.9	29.7	33.6
Total	**$ (273.6)**	$ (819.2)	$ 378.4	$ 680.1	$ 747.3	$ 650.9	$ 679.7	$ 560.7	$ 506.6	$ 428.6

(a) Retroactive adjustments have been made for all stock dividends and splits declared through December 31, 2009 and for consistent presentation of annual data.

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

(c) 2006 operating cash flow was enhanced by approximately $198 resulting from the acquisition of a casualty book of insurance business. 2005 operating cash flow benefited from a non-recurring tax recovery of $45.9.

Old Republic International Corporation
Corporate and Shareholders' Information

Corporate Governance:

The financial statements and other information included in this 86th Annual Report to shareholders have been compiled under the overall supervision of Old Republic's Chief Executive Officer and Chief Financial Officer. This report is intended to inform shareholders about Old Republic's most recent operating results and financial position.

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

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

During calendar year 2009, the Company's Chief Executive Officer filed an unqualified Annual CEO Certification, pursuant to the requirements of Section 303A.12(a) of the New York Stock Exchange Listed Company Manual. Additionally the Company's Chief Executive and Chief Financial Officers each filed with the Company's Annual and Quarterly Reports the Certifications of Disclosure required under Rule 13A-14(a)/15d-14(a) of the Securities and Exchange Commission.

Stock Information:

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

	Price Range of Common Stock	Cash Dividends
1st Quarter '09	$ 7.40 - $12.61	$.17
2nd Quarter '09	9.00 - 12.17	.17
3rd Quarter '09	9.15 - 12.71	.17
4th Quarter '09	$10.04 - $12.41	$.17

	Price Range of Common Stock	Cash Dividends
1st Quarter '08	$12.31 - $15.91	$ .16
2nd Quarter '08	11.84 - 15.46	.17
3rd Quarter '08	9.32 - 16.50	.17
4th Quarter '08	$ 7.39 - $12.07	$ .17

Shareholder Purchase & Reinvestment Plan

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

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

To obtain more information about the Plan and on how to enroll in it, contact Wells Fargo Shareowner Services as shown below.

Direct Dividend Deposit Plan:

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

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

Contact Information for Wells Fargo Shareowner Services

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

Courier or in person: Wells Fargo Shareowner Services
161 North Concord Exchange
South St. Paul, Minnesota 55075

Website: www.wellsfargo.com/shareownerservices

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

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

Financial Information Availability:

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

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

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

Annual Meeting of the Shareholders:

The annual meeting of the shareholders is scheduled for May 28, 2010 at 3:00 p.m. in the 22nd floor conference center of the Old Republic Building, 307 North Michigan Avenue, Chicago, Illinois 60601.

(This page has been left blank intentionally.)

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

FORM 10-K

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

For the fiscal year ended: December 31, 2009 OR

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

For the transition period from _____ to _____
Commission File Number: **001-10607**

OLD REPUBLIC INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" 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:X**

The aggregate fair value of the registrant's voting Common Stock held by non-affiliates of the registrant (assuming, for purposes of this calculation only, that the registrant's directors and executive officers, the registrant's various employee benefit plans and American Business & Personal Insurance Mutual, Inc. and its subsidiaries are all affiliates of the registrant), based on the closing sale price of the registrant's common stock on June 30, 2009, the last day of the registrant's most recently completed second fiscal quarter, was $2,131,893,832.

The registrant had 240,686,104 shares of Common Stock outstanding as of January 29, 2010.

Documents incorporated by reference:

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

Title	Part
Proxy statement for the 2010 Annual Meeting of Shareholders	III, Items 10, 11, 12, 13 and 14
Exhibits as specified in exhibit index (page 96)	IV, Item 15

There are 97 pages in this report

PART I

Item 1 - Business

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

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

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

In addition to income arising from Old Republic's basic underwriting and related services functions, significant investment income is earned from invested funds generated by those functions and from shareholders' capital. Investment management aims for stability of income from interest and dividends, protection of capital, and sufficient liquidity to meet insurance underwriting and other obligations as they become payable in the future. Securities trading and the realization of capital gains are not objectives. The investment philosophy is therefore best characterized as emphasizing value, credit quality, and relatively long-term holding periods. 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.

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

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

Financial Information Relating to Segments of Business (a)

Net Revenues (b)	($ in Millions)		
Years Ended December 31:	2009	2008	2007
General	$ 2,052.7	$ 2,255.9	$ 2,438.0
Mortgage Guaranty	746.1	690.0	608.3
Title	914.1	681.3	878.5
Corporate & Other – net (c)	138.1	132.1	131.4
Consolidated realized investment gains (losses)	6.3	(486.4)	70.3
Consolidation elimination adjustments	(53.8)	(35.3)	(35.8)
Consolidated	$ 3,803.6	$ 3,237.7	$ 4,091.0

Income (Loss) Before Taxes			
Years Ended December 31:	2009	2008	2007
General	$ 200.1	$ 294.3	$ 418.0
Mortgage Guaranty	(486.4)	(594.3)	(110.4)
Title	2.1	(46.3)	(14.7)
Corporate & Other – net (c)	4.0	13.5	15.1
Consolidated realized investment gains (losses)	6.3	(486.4)	70.3
Consolidated	$ (273.6)	$ (819.2)	$ 378.4

Assets			
As of December 31:	2009	2008	2007
General	$ 9,920.8	$ 9,482.9	$ 9,769.9
Mortgage Guaranty	3,233.4	2,973.1	2,523.8
Title	852.8	762.4	770.4
Corporate & Other – net (c)	503.5	509.5	437.9
Consolidation elimination adjustments	(320.5)	(462.0)	(211.5)
Consolidated	$ 14,190.0	$ 13,266.0	$ 13,290.6

Shareholders' Equity			
As of December 31:	2009	2008	2007
General	$ 2,548.2	$ 2,258.7	$ 2,536.7
Mortgage Guaranty	581.7	828.0	1,237.7
Title	288.6	260.0	334.9
Corporate & Other – net (c)	516.9	433.7	475.4
Consolidated elimination adjustments	(44.1)	(40.2)	(43.2)
Consolidated	$ 3,891.4	$ 3,740.3	$ 4,541.6

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

(b) Revenues consist of net premiums, fees, net investment and other income earned; realized investment gains (losses) are shown in total for all groups combined since the investment portfolio is managed as a whole.

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

General Insurance Group

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

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

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

Aviation (1983): Insurance policies protect the value of aircraft hulls and afford liability coverage for acts that result in injury, loss of life, and property damage to passengers and others on the ground or in the air. Old Republic's aviation business does not extend to commercial airlines.

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

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

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

Consumer Credit Indemnity ("CCI")(1955): Policies provide limited indemnity to lenders and other financial intermediaries against the risk of non-payment of consumer loan balances by individual buyers and borrowers arising from unemployment, bankruptcy, and other failures to pay.

Errors & Omissions("E&O")/Directors & Officers ("D&O")(1983): E&O liability policies are written for non-medical professional service providers such as lawyers, architects and consultants, and provides coverage for legal expenses, and indemnity settlements for claims alleging breaches of professional standards. D&O coverage provides for the payment of legal expenses, and indemnity settlements for claims made against the directors and officers of corporations from a variety of sources, most typically shareholders.

Fidelity (1981): Bonds cover the exposures of financial institutions and commercial and other enterprises for losses of monies or debt and equity securities due to acts of employee dishonesty.

Guaranteed Asset Protection ("GAP")(2003): This insurance covers an automobile loan borrower for the dollar value difference between an insurance company's liability for the total loss (remaining cash value) of an insured vehicle and the amount still owed on an automobile loan.

Surety (1981): Bonds are insurance company guarantees of performance by a corporate principal or individual such as for the completion of a building or road project, or payment on various types of contracts.

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

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

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

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

Workers' Compensation (1920's): This coverage is purchased by employers to provide insurance for employees' lost wages and medical benefits in the event of work-related injury, disability, or death.

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

Commercial automobile, general liability and workers' compensation insurance are typically produced in tandem for many assureds. For 2009, production of commercial automobile direct insurance premiums accounted for approximately 29.8% of consolidated General Insurance Group direct premiums written, while workers' compensation and general liability direct premium production amounted to approximately 19.2% and 13.6%, respectively, of such consolidated totals.

Approximately 85% of general insurance premiums are produced through independent agency or brokerage channels, while the remaining 15% is obtained through direct production facilities.

Mortgage Guaranty Group

Private mortgage insurance protects mortgage lenders and investors from default related losses on residential mortgage loans made primarily to homebuyers who make down payments of less than 20% of the home's purchase price. The Mortgage Guaranty Group insures only first mortgage loans, primarily on residential properties incorporating one-to-four family dwelling units.

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

Traditional primary insurance is issued on an individual loan basis to mortgage bankers, brokers, commercial banks and savings institutions through a network of Company-managed underwriting sites located throughout the country. Traditional primary loans are individually reviewed (except for loans insured under delegated approval programs) and priced according to filed premium rates. In underwriting traditional primary business, the Company generally adheres to the underwriting guidelines published by the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac") or the Federal National Mortgage Association ("FNMA" or "Fannie Mae"), purchasers of many of the loans the Company insures. Delegated underwriting programs allow approved lenders to commit the Company to insure loans provided they adhere to predetermined underwriting guidelines. In 2009, delegated underwriting approvals accounted for approximately 67% of the Company's new traditional primary risk written.

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

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

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

Title Insurance Group

The title insurance business consists primarily of the issuance of policies to real estate purchasers and investors based upon searches of the public records, which contain information concerning interests in real property. The policy insures against losses arising out of defects, liens and encumbrances affecting the insured title and not excluded or excepted from the coverage of the policy. For the year ended December 31, 2009, approximately 39% of the Company's consolidated title premium and related fee income stemmed from direct operations (which include branch offices of its title insurers and wholly owned subsidiaries of the Company), while the remaining 61% emanated from independent title agents and underwritten title companies.

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

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

In connection with its title insurance operations, Old Republic also provides escrow closing and construction disbursement services, as well as real estate information products, national default management services, and services pertaining to real estate transfers and loan transactions.

Corporate and Other Operations

Corporate and other operations include the accounts of a small life and health insurance business as well as those of the parent holding company and several minor corporate services subsidiaries that perform investment management, payroll, administrative and minor marketing services.

The Company's small life and health business registered 2009 and 2008 net premium revenues of $73.3 million and $80.1 million, respectively. This business is conducted in both the United States and Canada and consists mostly of limited product offerings sold through financial intermediaries such as automobile dealers, travel agents, and marketing channels that are also utilized in some of Old Republic's general insurance operations. Production of term life insurance, accounting for net premiums earned of $15.1 million in 2009 and $16.8 million in 2008, was terminated and placed in run off as of year end 2004.

Consolidated Underwriting Statistics

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

	($ in Millions) Years Ended December 31, 2009	2008	2007
General Insurance Group:			
Overall Experience:			
Net Premiums Earned	$ 1,782.5	$ 1,989.3	$ 2,155.1
Claim Ratio	75.9%	72.2%	67.4%
Policyholders' Dividend Benefit	.4	.8	.4
Expense Ratio	25.8	24.2	24.1
Composite Ratio	102.1%	97.2%	91.9%
Experience by Major Coverages:			
Commercial Automobile (Principally Trucking):			
Net Premiums Earned	$ 652.8	$ 694.5	$ 752.4
Claim Ratio	71.3%	75.8%	73.9%
Workers' Compensation:			
Net Premiums Earned	$ 387.3	$ 418.4	$ 505.6
Claim Ratio	73.9%	67.2%	69.7%
Policyholders' Dividend Benefit	1.0%	2.2%	1.2%
General Liability:			
Net Premiums Earned	$ 143.2	$ 150.2	$ 168.1
Claim Ratio	65.3%	63.9%	59.8%
Three Above Coverages Combined:			
Net Premiums Earned	$ 1,183.5	$ 1,263.2	$ 1,426.2
Claim Ratio	71.4%	71.5%	70.7%
Financial Indemnity: (a)			
Net Premiums Earned	$ 241.5	$ 319.7	$ 298.0
Claim Ratio	117.8%	95.0%	69.6%
Inland Marine and Commercial Multi-Peril:			
Net Premiums Earned	$ 168.8	$ 192.9	$ 199.3
Claim Ratio	61.4%	58.8%	54.0%
Home and Automobile Warranty:			
Net Premiums Earned	$ 141.6	$ 126.2	$ 129.8
Claim Ratio	65.2%	61.2%	62.9%
Other Coverages: (b)			
Net Premiums Earned	$ 50.7	$ 89.5	$ 98.9
Claim Ratio	45.8%	43.6%	46.7%
Mortgage Guaranty Group:			
Net Premiums Earned	$ 644.5	$ 592.5	$ 518.2
Claim Ratio	176.0%	199.3%	118.8%
Expense Ratio	12.6	15.7	17.7
Composite Ratio	188.6%	215.0%	136.5%
Title Insurance Group: (c)			
Net Premiums Earned	$ 611.0	$ 463.1	$ 638.5
Combined Net Premiums & Fees Earned	$ 888.4	$ 656.1	$ 850.7
Claim Ratio	7.9%	7.0%	6.6%
Expense Ratio	93.8	103.6	98.1
Composite Ratio	101.7%	110.6%	104.7%
All Coverages Consolidated:			
Net Premiums & Fees Earned	$ 3,388.9	$ 3,318.1	$ 3,601.2
Claim and Benefit Ratio	76.7%	81.8%	60.2%
Expense Ratio	41.8	39.1	41.3
Composite Ratio	118.5%	120.9%	101.5%

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

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

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

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

General insurance premiums have trended down during the three years ended December 31, 2009. The Company estimates that most of the downtrend has been caused by the combination of a softer pricing environment and the recessionary economic conditions affecting its customers' operations. These conditions affect such factors as sales and employment levels, both of which are important elements upon which premiums are based. ***Mortgage guaranty*** premium levels have been pressured by lower industry-wide market penetration offset by reduced cessions to captive insurers. The significant increase in 2009 earned premiums was due to largely non-recurring captive reinsurance commutations which contributed $82.5 million of additional premiums covering future losses. ***Title insurance*** premiums and fees had been in a downtrend between 2005 and late 2008. The combination of stronger refinance activity that began late in 2008 and continued into early 2009 and greater market share gains in the second half of last year produced a turn around for 2009 as a whole.

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

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

Excluding the impact of Old Republic's consumer credit indemnity ("CCI") business discussed below, the overall ***general insurance*** claim ratio reflects reasonably consistent trends for all periods reported upon. To a large extent this major cost factor reflects pricing and risk selection improvements that have been applied since 2001, followed by a general price softening in the past three years or so. Changes in commercial automobile coverages claim ratios are primarily due to greater claim frequencies. Loss ratios for workers' compensation and liability insurance coverages may reflect greater variability due to chance events in any one year, changes in loss costs emanating from participation in involuntary markets (i.e. insurance assigned risk pools and associations in which participation is basically mandatory), and added provisions for loss costs not recoverable from assuming reinsurers which may experience financial difficulties from time to time. Additionally, workers' compensation claim costs in particular are affected by a variety of underwriting techniques such as the use of captive reinsurance retentions, retrospective premium plans, and self-insured or deductible insurance programs that are intended to mitigate claim costs over time. Claim ratios for a relatively small book of general liability coverages tend to be highly volatile year to year due to the impact of changes in claim emergence and severity of legacy asbestos and environmental claims exposures.

The Company generally underwrites concurrently workers' compensation, commercial automobile (liability and physical damage), and general liability insurance coverages for a large number of customers. Given this concurrent underwriting approach, an evaluation of trends in premiums, claim and dividend ratios for these individual coverages is more appropriately considered in the aggregate.

The higher claim ratio for financial indemnity coverages in the periods shown was driven principally by greater claim frequencies experienced in Old Republic's CCI coverage. These higher claim ratios added 7.3 and 6.1 percentage points, respectively, to the 2009 and 2008 general insurance overall claim ratio versus an insignificant effect for 2007.

Mortgage guaranty claim ratios, absent the effect of the third quarter 2009 reinsurance commutation transactions which had the impact of lowering the 2009 ratio from 199.6% to 176.0%, have continued to rise in recent periods. These ratios have risen principally as a result of higher reserve provisions and paid losses. Greater reserve provisions have resulted from higher levels of reported delinquencies emanating from the downturn in the national economy, widespread stress in housing and mortgage finance markets, and increasing unemployment. Trends in expected and actual claim frequency and severity have been impacted to varying degrees by several factors including, but not limited to, significant declines in home prices which limit a troubled borrower's ability to sell the mortgaged property in an amount sufficient to satisfy the remaining debt obligation; more restrictive mortgage lending standards which limit a borrower's ability to refinance the loan; increases in housing supply relative to recent demand; historically high levels of coverage rescissions and claim denials as a result of material misrepresentation in key underwriting information or non-compliance with prescribed underwriting guidelines, and changes in claim settlement costs. The latter costs are influenced by the amount of unpaid principal outstanding on delinquent loans as well as the rising expenses of settling claims due to higher investigation costs, legal fees, and accumulated interest expenses.

Title insurance loss ratios have remained in the single digits for a number of years due to a continuation of favorable trends in claims frequency and severity for business underwritten since 1992 in particular. Though still reasonably contained, claim ratios have risen in the three most recent years due to the continuing downturn and economic stresses in the housing and related mortgage lending industries.

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

General Insurance Claim Reserves

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

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

In establishing claim reserves, the possible increase in future loss settlement costs caused by inflation is considered implicitly, along with the many other factors cited above. Reserves are generally set to provide for the ultimate cost of all claims. With regard to workers' compensation reserves, however, the ultimate cost of long-term disability or pension type claims is discounted to present value based on interest rates ranging from 3.5% to 4.0%. The Company, where applicable, uses only such discounted reserves in evaluating the results of its operations, in pricing its products and settling retrospective and reinsured accounts, in evaluating policy terms and experience, and for other general business purposes. Solely to comply with reporting rules mandated by the Securities and Exchange Commission, however, Old Republic has made statistical studies of applicable workers' compensation reserves to obtain estimates of the amounts by which claim and claim adjustment expense reserves, net of reinsurance, have been discounted. These studies have resulted in estimates of such amounts at $143.9 million, $156.8 million and $148.5 million, as of December 31, 2009, 2008 and 2007, respectively. It should be noted, however, that these differences between discounted and non-discounted (terminal) reserves are, fundamentally, of an informational nature, and are not indicative of an effect on operating results for any one or series of years for the above noted reasons.

Early in 2001, the Federal Department of Labor revised the Federal Black Lung Program regulations. The revisions basically require a reevaluation of previously settled, denied, or new occupational disease claims in the context of newly devised, more lenient standards when such claims are resubmitted. Following a number of challenges and appeals by the insurance and coal mining industries, the revised regulations were, for the most part, upheld in June, 2002 and are to be applied prospectively. Since the final quarter of 2001, black lung claims filed or refiled pursuant to these anticipated and now final regulations have increased, though the volume of new claim reports has abated in recent years. The vast majority of claims filed to date against Old Republic pertain to business underwritten through loss sensitive programs that permit the charge of additional or refund of return premiums to wholly or partially offset changes in estimated claim costs, or to business underwritten as a service carrier on behalf of various industry-wide involuntary market (i.e. assigned risk) pools. A much smaller portion pertains to business produced on a traditional risk transfer basis. The Company has established applicable reserves for claims as they have been reported and for claims not as yet reported on the basis of its historical experience as well as assumptions relative to the effect of the revised regulations. Inasmuch as a variety of challenges are likely as the revised regulations are implemented through the actual claim settlement process, the potential impact on reserves, gross and net of reinsurance or retrospective premium adjustments, resulting from such regulations cannot be estimated with reasonable certainty.

Old Republic's reserve estimates also include provisions for indemnity and settlement costs for various asbestosis and environmental impairment ("A&E") claims that have been filed in the normal course of business against a number of its insurance subsidiaries. Many such claims relate to policies issued prior to 1985, including many issued during a short period between 1981 and 1982 pursuant to an agency agreement canceled in 1982. Over the years, the Company's property and liability insurance subsidiaries have typically issued general liability insurance policies with face amounts ranging between $1.0 million and $2.0 million and rarely exceeding $10.0 million. Such policies have, in turn, been subject to reinsurance cessions which have typically reduced the subsidiaries' net retentions to $.5 million or less as to each claim. Old Republic's exposure to A&E claims cannot, however, be calculated by conventional insurance reserving methods for a variety of reasons, including: a) the absence of statistically valid data inasmuch as such claims typically involve long reporting delays and very often uncertainty as to the number and identity of insureds against whom such claims have arisen or will arise; and b) the litigation history of such or similar claims for insurance industry members which has produced inconsistent court decisions with regard to such questions as to when an alleged loss occurred, which policies provide coverage, how a loss is to be allocated among potentially responsible insureds and/or their insurance carriers, how policy coverage exclusions are to be interpreted, what types of environmental impairment or toxic tort claims are covered, when the

insurer's duty to defend is triggered, how policy limits are to be calculated, and whether clean-up costs constitute property damage. In recent times, the Executive Branch and/or the Congress of the United States have proposed or considered changes in the legislation and rules affecting the determination of liability for environmental and asbestosis claims. As of December 31, 2009, however, there is no solid evidence to suggest that possible future changes might mitigate or reduce some or all of these claim exposures. Because of the above issues and uncertainties, estimation of reserves for losses and allocated loss adjustment expenses for A&E claims in particular is much more difficult or impossible to quantify with a high degree of precision. Accordingly, no representation can be made that the Company's reserves for such claims and related costs will not prove to be overstated or understated in the future. At December 31, 2009, Old Republic's aggregate indemnity and loss adjustment expense reserves specifically identified with A&E exposures amounted to approximately $172.8 million gross, and $136.9 million net of reinsurance. Based on average annual claims payments during the five most recent calendar years, such reserves represented 8.4 years (gross) and 11.5 years (net of reinsurance) of average annual claims payments. Fluctuations in this ratio between years can be caused by the inconsistent pay out patterns associated with these types of claims. For the five years ended December 31, 2009, incurred A&E claim and related loss settlement costs have averaged 1.4% of average annual General Insurance Group claims and related settlement costs.

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

The following table shows the evolving redundancies or deficiencies for reserves established as of December 31, of each of the years 1999 through 2009.

	($ in Millions)										
(a) As of December 31:	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
(b) Liability(1) for unpaid claims and claim adjustment expenses(2):	$ 3,229	$ 3,222	$ 3,175	$ 2,924	$ 2,414	$ 2,182	$ 1,964	$ 1,802	$ 1,678	$ 1,661	$ 1,699
(c) Paid (cumulative) as of (3):											
One year later	- %	25.8%	27.2%	24.1%	15.3%	25.2%	24.7%	23.5%	23.3%	23.2%	22.1%
Two years later	-	-	41.0	39.2	31.3	33.7	39.2	38.6	37.3	37.0	36.6
Three years later	-	-	-	48.7	42.7	44.3	44.4	48.4	47.7	46.0	45.8
Four years later	-	-	-	-	50.1	51.3	50.9	51.2	54.0	52.7	51.9
Five years later	-	-	-	-	-	56.7	55.9	55.5	55.2	57.5	56.8
Six years later	-	-	-	-	-	-	60.2	59.5	58.6	57.7	60.7
Seven years later	-	-	-	-	-	-	-	63.0	61.9	60.5	60.3
Eight years later	-	-	-	-	-	-	-	-	65.0	63.6	62.8
Nine years later	-	-	-	-	-	-	-	-	-	66.4	65.6
Ten years later	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %	68.2%
(d) Liability reestimated (i.e., cumulative payments plus reestimated ending liability) As of (4):											
One year later	- %	98.2%	97.4%	96.2%	95.2%	97.6%	97.2%	98.6%	99.6%	97.3%	96.1%
Two years later	-	-	94.9	94.3	92.3	94.8	97.0	98.2	101.3	98.1	94.9
Three years later	-	-	-	92.4	90.4	93.3	95.6	99.7	102.7	100.1	96.5
Four years later	-	-	-	-	88.4	92.2	95.7	100.4	105.8	102.2	98.0
Five years later	-	-	-	-	-	91.6	95.6	100.6	106.7	105.6	100.7
Six years later	-	-	-	-	-	-	95.5	101.0	107.3	106.9	104.2
Seven years later	-	-	-	-	-	-	-	101.0	107.8	107.5	105.4
Eight years later	-	-	-	-	-	-	-	-	108.0	108.3	106.1
Nine years later	-	-	-	-	-	-	-	-	-	108.5	106.7
Ten years later	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %	107.1%
(e) Redundancy (deficiency)(5) for each year-end	- %	1.8%	5.1%	7.6%	11.6%	8.4%	4.5%	-1.0%	-8.0%	-8.5%	-7.1%
Average redundancy (deficiency) for all year-ends	2.5%										

(1) Amounts are reported net of reinsurance.
(2) Excluding unallocated loss adjustment expense reserves.
(3) Percent of most recent reestimated liability (line d). Decreases in paid loss percentages may at times reflect the reassumption by the Company of certain previously ceded loss reserves from assuming reinsurers through commutations of then existing reserves.
(4) Percent of beginning liability (line b) for unpaid claims and claim adjustment expenses.
(5) Beginning liability less the most current liability reestimated (line d) as a percent of beginning liability (line b).

In reviewing the preceding tabular data, it should be noted that prior periods' loss payment and development trends may not be repeated in the future due to the large variety of factors influencing the reserving and settlement processes outlined herein above. The reserve redundancies or deficiencies shown for all years are not necessarily indicative of the effect on reported results of any one or series of years since cumulative retrospective premium and commission adjustments employed in various parts of the Company's business may partially offset such effects. The moderately deficient development of reserves at year-ends 1999 to 2002 pertain mostly to claims incurred in prior accident years, generally for business written in the 1980's. (See "Consolidated Underwriting Statistics" above, and "Reserves, Reinsurance, and Retrospective Adjustments" elsewhere herein).

The following table shows an analysis of changes in aggregate reserves for the Company's property and liability insurance claims and allocated claim adjustment expenses for each of the years shown:

	($ in Millions)										
	Years Ended December 31,										
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
(a) Beginning net reserves	$ 3,222	$ 3,175	$ 2,924	$ 2,414	$ 2,182	$ 1,964	$ 1,802	$ 1,678	$ 1,661	$ 1,699	$ 1,742
Incurred claims and claim expenses:											
(b) Current year provision	1,343	1,452	1,490	1,295	1,191	1,070	893	814	749	690	734
(c) Change in prior years' provision	(56)	(83)	(110)	(116)	(52)	(55)	(25)	(7)	(44)	(66)	(66)
(d) Total incurred	1,287	1,369	1,379	1,179	1,138	1,014	868	807	704	623	668
Claim payments on:											
(e) Current years' events	460	502	476	342	402	332	277	260	269	258	298
(f) Prior years' events	818	820	652	326	504	463	428	423	418	402	412
(g) Total payments	1,279	1,323	1,128	668	907	796	706	683	687	661	710
(h) Ending net reserves (a + d – g)	3,229	3,222	3,175	2,924	2,414	2,182	1,964	1,802	1,678	1,661	1,699
(i) Unallocated loss adjustment expense reserves	104	104	103	97	92	87	83	78	76	73	71
(j) Reinsurance recoverable on claims reserves	2,046	2,020	1,976	1,929	1,894	1,632	1,515	1,363	1,261	1,235	1,238
(k) Gross claims reserves (h + i + j)	$ 5,380	$ 5,346	$ 5,256	$ 4,951	$ 4,401	$ 3,902	$ 3,562	$ 3,244	$ 3,016	$ 2,969	$ 3,009

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

Management considers investment grade securities to be those rated by Standard & Poor's Corporation ("Standard & Poor's") or Moody's Investors Service, Inc. ("Moody's") that fall within the top four rating categories, or securities which are not rated but have characteristics similar to securities so rated. The Company had no bond or note investments in default as to principal and/or interest at December 31, 2009 and 2008. The status and fair value changes of each investment is reviewed on at least a quarterly basis, and estimates of other-than-temporary impairments in the portfolio's value are evaluated and established at each balance sheet date. Substantially all of the Company's invested assets as of December 31, 2009 have been classified as "available for sale" pursuant to the existing investment policy.

The Company's investment policies are not designed to maximize or emphasize the realization of investment gains. The combination of gains and losses from sales or impairments of securities are reflected as realized gains and losses in the income statement. Dispositions of securities result principally from scheduled maturities of bonds and notes and sales of fixed income and equity securities available for sale. Dispositions of securities at a realized gain or loss reflect such factors as ongoing assessments of issuers' business prospects, rotation among industry sectors, changes in credit quality, and tax planning considerations.

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

Consolidated Investments
($ in Millions)
December 31,

	2009	2008
Available for Sale		
Fixed Maturity Securities:		
U.S. & Canadian Governments	$ 974.0	$ 694.4
Tax-Exempt	2,344.0	2,365.7
Corporate	5,008.7	4,346.7
	8,326.8	7,406.9
Equity Securities	502.9	350.3
Short-term Investments	826.7	888.0
Miscellaneous Investments	24.0	29.7
Total available for sale	9,680.5	8,675.0
Other Investments	7.8	7.8
Total Investments	$ 9,688.4	$ 8,682.9

Sources of Consolidated Investment Income
($ in Millions)
Years Ended December 31,

	2009	2008	2007
Fixed Maturity Securities:			
Taxable Interest	$ 285.5	$ 259.1	$ 247.7
Tax-Exempt Interest	83.0	86.1	85.2
	368.6	345.2	332.9
Equity Securities Dividends	7.4	13.3	16.1
Other Investment Income:			
Interest on Short-term Investments	5.4	16.5	28.2
Sundry	4.9	5.6	6.4
	10.4	22.1	34.6
Gross Investment Income	386.5	380.8	383.8
Less: Investment Expenses (a)	3.0	3.4	3.8
Net Investment Income	$ 383.5	$ 377.3	$ 379.9

(a) Investment expenses consist primarily of personnel costs, investment management and custody service fees, and interest incurred on funds held of $.1 million, $.6 million, and $1.1 million for the years ended December 31, 2009, 2008, and 2007 respectively.

The independent credit quality ratings and maturity distribution for Old Republic's consolidated fixed maturity investments, excluding short-term investments, at the end of the last two years are shown in the following tables. These investments, $8.3 billion and $7.4 billion at December 31, 2009 and 2008, respectively, represented approximately 59% and 56%, respectively, of consolidated assets, and 81% and 78%, respectively, of consolidated liabilities as of such dates.

Credit Quality Ratings of Fixed Maturity Securities (b)

	December 31,	
	2009	2008
	(% of total portfolio)	
Aaa	22.3%	20.4%
Aa	20.3	24.5
A	30.3	31.4
Baa	25.7	22.0
Total investment grade	98.6	98.3
All other (c)	1.4	1.7
Total	100.0%	100.0%

(b) Credit quality ratings used are those assigned primarily by Moody's for U.S. Governments, Agencies and Corporate issuers and by Standard & Poor's ("S&P") for U.S. and Canadian Municipal issuers, which are converted to equivalent Moody's ratings classifications. In the second quarter of 2009, the Company changed its source of credit quality ratings from Moody's to S&P for U.S. Municipal issuers due to their wider credit coverage. The December 31, 2008 disclosures have been restated to be comparable to the current period classifications. The effect of such change moderately improved the previously reported credit quality ratings.

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

Age Distribution of Fixed Maturity Securities

	December 31,	
	2009	2008
	(% of total portfolio)	
Maturity Ranges:		
Due in one year or less	9.3%	14.0%
Due after one year through five years	55.0	51.0
Due after five years through ten years	34.9	34.7
Due after ten years through fifteen years	.8	.3
Due after fifteen years	-	-
	100.0%	100.0%
Average Maturity in Years	4.4	4.4

(c) Marketing. Commercial automobile (trucking), workers' compensation and general liability insurance underwritten for business enterprises and public entities is marketed primarily through independent insurance agents and brokers with the assistance of Old Republic's trained sales, underwriting, actuarial, and loss control personnel. The remaining property and liability commercial insurance written by Old Republic is obtained through insurance agents or brokers who are independent contractors and generally represent other insurance companies, and by direct sales. No single source accounted for over 10% of Old Republic's premium volume in 2009.

Traditional primary mortgage insurance is marketed primarily through a direct sales force which calls on mortgage bankers, brokers, commercial banks, savings institutions and other mortgage originators. No sales commissions or other forms of remuneration are paid to the lending institutions or others for the procurement or development of business. The Mortgage Guaranty segment’s ten largest customers were responsible for 47.6%, 50.4%, and 49.5% of traditional primary new insurance written in 2009, 2008, and 2007, respectively. The largest single customer accounted for 12.8% of traditional primary new insurance written in 2009 compared to 15.6% and 9.8% in 2008 and 2007, respectively.

A substantial portion of the Company's title insurance business is referred to it by title insurance agents, builders, lending institutions, real estate developers, realtors, and lawyers. Title insurance and related real estate settlement products are sold through 242 Company offices and through agencies and underwritten title companies in Puerto Rico, the District of Columbia and all 50 states. The issuing agents are authorized to issue commitments and title insurance policies based on their own search and examination, or on the basis of abstracts and opinions of approved attorneys. Policies are also issued through independent title companies (not themselves title insurers) pursuant to underwriting agreements. These agreements generally provide that the agency or underwritten company may cause title policies of the Company to be issued, and the latter is responsible under such policies for any payments to the insured. Typically, the agency or underwritten title company deducts the major portion of the title insurance charge to the customer as its commission for services. During 2009, approximately 61% of title insurance premiums and fees were accounted for by policies issued by agents and underwritten title companies.

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

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

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

At least one Old Republic general insurance subsidiary is licensed to do business in each of the 50 states, the District of Columbia, Puerto Rico, Virgin Islands, Guam, and each of the Canadian provinces; mortgage insurance subsidiaries are licensed in 50 states and the District of Columbia; title insurance operations are licensed to do

business in 50 states, the District of Columbia, Puerto Rico and Guam. Consolidated direct premium volume distributed among the various geographical regions shown was as follows for the past three years:

Geographical Distribution of Consolidated Direct Premiums Written

	2009	2008	2007
United States:			
Northeast	9.0%	9.4%	10.1%
Mid-Atlantic	7.7	7.3	8.6
Southeast	19.6	20.0	20.6
Southwest	12.6	12.7	12.2
East North Central	12.9	12.9	12.3
West North Central	12.9	13.5	12.4
Mountain	8.8	8.3	8.2
Western	13.8	13.4	13.0
Foreign (Principally Canada)	2.7	2.5	2.6
Total	100.0%	100.0%	100.0%

(d) Reserves, Reinsurance, and Retrospective Adjustments. Old Republic's insurance subsidiaries establish reserves for unearned premiums, reported claims, claims incurred but not reported, and claim adjustment expenses, as required in the circumstances. Such reserves are based on regulatory accounting requirements and generally accepted accounting principles. In accordance with insurance industry practices, claim reserves are based on estimates of the amounts that will be paid over a period of time and changes in such estimates are reflected in the financial statements of the periods during which they occur. See “General Insurance Claim Reserves” herein.

To maintain premium production within its capacity and limit maximum losses and risks for which it might become liable under its policies, Old Republic, as is the practice in the insurance industry, may cede a portion or all of its premiums and liabilities on certain classes of insurance, individual policies, or blocks of business to other insurers and reinsurers. Although the ceding of insurance does not generally discharge an insurer from its direct liability to a policyholder, it is industry practice to establish the reinsured part of risks as the liability of the reinsurer. Old Republic also employs retrospective premium adjustments and risk sharing arrangements for parts of its business in order to minimize losses for which it might become liable under its insurance policies, and to afford its customers or producers a degree of participation in the risks and rewards associated with such business. Under retrospective arrangements, Old Republic collects additional premiums if losses are greater than originally anticipated and refunds a portion of original premiums if loss costs are lower. Pursuant to risk sharing arrangements, the Company adjusts production costs or premiums retroactively to likewise reflect deviations from originally expected loss costs. The amount of premium, production costs and other retrospective adjustments which may be made is either limited or unlimited depending on the Company's evaluation of risks and related contractual arrangements. To the extent that any reinsurance companies, retrospectively rated risks, or producers might be unable to meet their obligations under existing reinsurance, retrospective insurance and production agreements, Old Republic would be liable for the defaulted amounts. In these regards, however, the Company generally protects itself by withholding funds, by securing indemnity agreements, by obtaining surety bonds, or by otherwise collateralizing such obligations through irrevocable letters of credit, cash, or securities.

The following table displays the Company’s General Insurance liabilities reinsured by its ten largest reinsurers as of December 31, 2009.

		($ in Millions)			% of Total
	A.M.	Reinsurance Recoverable		Total	Consolidated
Reinsurer	Best Rating	on Paid Claims	on Claims Reserves	Exposure to Reinsurer	Reinsured Liabilities
Munich Reinsurance America, Inc.	A+	$ 10.1	$ 664.5	$ 674.7	28.3%
Swiss Reinsurance America Corporation	A	3.4	179.1	182.5	7.7
National WC Reinsurance Pool	unrated	3.2	102.5	105.8	4.4
General Reinsurance Corporation	A++	1.8	83.7	85.5	3.6
Muenchener Ruckversicherungs	A+	3.9	79.0	83.0	3.5
School Boards Insurance Co of PA, Inc.	A-	1.0	63.9	65.0	2.7
Westport Insurance Corporation	A	.5	59.5	60.0	2.5
Kentucky Workers Compensation Reins Pool for Coal Miners Risks	unrated	2.0	53.3	55.3	2.3
Transatlantic Reinsurance Company	A	(.1)	46.5	46.3	1.9
Hannover Ruckversicherungs	A	.3	44.5	44.8	1.9
Total		$ 26.4	$ 1,376.9	$ 1,403.3	58.9%

The Mortgage Guaranty Group’s total claims exposure to its largest reinsurer, Balboa Reinsurance Company, was $133.2 million, which represented 5.6% of total consolidated reinsured liabilities as of December 31, 2009. Reinsured liabilities of the Title Insurance Group and small life and health insurance operations are not material.

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

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

Remaining portions of Old Republic's business are reinsured in most instances with independent insurance or reinsurance companies pursuant to excess of loss agreements. Except as noted in the following paragraph, reinsurance protection on property and liability coverages generally limits the net loss on most individual claims to a maximum of: $4.1 million for workers' compensation; $2.6 million for commercial auto liability; $2.6 million for general liability; $8.0 million for executive protection (directors & officers and errors & omissions); $2.0 million for aviation; and $2.6 million for property coverages. Roughly 34% of the mortgage guaranty traditional primary insurance in force is subject to lender sponsored captive reinsurance arrangements structured primarily on an excess of loss basis. All bulk and other mortgage guaranty insurance risk in force is retained. Exclusive of reinsurance, the average direct primary mortgage guaranty exposure is approximately (in whole dollars) $38,500 per insured loan. Title insurance risk assumptions are currently limited to a maximum of $500.0 million as to any one policy. The vast majority of title policies issued, however, carry exposures of less than $1.0 million.

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

As a result of the September 11, 2001 terrorist attack on America, the reinsurance industry eliminated coverage from substantially all contracts for claims arising from acts of terrorism. Primary insurers like the Company thus became fully exposed to such claims. Late in 2002, the Terrorism Risk Insurance Act of 2002 (the "TRIA") was signed into law, immediately establishing a temporary federal reinsurance program administered by the Secretary of the Treasury. The program applied to insured commercial property and casualty losses resulting from an act of terrorism, as defined in the TRIA. Congress extended and modified the program in late 2005 through the Terrorism Risk Insurance Revision and Extension Act of 2005 (the "TRIREA"). TRIREA expired on December 31, 2007. Congress enacted a revised program in December 2007 through the Terrorism Risk Insurance Program Reauthorization Act of 2007 (the "TRIPRA"), a seven year extension through December 31, 2014. The TRIA automatically voided all policy exclusions which were in effect for terrorism related losses and obligated insurers to offer terrorism coverage with most commercial property and casualty insurance lines. The TRIREA revised the definition of "property and casualty insurance" to exclude commercial automobile, burglary and theft, surety, professional liability and farm owner's multi-peril insurance. TRIPRA did not make any further changes to the definition of property and casualty insurance, however, it does include domestic acts of terrorism within the scope of the program. Although insurers are permitted to charge an additional premium for terrorism coverage, insureds may reject the coverage. Under TRIPRA, the program's protection is not triggered for losses arising from an act of terrorism until the industry first suffers losses of $100 billion in the aggregate during any one year. Once the program trigger is met, the program will pay 85% of an insurer's terrorism losses that exceed that individual insurer's deductible. The insurer's deductible is 20% of direct earned premium on property and casualty insurance. Insurers may reinsure that portion of the risk they retain under the program. Effective January 1, 2008, the Company reinsured limits of $198.0 million excess of $2.0 million for claims arising from certain acts of terrorism for casualty clash coverage and catastrophe workers' compensation liability insurance coverage.

(e) Competition. The insurance business is highly competitive and Old Republic competes with many stock and mutual insurance companies. Many of these competitors offer more insurance coverages and have substantially greater financial resources than the Company. The rates charged for many of the insurance coverages in which the Company specializes, such as workers' compensation insurance, other property and liability insurance and title

insurance, are primarily regulated by the states and are also subject to extensive competition among major insurance organizations. The basic methods of competition available to Old Republic, aside from rates, are service to customers, expertise in tailoring insurance programs to the specific needs of its clients, efficiency and flexibility of operations, personal involvement by its key executives, and, as to title insurance, accuracy and timely delivery of evidences of title issued. Mortgage insurance companies also compete by providing contract underwriting services to lenders, enabling the latter to improve the efficiency of their operations by outsourcing all or part of their mortgage loan underwriting processes. For certain types of coverages, including loan credit indemnity and mortgage guaranty insurance, the Company also competes in varying degrees with the Federal Housing Administration ("FHA") and the Veterans Administration ("VA"). In recent years, the FHA's market share of insured mortgages has increased significantly, mostly due to the more restrictive underwriting guidelines and premium rate increases imposed by private mortgage insurers. Nevertheless, the Company's insurance subsidiaries continue to compete with the FHA and VA by offering greater flexibility in regards to offered coverage levels, premium rate structures, and underwriting processes. The Company believes its experience and expertise have enabled it to develop a variety of specialized insurance programs and related services for its customers, and to secure state insurance departments' approval of these programs.

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

The FNMA and the FHLMC sometimes also referred to as Government Sponsored Enterprises ("GSEs") have various qualifying requirements for private mortgage guaranty insurers which write mortgage insurance on loans acquired by the FNMA and FHLMC from mortgage lenders. These requirements call for compliance with the applicable laws and regulations of the insurer's domiciliary state and those states in which it conducts business and maintenance of contingency reserves in accordance with applicable state laws. The requirements also contain guidelines pertaining to captive reinsurance transactions. The GSEs also place additional restrictions on qualified insurers who fail to maintain the equivalent of a AA financial strength rating from at least two nationally recognized statistical rating agencies. Since 2008, substantially all national mortgage guaranty insurance companies, including Old Republic's insurance subsidiaries, have experienced ratings downgrades below AA. As a result, all of these companies have been required to submit capital remediation plans to FNMA and FHLMC, and continue as approved mortgage guaranty insurers for loans purchased by the GSEs.

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

(g) Employees. As of December 31, 2009, Old Republic and its subsidiaries employed approximately 5,900 persons on a full time basis. A majority of eligible full time employees participate in various pension or similar plans which provide benefits payable upon retirement. Eligible employees are also covered by hospitalization and major medical insurance, group life insurance, and various savings, profit sharing, and deferred compensation plans. The Company considers its employee relations to be good.

(h) Website access. The Company files various reports with the U.S. Securities and Exchange Commission ("SEC"), including its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. The Company's filings are available for viewing and/or copying at the SEC's Public Reference Room located at 450 Fifth Street, NW., Washington, DC 20549. Information regarding the operation of the Public Reference Room can be obtained by calling 1-800-SEC-0330. The Company's reports are also available by visiting the SEC's internet website (http://www.sec.gov) and accessing its EDGAR database to view or print copies of the electronic versions of the Company's reports. Additionally, the Company's reports can be obtained, free of charge, by visiting its internet website (http://www.oldrepublic.com), selecting *Investors* then *SEC Filings* to view or print copies of the electronic versions of the Company's reports. The contents of the Company's internet website are not intended to be, nor should they be considered incorporated by reference in any of the reports the Company files with the SEC.

Item 1A - Risk Factors

Risk factors are uncertainties and events over which the Company has limited or no control, and which can have a materially adverse effect on its business, results of operations or financial condition. The Company and its business segments are subject to a variety of risk factors and, within individual segments, each type of insurance coverage

may be exposed to varying risk factors. The following sections set forth management's evaluation of the most prevalent material risk factors for the Company as a whole and for each business segment. There may be risks which management does not presently consider to be material that may later prove to be material risk factors as well.

Parent Company

Dividend Dependence and Liquidity

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

Capitalization

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

Risk Factors Common to the Company and its Insurance Subsidiaries

Investment Risks

The Company's invested assets and those of its subsidiaries are centrally managed through a wholly owned asset management subsidiary. Most of the investments consist of fixed maturity securities. Changes in interest rates directly affect the income from, and the fair value of fixed maturity investments. Such changes could reduce the value of the Company's investment portfolio and adversely affect the Company's and its subsidiaries' results of operations and financial condition. A smaller percentage of total investments are in indexed funds and actively managed equities. A change in general economic conditions, the stock market, or in many other external factors could adversely affect the value of those investments and, in turn, the Company's, or its subsidiaries' results and financial condition. Further, the Company manages its fixed maturity investments by taking into account the maturities of such securities and the anticipated liquidity needs of the Company and its subsidiaries. Should the Company suddenly experience greater than anticipated liquidity needs for any reason, it could face a liquidity risk that could affect adversely its financial condition or operating results.

Excessive Losses and Loss Expenses

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

Inadequate Reserves

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

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

Inadequate Pricing

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

Liquidity Risk

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

Regulatory Environment

The Company's insurance businesses are subject to extensive governmental regulation in all of the state and similar jurisdictions in which they operate. These regulations relate to such matters as licensing requirements, types of insurance products that may be sold, premium rates, marketing practices, capital and surplus requirements, investment limitations, underwriting limitations, dividend payment limitations, transactions with affiliates, accounting practices, taxation and other matters. While most of the regulation is at the state level, the federal government has increasingly expressed an interest in regulating the insurance business and has injected itself through the Graham-Leach-Bliley Act, the Patriot Act, financial services regulation, changes in the Internal Revenue Code and other legislation. All of these regulations raise the costs of conducting an insurance business through increased compliance expenses. Furthermore, as existing regulations evolve through administrative and court interpretations, and as new regulations are adopted, there can be no way of predicting what impact these changes will have on the Company's businesses in the future, and the impact could adversely affect the Company's profitability and limit its growth.

Competition

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

Rating Downgrades

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

Financial Institutions Risk

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

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

General Insurance Group

Catastrophic Losses

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

policies. Collateral damage to property or persons from acts of terrorism and other calamities could also expose general liability policies.

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

Long-Tailed Losses

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

Workers' Compensation Coverage

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

Reinsurance

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

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

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

Insureds as Credit Risks

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

Guaranty Funds and Residual Markets

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

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

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

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

Prior Approval of Rates

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

Mortgage Guaranty Group

Continued Material Losses

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

Premium Income and Long-Term Claim Exposures

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

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

Inadequate Loss Reserves

The Company's mortgage insurance subsidiaries establish reserves for losses and loss adjustment expenses based upon mortgage loans reported to be in default as well as estimates of those in default but not yet reported. Of necessity, the reserves are at best estimates by management, taking into consideration its judgments and assumptions regarding the housing and mortgage markets, unemployment rates and economic trends in general. During the current widespread, sustained economic downturn, loss reserve estimates become subject to greater uncertainty and volatility. The rate and severity of actual losses could prove to be greater than expected and require

the Company to effect substantial increases in its loss reserves. Depending upon the magnitude, such increases could have a materially adverse impact on the Company's mortgage insurance segment and the Company's consolidated results of operations and financial condition. There can be no assurance that the actual losses paid by the mortgage insurance subsidiaries will not be materially greater than previously established loss reserves.

Fewer Coverage Rescissions

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

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

Capital Adequacy

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

It is likely that the Company's principal mortgage insurance subsidiary, Republic Mortgage Insurance Company ("RMIC") will breach the minimum capital requirement during 2010. In anticipation of its doing so, RMIC has requested and received waivers of the minimum policyholder position requirements from the North Carolina Department of Insurance, the Wisconsin Commissioner of Insurance, the Illinois Department of Insurance, and the Florida Office of Insurance Regulation, and has made similar requests to the insurance regulators in some of the other twelve states that have similar minimum capital or maximum risk-to-capital requirements. North Carolina's and Wisconsin's waivers extend until July 1, 2011, Florida's until February 16, 2011, and Illinois' until December 31, 2010. Most of the other states have indicated a willingness to waive their requirements as well, while some have not yet committed. For those that are willing to waive their requirements, there can be no certainty as to how long their waivers will be in place, or that they will not exercise their discretion to terminate their waivers earlier than expected, or that RMIC will again meet their capital requirements by the end of the waiver period. For those states that have not yet committed, there can be no assurance that they will waive their requirements. Absent a waiver, RMIC could be barred from writing any new business in one of these states unless and until its capital base has recovered, and there can be no certainty when or if it will recover. New insurance written in the states that have not issued a waiver to RMIC represented approximately 32% of the total for 2009.

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

RMIC and RMIC NC have solicited a similar agreement from Freddie Mac, approving RMIC NC to write as an eligible mortgage insurer. The matter remains under consideration by Freddie Mac. Without such an agreement, RMIC NC would be unable to provide mortgage insurance on any loans purchased by Freddie Mac.

Diminished Role for Fannie Mae, Freddie Mac

The market for private mortgage insurance exists primarily as a result of restrictions within the federal charters of the GSEs which require an acceptable form of credit enhancement on loans purchased by the GSEs that have loan-

to-value ("LTV") ratios in excess of 80%. These institutions establish the levels of required coverage, the underwriting standards for the loans they will purchase and the loss mitigation efforts that must be followed on insured loans. Changes in any of these respects could result in a reduction of the Mortgage Guaranty Group's business or an increase in its claim costs.

In response to their deteriorating financial conditions, the GSEs were taken over and placed in conservatorship under the Federal Housing Finance Agency ("FHFA") in September 2008. As their conservator, the FHFA could change the GSEs' business practices with respect to mortgage credit enhancement, or new federal legislation prompted by the increasing role of the federal government in the residential mortgage market could alter their charters or restructure the GSEs in ways that may reduce or eliminate the purchase of private mortgage insurance. Any such changes could have a material adverse effect on the Company's subsidiaries and the entire mortgage insurance industry. The Obama administration announced that it will disclose plans regarding the future of the GSEs in early 2010.

Competition

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

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

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

Regulation and Litigation

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

Title Insurance Group

Housing and Mortgage Lending Markets

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

Competition

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

Regulation and Litigation

Regulation is also a risk factor for title insurers. The title insurance industry has recently been, and continues to

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

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

Other Risks

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

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

Item 1B - Unresolved Staff Comments

None

Item 2 - Properties

The principal executive offices of the Company are located in the Old Republic Building in Chicago, Illinois. This Company-owned building contains 151,000 square feet of floor space of which approximately 54% is occupied by Old Republic, and the remainder is leased to others. In addition to its Chicago building, a subsidiary of the Title Insurance Group partially occupies its owned headquarters building in Minneapolis, Minnesota. This building contains 110,000 square feet of floor space of which approximately 68% is occupied by the Old Republic National Title Insurance Company. The remainder of the building is leased to others. Eight smaller buildings are owned by Old Republic and its subsidiaries in various parts of the nation and are primarily used for its business. The carrying value of all owned buildings and related land at December 31, 2009 was $36.1 million.

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

Item 3 - Legal Proceedings

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

Purported class action lawsuits are pending against the Company's principal title insurance subsidiary, Old Republic National Title Insurance Company ("ORNTIC") in state and federal courts in Connecticut, New Jersey, Ohio, Pennsylvania and Texas. The plaintiffs allege that ORNTIC failed to give consumers reissue and/or refinance credits on the premiums charged for title insurance covering mortgage refinancing transactions, as required by rate schedules filed by ORNTIC or by state rating bureaus with the state insurance regulatory authorities. The suits in Pennsylvania and Texas also allege violations of the federal Real Estate Settlement Procedures Act ("RESPA"). Substantially similar lawsuits are also pending against other unaffiliated title insurance companies in these and other states as well, and additional lawsuits based upon similar allegations could be filed against ORNTIC in the future. Classes have been certified in the New Jersey and Pennsylvania actions. Settlement agreements have been reached in the Connecticut and New Jersey actions and are not expected to cost ORNTIC more than $2.9 million and $2.2 million, respectively, including attorneys fees and administrative costs.

Since early February 2008, some 80 purported consumer class action lawsuits have been filed against the title industry's principal title insurance companies, their subsidiaries and affiliates, and title insurance rating bureaus or associations in at least 10 states. The suits are substantially identical in alleging that the defendant title insurers engaged in illegal price-fixing agreements to set artificially high premium rates and conspired to create premium rates which the state insurance regulatory authorities could not evaluate and therefore, could not adequately regulate. A number of them have been dismissed and others consolidated. Approximately 57 remain nationwide. ORNTIC is currently among the named defendants in 35 of these actions in 5 states; its affiliate, American Guaranty Title Insurance Company is a named defendant in 10 of the consolidated actions in 1 state; and the Company is a named defendant in 8 of the actions in 1 state. No class has yet been certified in any of these suits against the Company and ORNTIC, and none of the actions against them allege RESPA violations.

National class action suits have been filed against the Company's subsidiary, Old Republic Home Protection Company ("ORHP") in the California Superior Court, San Diego, and the U.S. District Court in Birmingham, Alabama. The California suit has been filed on behalf of all persons who made a claim under an ORHP home warranty contract

from March 6, 2003 to the present. The suit alleges breach of contract, breach of the implicit covenant of good faith and fair dealing, violations of certain California consumer protection laws and misrepresentation arising out of ORHP's alleged failure to adopt and implement reasonable standards for the prompt investigation and processing of claims under its home warranty contracts. The suit seeks unspecified damages consisting of the rescission of the class members' contracts, restitution of all sums paid by the class members, punitive damages, declaratory and injunctive relief. No class has been certified in either action. ORHP has removed the action to the U.S. District Court for the Southern District of California. The Alabama suit alleges that ORHP pays fees to the real estate brokers who market its home warranty contracts and that the payment of such fees is in violation of Section 8(a) of RESPA. The suit seeks unspecified damages, including treble damages under RESPA.

On December 19, 2008, Old Republic Insurance Company and Old Republic Insured Credit Services, Inc. ("Old Republic") filed suit against Countrywide Bank FSB, Countrywide Home Loans, Inc. ("Countrywide") and Bank of New York Mellon, BNY Mellon Trust of Delaware in the Circuit Court, Cook County, Illinois seeking a declaratory judgment to rescind or terminate various credit indemnity policies issued to insure home equity loans and home equity lines of credit which Countrywide had securitized or held for its own account. In February of 2009 Countrywide filed a counterclaim alleging a breach of contract, bad faith and seeking a declaratory judgment challenging the factual and procedural bases that Old Republic has relied upon to deny or rescind coverage for individual defaulted loans under those policies. To date, Old Republic has rescinded or denied coverage on more than 11,500 defaulted loans, based upon material misrepresentations either by Countrywide as to the credit characteristics of the loans or by the borrowers in their loan applications.

On December 31, 2009, two of the Company's mortgage insurance subsidiaries, Republic Mortgage Insurance Company and Republic Mortgage Insurance Company of North Carolina (together "RMIC") filed a Complaint for Declaratory Judgment in the Supreme Court of the State of New York, County of New York, against Countrywide Financial Corporation, Countrywide Home Loans, Inc., The Bank of New York Mellon Trust Company, N.A., BAC Home Loans Servicing, LP, and Bank of America, N.A. as successor in interest to Countrywide Bank, N.A. (together, "Countrywide"). The suit relates to five mortgage insurance master policies (the "Policies") issued by RMIC to Countrywide or to The Bank of New York Mellon Trust Company as co-trustee for trusts containing securitized mortgage loans that were originated or purchased by Countrywide. RMIC has rescinded its mortgage insurance coverage on over 1,500 of the loans originally covered under the Policies based upon material misrepresentations of the borrowers in their loan applications or the negligence of Countrywide in its loan underwriting practices or procedures. Each of the coverage rescissions occurred after a borrower had defaulted and RMIC reviewed the claim and loan file submitted by Countrywide. The suit seeks the Court's review and interpretation of the Policies' incontestability provisions and its validation of RMIC's investigation procedures with respect to the claims and underlying loan files.

On January 29, 2010, in response to RMIC's suit, Countrywide served RMIC with a demand for arbitration under the arbitration clauses of the same Policies. The demand proposes arbitration in Los Angeles, California, and raises largely the same issues as those raised in RMIC's suit against Countrywide, as well as Countrywide's and RMIC's compliance with the terms, provisions and conditions of the Policies. The demand includes a prayer for punitive, compensatory and consequential damages.

Except in the Connecticut and New Jersey actions against the title companies, where settlement agreements have been approved, the ultimate impact of these lawsuits and the arbitration, all of which seek unquantified damages, attorneys' fees and expenses, is uncertain and not reasonably estimable. The Company and its subsidiaries intend to defend vigorously against each of the aforementioned actions. Although the Company does not believe that these lawsuits will have a material adverse effect on its consolidated financial condition, results of operations or cash flows, there can be no assurance in those regards.

Item 4 - Submission of Matters to a Vote of Security Holders

None.

PART II

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

The Company's common stock is traded on the New York Stock Exchange under the symbol “ORI”. The high and low closing prices as reported on the New York Stock Exchange and cash dividends declared for each quarterly period during the past two years were as follows:

		Closing Price		Cash
		High	Low	Dividends
1st quarter	2008	$ 15.91	$ 12.31	$ .16
2nd quarter	2008	15.46	11.84	.17
3rd quarter	2008	16.50	9.32	.17
4th quarter	2008	$ 12.07	$ 7.39	$ .17
1st quarter	2009	$ 12.61	$ 7.40	$ .17
2nd quarter	2009	12.17	9.00	.17
3rd quarter	2009	12.71	9.15	.17
4th quarter	2009	$ 12.41	$ 10.04	$ .17

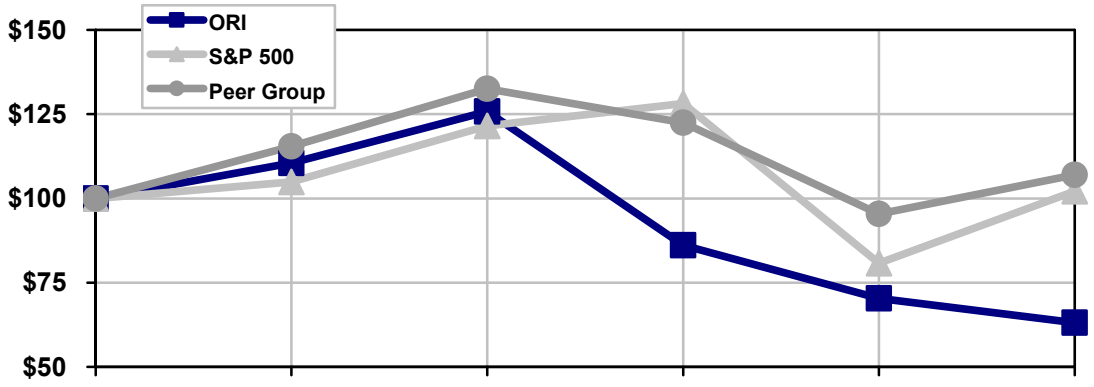
As of January 29, 2010, there were 2,670 registered holders of the Company's Common Stock. See Note 3(c) of the Notes to Consolidated Financial Statements for a description of certain regulatory restrictions on the payment of dividends by Old Republic's insurance subsidiaries. Closing prices have been restated, as necessary, to reflect all stock dividends and splits declared through December 31, 2009.

Comparative Five Year Performance Graphs for Common Stock

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

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

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



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

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

The composition of the Peer Group companies has been approved by the Compensation Committee.

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

	December 31,				
	2009	2008	2007	2006	2005
FINANCIAL POSITION:					
Cash and Invested Assets (a)	**$ 9,879.0**	$ 8,855.1	$ 8,924.0	$ 8,230.8	$ 7,394.1
Other Assets	**4,310.9**	4,410.9	4,366.5	4,381.4	4,149.0
Total Assets	**$14,190.0**	$13,266.0	$13,290.6	$12,612.2	$11,543.2
Liabilities, Other than Debt	**$ 9,951.8**	$ 9,292.6	$ 8,684.9	$ 8,098.6	$ 7,376.4
Debt	**346.7**	233.0	64.1	144.3	142.7
Total Liabilities	**10,298.6**	9,525.7	8,749.0	8,243.0	7,519.1
Preferred Stock	**-**	-	-	-	-
Common Shareholders' Equity	**3,891.4**	3,740.3	4,541.6	4,369.2	4,024.0
Total Liabilities and Shareholders' Equity	**$14,190.0**	$13,266.0	$13,290.6	$12,612.2	$11,543.2
Total Capitalization (b)	**$ 4,238.2**	$ 3,973.4	$ 4,605.7	$ 4,513.5	$ 4,166.7

	Years Ended December 31,				
	2009	2008	2007	2006	2005
RESULTS OF OPERATIONS:					
Net Premiums and Fees Earned	**$ 3,388.9**	$ 3,318.1	$ 3,601.2	$ 3,400.5	$ 3,386.9
Net Investment and Other Income	**408.3**	406.0	419.3	374.6	354.0
Realized Investment Gains (Losses)	**6.3**	(486.4)	70.3	19.0	64.9
Net Revenues	**3,803.6**	3,237.7	4,091.0	3,794.2	3,805.9
Benefits, Claims, and Settlement Expenses	**2,598.9**	2,715.7	2,166.2	1,539.6	1,465.4
Underwriting and Other Expenses	**1,478.3**	1,341.2	1,546.3	1,574.3	1,593.0
Pretax Income (Loss)	**(273.6)**	(819.2)	378.4	680.1	747.3
Income Taxes (Credits)	**(174.4)**	(260.8)	105.9	215.2	195.9
Net Income (Loss)	**$ (99.1)**	$ (558.3)	$ 272.4	$ 464.8	$ 551.4
COMMON SHARE DATA: (c)					
Net Income (Loss):					
Basic	**$ (.42)**	$ (2.41)	$ 1.18	$ 2.01	$ 2.40
Diluted	**$ (.42)**	$ (2.41)	$ 1.17	$ 1.99	$ 2.37
Dividends: Cash - Regular	**$ .680**	$ .670	$ .630	$ .590	$ .512
- Special	**-**	-	-	-	.800
- Total	**$ .680**	$ .670	$ .630	$ .590	$ 1.312
Stock	**-%**	- %	- %	- %	25%
Book Value	**$ 16.49**	$ 15.91	$ 19.71	$ 18.91	$ 17.53
Common Shares (thousands):					
Outstanding	**235,995**	235,031	230,472	231,047	229,575
Average: Basic	**235,657**	231,484	231,370	231,017	229,487
Diluted	**235,657**	231,484	232,912	233,034	232,108

(a) Consists of cash, investments and accrued investment income.
(b) Total capitalization consists of debt, preferred stock, and common shareholders' equity.
(c) All per share statistics herein have been restated to reflect all stock dividends or splits declared through December 31, 2009.

Item 7 - Management Analysis of Financial Position and Results of Operations
($ 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" or "the Company"). The Company conducts its operations through three major regulatory segments, namely, its General (property and liability), Mortgage Guaranty, and Title insurance segments. A small life and health insurance business, accounting for 2.1% of consolidated operating revenues for the year ended December 31, 2009 and 1.9% of consolidated assets as of December 31, 2009, is included within the corporate and other caption of this report.

The consolidated accounts are presented in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") of accounting principles generally accepted in the United States of America ("GAAP").

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

The insurance business is distinguished from most others in that the prices (premiums) charged for various insurance products are set without certainty of the ultimate benefit and claim costs that will emerge or be incurred, often many years after issuance and expiration of a policy. This basic fact casts Old Republic as a risk-taking enterprise managed for the long run. Management therefore conducts the business with a primary focus on achieving favorable underwriting results over cycles, and on the maintenance of financial soundness in support of the insurance subsidiaries' long-term obligations to insurance beneficiaries. To achieve these objectives, adherence to insurance risk management principles is stressed, and asset diversification and quality are emphasized. In addition to income arising from Old Republic's basic underwriting and related services functions, significant investment income is earned from invested funds generated by those functions and from shareholders' capital. Investment management aims for stability of income from interest and dividends, protection of capital, and sufficient liquidity to meet insurance underwriting and other obligations as they become payable in the future. Securities trading and the realization of capital gains are not objectives. The investment philosophy is therefore best characterized as emphasizing value, credit quality, and relatively long-term holding periods. 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.

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

EXECUTIVE SUMMARY

Old Republic experienced further operating difficulties in 2009. Since mid-year 2007, operating income has declined mostly due to the Company's mortgage guaranty and other insurance coverages linked to the housing and consumer credit fields.

Full year 2009 mortgage guaranty and consolidated operating results benefited from a GAAP accounting requirement that premiums received for largely non-recurring reinsurance contract terminations ("commutations"), be recognized immediately as income. As a consequence, 2009 pretax operating earnings benefited by $76.3 ($49.6 after tax or $0.21 per share) from such premiums. Substantially all of these premiums will likely be absorbed by loss costs related to the future years' risk exposures they are designed to cover. General insurance performance has declined during the last three years due to a reduction of underwriting profitability among several coverages. Title operations returned to profitability in 2009 for the first time since 2006 as a result of greater real estate transactions, growth in market share, and expense control management.

2009 pretax investment gains of $6.3 were enhanced by certain tax credits to produce net post-tax realized investment gains of $58.1 ($0.25 per share). The tax credits, which could not be recognized previously due to the application of certain accounting rules, pertain to the tax treatment of losses from other-than-temporary investment impairments, most of which originated in the second quarter of 2008. Realized losses in 2008 were mostly due to write downs of equity investments for other-than-temporary impairments. 2007 and prior years' net investment gains were largely the result of actual open market sales transactions.

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

Years Ended December 31,	2009	2008	2007	% Change 2009 vs. 2008	% Change 2008 vs. 2007
Operating revenues:					
General insurance	$ 2,052.7	$ 2,255.9	$ 2,438.0	-9.0%	-7.5%
Mortgage guaranty	746.1	690.0	608.3	8.1	13.4
Title insurance	914.1	681.3	878.5	34.2	-22.4
Corporate and other	84.3	96.8	95.6	-12.9	1.3
Total	$ 3,797.2	$ 3,724.2	$ 4,020.6	2.0%	-7.4%
Pretax operating income (loss):					
General insurance	$ 200.1	$ 294.3	$ 418.0	-32.0%	-29.6%
Mortgage guaranty	(486.4)	(594.3)	(110.4)	18.2	-438.1
Title insurance	2.1	(46.3)	(14.7)	104.7	-214.7
Corporate and other	4.0	13.5	15.1	-70.1	-10.6
Sub-total	(279.9)	(332.7)	308.0	15.9	-208.0
Realized investment gains (losses):					
From sales	15.9	(4.1)	70.3		
From impairments	(9.5)	(482.3)	-		
Net realized investment gains (losses)	6.3	(486.4)	70.3	101.3	N/M
Consolidated pretax income (loss)	(273.6)	(819.2)	378.4	66.6	-316.5
Income taxes (credits)	(174.4)	(260.8)	105.9	33.1	-346.2
Net income (loss)	$ (99.1)	$ (558.3)	$ 272.4	82.2%	-304.9%
Consolidated underwriting ratio:					
Benefits and claim ratio	76.7%	81.8%	60.2%	-6.2%	35.9%
Expense ratio	41.8	39.1	41.3	6.9	-5.3
Composite ratio	118.5%	120.9%	101.5%	-2.0%	19.1%
Components of diluted earnings per share:					
Net operating income (loss)	$ (0.67)	$ (0.81)	$ 0.97	17.3%	-183.5%
Net realized investment gains (losses)	0.25	(1.60)	0.20		
Net income (loss)	$ (0.42)	$ (2.41)	$ 1.17	82.6%	-306.0%
Cash dividends paid per share	$ 0.68	$ 0.67	$ 0.63	1.5%	6.3%

N/M: Not meaningful

The above table shows both operating and net income (loss) to highlight the effects of realized investment gain or loss recognition and any non-recurring items on period-to-period comparisons. Operating income, however, does not replace net income computed in accordance with GAAP as a measure of total profitability.

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

General Insurance Results – Pretax operating earnings for the periods reported upon were affected mostly by reduced premium volume and moderately higher claim and expense ratios. The following table shows these effects:

	General Insurance Group				
				% Change	
Years Ended December 31,	2009	2008	2007	2009 vs. 2008	2008 vs. 2007
Net premiums earned	$ 1,782.5	$ 1,989.3	$ 2,155.1	-10.4%	-7.7%
Net investment income	258.9	253.6	260.8	2.1	-2.8
Pretax operating income (loss)	$ 200.1	$ 294.3	$ 418.0	-32.0%	-29.6%
Claim ratio	76.3%	73.0%	67.8%	4.5%	7.7%
Expense ratio	25.8	24.2	24.1	6.6	.4
Composite ratio	102.1%	97.2%	91.9%	5.0%	5.8%

Earned premiums for the large majority of insurance coverages trended down in the past three years. In recent years, premium growth has been constrained by the combination of a moderately declining rate environment and by recessionary economic conditions. These conditions affect such factors as sales and employment levels, both of which are important elements upon which premiums are based.

General insurance investment income trends have benefited from greater invested asset balances.

Overall claim ratios trended moderately higher during 2009 and 2008. 2009 and 2008 claim experience for the consumer credit indemnity ("CCI") coverage in particular has trended much higher adding approximately 7.3 and 6.1 percentage points to the above claim ratios for years ended December 31, 2009 and 2008, respectively versus an insignificant effect for 2007. Aggregate claim experience for other coverages, however, remained relatively consistent. Production and general operating expenses edged up slightly in 2009 as expense reduction lagged a larger drop in earned premiums.

Mortgage Guaranty Results – 2009 mortgage guaranty operating results benefited from the captive reinsurance premiums receipts previously noted. Key indicators of this segment's evolving performance are shown in the following table:

	Mortgage Guaranty Group				
				% Change	
Years Ended December 31,	2009	2008	2007	2009 vs. 2008	2008 vs. 2007
Net premiums earned	$ 644.5	$ 592.5	$ 518.2	8.8%	14.3%
Net investment income	92.0	86.8	79.0	5.9	10.0
Pretax operating income (loss)	$ (486.4)	$ (594.3)	$ (110.4)	18.2%	-438.1%
Claim ratio	176.0%	199.3%	118.8%	-11.7%	67.8%
Expense ratio	12.6	15.7	17.7	-19.7	-11.3
Composite ratio	188.6%	215.0%	136.5%	-12.3%	57.5%

Absent the aforementioned effect of the reinsurance commutations further discussed below, mortgage guaranty earned premiums declined in 2009. Premium levels for the three years ended December 31, 2009 were impacted by the more selective underwriting criteria applied since late 2007, by an overall decline in the industry's business penetration, and by higher premium refunds related to coverage rescissions. These factors were attenuated somewhat by relatively high persistency levels for business produced in prior years, and by a continuing decline in premiums ceded to lender-owned (captive) reinsurance companies.

During 2009's third quarter, Old Republic's Mortgage Guaranty Group entered into reinsurance termination agreements ("commutations") with four lender-owned captive reinsurers. As part of the transactions, the Company received reinsurance premiums of $82.5 to cover losses expected to occur after the contract termination date. Under GAAP, these reinsurance commutations have been treated as the termination of risk transfer reinsurance arrangements rather than transactions in which the Company takes on new or additional insurance risk. As a result of this GAAP characterization, the premiums received have been booked as current income rather than being deferred and subsequently recognized in the future periods during which the related risk will exist and expected claims will occur. The Company estimates that substantially all of these premiums will likely be absorbed by related claim costs thus negating the current appearance of a gain from the transactions. In the above table, the up front recognition of the $82.5 of premiums also has the effect of portraying an increase in 2009's net premiums earned of 8.8%, whereas their exclusion through deferral to future at risk periods would have shown an actual 4.1% decline. As a further consequence of this GAAP premium recognition methodology the 2009 loss ratio dropped from 199.6% to 176.0%, and the 2009 pretax operating loss was reduced from $562.7 to $486.4. Excluding these premium recognition effects, quarterly claim ratios throughout 2009 averaged 199.7% versus a comparable average of 199.3% for 2008 and 115.2% for 2007. Greater numbers of coverage rescissions and a moderate decline in expected claim severity during 2009 offset to some degree the impact on claim reserve provisions of a continued uptrend in reported delinquent loans. The components of incurred mortgage guaranty claim ratios are shown in the following table:

	Years Ended December 31,		
	2009	2008	2007
Incurred claim ratio from:			
Paid claims	97.0%	74.8%	42.5%
Claim reserve provisions	102.6	124.5	76.3
Effect of commutations	-23.6	-	-
Total	176.0%	199.3%	118.8%

Production and operating expense ratios for all periods reported upon reflect continued success in expense management. Net investment income has trended up on the strength of an invested asset base enhanced by positive operating cash flow, funds generated by income tax related asset recoveries, and in 2009, capital additions and funds received in the above noted reinsurance commutations.

Title Insurance Results – In 2009 Old Republic's title insurance business turned slightly profitable for the first time since 2006. Key operating performance indicators are shown in the following table:

	Title Insurance Group				
				% Change	
Years Ended December 31,	2009	2008	2007	2009 vs. 2008	2008 vs. 2007
Net premiums and fees earned	$ 888.4	$ 656.1	$ 850.7	35.4%	-22.9%
Net investment income	25.2	25.1	27.3	0.2	-7.9
Pretax operating income (loss)	$ 2.1	$ (46.3)	$ (14.7)	104.7%	-214.7%
Claim ratio	7.9%	7.0%	6.6%	12.9%	6.1%
Expense ratio	93.8	103.6	98.1	-9.5	5.6
Composite ratio	101.7%	110.6%	104.7%	-8.0%	5.6%

Growth in title premiums and fees for 2009 resulted mostly from greater refinance transactions earlier in the year and from market share gains taken from title industry dislocations and consolidations. Claim costs rose at a quicker pace, however, as the Company added moderately to reserve provisions in consideration of recent claim emergence trends. Production and general operating expenses, while relatively lower as a percentage of premium and fees revenues, rose dollar-wise in reflection of greater personnel and other production costs related to the higher revenues attained and anticipated.

Results for 2008 and 2007 also reflect the impact of the cyclical downturn in the housing and related mortgage lending sectors of the U.S. economy.

Corporate and Other Operations – The Company's small life and health insurance business and the net costs associated with the parent holding company and internal services subsidiaries produced a much lower operating gain in 2009. Period-to-period variations in the results of these relatively minor elements of Old Republic's operations usually stem from the volatility inherent to the small scale of its life and health business, fluctuations in the costs of external debt, and net interest on intra-system financing arrangements.

Cash, Invested Assets, and Shareholders' Equity – The following table reflects Old Republic's consolidated cash and invested assets as well as shareholders' equity at the dates shown:

				% Change	
As of December 31:	2009	2008	2007	2009 vs. 2008	2008 vs. 2007
Cash and invested assets: Fair value basis	$ 9,879.0	$ 8,855.1	$ 8,924.0	11.6%	-.8%
Original cost basis	$ 9,625.9	$ 9,210.0	$ 8,802.5	4.5%	4.6%
Shareholders' equity: Total	$ 3,891.4	$ 3,740.3	$ 4,541.6	4.0%	-17.6%
Per common share	$ 16.49	$ 15.91	$ 19.71	3.6%	-19.3%
Composition of shareholders' equity per share:					
Equity before items below	$ 14.99	$ 16.10	$ 19.31	-6.9%	-16.6%
Unrealized investment gains (losses) and other accumulated comprehensive income (loss)	1.50	(0.19)	0.40		
Total	$ 16.49	$ 15.91	$ 19.71	3.6%	-19.3%

Consolidated cash flow from operating activities amounted to $532.9, $565.6 and $862.5 for the years ended 2009, 2008 and 2007, respectively.

The investment portfolio reflects a current allocation of approximately 86 percent to fixed-maturity securities and 5 percent to equities. As has been the case for many years, Old Republic's invested assets are managed in

consideration of enterprise-wide risk management objectives intended to assure solid funding of its subsidiaries' long-term obligations to insurance policyholders and other beneficiaries, and evaluations of their long-term effect on the stability of capital accounts. The portfolio contains little or no direct insurance risk-correlated asset exposures to real estate, mortgage-backed securities, collateralized debt obligations ("CDO's"), derivatives, junk bonds, hybrid securities, or illiquid private equity investments. In a similar vein, the Company does not engage in hedging or securities lending transactions, nor does it invest in securities whose values are predicated on non-regulated financial instruments exhibiting amorphous or unfunded counter-party risk attributes.

Substantially all changes in the shareholders' equity account reflect the Company's net income or loss, dividend payments to shareholders, and impairments or changes in market valuations of invested assets during the periods shown below:

	Shareholders' Equity Per Share		
Years Ended December 31,	2009	2008	2007
Beginning book value per share	$ 15.91	$ 19.71	$ 18.91
Changes in shareholders' equity for the periods:			
Net operating income (loss)	(.67)	(.81)	.98
Net realized investment gains (losses):			
From sales	.04	(.01)	.20
From impairments	.21	(1.59)	-
Subtotal	.25	(1.60)	.20
Net unrealized investment gains (losses)	1.59	(.33)	.05
Total realized and unrealized investment gains (losses)	1.84	(1.93)	.25
Cash dividends	(.68)	(.67)	(.63)
Stock issuance, foreign exchange, and other transactions	.09	(.39)	.20
Net change	.58	(3.80)	.80
Ending book value per share	$ 16.49	$ 15.91	$ 19.71

Old Republic's significant investments in the stocks of two leading publicly held mortgage guaranty ("MI") businesses (MGIC Investment Corp. and The PMI Group) account for a substantial portion of the 2008 realized and unrealized investment losses shown in the above and following tables. Unrealized losses, including losses on securities categorized as other-than-temporarily impaired ("OTTI"), represent the net difference between the most recently established cost and the fair values of the investments at each point in time. The aggregate original and impaired costs, fair value, and latest reported underlying equity values of the aforementioned two mortgage guaranty investments are shown below.

		December 31,		
		2009	2008	2007
Total value of the two MI investments:	Original cost	$ 416.4	$ 416.4	$ 429.7
	Impaired cost	106.8	106.8	N/A
	Fair value	130.7	82.7	375.1
	Underlying equity(*)	$ 274.6	$ 515.9	$ 679.7

(*) Underlying equity based on latest reports (which may lag by one quarter) issued by investees.

The above-noted mortgage guaranty holdings were acquired as passive long-term investment additions for a core segment of Old Republic's business in anticipation of a recovery of the MI industry in 2010. In management's judgment, the currently depressed market valuations of companies operating in the housing and mortgage-lending sectors of the American economy have been impacted significantly by the cyclical and macroeconomic conditions affecting these sectors, and by the recent dysfunctionality of the banking and mortgage lending industries. For external financial reporting purposes, however, Old Republic uses relatively short time frames in recognizing OTTI adjustments in its income statement. In this context, absent issuer-specific circumstances that would result in a contrary conclusion, all unrealized investment losses pertaining to any equity security reflecting a 20 percent or greater decline for a six month period is considered OTTI. Unrealized losses that are deemed temporary and all unrealized gains are recorded directly as a separate component of the shareholders' equity account and in the consolidated statement of comprehensive income. As a result of accounting idiosyncrasies, however, OTTI losses recorded in the income statement of one period can not be offset in the income statement of a subsequent period by fair value gains on the previously impaired securities unless the gains are realized through actual sales. Such unrealized fair value gains can only be recognized through direct credits in the shareholders' equity account and in the consolidated statement of comprehensive income.

2009 Capital Raise - Early in 2009's second quarter, the Company obtained gross proceeds of $316.25 through a public offering of 8% convertible Senior Notes due in 2012. The funds were used mostly to enhance the capital base of the general and title insurance segments, and to repay a portion of commercial paper debt previously incurred to strengthen the capital of the mortgage guaranty segment as of year end 2008. Along with the growth oriented capital additions to businesses with good prospects for the long term, the new funds enhance the stability and resiliency of Old Republic's consolidated capitalization.

CRITICAL ACCOUNTING ESTIMATES

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, 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 establishment of deferred acquisition costs which vary directly with the production of insurance premiums; c) the recoverability of reinsured paid and/or outstanding losses; and d) the establishment of reserves for losses and loss adjustment expenses. The major assumptions and methods used in setting these estimates are discussed in the pertinent sections of this Management Analysis and are summarized as follows:

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

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

For the three years ended December 31, 2009, pretax charges due to other-than-temporary impairments in the value of securities affected pretax income or loss within a range of -143.2% and 0% and averaged -48.9%.

(b) Establishment of deferred acquisition costs ("DAC")

The eligibility for deferral and the recoverability of DAC is based on the current terms and estimated profitability of the insurance contracts to which they relate. As of the three most recent year ends, consolidated DAC balances ranged between 1.5% and 1.9% and averaged 1.7% of consolidated assets. The annual change in DAC balances for the three-year period affected underwriting, acquisition and other expenses within a range of 1.1% and 1.8%, and averaged 1.4% of such expenses.

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

Assets consisting of gross paid losses recoverable from assuming reinsurers, and balance sheet date reserves similarly recoverable in future periods as gross losses are settled and paid, are established at the same time as the gross losses are paid or recorded as reserves. Accordingly, these assets are subject to the same estimation processes and valuations as the related gross amounts that are discussed below. As of the three most recent year ends, paid and outstanding reinsurance recoverable balances ranged between 30.1% and 32.9% and averaged 31.5% of the related gross reserves.

(d) The reserves for losses and loss adjustment expenses

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

- The establishment of expected loss ratios for the three latest accident years, particularly for so-called long-tail coverages as to which information about covered losses emerges and becomes more accurately quantified over long periods of time. Long-tail lines of business generally include workers' compensation, auto liability, general liability, errors and omissions and directors and officers' liability, and title insurance. Gross loss reserves related to such long-tail coverages ranged between 66.0% and 79.1%, and averaged 72.0% of gross consolidated claim reserves as of the three most recent year ends. Net of reinsurance recoverables, such reserves ranged between 60.1% and 75.4% and averaged 67.3% as of the same dates.

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

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

For each of the three most recent calendar years, prior accident years' consolidated claim costs have developed favorably and have had the consequent effect of reducing consolidated annual loss costs between 3.0% and 7.2%, or by an average of approximately 4.7% per annum. As a percentage of each of these years' consolidated earned premiums and fees the favorable developments have ranged between 1.8% and 5.9%, and have averaged 3.7%.

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

ACCOUNTING POLICIES

The consolidated accounts are presented in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") of accounting principles generally accepted in the United States of America ("GAAP"). In managing the Company's insurance subsidiaries and providing for their current tax liabilities, however, management adheres to state insurance regulatory and accounting practices. In comparison with GAAP, such practices reflect greater conservatism and comparability among insurers, and are intended to address the primary financial security interests of policyholders and their beneficiaries. This management analysis should be read in conjunction with Old Republic's annual and quarterly consolidated financial statements and the footnotes appended to them.

In recent years, the FASB has issued various releases requiring additional financial statement disclosures, and to provide guidance relative to the application of such releases. Of particular pertinence to the Company's financial statements are certain disclosures relating to uncertainties affecting income tax provisions, methodologies for establishing the fair value and recording of other-than-temporary impairments of securities, and the composition of plan assets held by the Company's defined benefit pension plans. The requisite disclosures and explanations for these matters have been included in the footnotes to the Company's financial statements.

FINANCIAL POSITION

The Company's financial position at December 31, 2009 reflected increases in assets, liabilities, and common shareholders' equity of 7.0%, 8.1%, and 4.0%, respectively, when compared to the immediately preceding year-end. Cash and invested assets represented 69.6% and 66.8% of consolidated assets as of December 31, 2009 and December 31, 2008, respectively. Consolidated operating cash flow was positive at $532.9 in 2009 compared to $565.6 in 2008 and $862.5 in 2007. As of December 31, 2009, the invested asset base increased 11.6% to $9,688.4 as a result of positive operating cash flows, new funds from an April 2009 securities offering, and an increase in the fair value of investments.

Investments - During 2009 and 2008, the Company committed substantially all investable funds to short to intermediate-term fixed maturity securities. At both December 31, 2009 and 2008, 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 little or no insurance risk-correlated asset exposures real estate, mortgage-backed securities, collateralized debt obligations ("CDO's"), derivatives, junk bonds, hybrid securities, or illiquid private equity investments. In a similar vein, the Company does not engage in hedging transactions or securities lending operations, nor does it invest in securities whose values are predicated on non-regulated financial instruments exhibiting amorphous or unfunded counter-party risk attributes. At December 31, 2009, 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 December 31, 2009. Such positions reflect a large variety of seasonal and intermediate-term factors including current operating needs, expected operating cash flows, quarter-end cash flow seasonality, and investment strategy considerations. Accordingly, the future level of short-term investments will vary and respond to the interplay of these factors and may, as a result, increase or decrease from current levels.

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 are reflected, net of deferred income taxes, directly in the shareholders' equity account, and as a separate component of the statement of comprehensive income. Given 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 bond and stock portfolios would negatively affect the common shareholders' equity account at any point in time, but would not necessarily result in the recognition of realized investment losses. 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 previously reported earnings or financial condition, are recognized as realized losses as soon as credible publicly available information emerges to confirm such developments. Absent issuer-specific circumstances that would result in a contrary conclusion, any equity security with an unrealized investment loss amounting to a 20% or greater decline for a six month period is considered other-than-temporarily-impaired. In the event the Company's estimate of other-than-temporary impairments is insufficient at any point in time, future periods' net income would be affected adversely by the recognition of additional realized or impairment losses, but its financial condition would not necessarily be affected adversely inasmuch as such losses, or a portion of them, could have been recognized previously as unrealized losses.

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

Credit Quality Ratings of Fixed Maturity Securities (a)

	December 31,	
	2009	2008
Aaa	22.3 %	20.4 %
Aa	20.3	24.5
A	30.3	31.4
Baa	25.7	22.0
Total investment grade	98.6	98.3
All other (b)	1.4	1.7
Total	100.0 %	100.0 %

(a) Credit quality ratings used are those assigned primarily by Moody's for U.S. Governments, Agencies and Corporate issuers and by Standard & Poor's ("S&P") for U.S. and Canadian Municipal issuers, which are converted to equivalent Moody's ratings classifications. In the second quarter of 2009, the Company changed its source of credit quality ratings from Moody's to S&P for U.S. Municipal issuers due to their wider credit coverage. The December 31, 2008 disclosures have been restated to be comparable to the current period classifications. The effect of such change moderately improved the previously reported credit quality ratings.

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

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

	December 31, 2009	
	Amortized Cost	Gross Unrealized Losses
Fixed Maturity Securities by Industry Concentration:		
Banking	$ 23.0	$ 5.1
Retail	11.5	.7
Industrial	17.4	.5
Consumer non-durables	9.9	.1
Other (includes 2 industry groups)	7.5	.1
Total	$ 69.6 (c)	$ 6.6

(c) Represents .9% of the total fixed maturity securities portfolio.

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

	December 31, 2009	
	Amortized Cost	Gross Unrealized Losses
Fixed Maturity Securities by Industry Concentration:		
U.S. Government & Agencies	$ 302.7	$ 2.9
Banking	36.3	1.5
Energy	45.6	1.2
Industrial	51.7	1.0
Other (includes 15 industry groups)	277.2	3.9
Total	$ 713.9 (d)	$ 10.8

(d) Represents 9.0% of the total fixed maturity securities portfolio.

Gross Unrealized Losses Stratified by Industry Concentration for Equity Securities

	December 31, 2009	
	Cost	Gross Unrealized Losses
Equity Securities by Industry Concentration:		
Index Funds	$ 112.8	$ 13.3
Finance	1.2	.2
Natural Gas	.3	-
Insurance	.2	-
Total	$ 114.6 (e)	$ 13.7 (f)

(e) Represents 32.1% of the total equity securities portfolio.
(f) Represents 3.8% of the cost of the total equity securities portfolio, while gross unrealized gains represent 44.5% of the portfolio.

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

	December 31, 2009			
	Amortized Cost of Fixed Maturity Securities		Gross Unrealized Losses	
	All	Non-Investment Grade Only	All	Non-Investment Grade Only
Maturity Ranges:				
Due in one year or less	$ .9	$ -	$ -	$ -
Due after one year through five years	339.1	43.1	5.4	3.2
Due after five years through ten years	399.8	26.5	10.2	3.3
Due after ten years	43.7	-	1.6	-
Total	$ 783.5	$ 69.6	$ 17.4	$ 6.6

Gross Unrealized Losses Stratified by Duration and Amount of Unrealized Losses

	December 31, 2009			
	Amount of Gross Unrealized Losses			
	Less than 20% of Cost	20% to 50% of Cost	More than 50% of Cost	Total Gross Unrealized Loss
Number of Months in Loss Position:				
Fixed Maturity Securities:				
One to six months	$ 8.4	$ -	$ -	$ 8.4
Seven to twelve months	-	-	-	-
More than twelve months	3.6	5.3	-	8.9
Total	$ 12.0	$ 5.3	$ -	$ 17.4
Equity Securities:				
One to six months	$ -	$ .2	$ -	$ .2
Seven to twelve months	-	-	-	-
More than twelve months	13.3	-	-	13.4
Total	$ 13.4	$ .3	$ -	$ 13.7
Number of Issues in Loss Position:				
Fixed Maturity Securities:				
One to six months	119	-	-	119
Seven to twelve months	1	-	-	1
More than twelve months	32	3	-	35
Total	152	3	-	155 (g)
Equity Securities:				
One to six months	1	1	-	2
Seven to twelve months	-	-	-	-
More than twelve months	2	1	-	3
Total	3	2	-	5 (g)

(g) At December 31, 2009 the number of issues in an unrealized loss position represent 7.5% as to fixed maturities, and 31.3% as to equity securities of the total number of such issues held by the Company.

The aging of issues with unrealized losses employs closing market price comparisons with an issue's original cost net of other-than-temporary impairment adjustments. The percentage reduction from such adjusted cost reflects the decline as of a specific point in time (December 31, 2009 in the above table) and, accordingly, is not indicative of a security's value having been consistently below its cost at the percentages and throughout the periods shown.

Age Distribution of Fixed Maturity Securities

	December 31,	
	2009	2008
Maturity Ranges:		
Due in one year or less	9.3%	14.0%
Due after one year through five years	55.0	51.0
Due after five years through ten years	34.9	34.7
Due after ten years through fifteen years	.8	.3
Due after fifteen years	-	-
Total	100.0%	100.0%
Average Maturity in Years	4.4	4.4
Duration (h)	3.8	3.7

(h) Duration is used as a measure of bond price sensitivity to interest rate changes. A duration of 3.8 as of December 31, 2009 implies that a 100 basis point parallel increase in interest rates from current levels would result in a possible decline in the fair value of the long-term fixed maturity investment portfolio of approximately 3.8%.

Composition of Unrealized Gains (Losses)

	December 31, 2009	December 31, 2008
Fixed Maturity Securities:		
Amortized cost	$ 7,896.2	$ 7,385.2
Estimated fair value	8,326.8	7,406.9
Gross unrealized gains	448.0	196.8
Gross unrealized losses	(17.4)	(175.0)
Net unrealized gains (losses)	$ 430.5	$ 21.7
Equity Securities:		
Original cost	$ 674.9	$ 729.2
Adjusted cost(*)	357.5	373.3
Estimated fair value	502.9	350.3
Gross unrealized gains	159.0	49.6
Gross unrealized losses	(13.7)	(72.7)
Net unrealized gains (losses)	$ 145.3	$ (23.0)

(*) net of OTTI adjustments

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 variable costs of producing specific types of insurance policies, 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 paid by its subsidiaries. From time to time additional cash needs are also met by accessing Old Republic's commercial paper program and/or debt and equity capital markets. The insurance subsidiaries' ability to pay cash dividends to the parent company is generally restricted by law or subject to approval of the insurance regulatory authorities of the states in which they are domiciled. The Company can receive up to $295.6 in dividends from its subsidiaries in 2010 without the prior approval of regulatory authorities. The liquidity achievable through such permitted dividend payments is considered adequate to cover the parent holding company's currently expected cash outflows represented mostly by interest and scheduled repayments on outstanding debt, quarterly cash dividend payments to shareholders, modest operating expenses at the holding company, and the near-term capital needs of its operating company subsidiaries. Old Republic can currently access the commercial paper market for up to $150.0.

Capitalization - Old Republic's total capitalization of $4,238.2 at December 31, 2009 consisted of debt of $346.7 and common shareholders' equity of $3,891.4. Changes in the common shareholders' equity account for the three most recent years reflect primarily operating results for the period then ended, dividend payments, and changes in market valuations of invested assets. Old Republic has paid cash dividends to its shareholders without interruption since 1942, and has increased the annual rate in each of the past 28 years. The dividend rate is reviewed and approved by the Board of Directors on a quarterly basis each year. In establishing each year's cash dividend rate 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 most recent calendar years, and management's long-term expectations for the Company's consolidated business.

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. If a company's risk to capital ratio exceeds the limit or its capital falls below the minimum prescribed levels, absent expressed regulatory approval, it may be prohibited from writing new business until its risk to capital ratio falls below the limit or it reestablishes the required minimum levels of capital. At December 31, 2009, the statutory risk to capital ratio was 23.1:1 for the three companies combined. A continuation of operating losses could further reduce statutory surplus thus increasing the risk to capital ratio which the Company evaluates on a quarterly basis. During the fourth quarter of 2008, capital funds of $150.0 were added to Old Republic's mortgage guaranty group.

The Company has access to various capital resources including dividends from its subsidiaries, holding company investments, undrawn capacity under its commercial paper program, and access to debt and equity capital markets. At December 31, 2009, the Company's consolidated debt to equity ratio was 8.9%. This relatively low level of financial leverage provides the Company with additional borrowing capacity to meet its capital commitments. During the second quarter of 2009, additional capital funds of $30.0 and $132.0 were directed to the title and general insurance segments, respectively, to enhance insurance capacity.

Contractual Obligations - The following table shows certain information relating to the Company's contractual obligations as of December 31, 2009:

	Payments Due in the Following Years				
	Total	2010	2011 and 2012	2013 and 2014	2015 and After
Contractual Obligations:					
Debt	$ 346.7	$ 3.6	$ 322.2	$ 5.9	$ 15.0
Interest on Debt	68.4	26.4	39.7	1.2	1.0
Operating Leases	168.2	38.7	55.0	32.5	41.8
Pension Benefits Contributions (a)	86.0	1.8	35.9	26.3	22.0
Claim & Claim Expense Reserves (b)	7,915.0	2,562.8	2,067.3	716.7	2,568.0
Total	$ 8,584.5	$ 2,633.4	$ 2,520.2	$ 782.7	$ 2,648.0

(a) Represents estimated minimum funding of contributions for the Old Republic International Salaried Employees Restated Retirement Plan (the Old Republic Plan), the Bituminous Casualty Corporation Retirement Income Plan (the Bitco Plan), and the Old Republic National Title Group Pension Plan (the Title Plan). Funding of the plans is dependent on a number of factors including actual performance versus actuarial assumptions made at the time of the actuarial valuations, as well as, maintaining certain funding levels relative to regulatory requirements.

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

RESULTS OF OPERATIONS

Revenues: Premiums & Fees

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

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

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 Mortgage Guaranty Group's Risk Factors for premium income and long-term claim exposures, there is a risk that the revenue recognition for insured loans is not appropriately matched to the risk exposure and the consequent recognition of both normal and catastrophic loss occurrences.

Title premium and fee revenues stemming from the Company's direct operations (which include branch offices of its title insurers and wholly owned agency subsidiaries) represent approximately 39% of 2009 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 61% 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 major sources of Old Republic's earned premiums and fees for the periods shown were as follows:

	Earned Premiums and Fees					
	General	Mortgage	Title	Other	Total	% Change from prior period
Years Ended December 31:						
2007	$ 2,155.1	$ 518.2	$ 850.7	$ 77.0	$ 3,601.2	5.9%
2008	1,989.3	592.5	656.1	80.1	3,318.1	-7.9
2009	$ 1,782.5	$ 644.5	$ 888.4	$ 73.3	$ 3,388.9	2.1%

2009 and 2008 General Insurance Group earned premiums trended lower as a moderately declining rate environment for most commercial insurance prices has hindered retention of some business and precluded meaningful additions to the premium base. Earned premium growth of 13.3% in 2007 reflects additional business produced in a reasonably stable underwriting environment and the year-end 2006 acquisition of a liability insurance book of business.

2009 mortgage guaranty premium revenue increased 8.8% by comparison to 2008 primarily due to the commutation of certain reinsurance agreements during the third quarter of 2009. GAAP requires that commutation reinsurance premiums of $82.5 million received from lenders' captive insurers to cover future periods' losses be recognized immediately as income as of the effective date of the reinsurance commutation agreements. Excluding the effect of immediate premium revenue recognition for these reinsurance commutation agreements, mortgage guaranty premium revenue would have reflected a year-over-year decline of 4.1% in 2009. Mortgage guaranty premium revenues for the three years ended December 31, 2009 were impacted by more selective underwriting criteria applied since late 2007, an overall decline in the industry's business penetration, and by higher premium refunds related to coverage rescissions. These lower premium revenue trends have been mitigated somewhat by greater business persistency levels for business produced in prior years, and by a continuing decline in premiums ceded to lender-owned (captive) reinsurance companies.

Title Group premium and fee revenues grew by 35.4% in 2009 as a result of greater refinance transactions in late 2008 and early 2009 and from market share gains taken from title industry dislocations and consolidations. Title premium and fee revenues decreased by 22.9% and 13.2% in 2008 and 2007, respectively. The decline was particularly accentuated in the segment's direct operations, most of which are concentrated in the Western United States, and all of which reflected a downturn in home sales and resales.

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

	General Insurance Earned Premiums by Type of Coverage					
	Commercial Automobile (mostly trucking)	Workers' Compensation	Financial Indemnity	Inland Marine and Property	General Liability	Other
Years Ended December 31:						
2007	35.0%	23.5%	13.8%	9.3%	7.8%	10.6%
2008	34.9	21.0	16.1	9.7	7.5	10.8
2009	36.6%	21.7%	13.5%	9.5%	8.0%	10.7%

The following tables provide information on production and related risk exposure trends for Old Republic's Mortgage Guaranty Group:

Mortgage Guaranty Production by Type				
New Insurance Written:	Traditional Primary	Bulk	Other	Total
Years Ended December 31:				
2007	$ 31,841.7	$ 10,800.3	$ 901.6	$ 43,543.7
2008	20,861.9	3.5	1,123.5	21,989.0
2009	$ 7,899.2	$ -	$ .5	$ 7,899.8

New Risk Written by Type:	Traditional Primary	Bulk	Other	Total
Years Ended December 31:				
2007	$ 7,844.5	$ 724.5	$ 15.2	$ 8,584.4
2008	4,815.0	.6	11.8	4,827.5
2009	$ 1,681.7	$ -	$ -	$ 1,681.7

	Earned Premiums		Persistency	
Premium and Persistency Trends by Type:	Direct	Net	Traditional Primary	Bulk
Years Ended December 31:				
2007	$ 612.7	$ 518.2	77.6%	73.7%
2008	698.4	592.5	83.9	88.4
2009	$ 648.6	$ 644.5	82.8%	88.3%

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 8.5% of total net risk in force, are frequently subject to deductibles and aggregate stop losses which serve to limit the overall risk on a pool of insured loans. As the decline

in the housing markets has accelerated and mortgage lending standards have tightened, rising defaults and the attendant increases in reserves and paid claims on higher risk loans have become more significant drivers of increased claim costs.

Net Risk in Force

Net Risk in Force By Type:	Traditional Primary	Bulk	Other	Total
Years Ended December 31:				
2007	$ 18,808.5	$ 2,539.9	$ 511.1	$ 21,859.5
2008	20,463.0	2,055.0	457.0	22,975.1
2009	$ 18,727.9	$ 1,776.7	$ 297.2	$ 20,801.9

Analysis of Risk in Force

Risk in Force Distribution By FICO Scores:	FICO less than 620	FICO 620 to 680	FICO Greater than 680	Unscored/ Unavailable
Traditional Primary:				
As of December 31:				
2007	8.5%	33.6%	55.1%	2.8%
2008	7.0	30.5	60.5	2.0
2009	6.5%	28.8%	63.1%	1.6%
Bulk(a):				
As of December 31:				
2007	19.4%	34.9%	45.4%	.3%
2008	18.2	33.7	47.9	.2
2009	17.6%	33.1%	49.2%	.1%

Risk in Force Distribution By Loan to Value ("LTV") Ratio:	LTV 85.0 and below	LTV 85.01 to 90.0	LTV 90.01 to 95.0	LTV Greater than 95.0
Traditional Primary:				
As of December 31:				
2007	4.7%	34.4%	32.0%	28.9%
2008	5.1	35.5	31.6	27.8
2009	5.3%	36.4%	31.6%	26.7%
Bulk(a):				
As of December 31:				
2007	62.0%	20.9%	9.3%	7.8%
2008	63.5	20.1	8.6	7.8
2009	65.9%	18.4%	7.8%	7.9%

Risk in Force Distribution By Top Ten States:

	Traditional Primary									
	FL	TX	GA	IL	OH	CA	NJ	VA	NC	PA
As of December 31:										
2007	8.9%	7.7%	5.3%	5.2%	3.4%	4.5%	3.1%	2.8%	4.5%	3.8%
2008	8.3	8.1	5.2	5.2	3.2	5.5	3.1	2.9	4.4	3.8
2009	8.1%	8.5%	5.2%	5.1%	3.2%	5.5%	3.1%	2.9%	4.5%	4.0%

	Bulk (a)									
	FL	TX	GA	IL	OH	CA	NJ	AZ	CO	NY
As of December 31:										
2007	9.3%	4.8%	4.2%	4.1%	3.1%	17.5%	3.4%	4.2%	3.0%	5.5%
2008	10.0	4.6	4.0	3.9	3.1	18.2	3.4	4.3	2.9	5.4
2009	10.4%	4.6%	4.0%	4.0%	3.2%	17.8%	3.5%	4.1%	3.0%	5.4%

(a) Bulk pool risk in-force, which represented 46.8% of total bulk risk in-force at December 31, 2009, has been allocated pro-rata based on insurance in-force.

Risk in Force Distribution By Level of Documentation:	Full Documentation	Reduced Documentation
Traditional Primary:		
As of December 31:		
2007	88.0 %	12.0 %
2008	90.0	10.0
2009	91.1 %	8.9 %
Bulk (a):		
As of December 31:		
2007	49.6 %	50.4 %
2008	49.1	50.9
2009	49.4 %	50.6 %

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:		
2007	94.4 %	5.6 %
2008	95.8	4.2
2009	96.3 %	3.7 %
Bulk (a):		
As of December 31:		
2007	70.9 %	29.1 %
2008	74.4	25.6
2009	75.4 %	24.6 %

(a) Bulk pool risk in-force, which represented 46.8% of total bulk risk in-force at December 31, 2009, has been allocated pro-rata based on insurance in-force.

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

Title Premium and Fee Production by Source

	Direct Operations	Independent Title Agents & Other
Years Ended December 31:		
2007	32.1 %	67.9 %
2008	36.8	63.2
2009	38.5 %	61.5 %

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 Adjusted Cost					Fair Value Adjustment	Invested Assets at Fair Value
	General	Mortgage	Title	Corporate and Other	Total		
As of December 31:							
2008	$ 5,618.7	$ 2,099.7	$ 545.8	$ 417.5	$ 8,681.8	$ 1.0	$ 8,682.9
2009	$ 5,670.9	$ 2,466.3	$ 615.2	$ 355.2	$ 9,107.8	$ 580.6	$ 9,688.4

	Net Investment Income					Yield at	
	General	Mortgage	Title	Corporate and Other	Total	Original Cost	Fair Value
Years Ended December 31:							
2007	$ 260.8	$ 79.0	$ 27.3	$ 12.7	$ 379.9	4.58%	4.52%
2008	253.6	86.8	25.1	11.6	377.3	4.27	4.33
2009	$ 258.9	$ 92.0	$ 25.2	$ 7.2	$ 383.5	4.15%	4.17%

Consolidated net investment income grew by 1.6% and 11.2% in 2009 and 2007, respectively, and declined by .7% in 2008. This revenue source was affected by a rising invested asset base caused by positive consolidated operating cash flows, by a concentration of investable assets in interest-bearing securities, and by changes in market rates of return. Yield trends reflect the relatively short maturity of Old Republic's fixed maturity securities portfolio as well as continuation of a relatively lower yield environment during the past several years.

Revenues: Net Realized Gains (Losses)

The Company's investment policies have not been designed to maximize or emphasize the realization of investment gains. Rather, these policies aim for a stable source of income from interest and dividends, protection of capital, and the providing of sufficient liquidity to meet insurance underwriting and other obligations as they become payable in the future. Dispositions of fixed maturity securities arise mostly from scheduled maturities and early calls; in 2009, 2008 and 2007, 87.2%, 90.1% and 85.1%, respectively, of all such dispositions resulted from these occurrences. Dispositions of securities at a realized gain or loss reflect such factors as ongoing assessments of issuers' business prospects, rotation among industry sectors, changes in credit quality, and tax planning considerations. Additionally, the amount of net realized gains and losses registered in any one accounting period are affected by the aforementioned assessments of securities' values for other-than-temporary impairment. As a result of the interaction of all these factors and considerations, net realized investment gains or losses can vary significantly from period-to-period, and in the Company's view are not indicative of any particular trend or result in the basics of its insurance business.

The following table reflects the composition of net realized gains or losses for the periods shown. A significant portion of Old Republic's indexed stock portfolio was sold at a gain during 2007, with proceeds redirected to a more concentrated, select list of common stocks expected to provide greater long-term total returns.

	Realized Gains (Losses) on Disposition of Securities			Impairment Losses on Securities			
	Fixed maturity securities	Equity securities and miscell-aneous investments	Total	Fixed maturity securities	Equity securities and miscell-aneous investments	Total	Net realized gains (losses)
Years Ended December 31:							
2007	$ 2.2	$ 68.1	$ 70.3	$ -	$ -	$ -	$ 70.3
2008	(25.0)	20.9	(4.1)	(11.5)	(470.7)	(482.3)	(486.4)
2009	$ 4.2	$ 11.7	$ 15.9	$ (1.5)	$ (8.0)	$ (9.5)	$ 6.3

Expenses: Benefits and Claims

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

The following table shows a breakdown of gross and net of reinsurance claim reserve estimates for major types of insurance coverages as of December 31, 2009 and 2008:

	Claim and Loss Adjustment Expense Reserves			
	December 31,			
	2009		2008	
	Gross	Net	Gross	Net
Commercial automobile (mostly trucking)	$ 1,049.4	$ 860.5	$ 1,035.7	$ 849.8
Workers' compensation	2,258.1	1,285.6	2,241.6	1,271.8
General liability	1,281.8	638.7	1,209.2	612.3
Other coverages	649.1	444.7	709.7	487.9
Unallocated loss adjustment expense reserves	141.9	104.7	150.6	104.9
Total general insurance reserves	5,380.4	3,334.3	5,346.9	3,326.9
Mortgage guaranty	2,225.6	1,962.6	1,581.7	1,380.6
Title	260.8	260.8	261.2	261.2
Life and health	29.0	21.5	28.1	22.2
Unallocated loss adjustment expense reserves - other coverages	19.1	19.1	23.2	23.2
Total claim and loss adjustment expense reserves	$ 7,915.0	$ 5,598.5	$ 7,241.3	$ 5,014.2
Asbestosis and environmental claim reserves included in the above general insurance reserves:				
Amount	$ 172.8	$ 136.9	$ 172.4	$ 145.0
% of total general insurance reserves	3.2%	4.1%	3.2%	4.4%

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

Overview of Loss Reserving Process

Most of Old Republic's consolidated claim and related expense reserves stem from its ***general insurance*** business. At December 31, 2009, such reserves accounted for 68.0% and 59.6% of consolidated gross and net of reinsurance reserves, respectively, while similar reserves at December 31, 2008 represented 73.8% and 66.3% of the respective consolidated amounts.

The Company's reserve setting process reflects the nature of its insurance business and the decentralized basis upon which it is conducted. Old Republic's ***general insurance*** operations encompass a large variety of lines or classes of commercial insurance; it has negligible exposure to personal lines such as homeowners or private passenger automobile insurance that exhibit wide diversification of risks, significant frequency of claim occurrences, and high degrees of statistical credibility. Additionally, the Company's insurance subsidiaries do not provide significant amounts of insurance protection for premises; most of its property insurance exposures relate to cargo, incidental property, and insureds' inland marine assets. Consequently, the wide variety of policies issued and commercial insurance customers served require that loss reserves be analyzed and established in the context of the unique or different attributes of each block or class of business produced by the Company. For example, accident liability claims emanating from insured trucking companies or from general aviation customers become known relatively quickly, whereas claims of a general liability nature arising from the building activities of a construction company may emerge over extended periods of time. Similarly, claims filed pursuant to errors and omissions or directors and officers' ("E&O/D&O") liability coverages are usually not prone to immediate evaluation or quantification inasmuch as many such claims may be litigated over several years and their ultimate costs may be affected by the vagaries of judged or jury verdicts. Approximately 87% of the *general insurance* group's claim reserves stem from liability insurance coverages for commercial customers which typically require more extended periods of investigation and at times protracted litigation before they are finally settled. As a consequence of these and other factors, Old Republic does not utilize a single, overarching loss reserving approach.

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

Aggregate loss reserves consist of liability estimates for claims that have been reported ("case") to the Company's insurance subsidiaries and reserves for claims that have been incurred but not yet reported ("IBNR") or whose ultimate costs may not become fully apparent until a future time. Additionally, the Company establishes unallocated loss adjustment expense reserves for loss settlement costs that are not directly related to individual claims. Such reserves are based on prior years' cost experience and trends, and are intended to cover the unallocated costs of claim departments' administration of case and IBNR claims over time. Long-term, disability-type workers' compensation reserves are discounted to present value based on interest rates that range from 3.5% to 4.0%. The amount of discount reflected in the year end net reserves totaled $143.9, $156.8 and $148.5 as of December 31, 2009, 2008, and 2007, respectively.

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

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

Mortgage guaranty insurance reserves for unpaid claims and claim adjustment expenses are recognized only upon an instance of default. The latter is defined as an insured mortgage loan that has missed two or more consecutive monthly payments. Loss reserves are therefore based on statistical calculations that take into account the number of reported insured mortgage loan defaults as of each balance sheet date, as well as experience-based estimates of loan defaults that have occurred but have not as yet been reported ("IBNR"). Further, the loss reserve estimating process takes into account a large number of variables including trends in claim severity, potential salvage recoveries, expected cure rates for reported loan delinquencies at various stages of default, the level of coverage rescissions and claims denials due to material misrepresentation in key underwriting information or non-compliance with prescribed underwriting guidelines, and management judgments relative to future employment levels, housing market activity, and mortgage loan interest costs, demand, and extensions. Historically coverage rescissions and claims denials as a result of material misrepresentation in key underwriting information or non-compliance with terms of the master policy have not been material; however, they have increased significantly since early 2008.

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

Incurred Loss Experience

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

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

Years Ended December 31:	2009	2008	2007
Gross reserves at beginning of year	$ 7,241.3	$ 6,231.1	$ 5,534.7
Less: reinsurance losses recoverable	2,227.0	1,984.7	1,936.6
Net reserves at beginning of year:			
General Insurance	3,326.9	3,279.7	3,022.8
Mortgage Guaranty	1,382.6	644.9	249.6
Title Insurance	282.4	296.9	304.1
Other	22.2	24.7	21.6
Sub-total	5,014.2	4,246.3	3,598.0
Incurred claims and claim adjustment expenses:			
Provisions for insured events of the current year:			
General Insurance	1,409.2	1,520.1	1,562.8
Mortgage Guaranty	1,284.0	1,199.5	551.3
Title Insurance	63.6	46.3	72.3
Other	36.4	41.9	37.8
Sub-total	2,793.3	2,807.8	2,224.2
Change in provision for insured events of prior years:			
General Insurance	(56.8)	(83.0)	(110.6)
Mortgage Guaranty(a)	(149.9)	(18.7)	64.4
Title Insurance	6.7	(0.6)	(16.3)
Other	(1.3)	(3.8)	(3.6)
Sub-total	(201.3)	(106.1)	(66.1)
Total incurred claims and claim adjustment expenses(a)	2,592.0	2,701.6	2,158.1
Payments:			
Claims and claim adjustment expenses attributable to insured events of the current year:			
General Insurance	498.6	549.0	518.7
Mortgage Guaranty(a)	7.8	59.8	29.6
Title Insurance	7.1	5.4	7.5
Other	25.8	30.3	23.9
Sub-total	539.3	644.5	579.7
Claims and claim adjustment expenses attributable to insured events of prior years:			
General Insurance	846.4	840.8	676.3
Mortgage Guaranty(a)	543.5	383.2	190.8
Title Insurance	68.5	54.8	55.8
Other	9.9	10.2	7.1
Sub-total	1,468.3	1,289.0	930.0
Total payments	2,007.7	1,933.5	1,509.8
Amount of reserves for unpaid claims and claim adjustment expenses at the end of each year, net of reinsurance losses recoverable:(b)			
General Insurance	3,334.3	3,326.9	3,279.7
Mortgage Guaranty	1,965.4	1,382.6	644.9
Title Insurance	277.1	282.4	296.9
Other	21.5	22.2	24.7
Sub-total	5,598.5	5,014.2	4,246.3
Reinsurance losses recoverable	2,316.5	2,227.0	1,984.7
Gross reserves at end of year	$ 7,915.0	$ 7,241.3	$ 6,231.1

(a) In common with all other insurance lines, mortgage guaranty paid and incurred claim and claim adjustment expenses include only those costs actually or expected to be paid by the Company. Claims not paid by virtue of coverage rescissions and claims denials amounted to $719.5, $211.0, and $36.4 for 2009, 2008, and 2007, respectively. In a similar vein, changes in mortgage guaranty aggregate case, IBNR, and loss adjustment expense reserves shown in the following table and entering into the determination of incurred claim costs, take

into account, among a large number of variables, claim cost reductions for anticipated coverage rescissions and claims denials of $881.9 in 2009, $830.5 in 2008, and none in 2007. The significant decline of $149.9 in 2009 for prior years' mortgage guaranty incurred claim provisions resulted mostly from greater than anticipated coverage rescissions and claim denials.

	2009	2008	2007
Reserve increase(decrease):			
General Insurance	$ 7.4	$ 47.2	$ 256.9
Mortgage Guaranty	582.8	737.7	395.3
Title Insurance	(5.3)	(14.5)	(7.2)
Other	(.7)	(2.5)	3.1
Total	$ 584.3	$ 768.0	$ 648.3

(b) Year end IBNR reserves carried in each segment were as follows:

	2009	2008	2007
General Insurance	$ 1,621.6	$ 1,583.8	$ 1,539.0
Mortgage Guaranty	39.7	33.0	20.8
Title Insurance	191.3	200.7	223.4
Other	9.4	9.0	11.8
Total	$ 1,862.0	$ 1,826.5	$ 1,795.0

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

Years Ended December 31:	2009	2008	2007
General	76.3%	73.0%	67.8%
Mortgage	176.0	199.3	118.8
Title	7.9	7.0	6.6
Consolidated benefits and claim ratio	76.7%	81.8%	60.2%
Reconciliation of consolidated ratio:			
Provision for insured events of the current year	82.6%	85.0%	62.0%
Change in provision for insured events of prior years:			
Due to asbestos and environmental	-	-	.1
Due to all other coverages	(5.9)	(3.2)	(1.9)
Net (favorable) unfavorable development	(5.9)	(3.2)	(1.8)
Consolidated benefits and claim ratio	76.7%	81.8%	60.2%

The consolidated benefits and claim ratio reflects the changing effects of period-to-period contributions of each segment to consolidated results, and this ratio's variances within each segment. For the three most recent calendar years, the above table indicates that the one-year development of consolidated reserves at the beginning of each year produced average favorable developments that reduced the consolidated loss ratio by 3.7%.

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

	General Insurance Claim Ratios by Type of Coverage						
	All Coverages	Commercial Automobile (mostly trucking)	Workers' Compensation	Financial Indemnity	Inland Marine and Property	General Liability	Other
Years Ended December 31:							
2007	67.8%	74.0%	70.9%	69.6%	54.9%	59.9%	55.9%
2008	73.0	76.1	69.4	95.0	60.5	64.4	53.9
2009	76.3%	71.5%	74.9%	117.8%	63.0%	65.6%	60.1%

The overall general insurance claim ratio reflects reasonably consistent trends, excluding the impact of Old Republic's consumer credit indemnity ("CCI") business, for the past three years. To a large extent this major cost factor reflects pricing and risk selection improvements that have been applied since 2001, together with elements of reduced loss severity and frequency. The higher claim ratio for financial indemnity coverages in the periods shown was driven principally by greater claim frequencies experienced in Old Republic's CCI coverage. During the three most recent calendar years, the ***general insurance*** group experienced favorable development of prior year loss reserves primarily due to the commercial automobile, general aviation, and the E&O/D&O (financial indemnity) lines of business; these were partially offset by unfavorable development in excess workers' compensation coverages, by ongoing development of asbestos and environmental ("A&E") claim reserves, and by unfavorable development of the

CCI reserves. Unfavorable developments attributable to A&E claim reserves are due to periodic re-evaluations of such reserves as well as subsequent reclassifications of other coverages' reserves, typically workers' compensation, deemed assignable to the A&E category of losses.

Except for a small portion that emanates from ongoing primary insurance operations, a large majority of the A&E claim reserves posted by Old Republic stem mainly from its participations in assumed reinsurance treaties and insurance pools which were discontinued fifteen or more years ago and have since been in run-off status. With respect to the primary portion of gross A&E reserves, Old Republic administers the related claims through its claims personnel as well as outside attorneys, and posted reserves reflect its best estimates of ultimate claim costs. Claims administration for the assumed portion of the Company's A&E exposures is handled by the claims departments of unrelated primary or ceding reinsurance companies. While the Company performs periodic reviews of certain claim files managed by third parties, the overall A&E reserves it establishes respond to the paid claim and case reserve activity reported to the Company as well as available industry statistical data such as so-called survival ratios. Such ratios represent the number of years' average paid losses for the three or five most recent calendar years that are encompassed by an insurer's A&E reserve level at any point in time. According to this simplistic appraisal of an insurer's A&E loss reserve level, Old Republic's average five year survival ratios stood at 8.4 years (gross) and 11.5 years (net of reinsurance) as of December 31, 2009 and 7.3 years (gross) and 9.9 years (net of reinsurance) as of December 31, 2008. Fluctuations in this ratio between years can be caused by the inconsistent pay out patterns associated with these types of claims. Incurred net losses for A&E claims have averaged 1.4% of ***general insurance*** group net incurred losses for the five years ended December 31, 2009.

A summary of reserve activity, including estimates for IBNR, relating to A&E claims at December 31, 2009 and 2008 is as follows:

	December 31,			
	2009		2008	
	Gross	Net	Gross	Net
Asbestos:				
Reserves at beginning of year	$ 133.1	$ 108.6	$ 149.4	$ 121.9
Loss and loss expenses incurred	(2.1)	-	(4.9)	(7.4)
Claims and claim adjustment expenses paid	(8.9)	(5.0)	(11.4)	(5.8)
Reserves at end of year	122.0	103.5	133.1	108.6
Environmental:				
Reserves at beginning of year	39.3	36.4	41.1	36.1
Loss and loss expenses incurred	21.2	2.1	6.0	6.2
Claims and claim adjustment expenses paid	(9.8)	(5.1)	(7.8)	(5.9)
Reserves at end of year	50.7	33.4	39.3	36.4
Total asbestos and environmental reserves	$ 172.8	$ 136.9	$ 172.4	$ 145.0

Mortgage guaranty claim ratios, absent the effect of the third quarter 2009 reinsurance commutation transactions which had the impact of lowering the 2009 ratio from 199.6% to 176.0%, have continued to rise in recent periods. These ratios have risen principally as a result of higher reserve provisions and paid losses. Greater reserve provisions have resulted from higher levels of reported delinquencies emanating from the downturn in the national economy, widespread stress in housing and mortgage finance markets, and increasing unemployment. Trends in expected and actual claim frequency and severity have been impacted to varying degrees by several factors including, but not limited to, significant declines in home prices which limit a troubled borrower's ability to sell the mortgaged property in an amount sufficient to satisfy the remaining debt obligation, more restrictive mortgage lending standards which limit a borrower's ability to refinance the loan, increases in housing supply relative to recent demand, historically high levels of coverage rescissions and claims denials as a result of material misrepresentation in key underwriting information or non-compliance with prescribed underwriting guidelines, and changes in claim settlement costs. The latter costs are influenced by the amount of unpaid principal outstanding on delinquent loans as well as the rising expenses of settling claims due to higher investigation costs, legal fees, and accumulated interest expenses.

Average ***mortgage guaranty*** paid claims, and certain delinquency ratio data as of the end of the periods shown are listed below:

	Average Paid Claim Amount (a)		Delinquency Ratio	
	Traditional Primary	Bulk	Traditional Primary	Bulk
Years Ended December 31:				
2007	$ 32,214	$ 34,951	5.47 %	6.85 %
2008	43,532	56,481	10.34	17.17
2009	$ 48,492	$ 59,386	16.83 %	30.81 %

(a) Amounts are in whole dollars.

	Traditional Primary Delinquency Ratios for Top Ten States (b):									
	FL	TX	GA	IL	OH	CA	NJ	VA	NC	PA
As of December 31:										
2007	7.7%	4.5%	7.2%	5.4%	8.1%	6.7%	5.4%	4.1%	4.8%	5.2%
2008	21.9	7.1	11.1	10.8	11.0	19.8	11.4	8.1	7.6	7.7
2009	34.1%	10.6%	18.8%	19.5%	16.4%	30.5%	21.1%	13.9%	12.3%	11.6%

	Bulk Delinquency Ratios for Top Ten States (b):									
	FL	TX	GA	IL	OH	CA	NJ	NY	CO	AZ
As of December 31:										
2007	7.8%	5.4%	7.3%	8.6%	10.6%	7.0%	6.6%	6.6%	5.8%	5.1%
2008	27.0	10.2	16.3	19.1	17.1	22.4	16.0	13.8	9.8	18.2
2009	46.5%	16.3%	27.6%	35.7%	23.4%	41.3%	33.3%	26.8%	17.0%	37.5%

	Total Delinquency Ratios for Top Ten States (includes “other” business) (b):									
	FL	TX	GA	IL	OH	CA	NJ	NY	NC	PA
As of December 31:										
2007	6.9%	4.5%	6.7%	5.0%	8.0%	5.5%	5.5%	5.4%	4.1%	5.1%
2008	21.3	7.2	11.2	10.2	11.4	17.2	12.1	10.8	6.8	8.1
2009	36.4%	11.2%	19.4%	20.5%	17.2%	33.9%	24.1%	20.1%	11.5%	12.9%

(b) As determined by risk in force as of December 31, 2009, these 10 states represent approximately 49.9%, 59.9%, and 50.3%, of traditional primary, bulk, and total risk in force, respectively.

Title insurance loss ratios have remained in the single digits for a number of years due to a continuation of favorable trends in claims frequency and severity for business underwritten since 1992 in particular. Though still reasonably contained, claim ratios have risen in the most recent three years due to the continuing downturn and economic stresses in the housing and related mortgage lending industries.

Volatility of Reserve Estimates and Sensitivity

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

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

Mortgage guaranty net claim reserve levels can be affected adversely by several factors. The latter include changes in the mix of insured business toward loans that have a higher probability of default, increases in the average risk per insured loan, the deterioration of regional or national economic conditions leading to a reduction in borrowers’ income and thus their ability to make mortgage payments, and reductions in housing values and/or increases in housing supply that can raise the rate at which defaults evolve into claims and affect their overall severity.

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

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

Loss reserve uncertainty is illustrated by the variability in loss reserve development presented in the schedule which appears under Item 1 of this Annual Report. That schedule shows the cumulative loss reserve development for each of the past ten years through December 31, 2009 for the ***general insurance*** business which currently represents 59.6% of Old Republic’s total loss and loss adjustment expense reserves, net of reinsurance reserves. For each of these ten calendar years, prior accident years’ ***general insurance*** claim reserves have developed, as a

percentage of the original estimates, within a range of 8.5% unfavorable in 2000 to a 11.6% favorable development in 2005. For the ten year period the net development has averaged 2.5% favorable.

On a consolidated basis, which includes all coverages provided by the Company, the one year development on prior year loss reserves over the same ten year period has ranged from -.2% unfavorable to 10.1% favorable and averaged 4.3%. Although management does not have a practical business reason for making projections of likely outcomes of future loss developments, its analysis and evaluation of Old Republic's existing business mix, current aggregate loss reserve levels, and loss development patterns suggests the reasonable likelihood that 2009 year-end loss reserves could ultimately develop within a range of +/- 5%. The most significant factors impacting the potential reserve development for each of the Company's insurance segments is discussed above. While the Company has generally experienced favorable loss developments for the latest ten year period on an overall basis, the current analysis of loss development factors and economic conditions influencing the Company's insurance coverages indicates a gradual downward trend in favorable development during the most recent three years, with respect to general insurance. In management's opinion, the other segments' loss reserve development patterns show greater variability due to changes in economic conditions which cannot be reasonably anticipated. Consequently, management believes that using a 5% potential range of reserve development provides a reasonable benchmark for a sensitivity analysis of the Company's reserves as of December 31, 2009.

Reinsurance Programs

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

Subsidiaries within the ***general insurance*** segment have generally obtained reinsurance coverage from independent insurance or reinsurance companies pursuant to excess of loss agreements. Under excess of loss reinsurance agreements the Company is generally reimbursed for claim costs exceeding contractually agreed-upon levels. During the three year period ended December 31, 2009, the Company's net retentions have risen gradually within the general insurance segment; however, such changes have not had a material impact on the Company's consolidated financial statements.

Generally, ***mortgage guaranty*** insurance risk has historically been reinsured through excess of loss contracts through insurers owned by or affiliated with lending institutions and financial and other intermediaries whose customers are insured by Old Republic. Effective December 31, 2008, the Company discontinued excess of loss reinsurance cessions to lenders' captive insurance companies for all new production originated subsequent to the effective date. Traditional pro-rata ("quota share") reinsurance arrangements will continue to be offered by the Company. During the third quarter of 2009, the Mortgage Guaranty Group recaptured business previously ceded to several captives. In substance, the transactions are cut-off reinsurance commutation arrangements whereby the captives have remitted to the Company the reserves on existing claim obligations and a risk premium for claims that will occur after the recapture date. In accordance with GAAP, the Company recorded proceeds of $148.9 million and established a combination of existing claim reserves ($68.4 million) and premium income of $82.5 million covering claims expected to occur after the transaction date. The company estimates that substantially all of these premiums will likely be absorbed by those expected claims in future periods thus negating the appearance of a current period bottom line gain from these 2009 transactions. Except for relatively few facultative reinsurance cessions covering large risks, the ***title insurance*** segment does not utilize reinsurance to manage its insurance risk.

The Company does not anticipate any significant changes to its reinsurance programs during 2010.

Expenses: Underwriting Acquisition and Other Expenses

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

	General	Mortgage	Title	Consolidated
Years Ended December 31:				
2007	24.1%	17.7%	98.1%	41.3%
2008	24.2	15.7	103.6	39.1
2009	25.8%	12.6%	93.8%	41.8%

Variations in the Company's consolidated expense ratios reflect a continually changing mix of coverages sold and attendant costs of producing business in the Company's three largest business segments. To a significant degree, expense ratios for both the general and title insurance segments are mostly reflective of variable costs, such as commissions or similar charges, that rise or decline along with corresponding changes in premium and fee income. Moreover, general operating expenses can contract or expand in differing proportions due to varying levels of operating efficiencies and expense management opportunities in the face of changing market conditions.

The General Insurance expense has trended upward since 2007 due primarily to the declining premium base in 2008 and 2009. The decline in the Mortgage Guaranty segment's expense ratios for the periods shown is reflective of the continued emphasis on operating efficiency. Furthermore as a consequence of the previously mentioned

GAAP accounting requirement for reinsurance contract terminations, this segment's 2009 expense ratio dropped from 14.3% to 12.6%. Production expenses for the Title segment were relatively lower as a percentage of premium and fees revenue, but rose dollar-wise in reflection of greater personnel and other production costs related to the higher revenues attained and anticipated. The increase in the Title segment's 2008 and 2007 expense ratios result from a decline in revenues from direct operations during these periods, most of which are concentrated in the Western United States, to a level lower than necessary to support the fixed portion of the operating expense structure.

Expenses: Total

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

	General	Mortgage	Title	Consolidated
Years Ended December 31:				
2007	91.9%	136.5%	104.7%	101.5%
2008	97.2	215.0	110.6	120.9
2009	102.1%	188.6%	101.7%	118.5%

Expenses: Income Taxes

The effective consolidated income tax rates (credits) were (63.8%) in 2009, (31.8%) in 2008 and 28.0% in 2007. The rates for each year reflect primarily the varying proportions of pretax operating income (loss) derived from partially tax sheltered investment income (principally state and municipal tax-exempt interest), the combination of fully taxable investment income, realized investment gains or losses, and underwriting and service income, and judgments about the recoverability of deferred tax assets. A valuation allowance of $54.0 (equivalent to a charge of $.23 per outstanding share) was established against a deferred tax asset related to the Company's realized losses on investments at December 31, 2008. As of December 31, 2009, this valuation allowance was eliminated following an increase in the fair value of the Company's investment portfolio.

OTHER INFORMATION

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

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

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

A more detailed listing and discussion of the risks and other factors which affect the Company's risk-taking insurance business are included in Part I, Item 1A – Risk Factors, of this Annual Report to the Securities and Exchange Commission, which Item is specifically incorporated herein by reference.

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

Item 7A - Quantitative and Qualitative Disclosure About Market Risk
($ in Millions)

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

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

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

The following table illustrates the hypothetical effect on the fixed income and equity investment portfolios resulting from movements in interest rates and fluctuations in the equity securities markets, using the S&P 500 index as a proxy, at December 31, 2009:

	Estimated Fair Value	Hypothetical Change in Interest Rates or S&P 500	Estimated Fair Value After Hypothetical Change in Interest Rates or S&P 500
Interest Rate Risk:			
Fixed Maturities	$ 8,326.8	100 basis point rate increase	$ 8,013.7
		200 basis point rate increase	7,700.6
		100 basis point rate decrease	8,639.9
		200 basis point rate decrease	$ 8,953.0
Equity Price Risk:			
Equity Securities	$ 502.9	10% increase in the S&P 500	$ 569.8
		20% increase in the S&P 500	636.7
		10% decline in the S&P 500	436.0
		20% decline in the S&P 500	$ 369.1

Item 8 - Financial Statements and Supplementary Data

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

	Page No.
Consolidated Balance Sheets	52
Consolidated Statements of Income	53
Consolidated Statements of Comprehensive Income	53
Consolidated Statements of Preferred Stock and Common Shareholders' Equity	54
Consolidated Statements of Cash Flows	55
Notes to Consolidated Financial Statements	56 - 78
Report of Independent Registered Public Accounting Firm	79

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

	December 31, 2009	December 31, 2008
Assets		
Investments:		
Available for sale:		
Fixed maturity securities (at fair value) (amortized cost: $7,896.2 and $7,385.2)	**$ 8,326.8**	$ 7,406.9
Equity securities (at fair value) (adjusted cost: $357.5 and $373.3)	**502.9**	350.3
Short-term investments (at fair value which approximates cost)	**826.7**	888.0
Miscellaneous investments	**24.0**	29.7
Total	**9,680.5**	8,675.0
Other investments	**7.8**	7.8
Total investments	**9,688.4**	8,682.9
Other Assets:		
Cash	**77.3**	63.9
Securities and indebtedness of related parties	**17.1**	17.4
Accrued investment income	**113.3**	108.2
Accounts and notes receivable	**788.6**	806.7
Federal income tax recoverable: Current	**7.3**	41.0
Prepaid federal income taxes	**221.4**	463.4
Reinsurance balances and funds held	**141.9**	67.6
Reinsurance recoverable: Paid losses	**66.7**	52.2
Policy and claim reserves	**2,491.2**	2,395.7
Deferred policy acquisition costs	**206.9**	222.8
Sundry assets	**369.3**	343.8
	4,501.6	4,583.1
Total Assets	**$ 14,190.0**	$ 13,266.0
Liabilities, Preferred Stock, and Common Shareholders' Equity		
Liabilities:		
Losses, claims, and settlement expenses	**$ 7,915.0**	$ 7,241.3
Unearned premiums	**1,038.1**	1,112.3
Other policyholders' benefits and funds	**185.2**	180.7
Total policy liabilities and accruals	**9,138.4**	8,534.3
Commissions, expenses, fees, and taxes	**266.3**	264.5
Reinsurance balances and funds	**321.3**	264.8
Federal income tax payable: Deferred	**47.5**	77.3
Debt	**346.7**	233.0
Sundry liabilities	**178.0**	151.5
Commitments and contingent liabilities		
Total Liabilities	**10,298.6**	9,525.7
Preferred Stock (1)	**-**	-
Common Shareholders' Equity:		
Common stock (1)	**240.6**	240.5
Additional paid-in capital	**412.4**	405.0
Retained earnings	**2,927.3**	3,186.5
Accumulated other comprehensive income (loss)	**353.7**	(41.7)
Unallocated ESSOP shares (at cost)	**(42.7)**	(50.0)
Treasury stock (at cost)(1)	**-**	-
Total Common Shareholders' Equity	**3,891.4**	3,740.3
Total Liabilities, Preferred Stock and Common Shareholders' Equity	**$ 14,190.0**	$ 13,266.0

(1) At December 31, 2009 and 2008, there were 75,000,000 shares of $0.01 par value preferred stock authorized, of which no shares were outstanding. As of the same dates, there were 500,000,000 shares of common stock, $1.00 par value, authorized, of which 240,685,448 and 240,520,251 were issued as of December 31, 2009 and 2008, respectively. At December 31, 2009 and 2008, there were 100,000,000 shares of Class B Common Stock, $1.00 par value, authorized, of which no shares were issued. There were no common shares classified as treasury stock as of December 31, 2009 and 2008.

See accompanying Notes to Consolidated Financial Statements.

Old Republic International Corporation and Subsidiaries

Consolidated Statements of Income

($ in Millions, Except Share Data)

	Years Ended December 31,		
	2009	2008	2007
Revenues:			
Net premiums earned	**$ 3,111.5**	$ 3,125.1	$ 3,389.0
Title, escrow, and other fees	**277.4**	192.9	212.1
Total premiums and fees	**3,388.9**	3,318.1	3,601.2
Net investment income	**383.5**	377.3	379.9
Other income	**24.8**	28.7	39.4
Total operating revenues	**3,797.2**	3,724.2	4,020.6
Realized investment gains (losses):			
From sales	**15.9**	(4.1)	70.3
From impairments	**(9.5)**	(482.3)	-
Total realized investment gains (losses)	**6.3**	(486.4)	70.3
Total revenues	**3,803.6**	3,237.7	4,091.0
Benefits, Claims and Expenses:			
Benefits, claims and settlement expenses	**2,591.0**	2,700.4	2,156.9
Dividends to policyholders	**7.8**	15.2	9.3
Underwriting, acquisition, and other expenses	**1,454.0**	1,338.5	1,538.9
Interest and other charges	**24.2**	2.7	7.3
Total expenses	**4,077.2**	4,056.9	3,712.6
Income (loss) before income taxes (credits)	**(273.6)**	(819.2)	378.4
Income Taxes (Credits):			
Current	**56.5**	19.4	172.5
Deferred	**(230.9)**	(280.3)	(66.5)
Total	**(174.4)**	(260.8)	105.9
Net Income (Loss)	**$ (99.1)**	$ (558.3)	$ 272.4
Net Income (Loss) Per Share:			
Basic:	**$ (.42)**	$ (2.41)	$ 1.18
Diluted:	**$ (.42)**	$ (2.41)	$ 1.17
Average shares outstanding: Basic	**235,657,425**	231,484,083	231,370,242
Diluted	**235,657,425**	231,484,083	232,912,728
Dividends Per Common Share:			
Cash:	**$ .68**	$ .67	$ .63

Consolidated Statements of Comprehensive Income

	Years Ended December 31,		
	2009	2008	2007
Net income (loss) as reported	**$ (99.1)**	$ (558.3)	$ 272.4
Other comprehensive income (loss):			
Post-tax net unrealized gains (losses) on securities	**376.1**	(78.1)	12.4
Other adjustments	**19.3**	(56.9)	35.8
Net adjustments	**395.4**	(135.1)	48.3
Comprehensive income (loss)	**$ 296.3**	$ (693.4)	$ 320.8

See accompanying Notes to Consolidated Financial Statements.

Old Republic International Corporation and Subsidiaries
Consolidated Statements of Preferred Stock and Common Shareholders' Equity
($ in Millions)

	Years Ended December 31,		
	2009	2008	2007
Convertible Preferred Stock:			
Balance, end of year	**$ -**	$ -	$ -
Common Stock:			
Balance, beginning of year	**$ 240.5**	$ 232.0	$ 231.0
Dividend reinvestment plan	**-**	-	-
Exercise of stock options	**-**	.2	.9
Issuance of shares	**-**	9.7	-
Treasury stock restored to unissued status	**-**	(1.5)	-
Balance, end of year	**$ 240.6**	$ 240.5	$ 232.0
Additional Paid-in Capital:			
Balance, beginning of year	**$ 405.0**	$ 344.4	$ 319.5
Dividend reinvestment plan	**.8**	.9	1.0
Exercise of stock options	**.4**	2.0	13.0
Issuance of shares	**-**	73.1	-
Stock option compensation	**4.9**	11.2	10.8
ESSOP shares released	**1.1**	-	-
Treasury stock restored to unissued status	**-**	(26.8)	-
Balance, end of year	**$ 412.4**	$ 405.0	$ 344.4
Retained Earnings:			
Balance, beginning of year	**$ 3,186.5**	$ 3,900.1	$ 3,773.9
Net income (loss)	**(99.1)**	(558.3)	272.4
Dividends on common stock: cash	**(160.0)**	(155.2)	(145.4)
Effects of changing pension plan measurement date, net of tax	**-**	-	(.8)
Balance, end of year	**$ 2,927.3**	$ 3,186.5	$ 3,900.1
Accumulated Other Comprehensive Income (Loss):			
Balance, beginning of year	**$ (41.7)**	$ 93.3	$ 44.6
Foreign currency translation adjustments	**18.9**	(27.1)	20.7
Net unrealized gains (losses) on securities, net of tax	**376.1**	(78.1)	12.4
Net adjustment related to defined benefit pension plans, net of tax	**.3**	(29.8)	15.3
Balance, end of year	**$ 353.7**	$ (41.7)	$ 93.3
Unallocated ESSOP Shares:			
Balance, beginning of year	**$ (50.0)**	$ -	$ -
Unallocated ESSOP shares issued	**-**	(50.0)	-
ESSOP shares released	**7.2**	-	-
Balance, end of year	**$ (42.7)**	$ (50.0)	$ -
Treasury Stock:			
Balance, beginning of year	**$ -**	$ (28.3)	$ -
Acquired during the year	**-**	-	(28.3)
Restored to unissued status	**-**	28.3	-
Balance, end of year	**$ -**	$ -	$ (28.3)

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31,		
	2009	2008	2007
Cash flows from operating activities:			
Net income (loss)	**$ (99.1)**	$ (558.3)	$ 272.4
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Deferred policy acquisition costs	**18.0**	20.3	21.2
Premiums and other receivables	**18.5**	73.5	82.2
Unpaid claims and related items	**583.0**	769.5	646.4
Other policyholders' benefits and funds	**(77.0)**	(36.5)	(1.3)
Income taxes	**(199.9)**	(315.1)	(57.1)
Prepaid federal income taxes	**241.9**	73.1	(68.1)
Reinsurance balances and funds	**(32.9)**	(7.0)	(29.3)
Realized investment (gains) losses	**(6.3)**	486.4	(70.3)
Accounts payable, accrued expenses and other	**87.0**	59.6	66.5
Total	**532.9**	565.6	862.5
Cash flows from investing activities:			
Fixed maturity securities:			
Maturities and early calls	**1,047.6**	853.3	692.0
Sales	**153.9**	94.2	120.9
Sales of:			
Equity securities	**24.9**	90.0	393.3
Other – net	**5.6**	44.2	15.5
Purchases of:			
Fixed maturity securities	**(1,727.4)**	(1,124.6)	(1,257.8)
Equity securities	**-**	(111.2)	(604.6)
Other – net	**(19.6)**	(30.9)	(30.4)
Purchase of a business	**(3.5)**	(4.3)	(4.4)
Net decrease (increase) in short-term investments	**62.3**	(427.2)	32.4
Other-net	**(8.4)**	9.1	-
Total	**(464.5)**	(607.3)	(643.0)
Cash flows from financing activities:			
Issuance of debentures and notes	**576.2**	280.0	121.3
Issuance of common shares	**1.4**	86.1	15.0
Redemption of debentures and notes	**(472.8)**	(110.9)	(201.6)
Issuance of unallocated ESSOP shares	**-**	(50.0)	-
Dividends on common shares	**(160.0)**	(155.2)	(145.4)
Purchase of treasury shares	**-**	-	(28.3)
Other-net	**-**	1.6	1.8
Total	**(55.1)**	51.5	(237.1)
Increase (decrease) in cash:	**13.3**	9.9	(17.6)
Cash, beginning of year	**63.9**	54.0	71.6
Cash, end of year	**$ 77.3**	$ 63.9	$ 54.0
Supplemental cash flow information:			
Cash paid during the period for: Interest	**$ 19.1**	$ 3.8	$ 7.1
Income taxes	**$ 24.3**	$ 53.8	$ 162.5

See accompanying Notes to Consolidated Financial Statements.

Old Republic International Corporation is a Chicago-based insurance holding company with subsidiaries engaged mainly in the general (property and liability), mortgage guaranty and title insurance businesses. In this report, "Old Republic", or "the Company" refers to Old Republic International Corporation and its subsidiaries as the context requires. The aforementioned insurance segments are organized as the Old Republic General Insurance, Mortgage Guaranty and Title Insurance Groups, and references herein to such groups apply to the Company's subsidiaries engaged in the respective segments of business. Results of a small life and health insurance business are included in the corporate and other caption of this report.

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

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

	Shareholders' Equity December 31,		Net Income (Loss) Years Ended December 31,		
	2009	2008	2009	2008	2007
Statutory totals of insurance company subsidiaries:					
General	$ 2,383.2	$ 2,112.4	$ 203.9	$ (63.9)	$ 329.2
Mortgage Guaranty	332.0	194.3	(474.8)	(595.6)	(99.6)
Title	183.7	156.4	(9.7)	(9.4)	21.5
Life & Health	68.8	58.3	5.9	3.0	7.2
Sub-total	2,967.7	2,521.4	(274.7)	(665.9)	258.3
GAAP totals of non-insurance company subsidiaries and consolidation adjustments	269.8	215.0	(24.6)	(148.1)	(32.3)
Unadjusted totals	3,237.7	2,736.4	(299.2)	(814.2)	226.1
Adjustments to conform to GAAP statements:					
Deferred policy acquisition costs	200.9	218.5	(19.5)	(19.7)	(21.4)
Fair value of fixed maturity securities	424.3	34.9	-	-	-
Non-admitted assets	56.5	47.6	-	-	-
Deferred income taxes	(292.3)	(273.9)	216.3	256.4	63.7
Mortgage contingency reserves	392.9	867.8	-	-	-
Title unearned premiums	339.0	336.1	2.9	(20.0)	(6.8)
Loss reserves	(242.6)	(243.0)	.5	11.1	10.6
Surplus notes	(315.0)	(55.0)	-	-	-
Sundry adjustments	89.5	70.9	(.4)	28.1	.2
Total adjustments	653.6	1,003.7	200.0	256.1	46.4
Consolidated GAAP totals	$ 3,891.4	$ 3,740.3	$ (99.1)	$ (558.3)	$ 272.4

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

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

(c) Statement Presentation - Amounts shown in the consolidated financial statements and applicable notes are stated (except as otherwise indicated and as to share data) in millions, which amounts may not add to totals shown due to truncation. Necessary reclassifications are made in prior periods' financial statements whenever appropriate to conform to the most current presentation.

(d) 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 December 31, 2009 and 2008, substantially all the Company's invested assets were classified as “available for sale.”

Fixed maturity securities classified as “available for sale” and other preferred and common stocks (equity securities) 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 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 previously reported earnings or financial condition, are recognized as realized losses as soon as credible publicly available information emerges to confirm such developments. Absent issuer-specific circumstances that would result in a contrary conclusion, any equity security with an unrealized investment loss amounting to a 20% or greater decline for a six month period is considered other-than-temporarily-impaired. In the event the Company’s estimate of other-than- temporary impairments is insufficient at any point in time, future periods’ net income 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. The Company recognized $9.5 and $482.3 of other-than-temporary impairments of investments for the years ended December 31, 2009 and 2008, respectively, while recognizing no other-than-temporary impairments for the year ended December 31, 2007.

During 2009, the Company adopted new accounting pronouncements that provide additional technical guidance to the application of fair value measurements, and modify the recognition and presentation requirements of OTTI adjustments relating to debt securities. The necessary effects of these pronouncements have been reflected in this report.

The amortized cost and estimated fair values of fixed maturity securities are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Fixed Maturity Securities:				
December 31, 2009:				
U.S. & Canadian Governments	$ 937.4	$ 39.6	$ 3.0	$ 974.0
Tax-exempt	2,209.3	135.0	.3	2,344.0
Corporate	4,749.4	273.2	14.0	5,008.7
	$ 7,896.2	$ 448.0	$ 17.4	$ 8,326.8
December 31, 2008:				
U.S. & Canadian Governments	$ 631.6	$ 62.8	$ -	$ 694.4
Tax-exempt	2,290.0	77.2	1.5	2,365.7
Corporate	4,463.5	56.6	173.3	4,346.7
	$ 7,385.2	$ 196.8	$ 175.0	$ 7,406.9

The amortized cost and estimated fair value of fixed maturity securities at December 31, 2009, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Fixed Maturity Securities:		
Due in one year or less	$ 731.6	$ 745.0
Due after one year through five years	4,345.2	4,570.9
Due after five years through ten years	2,758.6	2,951.1
Due after ten years	60.7	59.7
	$ 7,896.2	$ 8,326.8

Bonds and other investments with a statutory carrying value of $392.3 as of December 31, 2009 were on deposit with governmental authorities by the Company's insurance subsidiaries to comply with insurance laws.

A summary of the Company's equity securities reflecting reported cost, net of other-than-temporary impairment adjustments of $317.3 and $355.8 at December 31, 2009 and 2008, respectively, follows:

	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2009	$ 357.5	$ 159.0	$ 13.7	$ 502.9
December 31, 2008	$ 373.3	$ 49.6	$ 72.7	$ 350.3

The following table reflects the Company’s gross unrealized losses and fair value, aggregated by category and length of time that individual securities have been in an unrealized loss position employing closing market price comparisons with an issuer’s adjusted cost at December 31, 2009 and 2008:

	12 Months or Less		Greater than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2009:						
Fixed Maturity Securities:						
U.S. & Canadian Governments	$ 307.1	$ 3.0	$ -	$ -	$ 307.1	$ 3.0
Tax-exempt	13.9	.2	3.1	-	17.1	.3
Corporates	302.5	5.1	139.3	8.9	441.8	14.0
Subtotal	623.6	8.4	142.5	8.9	766.1	17.4
Equity Securities	1.2	.2	99.5	13.4	100.8	13.7
Total	$ 624.9	$ 8.6	$ 242.1	$ 22.4	$ 867.0	$ 31.1
December 31, 2008:						
Fixed Maturity Securities:						
U.S. & Canadian Governments	$ 1.0	$ -	$ -	$ -	$ 1.0	$ -
Tax-exempt	60.8	1.4	7.7	-	68.5	1.5
Corporates	1,981.4	112.4	504.3	61.0	2,485.8	173.4
Subtotal	2,043.2	113.9	512.1	61.1	2,555.4	175.0
Equity Securities	247.8	72.7	-	-	247.9	72.7
Total	$ 2,291.1	$ 186.5	$ 512.1	$ 61.2	$ 2,803.3	$ 247.7

At December 31, 2009, the Company held 155 fixed maturity and 5 equity securities in an unrealized loss position, representing 7.5% as to fixed maturities and 31.3% as to equity securities of the total number of such issues held by the Company. Of the 155 fixed maturity securities, 35 had been in a continuous unrealized loss position for greater than 12 months. The unrealized losses on these securities are primarily attributable to a post-purchase rising interest rate environment and/or a decline in the credit quality of some issuers. As part of its assessment of other-than-temporary impairment, 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. The Company has not sold nor does it expect to sell investments for purposes of generating cash to pay claim or expense obligations.

Beginning in 2008, the Company adopted an accounting pronouncement which establishes a framework for measuring fair value. The pronouncement defines fair value as the price that would 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). In 2009, the Company also adopted a related accounting pronouncement which provides guidance on fair value measurements in the current economic environment and results in more detailed disclosures relative to the Company's fair value measurements. Following is a description of the valuation methodologies and general classification used for securities 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 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 using 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, short-term investments, and common stocks. During 2009, the Company transferred a security initially classified as Level 3 as of December 31, 2008 to Level 1 due to the completion of an initial public offering of the security during 2009. There were no other significant changes in the fair value of assets measured with the use of significant unobservable inputs during the year ended December 31, 2009.

The following table shows a summary of assets measured at fair value segregated among the various input levels described above:

	Fair value measurements as of December 31, 2009:			
	Level 1	Level 2	Level 3	Total
Available for sale:				
Fixed maturity securities	$ 341.4	$ 7,964.8	$ 20.5	$ 8,326.8
Equity securities	502.5	.1	.2	502.9
Short-term investments	$ 820.8	$ -	$ 5.9	$ 826.7

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 December 31, 2009, 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 years shown.

	Years Ended December 31,		
	2009	2008	2007
Investment income from:			
Fixed maturity securities	$ 368.6	$ 345.2	$ 332.9
Equity securities	7.4	13.3	16.1
Short-term investments	5.4	16.5	28.2
Other sources	4.9	5.6	6.4
Gross investment income	386.5	380.8	383.8
Investment expenses (a)	3.0	3.4	3.8
Net investment income	$ 383.5	$ 377.3	$ 379.9
Realized gains (losses) on:			
Fixed maturity securities:			
Gains	$ 4.4	$ 4.6	$ 2.4
Losses	(1.7)	(41.2)	(.2)
Net	2.6	(36.5)	2.2
Equity securities & other long-term investments	3.7	(449.8)	68.1
Total	6.3	(486.4)	70.3
Income taxes (credits)(b)	(51.7)	(116.1)	24.6
Net realized gains (losses)	$ 58.1	$ (370.2)	$ 45.7
Changes in unrealized investment gains (losses) on:			
Fixed maturity securities	$ 408.0	$ (49.7)	$ 112.1
Less: Deferred income taxes (credits)	142.7	(17.5)	39.2
Net changes in unrealized investment gains (losses)	$ 265.2	$ (32.1)	$ 72.9
Equity securities & other long-term investments	$ 170.6	$ (70.6)	$ (93.0)
Less: Deferred income taxes (credits)	59.6	(24.6)	(32.5)
Net changes in unrealized investment gains (losses)	$ 110.9	$ (45.9)	$ (60.5)

(a) Investment expenses consist of personnel costs and investment management and custody service fees, as well as interest incurred on funds held of $.1, $.6 and $1.1 for the years ended December 31, 2009, 2008 and 2007, respectively.

(b) Reflects primarily the combination of fully taxable realized investment gains or losses and judgments about the recoverability of deferred tax assets.

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

Substantially all general insurance premiums 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.

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

During 2009's third quarter, Old Republic's Mortgage Guaranty Group entered into reinsurance termination agreements ("commutations") with four lender-owned captive reinsurers. As part of the transactions, the Company received reinsurance premiums of $82.5 to cover losses expected to occur after the contract termination date. Under GAAP, these reinsurance commutations have been treated as the termination of risk transfer reinsurance arrangements rather than transactions in which the Company takes on new or additional insurance risk. As a result of this GAAP characterization, the premiums received have been booked as current income rather than being deferred and subsequently recognized in the future periods during which the related risk will exist and expected claims will occur. The Company estimates that substantially all of these premiums will likely be absorbed by related

claim costs thus negating the current appearance of a gain from the transactions. The up front recognition of the $82.5 of premiums also has the effect of portraying an increase in the Mortgage Guaranty Group's 2009 net premiums earned of 8.8%, whereas their exclusion through deferral to future at risk periods would have shown an actual 4.1% decline. As a further consequence of this GAAP premium recognition methodology, the Mortgage Guaranty Group's 2009 loss ratio dropped from 199.6% to 176.0%, and their 2009 pretax operating loss was reduced from $562.7 to $486.4. Excluding these premium recognition effects, quarterly claim ratios throughout 2009 averaged 199.7% versus a comparable average of 199.3% for 2008 and 115.2% for 2007.

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 39% of 2009 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 61% 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.

(f) Deferred Policy Acquisition Costs - The Company's insurance subsidiaries, other than title companies, defer certain costs which vary with and are primarily related to the production of business. Deferred costs consist principally of commissions, premium taxes, marketing, and policy issuance expenses. With respect to most coverages, deferred acquisition costs are amortized on the same basis as the related premiums are earned or, alternatively, over the periods during which premiums will be paid. To the extent that future revenues on existing policies are not adequate to cover related costs and expenses, deferred policy acquisition costs are charged to earnings.

The following table summarizes deferred policy acquisition costs and related data for the years shown:

	Years Ended December 31,		
	2009	2008	2007
Deferred, beginning of year	$ 222.8	$ 246.5	$ 264.9
Acquisition costs deferred:			
Commissions – net of reinsurance	153.4	165.0	210.6
Premium taxes	74.5	80.8	78.5
Salaries and other marketing expenses	91.8	88.3	94.7
Sub-total	319.8	334.2	384.1
Amortization charged to income	(335.7)	(357.8)	(402.5)
Change for the year	(15.9)	(23.6)	(18.4)
Deferred, end of year	$ 206.9	$ 222.8	$ 246.5

(g) Unearned Premiums - Unearned premium reserves are generally calculated by application of pro-rata factors to premiums in force. At December 31, 2009 and 2008, unearned premiums consisted of the following:

	December 31,	
	2009	2008
General Insurance Group	$ 962.7	$ 1,022.0
Mortgage Guaranty Group	75.4	90.2
Total	$ 1,038.1	$ 1,112.3

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

All reserves are necessarily based on estimates which are periodically reviewed and evaluated in the light of emerging claim experience and changing circumstances. The resulting changes in estimates are recorded in operations of the periods during which they are made. Return and additional premiums and policyholders' dividends, all of which tend to be affected by development of claims in future years, may offset, in whole or in part, developed claim redundancies or deficiencies for certain coverages such as workers' compensation, portions of which are written under loss sensitive programs that provide for such adjustments. The Company believes that its overall reserving practices have been consistently applied over many years, and that its aggregate net reserves have produced reasonable estimates of the ultimate net costs of claims incurred. However, no representation is made that

ultimate net claim and related costs will not be greater or lower than previously established reserves.

General Insurance Group reserves are established to provide for the ultimate expected cost of settling unpaid losses and claims reported at each balance sheet date. Such reserves are based on continually evolving assessments of the facts available to the Company during the settlement process which may stretch over long periods of time. Long-term disability-type workers' compensation reserves are discounted to present value based on interest rates ranging from 3.5% to 4.0%. Losses and claims incurred but not reported, as well as expenses required to settle losses and claims are established on the basis of a large number of formulas that take into account various criteria, including historical cost experience and anticipated costs of servicing reinsured and other risks. Estimates of possible recoveries from salvage or subrogation opportunities are considered in the establishment of such reserves as applicable. As part of overall claim and claim expense reserves, the point estimates incorporate amounts to cover net estimates of unusual claims such as those emanating from asbestosis and environmental ("A&E") exposures as discussed below. Such reserves can affect claim costs and related loss ratios for such insurance coverages as general liability, commercial automobile (truck), workers' compensation and property.

Early in 2001, the Federal Department of Labor revised the Federal Black Lung Program regulations. The revisions basically require a reevaluation of previously settled, denied, or new occupational disease claims in the context of newly devised, more lenient standards when such claims are resubmitted. Following a number of challenges and appeals by the insurance and coal mining industries, the revised regulations were, for the most part, upheld in June, 2002 and are to be applied prospectively. Since the final quarter of 2001 black lung claims filed or refiled pursuant to these anticipated and now final regulations have increased, though the volume of new claim reports has abated in recent years. The vast majority of claims filed to date against Old Republic pertain to business underwritten through loss sensitive programs that permit the charge of additional or refund of return premiums to wholly or partially offset changes in estimated claim costs, or to business underwritten as a service carrier on behalf of various industry-wide involuntary market (i.e. assigned risk) pools. A much smaller portion pertains to business produced on a traditional risk transfer basis. The Company has established applicable reserves for claims as they have been reported and for claims not as yet reported on the basis of its historical experience as well as assumptions relative to the effect of the revised regulations. Inasmuch as a variety of challenges are likely as the revised regulations are implemented through the actual claim settlement process, the potential impact on reserves, gross and net of reinsurance or retrospective premium adjustments, resulting from such regulations cannot as yet be estimated with reasonable certainty.

Old Republic's reserve estimates also include provisions for indemnity and settlement costs for various asbestosis and environmental impairment ("A&E") claims that have been filed in the normal course of business against a number of its insurance subsidiaries. Many such claims relate to policies issued prior to 1985, including many issued during a short period between 1981 and 1982 pursuant to an agency agreement canceled in 1982. Over the years, the Company's property and liability insurance subsidiaries have typically issued general liability insurance policies with face amounts ranging between $1.0 and $2.0 and rarely exceeding $10.0. Such policies have, in turn, been subject to reinsurance cessions which have typically reduced the subsidiaries' net retentions to $.5 or less as to each claim. Old Republic's exposure to A&E claims cannot, however, be calculated by conventional insurance reserving methods for a variety of reasons, including: a) the absence of statistically valid data inasmuch as such claims typically involve long reporting delays and very often uncertainty as to the number and identity of insureds against whom such claims have arisen or will arise; and b) the litigation history of such or similar claims for insurance industry members which has produced inconsistent court decisions with regard to such questions as when an alleged loss occurred, which policies provide coverage, how a loss is to be allocated among potentially responsible insureds and/or their insurance carriers, how policy coverage exclusions are to be interpreted, what types of environmental impairment or toxic tort claims are covered, when the insurer's duty to defend is triggered, how policy limits are to be calculated, and whether clean-up costs constitute property damage. In recent times, the Executive Branch and/or the Congress of the United States have proposed or considered changes in the legislation and rules affecting the determination of liability for environmental and asbestosis claims. As of December 31, 2009, however, there is no solid evidence to suggest that possible future changes might mitigate or reduce some or all of these claim exposures. Because of the above issues and uncertainties, estimation of reserves for losses and allocated loss adjustment expenses for A&E claims in particular is much more difficult or impossible to quantify with a high degree of precision. Accordingly, no representation can be made that the Company's reserves for such claims and related costs will not prove to be overstated or understated in the future. At December 31, 2009 and 2008, Old Republic's aggregate indemnity and loss adjustment expense reserves specifically identified with A&E exposures amounted to $172.8 and $172.4 gross, respectively, and $136.9 and $145.0 net of reinsurance, respectively. Old Republic's average five year survival ratios stood at 8.4 years (gross) and 11.5 years (net of reinsurance) as of December 31, 2009 and 7.3 years (gross) and 9.9 years (net of reinsurance) as of December 31, 2008. Fluctuations in this ratio between years can be caused by the inconsistent pay out patterns associated with these types of claims.

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

activity, and mortgage loan interest costs, demand, and extensions. Historically coverage rescissions and claims denials as a result of material misrepresentation in key underwriting information or non-compliance with terms of the master policy have not been material; however, they have increased significantly since early 2008.

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

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

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

Years Ended December 31:	2009	2008	2007
Gross reserves at beginning of year	$ 7,241.3	$ 6,231.1	$ 5,534.7
Less: reinsurance losses recoverable	2,227.0	1,984.7	1,936.6
Net reserves at beginning of year:			
General Insurance	3,326.9	3,279.7	3,022.8
Mortgage Guaranty	1,382.6	644.9	249.6
Title Insurance	282.4	296.9	304.1
Other	22.2	24.7	21.6
Sub-total	5,014.2	4,246.3	3,598.0
Incurred claims and claim adjustment expenses:			
Provisions for insured events of the current year:			
General Insurance	1,409.2	1,520.1	1,562.8
Mortgage Guaranty	1,284.0	1,199.5	551.3
Title Insurance	63.6	46.3	72.3
Other	36.4	41.9	37.8
Sub-total	2,793.3	2,807.8	2,224.2
Change in provision for insured events of prior years:			
General Insurance	(56.8)	(83.0)	(110.6)
Mortgage Guaranty(a)	(149.9)	(18.7)	64.4
Title Insurance	6.7	(0.6)	(16.3)
Other	(1.3)	(3.8)	(3.6)
Sub-total	(201.3)	(106.1)	(66.1)
Total incurred claims and claim adjustment expenses(a)	2,592.0	2,701.6	2,158.1
Payments:			
Claims and claim adjustment expenses attributable to insured events of the current year:			
General Insurance	498.6	549.0	518.7
Mortgage Guaranty(a)	7.8	59.8	29.6
Title Insurance	7.1	5.4	7.5
Other	25.8	30.3	23.9
Sub-total	539.3	644.5	579.7
Claims and claim adjustment expenses attributable to insured events of prior years:			
General Insurance	846.4	840.8	676.3
Mortgage Guaranty(a)	543.5	383.2	190.8
Title Insurance	68.5	54.8	55.8
Other	9.9	10.2	7.1
Sub-total	1,468.3	1,289.0	930.0
Total payments	2,007.7	1,933.5	1,509.8
Amount of reserves for unpaid claims and claim adjustment expenses at the end of each year, net of reinsurance losses recoverable:(b)			
General Insurance	3,334.3	3,326.9	3,279.7
Mortgage Guaranty	1,965.4	1,382.6	644.9
Title Insurance	277.1	282.4	296.9
Other	21.5	22.2	24.7
Sub-total	5,598.5	5,014.2	4,246.3
Reinsurance losses recoverable	2,316.5	2,227.0	1,984.7
Gross reserves at end of year	$ 7,915.0	$ 7,241.3	$ 6,231.1

(a) In common with all other insurance lines, mortgage guaranty paid and incurred claim and claim adjustment expenses include only those costs actually or expected to be paid by the Company. Claims not paid by virtue of coverage rescissions and claims denials amounted to $719.5, $211.0, and $36.4 for 2009, 2008, and 2007, respectively. In a similar vein, changes in mortgage guaranty aggregate case, IBNR, and loss adjustment expense reserves shown in the following table and entering into the determination of incurred claim costs, take into account, among a large number of variables, claim cost reductions for anticipated coverage rescissions and claims denials of $881.9 in 2009, $830.5 in 2008, and none in 2007. The significant decline of $149.9 in 2009 for prior years' mortgage guaranty incurred claim provisions resulted mostly from greater than anticipated coverage rescissions and claim denials.

	2009	2008	2007
Reserve increase(decrease):			
General Insurance	$ 7.4	$ 47.2	$ 256.9
Mortgage Guaranty	582.8	737.7	395.3
Title Insurance	(5.3)	(14.5)	(7.2)
Other	(.7)	(2.5)	3.1
Total	$ 584.3	$ 768.0	$ 648.3

(b) Year end IBNR reserves carried in each segment were as follows:

	2009	2008	2007
General Insurance	$ 1,621.6	$ 1,583.8	$ 1,539.0
Mortgage Guaranty	39.7	33.0	20.8
Title Insurance	191.3	200.7	223.4
Other	9.4	9.0	11.8
Total	$ 1,862.0	$ 1,826.5	$ 1,795.0

For the three most recent calendar years, the above table indicates that the one-year development of consolidated reserves at the beginning of each year produced average favorable annual developments of 2.8%. The Company believes that the factors most responsible, in varying and continually changing degrees, for such redundancies or deficiencies included differences in originally estimated salvage and subrogation recoveries, in sales and prices of homes that can impact claim costs upon the sale of foreclosed properties, by changes in regional or local economic conditions and employment levels, by greater numbers of coverage rescissions and claims denials due to material misrepresentation in key underwriting information or non-compliance with prescribed underwriting guidelines, by the extent of loan refinancing activity that can reduce the period of time over which a policy remains at risk, by lower than expected frequencies of claims incurred but not reported, by the effect of reserve discounts applicable to workers' compensation claims, by higher than expected severity of litigated claims in particular, by governmental or judicially imposed retroactive conditions in the settlement of claims such as noted above in regard to black lung disease claims, by greater than anticipated inflation rates applicable to repairs and the medical portion of claims in particular, and by higher than expected claims incurred but not reported due to the slower and highly volatile emergence patterns applicable to certain types of claims such as those stemming from litigated, assumed reinsurance, or the A&E types of claims noted above.

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

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

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

	Years Ended December 31,		
	2009	2008	2007
Statutory tax rate (credit)	(35.0)%	(35.0)%	35.0%
Tax rate increases (decreases):			
Tax-exempt interest	(9.0)	(3.1)	(6.7)
Dividends received exclusion	(.6)	(.4)	(.9)
Valuation allowance (see below)	(19.8)	6.6	-
Other items - net	.6	.1	.6
Effective tax rate (credit)	(63.8)%	(31.8)%	28.0%

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

	December 31,		
	2009	2008	2007
Deferred Tax Assets:			
Losses, claims, and settlement expenses	$ 209.1	$ 200.7	$ 207.6
Pension and deferred compensation plans	47.7	46.5	27.9
Impairment losses on investments	127.6	124.5	-
Other timing differences	12.7	16.2	6.9
Total deferred tax assets before valuation allowance	397.1	388.1	242.5
Valuation allowance on impaired assets	-	(54.0)	-
Total deferred tax assets	397.1	334.1	242.5
Deferred Tax Liabilities:			
Unearned premium reserves	27.8	23.3	23.4
Deferred policy acquisition costs	67.2	73.5	80.2
Mortgage guaranty insurers' contingency reserves	136.1	301.1	501.3
Fixed maturity securities adjusted to cost	6.0	7.2	9.3
Net unrealized investment gains	202.5	1.1	41.3
Title plants and records	5.0	5.0	4.4
Total deferred tax liabilities	444.6	411.4	660.3
Net deferred tax liabilities	$ 47.5	$ 77.3	$ 417.7

A valuation allowance of $54.0 was established against a deferred tax asset related to the Company's realized losses on investments at December 31, 2008. As of December 31, 2009, this valuation allowance was eliminated following an increase in the fair value of the Company's investment portfolio. In valuing the deferred tax asset, the Company considered certain factors including primarily the scheduled reversals of certain deferred tax liabilities and the impact of available carryback and carryforward periods. Based on these considerations, the Company believes that it is more likely than not that it will realize the benefits of the deferred tax assets related to realized investment losses, as of December 31, 2009.

Pursuant to special provisions of the Internal Revenue Code pertaining to mortgage guaranty insurers, a contingency reserve (established in accordance with insurance regulations designed to protect policyholders against extraordinary volumes of claims) is deductible from gross income. The tax benefits obtained from such deductions must, however, be invested in a special type of non-interest bearing U.S. Treasury Tax and Loss Bonds which aggregated $221.4 at December 31, 2009. For Federal income tax purposes, amounts deducted from the contingency reserve are taken into gross statutory taxable income in the period in which they are released. Contingency reserves may be released when incurred losses exceed thresholds established under state law or regulation, upon special request and approval by state insurance regulators, or in any event, upon the expiration of ten years. During 2009, the Company released net contingency reserves of $797.1 and consequently, $79.6 of U.S. Treasury Tax and Loss Bonds were redeemed in 2009 and $179.9 are to be redeemed during the first quarter of 2010. In addition, $262.7 of U.S. Treasury Tax and Loss Bonds were redeemed in 2009 relating to contingency reserve releases recorded in 2008.

In 2007, the Company adopted an accounting pronouncement which provides recognition criteria and a related measurement model for uncertain tax positions taken or expected to be taken in income tax returns. 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. 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. Examinations of the Company's

consolidated Federal income tax returns through year-end 2006 have been completed and no significant adjustments have resulted.

(k) Property and Equipment - Property and equipment is generally depreciated or amortized over the estimated useful lives of the assets, (2 to 27 years), substantially by the straight-line method. Depreciation and amortization expenses related to property and equipment were $15.2, $17.9, and $18.3 in 2009, 2008, and 2007, respectively. Expenditures for maintenance and repairs are charged to income as incurred, and expenditures for major renewals and additions are capitalized.

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

(m) Goodwill and Intangible Assets - Goodwill resulting from business combinations is no longer amortizable against operations but must be tested annually for possible impairment of its continued value ($167.8 and $161.4 at December 31, 2009 and 2008, respectively). No impairment charges were required for any period presented.

(n) Employee Benefit Plans - The Company has three pension plans covering a portion of its work force. The three plans are the Old Republic International Salaried Employees Restated Retirement Plan (the Old Republic Plan), the Bituminous Casualty Corporation Retirement Income Plan (the Bituminous Plan) and the Old Republic National Title Group Pension Plan (the Title Plan). The plans are defined benefit plans pursuant to which pension payments are based primarily on years of service and employee compensation near retirement. It is the Company's policy to fund the plans' costs as they accrue. These plans have been closed to new participants since December 31, 2004. Prior to 2007, the dates used to determine pension measurements were December 31 for the Old Republic Plan and the Bituminous Plan, and September 30 for the Title Plan. Effective December 31, 2007, the Company adopted an accounting pronouncement which required the Company to measure the funded status of its plans as of the end of the fiscal year. Consequently, the Title Plan changed its measurement date to December 31. The change in measurement date did not have a material impact on the consolidated financial statements.

Authoritative guidance governing pension accounting requires that the funded status of pension and other postretirement plans be recognized in the consolidated balance sheet. The funded status is measured as the difference between the fair value of plan assets and the projected benefit obligations on a plan-by-plan basis. The funded status of an overfunded benefit plan is recognized as a net pension asset while the funded status for underfunded benefit plans is recognized as a net pension liability; offsetting entries are reflected as a component of shareholders' equity in accumulated other comprehensive income, net of deferred taxes. Changes in the funded status of the plans are recognized in the period in which they occur.

The changes in the projected benefit obligation are as follows:

	Years Ended December 31,		
	2009	2008	2007
Projected benefit obligation at beginning of year	$ 263.1	$ 242.0	$ 250.1
Increases (decreases) during the year attributable to:			
Service cost	7.9	7.9	9.6
Interest cost	15.9	15.3	15.2
Actuarial (gains) losses	8.0	8.6	(22.6)
Benefits paid	(10.3)	(10.8)	(10.4)
Change in plan provision	1.2	-	-
Net increase (decrease) for the year	22.7	21.0	(8.1)
Projected benefit obligation at end of year	$ 285.8	$ 263.1	$ 242.0

The changes in the fair value of net assets available for plan benefits are as follows:

	Years Ended December 31,		
	2009	2008	2007
Fair value of net assets available for plan benefits			
At beginning of the year	$ 193.0	$ 219.9	$ 210.5
Increases (decreases) during the year attributable to:			
Actual return on plan assets	20.6	(20.1)	14.9
Sponsor contributions	5.8	4.0	5.0
Benefits paid	(10.3)	(10.8)	(10.4)
Administrative expenses	-	-	-
Net increase (decrease) for year	16.1	(26.9)	9.4
Fair value of net assets available for plan benefits			
At end of the year	$ 209.1	$ 193.0	$ 219.9

The components of aggregate annual net periodic pension costs consisted of the following:

	Years Ended December 31,		
	2009	2008	2007
Service cost	$ 7.9	$ 7.9	$ 8.7
Interest cost	15.9	15.3	14.1
Expected return on plan assets	(15.5)	(16.6)	(16.0)
Recognized loss	4.5	.7	3.2
Net cost	$ 12.8	$ 7.4	$ 9.9

The pretax amounts recognized in other comprehensive income consist of the following:

	Years Ended December 31,		
	2009	2008	2007
Amounts arising during the period:			
Net recognized gain (loss)	$ (3.0)	$ (45.3)	$ 20.1
Net prior service cost	(1.2)	-	-
Reclassification adjustment to components of net periodic pension cost:			
Net recognized loss	4.5	.7	3.2
Net prior service cost	-	-	-
Net pretax amount recognized	$ .3	$ (44.6)	$ 23.3

The amounts included in accumulated other comprehensive income that have not yet been recognized as components of net periodic pension cost consist of the following:

	As of December 31,	
	2009	2008
Net recognized loss	$ (72.9)	$ (74.5)
Net prior service cost	(1.2)	-
Total	$ (74.1)	$ (74.5)

The amounts included in accumulated other comprehensive income expected to be recognized as components of net periodic pension cost during 2010 consist of the following:

	As of December 31, 2009
Net recognized loss	$ 4.7
Net prior service cost	.1
Total	$ 4.8

The projected benefit obligations for the plans were determined using the following weighted-average assumptions:

	As of December 31,	
	2009	2008
Settlement discount rates	5.98%	6.20%
Rates of compensation increase	4.25%	4.25%

The net periodic benefit cost for the plans were determined using the following weighted-average assumptions:

	As of December 31,		
	2009	2008	2007
Settlement discount rates	6.20%	6.50%	5.75%
Rates of compensation increase	4.25%	4.25%	3.92%
Long-term rates of return on plans' assets	7.84%	7.83%	7.83%

The assumed settlement discount rates were determined by matching the current estimate of each Plan's projected cash outflows against spot rate yields on a portfolio of high quality bonds as of the measurement date. To develop the expected long-term rate of return on assets assumption, the Plans considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolios.

The accumulated benefit obligation for the plans was $256.5 and $234.8 for the 2009 and 2008 plan years taking into account the above measurement dates, respectively.

The following information is being provided for plans with projected benefit obligations in excess of plan assets:

	As of December 31,	
	2009	2008
Projected benefit obligations	$ 285.8	$ 263.1
Fair value of plan assets	$ 209.1	$ 193.0

The following information is being provided for plans with accumulated benefit obligations in excess of plan assets:

	As of December 31,	
	2009	2008
Projected benefit obligations	$ 285.8	$ 263.1
Accumulated benefit obligations	256.5	234.8
Fair value of plan assets	$ 209.1	$ 193.0

The benefits expected to be paid as of December 31, 2009 for the next 10 years are as follows: 2010: $12.6; 2011: $13.1; 2012: $14.1; 2013: $15.1; 2014: $16.4 and for the five years after 2014: $100.2.

The Companies made cash contributions of $5.8 to their pension plans in 2009 and expect to make cash contributions of approximately $1.8 in calendar year 2010.

The investment policy of the Plans is to consider the matching of assets and liabilities, appropriate risk aversion, liquidity needs, the preservation of capital, and the attainment of modest growth. The weighted-average asset allocations of the Plans are as follows:

	As of December 31,		Investment Policy Asset
	2009	2008	Allocation % Range Target
Equity securities:			
Common shares of Company stock	11.0%	14.1%	
Other	45.1	41.6	
Sub-total	56.1	55.7	30% to 70%
Fixed maturity securities	35.7	37.0	30% to 70%
Other	8.2	7.3	1% to 20%
Total	100.0%	100.0%	

Effective December 31, 2009, the Company adopted accounting guidance which required additional disclosures about Plan assets. These disclosures require that Plan assets be presented by major category and be segregated among the various input levels required by the fair value hierarchy described in Note 1(d).

The Plans use quoted values and other data provided by the respective investment custodians as inputs for determining fair value of debt and equity securities. The custodians obtain market quotations and actual transaction prices for securities that have quoted prices in active markets using 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 investment custodian uses observable inputs, including, but not limited to, investment yields, credit risks and spreads, benchmarking of like securities, broker-dealer quotes, reported trades and sector groupings to determine a reasonable fair value. Short-term investments are valued at cost which approximates fair value.

The following table presents a summary of the Plans’ assets segregated among the various input levels described in Note 1(d).

	Fair value measurements as of December 31, 2009:			
	Level 1	Level 2	Level 3	Total
Equity maturity securities:				
Common shares of Company stock	$ 22.9	$ -	$ -	$ 22.9
Other	80.3	14.0	-	94.4
Sub-total	103.2	14.0	-	117.3
Fixed maturity securities	-	74.6	-	74.6
Other	4.9	3.2	9.0	17.1
Total	$ 108.2	$ 91.8	$ 9.0	$ 209.1

Level 1 assets include publicly traded common stocks, mutual funds and most short-term investments. Level 2 assets generally include corporate and government agency bonds and a limited partnership investment. Level 3 assets primarily consist of an immediate participation guaranteed fund. There were no significant changes in the fair value of the guaranteed fund during the year ended December 31, 2009.

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

	Years Ended December 31,		
	2009	2008	2007
Employees Savings and Stock Ownership Plan	$ 5.4	$ 2.4	$ 2.5
Other profit sharing plans	5.9	6.3	5.1
Cash and deferred incentive compensation	$ 16.0	$ 16.4	$ 24.2

The Company sponsors an Employees Savings and Stock Ownership Plan (ESSOP) in which a majority of its employees participate. Current Company contributions are directed to the open market purchase of its shares. Dividends on shares are allocated to participants as earnings, and likewise invested in Company stock. The Company's annual contributions are based on a formula that takes the growth in net operating income per share over consecutive five year periods into account. As of December 31, 2009, there were 15,446,633 Old Republic common shares owned by the ESSOP, of which 10,252,837 were allocated to employees' account balances. There are no repurchase obligations in existence. See Note 3(b).

(o) Escrow Funds - Segregated cash deposit accounts and the offsetting liabilities for escrow deposits in connection with Title Insurance Group real estate transactions in the same amounts ($428.1 and $498.6 at December 31, 2009 and 2008, respectively) are not included as assets or liabilities in the accompanying consolidated balance sheets as the escrow funds are not available for regular operations.

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

	Years Ended December 31,		
	2009	2008	2007
Numerator:			
Net Income (loss)	$ (99.1)	$ (558.3)	$ 272.4
Numerator for basic earnings per share - income (loss) available to common stockholders	(99.1)	(558.3)	272.4
Numerator for diluted earnings per share - income (loss) available to common stockholders after assumed conversions	$ (99.1)	$ (558.3)	$ 272.4
Denominator:			
Denominator for basic earnings per share - weighted-average shares (a)(b)	235,657,425	231,484,083	231,370,242
Effect of dilutive securities - stock options	-	-	1,542,486
Effect of dilutive securities - convertible senior notes	-	-	-
Denominator for diluted earnings per share - adjusted weighted-average shares and assumed conversions (a)(b)	235,657,425	231,484,083	232,912,728
Earnings per share: Basic	$ (.42)	$ (2.41)	$ 1.18
Diluted	$ (.42)	$ (2.41)	$ 1.17
Anti-dilutive outstanding stock option awards excluded from earning per share computations:			
Stock options	15,781,176	15,279,782	4,864,000
Convertible senior notes	27,452,271	-	-
Total	43,233,447	15,279,782	4,864,000

(a) All per share statistics have been restated to reflect all stock dividends or splits declared through December 31, 2009.

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

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

(r) Stock Option Compensation - As periodically amended, the Company has had a stock option plan in effect for certain eligible key employees since 1978. Under the current plan, options awarded at the date of grant together with options previously issued and then-outstanding may not exceed 9% of the Company's outstanding common stock at the end of the month immediately preceding an option grant. The exercise price of stock options is equal to the

closing market price of the Company's common stock on the date of grant, and the contractual life of the grant is generally ten years from the date of the grant. Options granted in 2001 and prior years may be exercised to the extent of 10% of the number of shares covered thereby on and after the date of grant, and cumulatively, to the extent of an additional 10% on and after each of the first through ninth subsequent calendar years. Options granted in 2002 and thereafter may be exercised to the extent of 10% of the number of shares covered thereby as of December 31st of the year of the grant and, cumulatively, to the extent of an additional 15%, 20%, 25% and 30% on and after the second through fifth calendar years, respectively. Options granted to employees who meet certain retirement eligibility provisions become fully vested upon retirement.

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

	2009	2008	2007
Stock based compensation expense	$ 4.9	$ 8.0	$ 10.5
Income tax benefit	$ 1.7	$ 2.8	$ 3.6

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

	2009	2008	2007
Expected volatility	.28	.21	.19
Expected dividends	7.74%	6.29%	3.56%
Expected term (in years)	7	7	7
Risk-free rate	2.56%	3.05%	4.43%

A summary of stock option activity under the plan as of December 31, 2009, 2008 and 2007, and changes in outstanding options during the years then ended is presented below:

	As of and for the Years Ended December 31,					
	2009		2008		2007	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	15,279,782	$ 17.81	14,570,577	$ 18.12	13,282,329	$ 17.26
Granted	989,250	10.48	1,505,000	12.94	2,329,000	21.78
Exercised	71,493	6.79	222,795	10.21	932,593	14.98
Forfeited and canceled	416,363	14.28	573,000	15.82	108,159	19.47
Outstanding at end of year	15,781,176	17.49	15,279,782	17.81	14,570,577	18.12
Exercisable at end of year	11,892,055	$ 17.77	10,311,431	$ 17.21	8,919,827	$ 16.38
Weighted average fair value of options granted during the year (a)	$ 1.05 per share		$ 1.18 per share		$ 3.73 per share	

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

A summary of stock options outstanding and exercisable at December 31, 2009 follows:

		Options Outstanding			Options Exercisable	
			Weighted - Average			
Ranges of Exercise Prices	Year(s) Of Grant	Number Out-Standing	Remaining Contractual Life	Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 6.40 to $ 7.23	2000	333,509	0.25	$ 6.40	333,509	$ 6.40
$14.36	2001	1,178,308	1.25	14.36	1,168,613	14.36
$16.85	2002	1,456,094	2.25	16.85	1,456,094	16.85
$14.37	2003	1,462,442	3.25	14.37	1,462,442	14.37
$19.32 to $20.02	2004	2,239,749	4.25	19.33	2,239,749	19.33
$18.41 to $20.87	2005	1,913,549	5.25	18.44	1,913,549	18.44
$21.36 to $22.35	2006	2,431,475	6.25	22.00	1,754,056	21.99
$21.78 to $23.16	2007	2,274,175	7.25	21.78	1,090,026	21.78
$ 7.73 to $12.95	2008	1,504,000	8.25	12.94	375,230	12.94
$10.48	2009	987,875	9.25	10.48	98,785	10.48
Total		15,781,176		$ 17.49	11,892,055	$ 17.77

Pursuant to the Company's self-imposed limits, the maximum number of options available for future issuance as of December 31, 2009, is 5,880,514 shares.

As of December 31, 2009, there was $4.4 of total unrecognized compensation cost related to nonvested stock-based compensation arrangements granted under the plan. That cost is expected to be recognized over a weighted average period of approximately 3 years.

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

	2009	2008	2007
Cash received from stock option exercise	$ .5	$ 2.2	$ 13.9
Intrinsic value of stock options exercised	.3	.9	5.1
Actual tax benefit realized for tax deductions from stock options exercised	$ .1	$ .3	$ 1.7

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

On April 29, 2009, the Company completed a public offering of $316.25 aggregate principal amount of Convertible Senior Notes. The notes bear interest at a rate of 8.0% per year, mature on May 15, 2012, and are convertible at any time prior to maturity by the holder into 86.8056 shares of common stock per one thousand dollar note.

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

	December 31,			
	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
8% Convertible Senior Notes due 2012	$ 316.2	$ 358.9	$ -	$ -
Commercial paper due within 180 days with an average yield of - % and 2.65%, respectively	-	-	199.5	199.5
ESSOP debt with an average yield of 3.85% and 5.41%, respectively, (Note 3(b))	27.9	27.9	29.5	29.5
Other miscellaneous debt	2.5	2.5	3.8	3.8
Total debt	$ 346.7	$ 389.4	$ 233.0	$ 233.0

The Company currently has access to the commercial paper market for up to $150.0.

Scheduled maturities of the above debt at December 31, 2009 are as follows: 2010: $3.6; 2011: $3.1; 2012: $319.0; 2013: $2.8; 2014: $3.0; 2015 and after: $15.0. During 2009, 2008 and 2007, $22.2, $3.8 and $6.8, respectively, of interest expense on debt was charged to consolidated operations.

Note 3 - Shareholders' Equity - All common and preferred share data herein has been retroactively adjusted as applicable for stock dividends or splits declared through December 31, 2009.

(a) Preferred Stock - The following table shows certain information pertaining to the Company's preferred shares issued and outstanding:

	Convertible Series G(a)
Preferred Stock Series:	
Annual cumulative dividend rate per share	$ (a)
Conversion ratio of preferred into common shares	1 for .95
Conversion right begins	Anytime
Redemption and liquidation value per share	(a)
Redemption beginning in year	(a)
Total redemption value (millions)	(a)
Vote per share	one
Shares outstanding:	
December 31, 2008	0
December 31, 2009	0

(a) The Company has authorized up to 1,000,000 shares of Series G Convertible Preferred Stock for issuance pursuant to the Company's Stock Option Plan. Series G had been issued under the designation "G-2". As of December 31, 2003, all Series "G-2" had been converted into shares of common stock. In 2001, the Company created a new designation, "G-3", from which no shares have been issued as of December 31, 2009. Management believes this designation will be the source of possible future issuances of Series G stock. Except as otherwise stated, Series "G-2" and Series "G-3" are collectively referred to as Series "G". Each share of Series G pays a floating rate dividend based on the prime rate of interest. At December 31, 2009, the annual dividend rate for Series "G-3" would have been 34 cents per share. Each share of Series G is convertible at any time, after being held six months, into .95 shares of Common Stock. Unless previously converted, Series G shares may be redeemed at the Company's sole option five years after their issuance.

(b) Common Stock - At December 31, 2009, there were 500,000,000 shares of common stock authorized. At the same date, there were 100,000,000 shares of Class "B" common stock authorized, though none were issued or outstanding. Class "B" common shares have the same rights as common shares except for being entitled to 1/10th of a vote per share. In August 2008, the Company cancelled 1,566,100 common shares previously reported as treasury stock and restored them to unissued status; this had no effect on total shareholders' equity or the financial position of the Company.

During the final quarter of 2008, the Company issued 9,738,475 shares of its common stock for an aggregate consideration of $82.8 based on market quotations at date of issuance. Of this amount, $50.0 (5,488,475 shares) was acquired by the Old Republic Employees Savings and Stock Ownership Plan ("ESSOP"), and $32.8 (4,250,000 shares) by the Company's three pension plans and its mutual insurance affiliate.

The ESSOP's common stock purchases were financed by a $30.0 bank loan and by $20.0 of pre-fundings from ESSOP participating subsidiaries. Common stock held by the ESSOP is classified as a charge to the common shareholders' equity account until it is allocated to participating employees' accounts contemporaneously with the repayment of the ESSOP debt incurred for its acquisition. Such unallocated shares are not considered outstanding for purposes of calculating earnings per share. Dividends on unallocated shares are used to pay debt service costs. Dividends on allocated shares are credited to participants' accounts.

(c) Cash Dividend Restrictions - The payment of cash dividends by the Company is principally dependent upon the amount of its insurance subsidiaries' statutory policyholders' surplus available for dividend distribution. The insurance subsidiaries' ability to pay cash dividends to the Company is in turn generally restricted by law or subject to approval of the insurance regulatory authorities of the states in which they are domiciled. These authorities recognize only statutory accounting practices for determining financial position, results of operations, and the ability of an insurer to pay dividends to its shareholders. Based on year end 2009 data, the maximum amount of dividends payable to the Company by its insurance and a small number of non-insurance company subsidiaries during 2010 without the prior approval of appropriate regulatory authorities is approximately $295.6. Dividends declared during 2009, 2008 and 2007, to the Company by its subsidiaries amounted to $181.5, $191.2 and $175.8, respectively.

Note 4 - Commitments and Contingent Liabilities:

(a) Reinsurance and Retention Limits - In order to maintain premium production within their capacity and to limit maximum losses for which they might become liable under policies they've underwritten, Old Republic's insurance subsidiaries, as is the common practice in the insurance industry, may cede all or a portion of their premiums and related liabilities on certain classes of business to other insurers and reinsurers. Although the ceding of insurance does not ordinarily discharge an insurer from liability to a policyholder, it is industry practice to establish the reinsured part of risks as the liability of the reinsurer. Old Republic also employs retrospective premium and a large variety of risk-sharing procedures and arrangements for parts of its business in order to reduce underwriting losses for which it might become liable under insurance policies it issues. To the extent that any reinsurance companies, assured or producer might be unable to meet their obligations under existing reinsurance, retrospective insurance and

production agreements, Old Republic would be liable for the defaulted amounts. As deemed necessary, reinsurance ceded to other companies is secured by letters of credit, cash, and/or securities.

Except as noted in the following paragraph, reinsurance protection on property and liability coverages generally limits the net loss on most individual claims to a maximum of: $4.1 for workers' compensation; $2.6 for commercial auto liability; $2.6 for general liability; $8.0 for executive protection (directors & officers and errors & omissions); $2.0 for aviation; and $2.6 for property coverages. Roughly 34% of the mortgage guaranty traditional primary insurance in force is subject to lender sponsored captive reinsurance arrangements structured primarily on an excess of loss basis. All bulk and other insurance risk in force is retained. Exclusive of reinsurance, the average direct primary mortgage guaranty exposure is approximately (in whole dollars) $38,500 per insured loan. Title insurance risk assumptions are currently limited to a maximum of $500.0 as to any one policy. The vast majority of title policies issued, however, carry exposures of less than $1.0.

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

As a result of the September 11, 2001 terrorist attack on America, the reinsurance industry eliminated coverage from substantially all contracts for claims arising from acts of terrorism. Primary insurers like the Company thus became fully exposed to such claims. Late in 2002, the Terrorism Risk Insurance Act of 2002 (the "TRIA") was signed into law, immediately establishing a temporary federal reinsurance program administered by the Secretary of the Treasury. The program applied to insured commercial property and casualty losses resulting from an act of terrorism, as defined in the TRIA. Congress extended and modified the program in late 2005 through the Terrorism Risk Insurance Revision and Extension Act of 2005 (the "TRIREA"). TRIREA expired on December 31, 2007. Congress enacted a revised program in December 2007 through the Terrorism Risk Insurance Program Reauthorization Act of 2007 (the "TRIPRA"), a seven year extension through December 2014. The TRIA automatically voided all policy exclusions which were in effect for terrorism related losses and obligated insurers to offer terrorism coverage with most commercial property and casualty insurance lines. The TRIREA revised the definition of "property and casualty insurance" to exclude commercial automobile, burglary and theft, surety, professional liability and farm owner's multi-peril insurance. TRIPRA did not make any further changes to the definition of property and casualty insurance, however, it does include domestic acts of terrorism within the scope of the program. Although insurers are permitted to charge an additional premium for terrorism coverage, insureds may reject the coverage. Under TRIPRA, the program's protection is not triggered for losses arising from an act of terrorism until the industry first suffers losses of $100 billion in the aggregate during any one year. Once the program trigger is met, the program will pay 85% of an insurer's terrorism losses that exceed an individual insurer's deductible. The insurer's deductible is 20% of direct earned premium on property and casualty insurance. Insurers may reinsure that portion of the risk they retain under the program. Effective January 1, 2008, the Company reinsured limits of $198.0 excess of $2.0 for claims arising from certain acts of terrorism for casualty clash coverage and catastrophe workers' compensation liability insurance coverage.

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

Reinsurance recoverable asset balances represent amounts due from or credited by assuming reinsurers for paid and unpaid claims and premium reserves. Such reinsurance balances as are recoverable from non-admitted foreign and certain other reinsurers such as captive insurance companies owned by assureds, as well as similar balances or credits arising from policies that are retrospectively rated or subject to assureds' high deductible retentions are substantially collateralized by letters of credit, securities, and other financial instruments. Old Republic evaluates on a regular basis the financial condition of its assuming reinsurers and assureds who purchase its retrospectively rated or self-insured deductible policies. Estimates of unrecoverable amounts totaling $28.2 as of both December 31, 2009 and 2008 are included in the Company's net claim and claim expense reserves since reinsurance, retrospectively rated, and self-insured deductible policies and contracts do not relieve Old Republic from its direct obligations to assureds or their beneficiaries.

At December 31, 2009, the Company's General Insurance Group's ten largest reinsurers represented approximately 59% of the total consolidated reinsurance recoverable on paid and unpaid losses, with Munich Reinsurance America, Inc. the largest reinsurer representing 28.3% of the total recoverable balance. Of the balance due from these ten reinsurers, 83.9% was recoverable from A or better rated reinsurance companies, 11.5% from industry-wide insurance assigned risk pools, and 4.6% from captive reinsurance companies. The Mortgage Guaranty

Group's total claims exposure to its largest reinsurer, Balboa Reinsurance Company, was $133.2 million, which represented 5.6% of total consolidated reinsured liabilities, as of December 31, 2009.

The following information relates to reinsurance and related data for the General Insurance and Mortgage Guaranty Groups for the three years ended December 31, 2009. Reinsurance transactions of the Title Insurance Group and small life and health insurance operation are not material.

Property and liability insurance companies are required to annualize certain policy premiums in their regulatory financial statements though such premiums may not be contractually due nor ultimately collectable. The annualization process relies on a large number of estimates, and has the effect of increasing direct, ceded, and net premiums written, and of grossing up corresponding balance sheet premium balances and liabilities such as unearned premium reserves. The accrual of these estimates has no effect on net premiums earned or GAAP net income.

	Years Ended December 31,		
	2009	2008	2007
General Insurance Group			
Written premiums: Direct	$ 2,380.7	$ 2,655.7	$ 2,685.2
Assumed	10.4	15.2	61.5
Ceded	$ 670.7	$ 704.2	$ 634.7
Earned premiums: Direct	$ 2,432.1	$ 2,702.0	$ 2,644.7
Assumed	16.3	29.1	173.4
Ceded	$ 666.0	$ 741.8	$ 663.0
Claims ceded	$ 433.0	$ 451.8	$ 366.2
Mortgage Guaranty Group			
Written premiums: Direct	$ 634.0	$ 708.6	$ 637.9
Assumed	-	-	-
Ceded	$ 4.0	$ 106.5	$ 95.1
Earned premiums: Direct	$ 648.6	$ 698.4	$ 612.7
Assumed	.2	.3	.4
Ceded	$ 4.3	$ 106.3	$ 94.9
Claims ceded	$ 173.7	$ 199.4	$ 1.9
Insurance in force as of December 31:			
Direct	$ 108,884.9	$ 128,267.5	$ 124,738.4
Assumed	895.0	1,435.1	1,737.1
Ceded	$ 2,933.9	$ 7,425.2	$ 7,419.7

(b) Leases - Some of the Company's subsidiaries maintain their offices in leased premises. Some of these leases provide for the payment of real estate taxes, insurance, and other operating expenses. Rental expenses for operating leases amounted to $43.1, $42.6 and $42.5 in 2009, 2008 and 2007, respectively. These expenses relate primarily to building leases of the Company. A number of the Company's subsidiaries also lease other equipment for use in their businesses. At December 31, 2009, aggregate minimum rental commitments (net of expected sub-lease receipts) under noncancellable operating leases are summarized as follows: 2010: $38.7; 2011: $31.1; 2012: $23.8; 2013: $18.6; 2014: $13.9; 2015 and after: $41.8.

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

From time to time, in order to assure possible liquidity needs, the Company may guaranty the timely payment of principal and/or interest on certain intercompany balances, debt, or other securities held by some of its insurance, non-insurance, and ESSOP affiliates. At December 31, 2009, the aggregate principal amount of such guaranties was $160.6.

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

Purported class action lawsuits are pending against the Company's principal title insurance subsidiary, Old Republic National Title Insurance Company ("ORNTIC") in state and federal courts in Connecticut, New Jersey, Ohio, Pennsylvania and Texas. The plaintiffs allege that ORNTIC failed to give consumers reissue and/or refinance credits

on the premiums charged for title insurance covering mortgage refinancing transactions, as required by rate schedules filed by ORNTIC or by state rating bureaus with the state insurance regulatory authorities. The suits in Pennsylvania and Texas also allege violations of the federal Real Estate Settlement Procedures Act ("RESPA"). Substantially similar lawsuits are also pending against other unaffiliated title insurance companies in these and other states as well, and additional lawsuits based upon similar allegations could be filed against ORNTIC in the future. Classes have been certified in the New Jersey and Pennsylvania actions. Settlement agreements have been reached in the Connecticut and New Jersey actions and are not expected to cost ORNTIC more than $2.9 and $2.2, respectively, including attorneys fees and administrative costs.

Since early February 2008, some 80 purported consumer class action lawsuits have been filed against the title industry's principal title insurance companies, their subsidiaries and affiliates, and title insurance rating bureaus or associations in at least 10 states. The suits are substantially identical in alleging that the defendant title insurers engaged in illegal price-fixing agreements to set artificially high premium rates and conspired to create premium rates which the state insurance regulatory authorities could not evaluate and therefore, could not adequately regulate. A number of them have been dismissed and others consolidated. Approximately 57 remain nationwide. ORNTIC is currently among the named defendants in 35 of these actions in 5 states; its affiliate, American Guaranty Title Insurance Company is a named defendant in 10 of the consolidated actions in 1 state; and the Company is a named defendant in 8 of the actions in 1 state. No class has yet been certified in any of these suits against the Company and ORNTIC, and none of the actions against them allege RESPA violations.

National class action suits have been filed against the Company's subsidiary, Old Republic Home Protection Company ("ORHP") in the California Superior Court, San Diego, and the U.S. District Court in Birmingham, Alabama. The California suit has been filed on behalf of all persons who made a claim under an ORHP home warranty contract from March 6, 2003 to the present. The suit alleges breach of contract, breach of the implicit covenant of good faith and fair dealing, violations of certain California consumer protection laws and misrepresentation arising out of ORHP's alleged failure to adopt and implement reasonable standards for the prompt investigation and processing of claims under its home warranty contracts. The suit seeks unspecified damages consisting of the rescission of the class members' contracts, restitution of all sums paid by the class members, punitive damages, declaratory and injunctive relief. No class has been certified in either action. ORHP has removed the action to the U.S. District Court for the Southern District of California. The Alabama suit alleges that ORHP pays fees to the real estate brokers who market its home warranty contracts and that the payment of such fees is in violation of Section 8(a) of RESPA. The suit seeks unspecified damages, including treble damages under RESPA.

On December 19, 2008, Old Republic Insurance Company and Old Republic Insured Credit Services, Inc. ("Old Republic") filed suit against Countrywide Bank FSB, Countrywide Home Loans, Inc. ("Countrywide") and Bank of New York Mellon, BNY Mellon Trust of Delaware in the Circuit Court, Cook County, Illinois seeking a declaratory judgment to rescind or terminate various credit indemnity policies issued to insure home equity loans and home equity lines of credit which Countrywide had securitized or held for its own account. In February of 2009 Countrywide filed a counterclaim alleging a breach of contract, bad faith and seeking a declaratory judgment challenging the factual and procedural bases that Old Republic has relied upon to deny or rescind coverage for individual defaulted loans under those policies. To date, Old Republic has rescinded or denied coverage on more than 11,500 defaulted loans, based upon material misrepresentations either by Countrywide as to the credit characteristics of the loans or by the borrowers in their loan applications.

On December 31, 2009, two of the Company's mortgage insurance subsidiaries, Republic Mortgage Insurance Company and Republic Mortgage Insurance Company of North Carolina (together "RMIC") filed a Complaint for Declaratory Judgment in the Supreme Court of the State of New York, County of New York, against Countrywide Financial Corporation, Countrywide Home Loans, Inc., The Bank of New York Mellon Trust Company, N.A., BAC Home Loans Servicing, LP, and Bank of America, N.A. as successor in interest to Countrywide Bank, N.A. (together, "Countrywide"). The suit relates to five mortgage insurance master policies (the "Policies") issued by RMIC to Countrywide or to The Bank of New York Mellon Trust Company as co-trustee for trusts containing securitized mortgage loans that were originated or purchased by Countrywide. RMIC has rescinded its mortgage insurance coverage on over 1500 of the loans originally covered under the Policies based upon material misrepresentations of the borrowers in their loan applications or the negligence of Countrywide in its loan underwriting practices or procedures. Each of the rescissions occurred after a borrower had defaulted and RMIC reviewed the claim and loan file submitted by Countrywide. The suit seeks the Court's review and interpretation of the Policies' incontestability provisions and its validation of RMIC's investigation procedures with respect to the claims and underlying loan files.

On January 29, 2010, in response to RMIC's suit, Countrywide served RMIC with a demand for arbitration under the arbitration clauses of the same Policies. The demand proposes arbitration in Los Angeles, California, and raises largely the same issues as those raised in RMIC's suit against Countrywide, as well as Countrywide's and RMIC's compliance with the terms, provisions and conditions of the Policies. The demand includes a prayer for punitive, compensatory and consequential damages.

Except in the Connecticut and New Jersey actions against the title companies, where settlement agreements have been approved, the ultimate impact of these lawsuits and the arbitration, all of which seek unquantified damages, attorneys' fees and expenses, is uncertain and not reasonably estimable. The Company and its subsidiaries intend to defend vigorously against each of the aforementioned actions. Although the Company does not believe that these lawsuits will have a material adverse effect on its consolidated financial condition, results of operations or cash flows, there can be no assurance in those regards.

Note 5 - Consolidated Quarterly Results - Unaudited - Old Republic's consolidated quarterly operating data for the two years ended December 31, 2009 is presented below. In management's opinion, however, that quarterly operating data for insurance enterprises such as the Company is not indicative of results to be achieved in succeeding quarters or years. The long-term nature of the insurance business, seasonal and cyclical factors affecting premium production, the fortuitous nature and, at times, delayed emergence of claims, and changes in yields on invested assets are some of the factors necessitating a review of operating results, changes in shareholders' equity, and cash flows for periods of several years to obtain a proper indicator of performance trends. The data below should be read in conjunction with the "Management Analysis of Financial Position and Results of Operations".

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

	1st Quarter	2nd Quarter	3rd Quarter(*)	4th Quarter
Year Ended December 31, 2009:				
Operating Summary:				
Net premiums, fees, and other income	$ 785.0	$ 818.4	$ 944.4	$ 865.6
Net investment income and realized gains (losses)	93.4	94.0	95.8	106.4
Total revenues	878.5	912.6	1,040.2	972.2
Benefits, claims, and expenses	971.3	998.3	1,069.4	1,038.2
Net income (loss)	$ (53.9)	$ (15.8)	$ 7.4	$ (36.7)
Net income (loss) per share: Basic	$ (.23)	$ (.07)	$ .03	$ (.15)
Diluted	$ (.23)	$ (.07)	$ .03	$ (.15)
Average shares outstanding:				
Basic	235,259,226	235,562,774	235,761,056	235,913,036
Diluted	235,259,226	235,562,774	235,878,936	235,913,036

(*) Third quarter results reflect the impact of the accounting treatment for certain reinsurance commutations. Refer to further discussion at Note 1(e).

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Year Ended December 31, 2008:				
Operating Summary:				
Net premiums, fees, and other income	$ 855.4	$ 844.1	$ 842.4	$ 804.6
Net investment income and realized gains (losses)	96.1	(337.4)	100.5	31.5
Total revenues	951.6	506.9	943.1	836.1
Benefits, claims, and expenses	991.3	1,024.9	1,016.5	1,024.1
Net income	$ (19.0)	$ (364.7)	$ (48.0)	$ (126.5)
Net income per share: Basic	$ (.08)	$ (1.58)	$ (.21)	$ (.54)
Diluted	$ (.08)	$ (1.58)	$ (.21)	$ (.54)
Average shares outstanding:				
Basic	230,495,852	230,702,352	230,735,600	233,763,723
Diluted	230,495,852	230,702,352	230,735,600	233,763,723

Note 6 - Information About Segments of Business - The Company's major business segments are organized as the General Insurance (property and liability insurance), Mortgage Guaranty and Title Insurance Groups. The Company includes the results of its small life & health insurance business with those of its 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 realized investment gains or losses and impairments, and these are aggregated in consolidated totals. The contributions of Old Republic's insurance industry segments to consolidated totals are shown in the following table.

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

The General Insurance Group provides property and liability insurance primarily to commercial clients. Old Republic does not have a meaningful participation in personal lines of insurance. Commercial automobile (principally trucking) insurance is the largest type of coverage underwritten by the General Insurance Group, accounting for 29.8% of the Group's direct premiums written in 2009. The remaining premiums written by the General Insurance Group are derived largely from a wide variety of coverages, including workers' compensation, general liability, loan credit indemnity, general aviation, directors and officers indemnity, fidelity and surety indemnities, and home and auto warranties.

Private mortgage insurance produced by the Mortgage Guaranty Group protects mortgage lenders and investors from default related losses on residential mortgage loans made primarily to homebuyers who make down payments of less than 20% of the home's purchase price. The Mortgage Guaranty Group insures only first mortgage loans,

primarily on residential properties having one-to-four family dwelling units. The Mortgage Guaranty segment's ten largest customers were responsible for 47.6%, 50.4% and 49.5% of traditional primary new insurance written in 2009, 2008 and 2007, respectively. The largest single customer accounted for 12.8% of traditional primary new insurance written in 2009 compared to 15.6% and 9.8% in 2008 and 2007, respectively.

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

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

Segment Reporting

	Years Ended December 31,		
	2009	2008	2007
General Insurance:			
Net premiums earned	$ 1,782.5	$ 1,989.3	$ 2,155.1
Net investment income and other income	270.1	266.6	282.9
Total revenues before realized gains or losses	$ 2,052.7	$ 2,255.9	$ 2,438.0
Income (loss) before taxes (credits) and realized investment gains or losses (a)	$ 200.1	$ 294.3	$ 418.0
Income tax expense (credits) on above	$ 52.2	$ 82.7	$ 126.5
Segment assets - at year end	$ 9,920.8	$ 9,482.9	$ 9,769.9
Mortgage Guaranty(c):			
Net premiums earned	$ 644.5	$ 592.5	$ 518.2
Net investment income and other income	101.6	97.5	90.1
Total revenues before realized gains or losses	$ 746.1	$ 690.0	$ 608.3
Income (loss) before taxes (credits) and realized investment gains or losses(a)	$ (486.4)	$ (594.3)	$ (110.4)
Income tax expense (credits) on above	$ (175.5)	$ (213.6)	$ (44.0)
Segment assets - at year end	$ 3,233.4	$ 2,973.1	$ 2,523.8
Title Insurance:			
Net premiums earned	$ 611.0	$ 463.1	$ 638.5
Title, escrow and other fees	277.4	192.9	212.1
Sub-total	888.4	656.1	850.7
Net investment income and other income	25.6	25.2	27.7
Total revenues before realized gains or losses	$ 914.1	$ 681.3	$ 878.5
Income (loss) before taxes (credits) and realized investment gains or losses (a)	$ 2.1	$ (46.3)	$ (14.7)
Income tax expense (credits) on above	$ (.4)	$ (18.1)	$ (6.4)
Segment assets - at year end	$ 852.8	$ 762.4	$ 770.4
Consolidated Revenues:			
Total revenues of above Company segments	$ 3,712.9	$ 3,627.4	$ 3,925.0
Other sources (b)	138.1	132.1	131.4
Consolidated net realized investment gains (losses)	6.3	(486.4)	70.3
Consolidation elimination adjustments	(53.8)	(35.3)	(35.8)
Consolidated revenues	$ 3,803.6	$ 3,237.7	$ 4,091.0
Consolidated Income (Loss) Before Taxes (Credits):			
Total income (loss) before income taxes (credits) and realized investment gains or losses of above Company segments	$ (284.0)	$ (346.3)	$ 292.9
Other sources - net (b)	4.0	13.5	15.1
Consolidated net realized investment gains (losses)	6.3	(486.4)	70.3
Consolidated income (loss) before income taxes (credits)	$ (273.6)	$ (819.2)	$ 378.4
Consolidated Income Tax Expense (Credits):			
Total income tax expense (credits) for above Company segments	$ (123.7)	$ (148.9)	$ 75.9
Other sources - net (b)	.9	4.3	5.3
Income tax expense (credits) on consolidated net realized investment gains (losses)	(51.7)	(116.1)	24.6
Consolidated income tax expense (credits)	$ (174.4)	$ (260.8)	$ 105.9

	December 31,	
	2009	2008
Consolidated Assets:		
Total assets for above Company segments	$ 14,007.0	$ 13,218.6
Other assets (b)	503.5	509.5
Consolidation elimination adjustments	(320.5)	(462.0)
Consolidated assets	$ 14,190.0	$ 13,266.0

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

(a) Income (loss) 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 - $17.9, $14.2, and $15.4 for the years ended December 31, 2009, 2008 and 2007, respectively; Mortgage - $7.2 for the year ended December 31, 2009; and Title - $5.5, $2.6, and $2.3 for the years ended December 31, 2009, 2008, and 2007, respectively.

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

(c) 2009 results reflect the impact of the accounting treatment for certain reinsurance commutations. Refer to further discussion at Note 1(e).

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Old Republic International Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, preferred stock and common shareholders' equity and cash flows, present fairly, in all material respects, the financial position of Old Republic International Corporation and its subsidiaries at December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009 based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting under Item 9A of the 2009 Annual Report on Form 10-K. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

PricewaterhouseCoopers LLP

Chicago, Illinois
February 26, 2010

Management's Responsibility for Financial Statements

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

The independent registered public accounting firm has advised that it audits the Company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board, as stated in their report, included herein.

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

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

None.

Item 9A - Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control

During the three month period ended December 31, 2009, there were no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

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

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

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

Based on our evaluation under the framework in *Internal Control – Integrated Framework,* our management concluded that our internal control over financial reporting was effective as of December 31, 2009. PricewaterhouseCoopers LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2009. Their report is shown on the preceding page in this Annual Report.

Item 9B - Other Information

Pursuant to the requirements of Section 303A.12(a) of the New York Stock Exchange Listed Company Manual, the Company has filed the Annual CEO Certification with the New York Stock Exchange on June 2, 2009.

PART III

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

The following table sets forth certain information as of December 31, 2009, regarding the senior officers of the Company:

Name	Age	Position
Charles S. Boone	56	Senior Vice President - Investments and Treasurer since August, 2001.
James A. Kellogg	58	President and Chief Operating Officer since July, 2006 and President of Old Republic Insurance Company since October, 2002.
Spencer LeRoy, III	63	Senior Vice President, Secretary and General Counsel since 1992.
Karl W. Mueller	50	Senior Vice President and Chief Financial Officer since October, 2004.
Christopher S. Nard	46	Senior Vice President - Mortgage Guaranty since May, 2005. President and Chief Executive Officer of Republic Mortgage Insurance Companies since May, 2005.
R. Scott Rager	61	Senior Vice President - General Insurance and President and Chief Operating Officer of Old Republic General Insurance Companies since July, 2006.
Rande K. Yeager	61	Senior Vice President - Title Insurance since March, 2003; President and Chief Executive Officer of Old Republic Title Insurance Companies since March, 2002.
Aldo C. Zucaro	70	Chairman of the Board, Chief Executive Officer, and Director since 1993, 1990 and 1976, respectively.

The term of office of each officer of the Company expires on the date of the annual meeting of the board of directors, which is generally held in May of each year. There is no family relationship between any of the executive officers named above. Each of these named officers has been employed in senior capacities with the Company and/or its subsidiaries for the past five years. Mr. LeRoy has been determined by the Company to not be an executive officer under Rule 3-b7 of the Exchange Act.

The Company will file with the Commission a definitive proxy statement pursuant to Regulation 14a in connection with its Annual Meeting of Shareholders to be held on May 28, 2010. A list of Directors appears on the “Signature” page of this report. Information about the Company’s directors is contained in the Company’s definitive proxy statement for the 2010 Annual Meeting of shareholders, which is incorporated herein by reference.

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

Item 11 - Executive Compensation

Information with respect to this Item is incorporated herein by reference to the section entitled “Executive Compensation” in the Company’s proxy statement in connection with the Annual Meeting of Shareholders to be held on May 28, 2010, which will be on file with the Commission.

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

Information with respect to this Item is incorporated herein by reference to the sections entitled “General Information” and “Principal Holders of Securities” in the Company’s proxy statement to be filed with the Commission in connection with the Annual Meeting of Shareholders to be held on May 28, 2010.

Item 13 - Certain Relationships and Related Transactions

Information with respect to this Item is incorporated herein by reference to the sections entitled “Procedures for the Approval of Related Person Transactions” and “The Board of Directors Responsibilities and Independence” contained in the Company’s Proxy Statement in connection with the Annual Meeting of Shareholders to be held on May 28, 2010, which will be on file with the Commission.

Item 14 - Principal Accountant Fees and Services

Information with respect to this Item is incorporated herein by reference to the paragraphs following Item 2 concerning the “Ratification of the Selection of an Independent Registered Public Accounting Firm” contained in the Company’s Proxy Statement in connection with the Annual Meeting of Shareholders to be held on May 28, 2010, which will be on file with the Commission.

PART IV

Item 15 - Exhibits

Documents filed as a part of this report:

1. Financial statements: See Item 8, Index to Financial Statements.
2. See exhibit index on page 96 of this report.
3. Financial Statement Schedules.

SIGNATURES

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

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

By : _____

Aldo C. Zucaro, Chairman of the Board, Chief Executive Officer and Director — Date

By : _____

Karl W. Mueller, Senior Vice President and Chief Financial Officer — Date

---

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

Harrington Bischof, Director*	Arnold L. Steiner, Director*
Jimmy A. Dew, Director* Vice Chairman of Republic Mortgage Insurance Company	Fredricka Taubitz, Director*
John M. Dixon, Director*	Charles F. Titterton, Director*
Leo E. Knight, Jr., Director*	Dennis P. Van Mieghem, Director*
John W. Popp, Director*	Steven Walker, Director*
William A. Simpson, Director* Chairman of Republic Mortgage Insurance Company	

* By/s/Aldo C. Zucaro
Attorney-in-fact
Date: February 25, 2010

INDEX TO FINANCIAL STATEMENT SCHEDULES

Report of Independent Registered Public Accounting Firm

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES

Schedule I - Summary of Investments - Other than Investments in Related Parties as of December 31, 2009

Schedule II - Condensed Financial Information of Registrant as of December 31, 2009 and 2008 and for the years ended December 31, 2009, 2008, and 2007

Schedule III - Supplementary Insurance Information for the years ended December 31, 2009, 2008 and 2007

Schedule IV - Reinsurance for the years ended December 31, 2009, 2008 and 2007

Schedule V - Valuation and Qualifying Accounts for the years ended December 31, 2009, 2008 and 2007

Schedule VI - Supplemental Information Concerning Property - Casualty Insurance Operations for the years ended December 31, 2009, 2008 and 2007

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON FINANCIAL STATEMENT SCHEDULES

To the Board of Directors and Shareholders of
Old Republic International Corporation:

Our audits of the consolidated financial statements and of the effectiveness of internal control over financial reporting referred to in our report dated February 26, 2010 (which report and consolidated financial statements are included under Item 8 in this Annual Report on Form 10-K) also included an audit of the financial statement schedules listed in the accompanying index. In our opinion, these financial statement schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP

Chicago, Illinois
February 26, 2010

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES
SCHEDULE I - SUMMARY OF INVESTMENTS - OTHER THAN INVESTMENTS IN RELATED PARTIES
As of December 31, 2009
($ in Millions)

Column A	Column B	Column C	Column D
Type of investment	Cost (1)	Fair Value	Amount at which shown in balance sheet
Available for sale:			
Fixed maturity securities:			
United States Government and government agencies and authorities	$ 780.0	$ 810.5	$ 810.5
States, municipalities and political subdivisions	2,209.3	2,344.0	2,344.0
Foreign government	157.3	163.4	163.4
Corporate, industrial and all other	4,749.4	5,008.7	5,008.7
	7,896.2	$ 8,326.8	8,326.8
Equity securities:			
Non-redeemable preferred stocks	-	$ -	-
Common stocks:			
Banks, trusts and insurance companies	107.3	260.5	260.5
Industrial, miscellaneous and all other	32.4	33.2	33.2
Indexed mutual funds	217.6	209.0	209.0
	357.5	$ 502.9	502.9
Short-term investments	826.7		826.7
Miscellaneous investments	24.0		24.0
Total	9,104.6		9,680.5
Other investments	7.8		7.8
Total Investments	$ 9,112.4		$ 9,688.4

(1) Represents original cost of equity securities, net of other-than-temporary impairment adjustments of $317.3, and as to fixed maturities, original cost reduced by repayments and adjusted for amortization of premium or accrual of discount.

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES
SCHEDULE II - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
BALANCE SHEETS
OLD REPUBLIC INTERNATIONAL CORPORATION (PARENT COMPANY)
($ in Millions)

	December 31,	
	2009	2008
Assets:		
Bonds and notes	$ 20.5	$ 20.5
Short-term investments	58.3	129.1
Investments in, and indebtedness of related parties	4,207.6	3,978.6
Other assets	58.0	47.3
Total Assets	$ 4,344.5	$ 4,175.7
Liabilities and Common Shareholders' Equity:		
Liabilities:		
Accounts payable and accrued expenses	$ 90.2	$ 95.0
Debt and debt equivalents	344.2	29.5
Indebtedness to affiliates and subsidiaries	18.6	310.7
Commitments and contingent liabilities		
Total Liabilities	453.1	435.3
Common Shareholders' Equity:		
Common stock	240.6	240.5
Additional paid-in capital	412.4	405.0
Retained earnings	2,927.3	3,186.5
Accumulated other comprehensive income (loss)	353.7	(41.7)
Unallocated ESSOP shares (at cost)	(42.7)	(50.0)
Total Common Shareholders' Equity	3,891.4	3,740.3
Total Liabilities and Common Shareholders' Equity	$ 4,344.5	$ 4,175.7

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES
SCHEDULE II - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
STATEMENTS OF INCOME
OLD REPUBLIC INTERNATIONAL CORPORATION (PARENT COMPANY)
($ in Millions)

	Years Ended December 31,		
	2009	2008	2007
Revenues:			
Investment income from subsidiaries	$ 33.0	$ 19.6	$ 22.4
Real estate and other income	4.1	4.2	4.1
Other investment income	.9	2.4	2.1
Total revenues	38.1	26.4	28.8
Expenses:			
Interest - subsidiaries	2.9	3.8	3.0
Interest - other	20.1	.1	3.7
Real estate and other expenses	3.7	3.6	3.3
General expenses, taxes and fees	10.7	11.5	13.9
Total expenses	37.6	19.1	24.1
Revenues, net of expenses	.5	7.2	4.6
Federal income taxes (credits)	(.3)	2.2	1.6
Income (loss) before equity in earnings (losses) of subsidiaries	.8	5.0	3.0
Equity in Earnings (Losses) of Subsidiaries:			
Dividends received	181.5	191.2	175.8
Earnings (losses) in excess of dividends	(281.5)	(754.6)	93.6
Net Income (Loss)	$ (99.1)	$ (558.3)	$ 272.4

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES
SCHEDULE II - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
STATEMENTS OF CASH FLOWS
OLD REPUBLIC INTERNATIONAL CORPORATION (PARENT COMPANY)
($ in Millions)

	Years Ended December 31,		
	2009	2008	2007
Cash flows from operating activities:			
Net income (loss)	$ (99.1)	$ (558.3)	$ 272.4
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Accounts receivable	.3	(.1)	-
Income taxes - net	(5.0)	26.0	17.0
Excess of equity in net (income) loss of subsidiaries over cash dividends received	281.5	754.2	(93.6)
Accounts payable, accrued expenses and other	2.8	9.1	(.6)
Total	180.4	230.8	195.3
Cash flows from investing activities:			
Purchases of:			
Fixed maturity securities	-	(12.6)	-
Fixed assets for company use	(2.3)	-	(.6)
Net repayment (issuance) of notes receivable with related parties	(188.2)	(118.1)	65.8
Net decrease (increase) in short-term investments	70.7	(92.7)	(33.7)
Investment in, and indebtedness of related parties-net	-	(77.1)	-
Total	(119.8)	(300.8)	31.5
Cash flows from financing activities:			
Issuance of debt	306.7	30.0	-
Net issuance (repayment) of notes and loans to related parties	(205.9)	159.1	46.1
Issuance of preferred and common stock	1.4	86.1	15.0
Redemption of debentures and notes	(2.0)	(.4)	(115.0)
Unallocated ESSOP shares	-	(50.0)	-
Dividends on common shares	(160.0)	(155.2)	(145.4)
Purchase of treasury stock	-	-	(28.3)
Other - net	(.8)	.3	.2
Total	(60.6)	70.0	(227.3)
Increase (decrease) in cash	-	-	(.4)
Cash, beginning of year	-	-	.4
Cash, end of year	$ -	$ -	$ -

Note 1 - Summary of Significant Accounting Policies

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

Note 2 - Investments in Consolidated Subsidiaries

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

Note 3 - Debt

In April 2009, the Company completed a public offering of $316.25 aggregate principle amount of Convertible Senior Notes. The notes bear interest at a rate of 8.0% per year, mature on May 15, 2012, and are convertible at any time prior to maturity by the holder into 86.8056 shares of common stock per one thousand dollar note.

Old Republic International Corporation currently has access to the commercial paper market through a wholly-owned subsidiary for up to $150.0. The average yield of the commercial paper outstanding at December 31, 2009 and 2008 was -% and 2.65%, respectively.

In the fourth quarter 2008, the Company secured a $30.0 bank loan to leverage the ESSOP's purchase of Old Republic International common stock. The average yield of the ESSOP bank loan was 3.85% and 5.41% at December 31, 2009 and 2008, respectively.

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES
SCHEDULE III - SUPPLEMENTARY INSURANCE INFORMATION
For the years ended December 31, 2009, 2008 and 2007
($ in Millions)

Column A	Column B	Column C	Column D	Column E	Column F
Segment	Deferred Policy Acquisition Costs	Losses, Claims and Settlement Expenses	Unearned Premiums	Other Policyholders' Benefits and Funds	Premium Revenue
Year Ended December 31, 2009:					
Insurance Underwriting:					
General Insurance Group	$ 136.2	$ 3,334.3	$ 825.8	$ 84.5	$ 1,782.5
Mortgage Insurance Group	34.1	1,965.4	74.9	-	644.5
Title Insurance Group	-	277.1	-	5.7	611.0
Corporate & Other (1)	36.5	21.5	-	57.7	73.3
Reinsurance Recoverable (2)	-	2,316.5	137.4	37.2	-
Consolidated	$ 206.9	$ 7,915.0	$ 1,038.1	$ 185.2	$ 3,111.5
Year Ended December 31, 2008:					
Insurance Underwriting:					
General Insurance Group	$ 147.7	$ 3,326.9	$ 889.9	$ 85.3	$ 1,989.3
Mortgage Insurance Group	38.0	1,382.6	89.4	-	592.5
Title Insurance Group	-	282.4	-	2.2	463.1
Corporate & Other (1)	37.0	22.2	-	57.2	80.1
Reinsurance Recoverable (2)	-	2,227.0	132.9	35.7	-
Consolidated	$ 222.8	$ 7,241.3	$ 1,112.2	$ 180.7	$ 3,125.1
Year Ended December 31, 2007:					
Insurance Underwriting:					
General Insurance Group	$ 158.5	$ 3,279.7	$ 931.9	$ 85.9	$ 2,155.1
Mortgage Insurance Group	42.9	644.9	79.8	-	518.2
Title Insurance Group	-	296.9	-	1.7	638.5
Corporate & Other (1)	44.9	24.7	-	64.2	77.0
Reinsurance Recoverable (2)	-	1,984.7	170.4	38.3	-
Consolidated	$ 246.5	$ 6,231.1	$ 1,182.2	$ 190.2	$ 3,389.0

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

(2) In accordance with GAAP, reinsured losses and unearned premiums are to be reported as assets. Assets and liabilities were, as a result, increased by corresponding amounts of approximately $2.4 billion, $2.3 billion and $2.1 billion at December 31, 2009, 2008 and 2007, respectively. This accounting treatment does not have any effect on the Company's results of operations.

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES
SCHEDULE III - SUPPLEMENTARY INSURANCE INFORMATION
For the years ended December 31, 2009, 2008 and 2007
($ in Millions)

Column A	Column G	Column H	Column I	Column J	Column K
Segment	Net Investment Income	Benefits, Claims, Losses and Settlement Expenses	Amortization of Deferred Policy Acquisition Costs	Other Operating Expenses	Premiums Written
Year Ended December 31, 2009:					
Insurance Underwriting:					
General Insurance Group	$ 258.9	$ 1,360.3	$ 280.0	$ 212.1	$ 1,720.4
Mortgage Insurance Group	92.0	1,134.1	35.4	62.9	630.0
Title Insurance Group	25.2	70.3	-	841.6	611.0
Corporate & Other (1)	7.2	34.1	20.2	25.8	72.9
Reinsurance Recoverable (2)	-	-	-	-	-
Consolidated	$ 383.5	$ 2,598.9	$ 335.7	$ 1,142.5	$ 3,034.4
Year Ended December 31, 2008:					
Insurance Underwriting:					
General Insurance Group	$ 253.6	$ 1,452.3	$ 294.9	$ 214.2	$ 1,966.6
Mortgage Insurance Group	86.8	1,180.7	38.7	64.9	602.0
Title Insurance Group	25.1	45.6	-	681.9	463.1
Corporate & Other (1)	11.6	36.8	24.2	22.1	77.4
Reinsurance Recoverable (2)	-	-	-	-	-
Consolidated	$ 377.3	$ 2,715.7	$ 357.8	$ 983.3	$ 3,109.4
Year Ended December 31, 2007:					
Insurance Underwriting:					
General Insurance Group	$ 260.8	$ 1,461.4	$ 340.2	$ 218.2	$ 2,112.0
Mortgage Insurance Group	79.0	615.8	39.5	63.4	542.9
Title Insurance Group	27.3	56.0	-	837.2	638.5
Corporate & Other (1)	12.7	32.9	22.8	24.7	78.4
Reinsurance Recoverable (2)	-	-	-	-	-
Consolidated	$ 379.9	$ 2,166.2	$ 402.5	$ 1,143.7	$ 3,372.0

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

(2) In accordance with GAAP, reinsured losses and unearned premiums are to be reported as assets. Assets and liabilities were, as a result, increased by corresponding amounts of approximately $2.4 billion, $2.3 billion and $2.1 billion at December 31, 2009, 2008 and 2007, respectively. This accounting treatment does not have any effect on the Company's results of operations.

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES
SCHEDULE IV - REINSURANCE
For the years ended December 31, 2009, 2008 and 2007
($ in Millions)

Column A	Column B	Column C	Column D	Column E	Column F
	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	Percentage of amount Assumed to net
Year Ended December 31, 2009:					
Life insurance in force	$ 11,302.6	$ 5,876.2	$ -	$ 5,426.3	- %
Premium Revenues:					
General Insurance	$ 2,432.1	$ 666.0	$ 16.3	$ 1,782.5	.9%
Mortgage Insurance	648.6	4.3	.2	644.5	-
Title Insurance	605.2	.1	5.9	611.0	1.0
Life and Health Insurance:					
Life insurance	28.7	13.1	-	15.6	-
Accident and health insurance	74.6	16.8	-	57.7	-
Total Life & Health Insurance	103.4	30.0	-	73.3	-
Consolidating adjustments	-	-	-	-	-
Consolidated	$ 3,789.5	$ 700.5	$ 22.5	$ 3,111.5	.7%
Year Ended December 31, 2008:					
Life insurance in force	$ 12,485.5	$ 6,434.6	$ -	$ 6,050.8	- %
Premium Revenues:					
General Insurance	$ 2,702.0	$ 741.8	$ 29.1	$ 1,989.3	1.5%
Mortgage Insurance	698.4	106.3	.3	592.5	.1
Title Insurance	460.2	.1	3.1	463.1	.7
Life and Health Insurance:					
Life insurance	32.1	14.4	-	17.7	-
Accident and health insurance	76.1	13.7	-	62.3	-
Total Life & Health Insurance	108.3	28.2	-	80.1	-
Consolidating adjustments	-	-	-	-	-
Consolidated	$ 3,969.0	$ 876.5	$ 32.6	$ 3,125.1	1.0%
Year Ended December 31, 2007:					
Life insurance in force	$ 13,873.4	$ 7,064.8	$ -	$ 6,808.5	- %
Premium Revenues:					
General Insurance	$ 2,644.7	$ 663.0	$ 173.4	$ 2,155.1	8.0%
Mortgage Insurance	612.7	94.9	.4	518.2	.1
Title Insurance	635.9	-	2.7	638.5	.4
Life and Health Insurance:					
Life insurance	32.8	15.6	-	17.2	-
Accident and health insurance	74.9	15.1	-	59.7	-
Total Life & Health Insurance	107.8	30.7	-	77.0	-
Consolidating adjustments	-	-	-	-	-
Consolidated	$ 4,001.1	$ 788.7	$ 176.6	$ 3,389.0	5.2%

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES
SCHEDULE V - VALUATION AND QUALIFYING ACCOUNTS
For the years ended December 31, 2009, 2008 and 2007
($ in Millions)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts - Describe	Deductions - Describe	Balance at End of Period
Year Ended December 31, 2009:					
Deducted from Asset Accounts:					
Reserve for unrecoverable reinsurance	$ 28.2	$ -	$ -	$ -	$ 28.2
Deferred tax asset valuation Allowance (1)	$ 54.0	$ -	$ -	$ (54.0)	$ -
Year Ended December 31, 2008:					
Deducted from Asset Accounts:					
Reserve for unrecoverable reinsurance	$ 28.7	$ (.4)	$ -	$ -	$ 28.2
Deferred tax asset valuation Allowance (1)	$ -	$ 54.0	$ -	$ -	$ 54.0
Year Ended December 31, 2007:					
Deducted from Asset Accounts:					
Reserve for unrecoverable reinsurance	$ 30.2	$ (1.5)	$ -	$ -	$ 28.7

(1) A valuation allowance of $54.0 was established against a deferred tax asset related to the Company's realized losses on investments at December 31, 2008. As of December 31, 2009, this valuation allowance was eliminated following an increase in the fair value of the Company's investment portfolio.

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES
SCHEDULE VI – SUPPLEMENTAL INFORMATION CONCERNING
PROPERTY-CASUALTY INSURANCE OPERATIONS
For the years ended December 31, 2009, 2008 and 2007
($ in Millions)

Column A	Column B	Column C	Column D	Column E
Affiliation With Registrant (1)	Deferred Policy Acquisition Costs	Reserves for Unpaid Claims and Claim Adjustment Expenses (2)	Discount, If Any, Deducted in Column C	Unearned Premiums (2)
Year Ended December 31:				
2009	$ 136.2	$ 3,334.3	$ 143.9	$ 825.8
2008	147.7	3,326.9	156.8	889.9
2007	158.5	3,279.7	148.5	931.9

Column A	Column F	Column G	Column H	
			Claims and Claim Adjustment Expenses Incurred Related to	
Affiliation With Registrant (1)	Earned Premiums	Net Investment Income	Current Year	Prior Years
Year Ended December 31:				
2009	$ 1,782.5	$ 258.9	$ 1,409.2	$ (56.8)
2008	1,989.3	253.6	1,520.1	(83.0)
2007	2,155.1	260.8	1,562.8	(110.6)

Column A	Column I	Column J	Column K
Affiliation With Registrant (1)	Amortization of Deferred Policy Acquisition Costs	Paid Claims and Claim Adjustment Expenses	Premiums Written
Year Ended December 31:			
2009	$ 280.0	$ 1,345.0	$ 1,720.4
2008	294.9	1,389.8	1,966.6
2007	340.2	1,195.0	2,112.0

(1) Includes consolidated property-casualty entities. The amounts relating to the Company's unconsolidated property-casualty subsidiaries and the proportionate share of the registrant's and its subsidiaries' 50%-or-less owned property-casualty equity investees are immaterial and have, therefore, been omitted from this schedule.
(2) See note (2) to Schedule III.

EXHIBIT INDEX

An index of exhibits required by Item 601 of Regulation S-K follows:

(3) Articles of incorporation and by-laws.

(A) * Restated Certificate of Incorporation. (Exhibit 3(A) to Registrant's Annual Report on Form 10-K for 2004).

(B) * By-laws, as amended. (Exhibit 99.2 to Form 8-K filed December 14, 2009).

(4) Instruments defining the rights of security holders, including indentures.

(A) * Amended and Restated Rights Agreement dated as of November 19, 2007 between Old Republic International Corporation and Wells Fargo Bank, NA. (Exhibit 4.1 to Registrant's Form 8-A filed November 19, 2007).

(B) * Agreement to furnish certain long-term debt instruments to the Securities & Exchange Commission upon request. (Exhibit 4(D) to Registrant's Form 8 dated August 28, 1987).

(C) * Form of Indenture dated August 29, 1992 between Old Republic International Corporation and the Wilmington Trust Company, as Trustee (refiled as Exhibit 4.1 to Registrant's Form 8-K filed April 22, 2009)

(D) * Supplemental Indenture dated April 29, 2009 between Old Republic International Corporation and the Wilmington Trust Company, as Trustee. (Exhibit 4.1 to Registrant's Form 8-K filed April 29, 2009)

(10) Material contracts.

** (A) * Amended and Restated Old Republic International Corporation Key Employees Performance Recognition Plan. (Exhibit 10(A) to Registrant's Annual Report on Form 10-K for 2002).

** (B) * Old Republic International Corporation 2005 Key Employees Performance Recognition Plan. (Exhibit 10(B) to Registrant's Annual Report on Form 10-K for 2006).

** (C) * Amended and Restated 1992 Old Republic International Corporation Non-qualified Stock Option Plan. (Exhibit 10(B) to Registrant's Annual Report on Form 10-K for 2002).

** (D) * Amended and Restated 2002 Old Republic International Corporation Non-qualified Stock Option Plan. (Exhibit 10(C) to Registrant's Annual Report on Form 10-K for 2005).

** (E) * Old Republic International Corporation 2006 Incentive Compensation Plan. (Exhibit 99.1 to Form 8-K/A filed June 2, 2006).

** (F) * Amended and Restated Old Republic International Corporation Executives Excess Benefits Pension Plan. (Exhibit 10(F) to Registrant's Annual Report on Form 10-K for 2008).

** (G) * Form of Indemnity Agreement between Old Republic International Corporation and each of its directors and certain officers. (Exhibit 10 to Form S-3 Registration Statement No. 33-16836).

** (H) * RMIC Corporation/Republic Mortgage Insurance Company Amended and Restated Key Employees Performance Recognition Plan. (Exhibit 10(I) to Registrant's Annual Report on Form 10-K for 2000).

** (I) * RMIC/Republic Mortgage Insurance Company 2005 Key Employees Performance Recognition Plan. (Exhibit 10(J) to Registrant's Annual Report on Form 10-K for 2006).

** (J) * Amended and Restated RMIC Corporation/Republic Mortgage Insurance Company Executives Excess Benefits Pension Plan. (Exhibit 10(J) to Registrant's Annual Report on Form 10-K for 2008).

** (K) * Amended and Restated Old Republic Risk Management Key Employees Recognition Plan. (Exhibit 10(J) to Registrant's Annual Report on Form 10-K for 2002).

(Exhibit Index, Continued)

** (L) * Old Republic Risk Management, Inc. 2005 Key Employees Performance Recognition Plan. (Exhibit 10(M) to Registrant's Annual Report on Form 10-K for 2006).

** (M) * Old Republic National Title Group Incentive Compensation Plan. (Exhibit 10(K) to Registrant's Annual Report on Form 10-K for 2003).

** (N) * ORI Great West Holdings, Inc. Key Employees Performance Recognition Plan. (Exhibit 10(O) to Registrant's Annual Report on Form 10-K for 2006).

** (O) * ORI Great West Holdings, Inc. 2005 Key Employees Performance Recognition Plan. (Exhibit 10(P) to Registrant's Annual Report on Form 10-K for 2006).

(12) Not applicable

(13) Not applicable

(14) * Code of Ethics for the Principal Executive Officer and Senior Financial Officer. (Exhibit 99.1 to Registrant's Form 8-K filed May 19, 2009).

(21) Subsidiaries of the registrant.

(23) Consent of PricewaterhouseCoopers LLP.

(24) Powers of attorney.

(31.1) Certification by Aldo C. Zucaro, Chief Executive Officer, pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbannes-Oxley Act of 2002.

(31.2) Certification by Karl W. Mueller, Chief Financial Officer, pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbannes-Oxley Act of 2002.

(32.1) Certification by Aldo C. Zucaro, Chief Executive Officer, pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbannes-Oxley Act of 2002.

(32.2) Certification by Karl W. Mueller, Chief Financial Officer, pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbannes-Oxley Act of 2002.

(99.1) * Old Republic International Corporation Audit Committee Charter. (Exhibit 99.4 to Registrant's Form 8-K filed May 19, 2009).

(99.2) * Old Republic International Corporation Governance and Nominating Committee Charter. (Exhibit 99.6 to Registrant's Form 8-K filed May 19, 2009).

(99.3) * Old Republic International Corporation Compensation Committee Charter. (Exhibit 99.5 to Registrant's Form 8-K filed May 19, 2009).

(99.4) * Code of Business Conduct and Ethics. (Exhibit 99.2 to Registrant's Form 8-K filed May 19, 2009).

(99.5) * Corporate Governance Guidelines. (Exhibit 99.3 to Registrant's Form 8-K filed May 19, 2009).

---

* Exhibit incorporated herein by reference.

** Denotes a management or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 601 of Regulation S-K.

(This page has been left blank intentionally.)

OLD REPUBLIC INTERNATIONAL CORPORATION

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TIME AND DATE	3:00 P.M., Central Daylight Time, Friday, May 28, 2010
PLACE	Old Republic Building 22nd Floor Conference Center 307 N. Michigan Avenue Chicago, Illinois 60601
ITEMS OF BUSINESS	• To elect three members of the Class 2 Board of Directors, each for a term of three years. • Approval of an Amendment to the Old Republic International Corporation 2006 Incentive Compensation Plan. • To transact such other business as may properly come before the Meeting and any adjournment or postponement thereof.
RECORD DATE	You can vote if you are a shareholder of record on March 29, 2010.
ANNUAL REPORT TO SHAREHOLDERS	Our annual report to shareholders for the year 2009 is printed together with this proxy statement. The Company's Forms 10-K, 10-Q and quarterly reports to shareholders also may be accessed through our Website at www.oldrepublic.com or by writing to Investors Relations at the above Company address.
PROXY VOTING	It is important that your shares be represented and voted at the Meeting. You can vote your shares by completing and returning your proxy card or by voting on the Internet or by telephone.

April 12, 2010

By Order of the Board of Directors

Spencer LeRoy III
Senior Vice President, General Counsel and Secretary

Page No.	Table of Contents
1	General Information
1	Voting Procedures
1	Shareholder Proposals for the 2011 Annual Meeting
1	Other Matters for the Shareholder Meeting
2	Expenses of Solicitation
2	Principal Holders of Securities
3	Section 16(a) Beneficial Ownership Reporting Compliance
3-4	Item 1: Election of Directors
4	Continuing Directors
5	Board of Directors' Recommendation
5	Corporate Governance
5	Overview
5	Leadership Structure and Risk Management
6	Board of Directors' Responsibilities and Independence
7	Shareholders Communication with the Board
7	Procedures for the Approval of Related Person Transactions
8	The Board and its Committees
8	Board and Committee Membership
8	Audit Committee
9	Compensation Committee
9	Executive Committee
9	Governance and Nominating Committee
10	External Audit Services
11	Audit Committee Report
11	Item 2: Approval of an amendment to the Old Republic International Corporation 2006 Incentive Compensation Plan
11	Background
11	Proposed Amendment and Purpose
12	Federal Income Tax Treatment of Stock Option Awards
12	Vote Required
12	Board of Directors Recommendation
12	Compensation Matters
12	Compensation Committee Report
13	Compensation Committee Interlocks and Insider Participation
13	Directors' Compensation
14	Compensation Discussion and Analysis
14	Compensation Philosophy and Objectives
14	Executive Performance Considered when Making Compensation Decisions
14	Elements of Compensation and the Factors and Rationale in Determining Compensation Amounts
15-16	Summary Compensation Table
16	Annual Salary
17	Incentive Awards and Bonuses
17-18	Performance Recognition Plans
18	Nonqualified Deferred Compensation
18	Stock Option Awards
19	Stock Option Grants
19	Exercise of Stock Options
19	Equity Compensation Plan Status
20	Outstanding Equity Awards at Year End
20	Pension Plans
21	Pension Benefits
21	Employee Savings and Stock Ownership Plan
22	Other Benefits
22	Change of Control, Severance or Retirement
22	Financial Restatement
22	Tax Deductibility of Compensation
22	Stock Ownership Guidelines
A-1	Exhibit A – Amendment to 2006 Incentive Compensation Plan
B-1	Exhibit B – Amended and Restated 2006 Incentive Compensation Plan

Proxy Statement

OLD REPUBLIC INTERNATIONAL CORPORATION
ANNUAL MEETING OF SHAREHOLDERS
May 28, 2010

GENERAL INFORMATION

This proxy statement is being furnished to the shareholders of Old Republic International Corporation, a Delaware insurance holding corporation (together with its subsidiaries, the "Company", “Old Republic” or “ORI”), 307 North Michigan Avenue, Chicago, Illinois 60601, in connection with the solicitation of proxies by its Board of Directors for use at the annual meeting of shareholders to be held on May 28, 2010 and any adjournments thereof. The approximate date on which this proxy statement and the accompanying proxy are first being sent to the shareholders is April 12, 2010.

The proxy may be revoked at any time before it is voted by written notification addressed to the persons named therein as proxies, and mailed or delivered to the Company at the above address. All shares represented by effective proxies will be voted at the meeting and at any adjournments thereof.

If the enclosed proxy is properly executed and returned in time for voting, the shares represented thereby will be voted as indicated thereon. If no specification is made, the proxy will be voted by the proxy committee for the election of the director nominees named below (or substitutes therefor if any nominees are unable or refuse to serve); for approval of an amendment to the Company’s Incentive Compensation Plan; and in its discretion upon any other matters which may properly come before the meeting.

The Company has one class of stock outstanding, Common Stock, $1.00 par value per share ("Common Stock"). On January 29, 2010, 240,686,104 shares of Common Stock were outstanding and entitled to one vote each on all matters considered at the meeting. Shareholders of record as of the close of business on March 29, 2010 are entitled to notice of and to vote at the meeting. There are no cumulative voting rights with respect to the election of directors.

VOTING PROCEDURES

The General Corporation Law of the State of Delaware applies to the Company and specifies that unless the corporation's Certificate of Incorporation or By-laws provide otherwise, votes on matters presented at Shareholders’ Meetings are decided as follows: (1) directors are elected by a plurality of the shares present in person or by proxy at the meeting and entitled to vote, (2) amendments to the Company’s Certificate of Incorporation are determined by the affirmative vote of the majority of shares outstanding and entitled to vote, and (3) all other matters are determined by the affirmative vote of the majority of the shares present in person or by proxy at the meeting and entitled to vote. The Company's Certificate of Incorporation and By-laws do not provide for any different treatment.

Under Delaware law the votes at the Company's Annual Shareholders’ Meeting will be counted by the inspectors of election required to be appointed at the meeting. The inspectors are charged with ascertaining the number of shares outstanding, the number of shares present, whether in person or by proxy, and the validity of all proxies. The inspectors are entitled to rule on any voting challenges and are responsible for the tabulation of the voting results.

A quorum for the Company’s annual shareholder meeting is one third of the shares outstanding and entitled to vote. Under Delaware law, abstentions are counted in determining the quorum of the meeting and as having voted on any proposal on which an abstention is voted. Therefore, on those proposals which require a plurality vote of the shares at the meeting that are entitled to vote, the vote of an abstention has no effect. However, on those proposals which require an affirmative vote of the majority of shares present in person or by proxy at the meeting, the vote of an abstention has the effect of a vote against the proposal.

Shares beneficially owned but registered in the name of a broker or bank will be counted for the determination of a quorum for the meeting if there is a discretionary voting item on the meeting agenda. In such cases, if the broker or bank does not vote these shares (a “non-vote”), they will not be counted as having voted on the proposal. Therefore, on those proposals which require a plurality or a majority vote of the shares at the meeting that are entitled to vote, a non-vote will have no effect. However, on those proposals which require an affirmative vote of the majority of the shares outstanding who are entitled to vote, a non-vote has the effect of a vote against the proposal. If there are no discretionary voting items on the meeting agenda shares beneficially held in the name of a broker or bank shall not be counted in the determining a quorum. This year there are no discretionary voting items on the Company’s agenda.

SHAREHOLDER PROPOSALS FOR THE 2011 ANNUAL MEETING

In order for a proposal by a shareholder of the Company to be included in the Company's proxy statement and form of proxy for the 2011 Annual Meeting of Shareholders, the proposal must be received by the Company no later than 120 days before the anniversary date of the Company’s last proxy statement.

OTHER MATTERS FOR THE SHAREHOLDER MEETING

The Company knows of no matters, other than those referred to herein, which will be presented at the meeting. If, however, any other appropriate business should properly be presented at the meeting, the proxies named in the enclosed form of proxy will vote the proxies in accordance with their best judgment.

EXPENSES OF SOLICITATION

All expenses incident to the solicitation of proxies by the Company will be paid by the Company. In addition to solicitation by mail, the Company has retained D. F. King & Company of New York City, to assist in the solicitation of proxies. Fees for this solicitation are expected to be approximately $8,500. The Company intends to reimburse brokerage houses and other custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred in forwarding copies of solicitation material to beneficial owners of Common Stock held of record by such persons. In a limited number of instances, regular employees of the Company may solicit proxies in person or by telephone.

PRINCIPAL HOLDERS OF SECURITIES

The following tabulation shows with respect to (i) each person who is known to be the beneficial owner of more than 5% of the Common Stock of the Company; (ii) each director and executive officer of the Company; and (iii) all directors and executive officers, as a group: (a) the total number of shares of Common Stock beneficially owned as of March 12, 2010 and (b) the percent of the class of stock so owned as of the same date:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent Of Class(*)
Common Stock Shareholders' beneficial ownership of more than 5% of the Common Stock	Franklin Resources, Inc. One Franklin Parkway San Mateo, California 94403-1906	19,378,056 (1)	8.1
	JP Morgan Chase & Co. 270 Park Avenue New York, New York 10017	18,974,881 (1)	7.9
	FMR LLC 82 Devonshire Street Boston, Massachusetts 02109	17,303,458 (1)	7.1
	Old Republic International Corporation Employees Savings and Stock Ownership Trust 307 N. Michigan Avenue Chicago, Illinois 60601	15,446,633 (2)	6.4
	Black Rock, Inc. 40 East 52nd Street New York, New York 10022	13,548,415 (1)	5.6
	Franklin Mutual Advisors, LLC. 101 John F Kennedy Parkway Short Hills, New Jersey 07078	12,747,567 (1)	5.3

Common Stock	Name of Beneficial Owner	Shares Subject to Stock Options(*)	Shares Held by Employee Plans(*)(2)(3)	Other Shares Beneficially Owned(*)(4)	Total	Percent Of Class(*)
Directors' and executive officers' beneficial ownership	Harrington Bischof	-	-	33,260	33,260 (5)	**
	Jimmy A. Dew	560,438	190,960	562,899	1,314,297 (6)	0.5
	John M. Dixon	-	-	18,199	18,199	**
	James A. Kellogg	166,188	42,429	388,462	597,079	0.2
	Leo E. Knight, Jr.	-	-	23,181	23,181	**
	Karl W. Mueller	99,350	2,553	6,242	108,145	**
	Christopher S. Nard	442,625	10,478	24,170	477,273	0.2
	John W. Popp	-	-	23,472	23,472	**
	R. Scott Rager	139,275	37,432	2,670	179,377	**
	William A. Simpson	556,688	-	548,040	1,104,728 (7)	0.5
	Arnold L. Steiner	-	-	826,438	826,438 (8)	0.3
	Fredricka Taubitz	-	-	22,681	22,681	**
	Charles F. Titterton	-	-	23,187	23,187 (9)	**
	Dennis Van Mieghem	-	-	14,050	14,050 (10)	**
	Steven R. Walker	-	-	34,340	34,340 (11)	**
	Rande K. Yeager	68,813	21,773	9,688	100,274	**
	Aldo C. Zucaro	1,711,000	403,147	1,063,101	3,177,248	1.3
	executive officers and directors, as a group (18)	3,826,377	746,743	3,633,205	8,206,325	3.3

* Calculated pursuant to Rule 13d-3(d) of the Securities Exchange Act of 1934. Unless otherwise stated below, each such person has sole voting and investment power with respect to all such shares. Under Rule 13d-3(d), shares not outstanding which are subject to options, warrants, rights or conversion privileges exercisable within 60 days are deemed outstanding for the purpose of calculating the number and percentage owned by such person, but are not deemed outstanding for the purpose of calculating the percentage owned by each other person listed.

** Less than one-tenth of one percent.

(1) Reflects the number of shares shown in the most recent Schedule 13G filings with the Securities and Exchange Commission through

February 15, 2010. Franklin Resources, Inc. reports that Franklin Advisory Services, LLC and Franklin Templeton Advisors, Inc. have sole voting power for 18,270,832 and 920,539 shares, respectively, and sole dispositive power for 18,457,432 and 920,539 shares, respectively; JP Morgan Chase & Co. reports that it has sole and shared voting power for 16,290,855 and 1,657,173 shares, respectively, and sole and shared dispositive power for 17,313,433 and 1,661,448 shares, respectively; FMR LLC reports its subsidiary, Strategic Advisors, Inc., has sole voting and dispositive power for 919,300 shares and its subsidiary, Fidelity Management & Research Company, has sole dispositive power for 16,384,158 shares; Black Rock, Inc. reports that it has sole voting and dispositive power for all share reported; Franklin Mutual Advisors, LLC reports it has sole voting and dispositive power for all shares reported.

(2) Reflects the number of shares held as of February 1, 2010. Under the terms of the Old Republic International Corporation Employees Savings and Stock Ownership Plan ("ESSOP"), a participant is entitled to vote the Company stock held by the ESSOP, the shares of which have been allocated to the participant's account. The Executive Committee of the Company, pursuant to the ESSOP, is authorized to vote the Company stock held by the ESSOP until such time as the shares of such stock has been allocated to a participant's account or where a participant fails to exercise his or her voting rights. Additionally, the Executive Committee may be deemed to have sole investment power with respect to unallocated stock and shared power for allocated stock held by the ESSOP. The Executive Committee is composed of Messrs. Bischof, Dixon, Popp, Steiner and Zucaro. The Trustees for the Trust established by the ESSOP are Messrs. LeRoy, Mueller, Rager and Zucaro. In addition to the ESSOP, the Old Republic International Employees Retirement Plan and two other retirement plans of subsidiaries hold an aggregate of 2,280,000 shares of the Company's stock, not included in this table, for which the voting of these shares are controlled, directly or indirectly in a fiduciary capacity, by the Executive Committee. Also, American Business & Personal Insurance Mutual, Inc. (ABPIM) and its subsidiary Inter Capital Group, Inc. own 2,132,873 shares of the Company's stock, not included in this table. ABPIM's directors and senior officers are also executive officers of the Company.

(3) Includes only the shares that have been allocated to the employer matching and employee savings accounts of the director or executive officer as a participant in the ESSOP or other Profit Sharing Plans sponsored by subsidiaries. Excludes those shares for which the director or executive officer may be deemed to have investment and voting power as a result of being a member of the Executive Committee. Includes shares of the Company's stock held by the RMIC Profit Sharing Plan for Mr. Dew and shares of the Company's stock held by the Great West Casualty Corporation Profit Sharing Plan for Mr. Rager.

(4) Includes the number of shares of Common Stock that the following listed persons would receive upon converting their holdings of the Company's 8% Senior Notes. Mr. Bischof – 13,021; Mr. Dew – 17,361; Mr. Dixon – 2,170; Mr. Kellogg – 8,681; Mr. Knight – 8,681; Mr. Mueller – 2,064; Mr. Nard – 2,170; Mr. Popp – 3,472; Mr. Rager – 2,170; Mr. Simpson – 26,042; Ms. Taubitz – 8,681; Mr. Titterton – 1,910; Mr. Walker – 4,340; Mr. Zucaro – 13,021.

(5) Includes 8,437 shares held in trust for Mr. Bischof's benefit.

(6) Includes 209,471 shares owned by Mr. Dew's wife.

(7) Includes 134,648 shares owned by Mr. Simpson's wife and 40,792 held in an IRA trust for Mr. Simpson's benefit.

(8) Includes 270,237 shares owned by Mr. Steiner directly, 465,000 shares held in trust for Mr. Steiner's children, for which he is a co-trustee, and 91,201 shares held by the Steiner Foundation for which Mr. Steiner disclaims beneficial ownership.

(9) Includes 5,079 shares held in IRA and SEP-IRA trusts for Mr. Titterton's benefit.

(10) Includes 1,250 shares owned by Mr. Van Mieghem's wife and 6,125 shares held in an IRA trust for Mr. Van Mieghem's benefit.

(11) Includes 17,925 shares held in IRA and SEP-IRA trusts for Mr. Walker's benefit and 9,000 shares held by his wife.

SECTION 16(a) BENEFICAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and directors, and persons who own more than ten percent of the Company's Common Stock, to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC"). Based solely on reports and other information submitted by executive officers, directors and such other persons required to file, the Company believes that during the year ended December 31, 2009 all reports required by Section 16(a) have been properly filed.

ITEM 1
ELECTION OF DIRECTORS

The following table lists all nominees and continuing directors of the Company. Three Class 2 directors are to be elected to hold office for a term of three years and until their successors are elected and qualified. On March 24, 2010, Mr. John Popp, a Class 2 director of the Company since 1993 and a director of several subsidiaries since 1984, advised that he was retiring from the Board at the end of his current term and would not stand for re-election. Following Mr. Popp's announcement the Board reduced its size from 12 to 11 members effective May 28, 2010. Each of the nominees is a current director standing for re-election. It is intended that, in the absence of contrary specifications, votes will be cast pursuant to the enclosed proxies for the election of such nominees. Should any of the nominees become unable or unwilling to accept nomination or election, it is intended, in the absence of contrary specifications, that the proxies will be voted for the balance of those named and for a substitute nominee or nominees. However, the Company does not expect such an occurrence. All of the nominees have consented to be slated and to serve as directors if elected.

Given the reasons and background information cited next to each Director's name below, the Board of Directors believes that each of the nominees and its other members is eminently qualified to serve Old Republic's shareholders and other stakeholders.

Name	Age	Positions with Company, Business Experience and Qualifications
Nominees for Election		
CLASS 2 (Term expires in 2013)		
Jimmy A. Dew	69	Director since 1980. Vice Chairman of Old Republic's subsidiary, Republic Mortgage Insurance Company ("RMIC"), of which he was a co-founder in 1973. His knowledge of RMIC gained in an executive capacity since its founding and his long service on ORI's board

		make him fully conversant with the insurance industry and its risk factors.
John M. Dixon	70	Director since 2003. Formerly Chief Executive Partner with the law firm of Chapman and Cutler, Chicago, Illinois until his retirement in 2002. His qualifications include his extensive background as an attorney and his knowledge of corporate law and the risk factors of corporations like the Company.
Dennis P. Van Mieghem	69	Director since 2004. A CPA by training, he was the Partner in charge of the National Insurance Tax Practice of the accounting firm of KPMG LLP until his retirement in 1998. With this background he brings significant experience and knowledge of the insurance industry and its risk factors to service on Old Republic's Board.

Continuing Members

CLASS 1 (Term expires in 2012)

Harrington Bischof	75	Director since 1997. President of Pandora Capital Corporation since 1996. Formerly Senior Advisor with Prudential Securities, Inc. and prior to that a Senior investment banker with the firms of Merrill, Lynch & Co. and White, Weld & Co. His long business, investment banking, and international finance experience are of significant value in the Corporation's governance.
Leo E. Knight, Jr.	64	Director of ORI since 2006, and of several Old Republic subsidiaries since 1999. A CPA by training, he retired in 2006 as Chairman and Chief Executive Officer of National City Mortgage Company, Dayton, Ohio, following a thirty-two year career. Mr. Knight is also a director of Merscorp, Inc. He brings significant business experience in mortgage lending and the mortgage insurance industry and their risk factors to Old Republic's Board.
Charles F. Titterton	68	Director since 2004. Formerly Director - Insurance Group with Standard & Poor's Corp. until 2003. He brings significant business experience and knowledge of the risk factors connected with the insurance industry by virtue of a long career as a lending officer with a major banking institution and with the aforementioned rating agency.
Steven R. Walker	64	Director since 2006. Formerly Senior Counsel and Partner with Leland, Parachini, Steinberg, Matzger & Melnick, LLP, attorneys, San Francisco, California. He brings significant experience to Old Republic's Board as both an attorney and a business manager during a long career focused on the title insurance industry.

Continuing Members

CLASS 3 (Term expires in 2011)

William A. Simpson	68	Director since 1980. Chairman of Old Republic's subsidiary, Republic Mortgage Insurance Company ("RMIC") of which he was a co-founder in 1973. His knowledge of RMIC's business gained in an executive capacity since its founding, and his long service on ORI's Board make him fully conversant with the insurance industry and its risk factors.
Arnold L. Steiner	72	Director since 1974. Retired for more than the past five years from Steiner Bank, Birmingham, Alabama of which he was President and a substantial owner. He brings long and significant experience in financial businesses and has extensive knowledge of the company and its risk factors.

Fredricka Taubitz	66	Director since 2003. A CPA by training, she was until 2000, Executive Vice President and Chief Financial Officer of Zenith National Insurance Corp. Until 1985 she had been a Partner with the accounting firm of Coopers & Lybrand (now PricewaterhouseCoopers LLP). During her long professional career she has gained significant experience in, and knowledge of, the business and the risk factors associated with the insurance industry.
Aldo C. Zucaro	71	Director since 1976. Chairman of the Board and Chief Executive Officer of the Company and various subsidiaries for more than the past five years. A CPA by training, he brings a significant background as a former insurance specialist partner with Coopers & Lybrand (now PricewaterhouseCoopers LLP), and long term experience with the insurance industry in general, and the Company in particular since 1970.

BOARD OF DIRECTOR'S RECOMMENDATION CONCERNING THE ELECTION OF DIRECTORS

The Board of Directors recommends a vote FOR the Class 2 directors listed above as nominees. Proxies solicited by the Board of Directors will be voted for the election of these nominees unless shareholders specify to the contrary.

CORPORATE GOVERNANCE

OVERVIEW

Old Republic is organized as an independent, for-profit insurance enterprise managed for the long run. Our Mission is to provide quality insurance security and related services to businesses, individuals, and public institutions and be a dependable long-term steward of the trust our policyholders and shareholders place in us. The Company's governance and operations are guided by this Mission and the inherent public interest vested in the risk taking nature of its business. Its governance is therefore aligned with this substance of the business with due appreciation and regard for its three most important assets:

- The investors' capital which enables and underpins the insurance risk taking;
- The intellectual capital, know-how, and business relationships possessed by employees at various levels of the enterprise; and
- The Company's good name and reputation, cultivated over its 86-plus year history, and the even longer history of some of its major insurance subsidiaries.

Information appearing on the Company's website is not incorporated by reference in this Proxy statement. However its Corporate Governance Guidelines, Code of Ethics for the Principal Executive Officer and Senior Financial Officers, and its Code of Business Conduct and Ethics, are accessible on the website at www.oldrepublic.com. Printed copies of these documents are also available to shareholders upon request to the Investors Relations Department at the Company's Chicago Home Office.

LEADERSHIP STRUCTURE AND RISK MANAGEMENT

The Company's leadership structure and its risk management processes are overseen and monitored by the Board of Directors. The details of this leadership structure and the development of management talent has been the primary responsibility of the Board's Executive Committee for many decades. This five member committee is currently composed of the Company's Chairman of the Board (Chairman) and Chief Executive Officer (CEO), and four independent directors, including the Lead Director. The Board of Directors and its Executive Committee believe that the Company's decades-long joining of the Chairman and CEO positions is best suited to ensuring the long term value, stability and management of the three most important assets necessary for the accomplishment of its Mission. Old Republic's Board holds management singularly accountable for protecting and enhancing the value of these and all other assets. It therefore holds its CEO responsible for setting the proper tone in shaping and nurturing the institution's culture and values not solely in the shareholders' interests, but in those of its important stakeholders as well. Most critically, these include the policyholders to whom long-term promises of financial indemnity and stability are made by the Company's insurance subsidiaries, the employees who possess the intellectual capital and business relationships necessary for the conduct and success of the Company, the debt holders who extend a portion of the capital at risk, and the regulators who are charged with protecting the public interest vested in the insurance enterprise. To meet these responsibilities and objectives, the Board expects the CEO to be a knowledgeable, and well rounded leader who, as chief enterprise risk manager is fully dedicated to Old Republic's overall Mission and is best qualified to address and balance the interests of all major stakeholders.

In the Board's sole discretion the Chairman and CEO positions may be separated and assigned to two individuals with extensive and complementary operating knowledge of the Company. Under the Board's long standing corporate governance philosophy, this separation is intended to be temporary and to occur in unusual

circumstances or during transitions of management authority.

While the Board has determined that the advantages of a joint Chairman and CEO position outweigh the theoretical benefits of a separated leadership structure, it has in the past few years formalized the establishment of a Lead Director position. In Old Republic's practice the Lead Director is appointed from among the independent directors and serves as that group's liaison to the Chairman and CEO in addition to the liaison also provided by the Executive Committee's four independent directors. In his or her capacity, the Lead Director may preside at board meetings in the Chairman's absence, provide input to meeting agendas of the full Board or the independent directors, and act as liaison among various committees' chairmen in the resolution of inter-committee governance applications that may arise from time to time.

Old Republic's multi-faceted business is managed through a relatively flat, non-bureaucratic organizational structure. The CEO has primary responsibility for managing enterprise-wide risk exposures. The Company avoids management by committee and other organizational impediments to the free flow of information and to effective decision making. Long established control processes are in place, and a variety of methods are utilized to coordinate system-wide risk taking and risk management objectives. These methods and processes are centered around three major functions:

- Lines of business responsibility,
- Enterprise functions, and
- Internal audit and peer reviews.

The lines of business operations are responsible for identifying, monitoring, quantifying, and mitigating all insurance underwriting risks falling within their areas of responsibility. Lines of business managers use reports covering annual, quarterly or monthly time frames to identify the status and content of insured risk, including pricing or underwriting changes. These reports ensure the continuity and timeliness of appropriate risk management monitoring, and enterprise-wide oversight of existing or emerging issues.

The enterprise functions incorporate system-wide risk management, including asset/liability and underwriting exposure correlation controls, regulatory and public interest compliance, finance, actuarial, and legal functions. These functions are both independent of the lines of business and are coordinated on an enterprise-wide basis by the CEO.

The internal audit, as well as related underwriting and claims management peer review functions and processes, provide reasonably independent assessments of management and internal control systems. Internal audit activities are intended to give reasonable assurance that resources are adequately protected; that significant financial, managerial and operating information is materially complete, accurate and reliable; and that all associates' actions are in compliance with corporate policies, standards, procedures, internal control guidelines, and applicable laws and regulations.

Corporate culture, and the actions of all our associates and the continuity of their employment are most critical to the Company's risk management processes. The Company's Code of Business Conduct and Ethics provides a framework for all senior managers and employees to conduct themselves with the highest integrity in the delivery of the Company's services to its customers and in connection with all Company relationships and activities.

The Compensation Committee, at the direction of the Board, has reviewed the Company's compensation policies and practices and has concluded that they do not encourage the Company's senior executives or employees to take unnecessary or excessive risks that could adversely effect the Company.

THE BOARD OF DIRECTORS' RESPONSIBILITIES AND INDEPENDENCE

The Board of Directors' main responsibilities are to oversee the Company's operations. Directly and through several committees operating cohesively, the Board is charged with the following oversight duties:

- Ascertain that strategies and policies are in place to encourage the growth of consolidated earnings and shareholders equity over the long haul, while increasing the Company's regular dividend payout;
- Ascertain that the Company's business is managed in a sound and conservative manner that takes into account the public interest vested in its insurance subsidiaries;
- Provide advice and counsel to management on business opportunities and strategies;
- Review and approve major corporate transactions;
- Monitor the adequacy of the Company's internal control and financial reporting systems and practices to safeguard assets and to comply with applicable laws and regulations;
- Ascertain that appropriate policies and practices are in place for managing the identified risks faced by the enterprise;
- Evaluate periodically the performance of the Chairman and Chief Executive Officer in the context of the Company's Mission and performance metrics;
- Review and approve senior management's base and incentive compensation taking into account the business' performance gauged by its return on equity and growth of operating earnings;
- Review periodically senior management development and succession plans both at corporate and operating subsidiary levels;
- Select and recommend for election by the shareholders candidates deemed qualified for Board service; and
- Select and retain independent auditors for the principal purpose of expressing their opinion on the annual financial statements and internal controls over financial reporting of the Company and its subsidiaries.

In considering ***the qualifications and independence of board members and candidates***, the Board of Directors, through the Governance and Nominating Committee, seeks to identify individuals who, at a minimum:

- Satisfy the requirements for director independence;
- Are, or have been, senior executives of businesses or professional organizations;
- Have significant business, financial, accounting and/or legal backgrounds useful to the Company's operations, markets and customer services.

Additionally, the Board seeks to retain and attract members possessing certain critical personal characteristics, most importantly, (i) respect within the candidate's social, business and professional community for his or her integrity, ethics, principles and insights; (ii) demonstrated analytic ability; and (iii) ability and initiative to frame insightful questions, to challenge questionable assumptions collegially, and to disagree in a constructive fashion as appropriate.

The Company's insurance business is conducted through four insurance segments which, in the aggregate, are broadly diversified as to type of coverages and services provided. Each of the segments' insurance subsidiaries is highly regulated by state and federal governmental agencies as to their capital requirements, financial leverage, business conduct, and accounting and financial reporting practices. In part, as the result of the specialized nature of its businesses and their regulation, it is the Company's view that at least two to four years are normally required for a new director to develop sufficient knowledge of the business to become a fully productive and effective contributor to the Company's governance. Reflecting this, each director is expected to serve two or more three-year terms on the Company's classified Board, that of one or more of its key insurance subsidiaries, and on one or more Board committees.

The commitment of a substantial expenditure of time for meetings, preparation therefor, and related travel is essential to the performance of a director's responsibilities. Owing to the risk taking nature of much of the Company's business, a demonstrated long-term orientation in a Board member's business dealings and thought process is considered very important. The Company's Board of Directors has been classified into three classes for several decades. Excepting the possibility of uneven distribution among the classes, one-third of the Board is therefore elected annually. This organizational structure is intended to promote continuity and stability of strategy and business direction for the best long term interests of investors in the Corporation's securities, the confidence of insurance subsidiaries' policyholders, and the long term expectations of other stakeholders.

Nine of the Company's directors have been affirmatively determined to qualify as "independent" directors in accordance with Section 303A.02 of the Listing Standards of the New York Stock Exchange ("NYSE") and item 407 (a) of Regulation S-K of the SEC. Neither they nor any members of their immediate families had any of the types of disqualifying relationships with the Company or any of its subsidiaries during 2009 or the two years prior to that, as set forth in subsection (b) of Section 303A.02 of the NYSE's Corporate Governance Standards. The independent directors who are listed below selected from among themselves a Lead Director; and met on a regular basis during 2009 in executive sessions without management present. The Lead Director is nominated by the Governance and Nominating Committee and elected annually by the independent directors. Arnold L. Steiner has been Lead Director for 2009 and through the date of this proxy statement.

Membership on the Company's Audit, Compensation, and Governance and Nominating Committees consists exclusively of independent directors. The members, chairpersons and vice-chairpersons of these committees are recommended each year to the Board by the Governance and Nominating Committee in consultation with the Executive Committee. Each of the three committees has the authority to retain independent advisors or counsel as necessary and appropriate in the fulfillment of their duties. The chairpersons set the agenda of their respective committees' meetings consulting, as necessary and appropriate, with the Chairman and CEO.

Shareholders Communication with the Board

Shareholders of the Company and other interested parties may communicate with the Lead Director, the independent directors, the Board of Directors as a whole or with any individual director. The communications must be in writing and sent to Old Republic International Corporation, c/o Secretary, 307 N. Michigan Ave, Chicago, IL 60601. The Secretary will promptly forward the communications to the intended recipient.

PROCEDURES FOR THE APPROVAL OF RELATED PERSON TRANSACTIONS

In addition to its Code of Business Conduct and Ethics and a Code of Ethics for The Principal Executive Officer and Senior Financial Officers, Old Republic also has a ***conflict of interest policy*** which is circulated annually, and acknowledged by all directors, officers and senior managers of the Company and its subsidiaries. This policy states that no director, officer, or employee of the Company or its subsidiaries may acquire or retain any interest that conflicts with the interest of the Company. This includes direct or indirect interests in entities doing business with the Company or its subsidiaries. If such a conflict occurs, the director, officer or employee is required to make a written disclosure of the conflict to the Company.

The directors, officers and affected employees are required to notify the Company of the actual or potential existence of a ***related party transaction***, as defined by SEC rules. Directors are required to notify the Chairman of the Board, unless the Chairman is an affected director, in which case he or she is required to notify the Lead Director. Executive officers are required to notify the CEO, unless the CEO is the affected executive, in which case he or she is required to notify the Chairman or Lead Director as appropriate. Under the procedures, the CEO, Chairman or Lead Director as applicable, must conduct a preliminary inquiry into the facts relating to any existing or

potential related party transaction. If, based upon the inquiry and the advice of legal counsel, the CEO, Chairman or Lead Director, as applicable, believes that an actual or potential related party transaction exists, then he or she is required to notify the entire Board. In turn, the Board is required to conduct a full inquiry into the facts and circumstances concerning a conflicted transaction and to determine the appropriate actions, if any, for the Company to take. Any director who is the subject of an existing or potential related party transaction will not participate in the decision-making process of the Board relating to what actions, if any, shall be taken by the Company with respect to such transaction.

The Board met four times, once each quarter, and participated in two interim telephone meetings in 2009. Each incumbent director attended at least 75% of the aggregate of the meetings of the Board and Committees on which each served. The Company does not require its Board of Directors to attend annual meetings of its shareholders. The meetings are conducted by the Chairman of the Board and Chief Executive Officer who is the designated spokesperson for the Corporation and represents the entire Board for these and other purposes.

THE BOARD AND ITS COMMITTEES

The following table shows the membership in the Board and its committees.

BOARD AND COMMITTEE MEMBERSHIP (as of March 31, 2010)

			Committee Membership			
Director	Independent Directors(a)	Other Directors(b)	Executive	Audit	Governance and Nominating	Compensation
Harrington Bischof	X		X		X(d)	X
Jimmy A. Dew		X				
John M. Dixon	X		X		X	X(c)
Leo E. Knight, Jr.	X			X(d)(e)	X	
John W. Popp	X		X	X(c)(e)		X
William A. Simpson		X				
Arnold L. Steiner	X(f)		X		X	X
Fredricka Taubitz	X			X(d)(e)		X
Charles F. Titterton	X			X(e)	X(c)	
Dennis P. Van Mieghem	X			X(e)		X(d)
Steven R. Walker	X				X	X
Aldo C. Zucaro		X	X(c)			
Number of scheduled meetings during 2009	4	4	5	5	5	4
Number of written consents and telephone meetings during 2009	2	2	2	3	-	-

(a) Independent director as that term is defined in SEC Rules and the Listing Standards of the NYSE. (b) The Other Director classification includes all directors who are members of management, or do not currently meet the standard indicated at (a) above. (c) Chairman (d) Vice-Chairman (e) Financial Experts as that term is defined in SEC Regulation S-K. (f) Lead Director.

The **Audit Committee** is organized to monitor the integrity of the Company's financial statements and the effectiveness of the Company's internal control over financial reporting, its compliance with legal and regulatory requirements, and the qualifications and performance of the Company's internal auditors and the appointment, compensation, retention and oversight of the Company's registered public accounting firm. It operates pursuant to a written charter approved each year by the Board of Directors, performs an annual self-evaluation, and is required to annually make a report which is printed below. While information appearing on the Company's website is not incorporated by reference in this proxy statement, the Committee's charter may be viewed at www.oldrepublic.com. Printed copies are also available to shareholders upon request.

Each Audit Committee member has been affirmatively determined to qualify as "independent", in accordance with the SEC's Rule 10A-3(b)(1) and the NYSE's Listing Standards. All five members of the Committee are deemed to qualify as audit committee financial experts, as that term is defined in SEC Regulation S-K. No member served on the audit committees of three or more unrelated publicly held companies. The current members of the Audit Committee are as follows:

Audit Committee

Leo E. Knight, Jr., Vice-Chairman John W. Popp, Chairman
Fredricka Taubitz, Vice-Chairman Charles F. Titterton
Dennis P. Van Mieghem

The Audit Committee held five meetings during 2009. In addition, there were three telephone conference calls held with the Company's independent auditors and management prior to the Company's filing of quarterly reports on SEC Form 10-Q.

The **Compensation Committee** assists the Board in fulfilling its responsibility for the oversight of the Company's benefit plans, evaluating the performance of the Company's CEO and other executive officers (collectively, the

"executive officers"), fixing their annual salaries, approving incentive and stock option plans and awards, and reviewing and evaluating any other compensation or benefits. The Committee consults with the CEO and President as to the performance, compensation and awards of the Company's other key employees. The Committee is also responsible for reviewing directors' compensation and subjects itself to an annual performance self-evaluation. The Committee is required to annually produce a report which is printed below.

Each member of the Committee has been affirmatively determined to qualify as "independent" in the judgment of the Company's Board of Directors and according to the listing standards of the NYSE and SEC rules. As part of its function, the Committee has previously retained an independent compensation consultant, Frederic W. Cook & Co., Inc., to review the Company's compensation programs and its procedures for setting compensation for the Company's executive officers. The consultant's review included a comparison of the compensation and benefit programs of companies similar in size, operation and organization as the Company, including a review of a peer group of companies determined by the Committee to be appropriate for comparison. The Committee consulted with the compensation consultant during 2009 and 2010. The consultant performed no other work for the Company or any of its subsidiaries and played no role in recommending the amount and form of compensation for the executive officers or Directors of the Company. All compensation recommendations are made solely by the Compensation Committee following consultation with the CEO and the President regarding the Company's executive officers (other than the CEO and the President) and other senior staff members of the Company.

The Committee is composed of seven directors and operates pursuant to a written charter approved each year by the Board of Directors. While information appearing on the Company's website is not incorporated by reference in this Proxy statement, the Committee's charter may be viewed on the Company's website at www.oldrepublic.com. Printed copies are available to shareholders upon request. The current members of the Compensation Committee are as follows:

Compensation Committee

Harrington Bischof	John M. Dixon, Chairman
John W. Popp	Arnold L. Steiner
Fredricka Taubitz	Dennis P. Van Mieghem, Vice-Chairman

Steven R. Walker

The **Executive Committee** is empowered to exercise the Board of Directors' authority between scheduled meetings, except as provided in the By-laws or otherwise limited by the provisions of the General Corporation Law of the State of Delaware. The Committee operates pursuant to a written charter. It is authorized to evaluate the performance of the CEO and other senior executives, to review and approve the Company's investment policy, to review and approve the Company's dividend and capitalization policies, to monitor the Company's enterprise risk management and to annually review and evaluate executive succession plans and make any necessary and appropriate recommendation to the Governance and Nominating Committee regarding Board and committee membership. While not incorporated by reference in this proxy statement, the Committee's charter may be viewed on the Company's website at www.oldrepublic.com. Printed copies are available to shareholders upon request. The Committee also oversees the Company's pension and Employees Savings and Stock Ownership plans. The current members of the Executive Committee are as follows:

Executive Committee

Harrington Bischof	John M. Dixon
John W. Popp	Arnold L. Steiner

Aldo C. Zucaro, Chairman

The **Governance and Nominating Committee** is organized to oversee the Company's policies relative to the size, composition and qualifications of the Board of Directors. The Committee is also authorized to establish procedures to identify and recommend qualified candidates for election to the Board, taking into consideration any recommendations from the Executive Committee, and to oversee compliance with corporate governance principles and procedures for the nomination process. The Committee operates pursuant to a written charter approved each year by the Board of Directors, and performs an annual self-evaluation.

The Board is currently composed of twelve persons of whom nine are classified as independent. It is the Company's longer term objective to reduce the size of its Board to between nine and eleven members, and to aim for at least 80% representation by independent directors. One of the goals of the Committee is to have the Board reflect diversity as regards to professional and business experience. Neither race, gender nor national origin is considered by the Committee when reviewing proposed candidates or the re-nomination of existing directors. The Committee believes the Board is appropriately diverse in the context of the Company's business needs and the Board's responsibilities to Shareholders and other stakeholders.

The Committee evaluates and proposes new and continuing candidates to the Board at large for approval and slating. The Committee can consider director candidates nominated by shareholders. Any name presented for consideration must be submitted to the Committee's Chairman with a copy to the Secretary no later than 120 days before the anniversary date of the Company's last proxy statement. It should be accompanied by a comprehensive description of the person's qualifications plus additional sources of relevant information which will assist the Committee in its review of the person's background and qualifications, and determination of fitness to serve. All candidates nominated by shareholders will be evaluated on the basis of the same minimum criteria and additional background qualifications and experience discussed in this proxy. A candidate who does not satisfy the minimum criteria qualifications will not be recommended by the Committee for membership on the Board. Given the long-term, regulated nature of the Company's business, nominees will not be considered if they are regarded simply as representatives of a particular shareholder or group of shareholders with a short-term agenda and not oriented

toward the demands of a regulated business vested with the public interest.

While not incorporated by reference in this proxy statement, the Committee's charter may be viewed on the Company's website at www.oldrepublic.com. Printed copies are available to shareholders upon request. In the judgment of the Company's Board of Directors each member of the Committee is considered independent pursuant to the Listing Standards of the NYSE and the rules of the SEC. The Committee's current members are as follows:

Governance and Nominating Committee

Harrington Bischof, Vice-Chairman	John M. Dixon
Leo E. Knight, Jr.	Arnold L. Steiner
Charles F. Titterton, Chairman	Steven R. Walker

EXTERNAL AUDIT SERVICES

For more than the past five years, the Committee has selected PricewaterhouseCoopers LLP ("PwC") as the Company's independent registered public accounting firm ("independent auditors") to examine it's consolidated financial statements. A member of PwC will be invited to attend the Company's Annual Meeting of Shareholders. He or she will be provided with an opportunity to make a statement if so desired, and be available to respond to appropriate questions. On March 10, 2010, the Company requested proposals for the 2010 financial statement audit from PwC and several other independent auditors. On March 19, 2010, PwC advised the Company that it was declining to stand for re-election as independent auditors for Old Republic for fiscal 2010. As a result of the declination by PwC, Old Republic's Audit Committee must now select a new independent auditor from among several firms which choose to submit proposals for consideration. Accordingly, the Company is unable to submit a selection to a vote of the shareholders. The selection of auditors will take place following an evaluation of the submitted proposals.

PwC's aggregate fees for professional services for the years listed are shown below. The Company has been advised that PwC's greater fees for 2005 and subsequent years are primarily reflective of the firm's added work to comply with its interpretation of the requirements imposed by the Sarbanes-Oxley Act and the Public Companies Accounting Oversight Board ("PCAOB"). The higher fee for 2009 is attributed to those reasons and the additional fees resulting from the Company's request for PwC to provide comfort letters in connection with the issuance of its 8% Convertible Senior Notes and its mortgage guaranty revenue recognition issue for that year.

Type of Fees	2009	2008	2007	2006	2005	Pre-Sarbanes Oxley Average 2003 - 2001
Audit Fees	$ 3,630,230(*)	$ 3,407,078	$ 3,268,527	$ 3,994,716	$ 3,935,418	$ 1,516,181
Audit Related Fees	417,445	488,058	472,874	495,238	569,707	287,979
Tax Fees	8,486	8,027	8,481	7,093	8,772	-
All Other Fees	3,713	3,287	3,816	3,390	3,000	2,715
Total	$ 4,059,874	$ 3,906,450	$ 3,753,698	$ 4,500,437	$ 4,516,897	$ 1,806,876

(*) Includes additional audit fees charged by PwC of $194,000 to provide comfort letters in connection with the issuance of its 8% Convertible Senior Notes and $198,000 for time dedicated to resolution of the Company's mortgage guaranty revenue recognition issue in 2009.

The term "Audit Fees" refers to expenses covering (a) professional services rendered by PwC for the audit of the Company's annual financial statements included in the Company's Form 10-K, (b) reviews without audit of financial statements included in the Company's Forms 10-Q, and (c) services normally provided by PwC in connection with statutorily mandated audits of statutory financial statements and filings. "Audit Related Fees" refers to fees for assurance and related services by PwC that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees". They consisted primarily of fees for actuarial support of audit functions, independent actuarial opinions required for regulatory purposes on insurance subsidiaries' claim reserves, audits of employee benefit plans, and assistance in certain state insurance department examinations. Since 2006, audits of employee benefit plans have been performed by an independent audit firm other than PwC. "Tax Fees" refers to fees for professional services rendered by PwC for tax compliance. The term "All Other Fees" refers to fees for products and services provided by PwC, other than those reported under the preceding categories, and consisted of charges for utilizing certain software for the Company's Canadian insurance operations.

The Charter of the Audit Committee requires that it pre-approve all non-audit work by the Company's independent auditors. In determining whether to approve non-audit services, the Committee considers whether the services in question facilitate the performance of the audit, improve the Company's financial reporting process or are otherwise in the Company's and its shareholders' interests. All of the Audit-Related Fees, Tax Fees and All Other Fees billed to the Company in 2009 were approved by the Audit Committee pursuant to the pre-approval waiver requirements of SEC Regulation S-X. The Audit Committee has determined that the other services and products provided by PwC were not incompatible with PwC's independence as the Company's auditors.

PwC has advised the Committee that all of its employees engaged in the Company's audit were independent of the Company.

AUDIT COMMITTEE REPORT FOR 2009

The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.

In accordance with its written charter, the Audit Committee ("Committee") assists the Board in fulfilling its oversight responsibilities. As part of its function, the Committee appointed PwC as the Company's independent auditors for 2009.

The Committee met with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting. During 2009, the Committee reviewed the interim financial and other information contained in each quarterly report on Form 10-Q filed with the Securities and Exchange Commission with the Chief Executive Officer, Chief Financial Officer, and the independent auditors prior to its filing. The Annual Report on Form 10-K was similarly reviewed. In addition, the Committee discussed with the independent auditors matters covered by PCAOB AU380 (Communication with Audit Committees). The Committee also received the letter required by PCAOB Rule 3526 (Independence Discussions with Audit Committees) and discussed such matters with PwC. The Committee met regularly with the Company's legal counsel to review the status of litigation involving the Company or its subsidiaries and to ascertain that the Company complied with applicable laws and regulations.

Following all these discussions and reviews, the Committee recommended to the Board of Directors and the Board approved the inclusion of the audited financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

Leo E. Knight, Jr., Vice-Chairman John W. Popp, Chairman
Fredricka Taubitz, Vice-Chairman Charles F. Titterton
Dennis P. Van Mieghem

ITEM 2
APPROVAL OF AN AMENDMENT TO THE OLD REPUBLIC INTERNATIONAL CORPORATION 2006 INCENTIVE COMPENSATION PLAN

Background

On May 26, 2006, the Shareholders of the Company approved the Old Republic International Corporation 2006 Incentive Compensation Plan ("Incentive Plan"). The details of the Incentive Plan are described in the sections labeled "Performance Recognition Plans" and "Stock Option Awards" of this proxy statement.

On February 25, 2010, the Compensation Committee, which is composed solely of independent directors, and the Board of Directors approved an amendment to the Incentive Plan (the "Proposed Amendment") and recommended that this Proposed Amendment be submitted to the Company's Shareholders for their approval. A copy of the Proposed Amendment is attached as Exhibit A. If the Proposed Amendment is approved by the Shareholders of the Company, the number of shares subject to award under the Incentive Plan both with regards to Options and other Stock Unit Awards shall be reduced from a maximum of nine percent (9%) of the Company's outstanding shares (approximately 21.7 million shares based on the outstanding number of the Company's shares on January 29, 2010) to 14.5 million shares of the Company's Common Stock. An amended Restated Incentive Plan, attached as Exhibit B, will become effective May 28, 2010 if the Proposed Amendment is approved by the shareholders.

Proposed Amendment and Purpose

Currently there are approximately 15.4 million option shares outstanding under the Incentive Plan and the prior option plans that the Company has sponsored. All of these outstanding option shares, except for those awarded in 2009, were granted with exercise prices that are in excess of the Company's current trading price on the NYSE. As a result, less than 1 million option shares, or about 0.4% of the Company's outstanding Common Stock are in the money and of that number only ten percent (10%) are currently vested and exercisable by the option holders. Under the current Incentive Plan, as of March 12, 2010, about 5.9 million option shares are available for award. The shares available, in the future, under the Incentive Plan until its termination is a function of nine percent (9%) of the Company's outstanding Common Stock less the then outstanding options as adjusted for options exercised, forfeited and cancelled. For the period 2005 to 2009 an average annual award of 0.8% of the Company's outstanding Common Stock occurred. This resulted in approximately 9.4 million option shares being awarded. During the same period, about 5.2 million option shares were exercised, forfeited or cancelled. As such, the Company has estimated, based upon previous option awards, that until the Incentive Plan terminates in 2016, approximately 14.5 million options shares would be available for awards.

The Compensation Committee, whose members are not eligible to receive stock options awards or other stock unit awards pursuant to the Incentive Plan, and who have never received any such awards, have determined that the Company, its shareholders and its employees eligible for awards under the Incentive Plan would be better served if the existing Incentive Plan were amended to fix the number of future awards available at 14.5 million shares until the Incentive Plan terminates in 2016. The Board of Directors has concurred and has recommended the approval of this Amendment to the Shareholders. The Proposed Amendment shall end the Company's authority to make awards

which would result in the total number of award shares equaling nine percent (9%) or approximately 21.7 million shares of the Company's outstanding Common Stock. Options granted and awards made prior to the Proposed Amendment shall continue to remain outstanding until they are exercised, forfeited, cancelled or expire. No stock option awards under the Incentive Plan shall be re-priced or surrendered under the Proposed Amendment.

Once the 14.5 million shares authorized by the Proposed Amendment are awarded, no additional option shares or other Stock Unit awards shall be made under the Incentive Plan. Additional shares shall only be authorized following Board and Shareholder approvals of an amendment to the Incentive Plan authorizing additional shares or a new plan is approved by the Board and Shareholders. However, the number of shares authorized by the Proposed Amendment shall be adjusted for any stock dividends or splits by the Company. Also, the number of shares authorized shall not be reduced in the event the Company or any subsidiary acquires another company that has a pre-existing plan not adopted in contemplation of an acquisition or combination with the Company, provided such awards were made to individuals who were employees of the acquired company prior to the acquisition or combination or such awards were not granted after a date when awards under the Incentive Plan could have been granted to the employees of the acquired company. Finally, if shares subject to award after the Proposed Amendment is adopted are forfeited, expire or terminate without issuance of all or a portion of the shares subject to such award, such shares shall, to the extent of their forfeiture, expiration, termination or non-issuance, be added back to the number then remaining available for award under the Proposed Amended Incentive Plan. If the Proposed Amendment is approved, the aggregate number of option shares awarded in the future, including any awarded after March 12, 2010, shall be deducted from the 14.5 million option shares authorized by the Proposed Amendment.

The Board of Directors of the Company may at any time amend, suspend or terminate the Incentive Plan. No termination or amendment shall, without the consent of the individual to whom any Stock Option or other Stock Unit Award shall have been granted, adversely affect the rights of such individual.

In all other respects, except to the extent amended by the Proposed Amendment, the Incentive Plan shall remain unchanged from the plan approved by Shareholders on May 26, 2006.

Federal Income Tax Treatment of Stock Option Awards

Awards granted under the Incentive Plan will not qualify for the special tax treatment accorded to certain statutory stock options under the Internal Revenue Code (the "Code"), nor is the Incentive Plan (and Proposed amendment) a qualified pension, profit-sharing or stock bonus plan under the Code. A participant will not recognize ordinary income for federal income tax purposes at the time of the grant of a Stock Option. However, upon the exercise of a Stock Option, the participant will realize ordinary income in an amount measured by the value of the Option share on the date of exercise over the option price for the Stock Option, if any, and the company shall be entitled to a corresponding deduction, subject to the requirements of Section 162(m) of the Internal Revenue Code. To comply with the requirements of Section 162(m), the Incentive Plan (and Proposed Amendment) sets a limit of 2,000,000 option shares or other stock unit awards representing no more than 400,000 shares for any participant during a 36-month period. The Company is required for federal income tax purposes to withhold tax on such income realized through the exercise of a Stock Option. Upon a subsequent disposition of shares, acquired by a Stock Option the participant will realize short-term or long-term capital gain or loss, depending on the term the stock is held after the date of exercise, with the basis for computing such gain or loss equal to the option price plus the amount of ordinary income realized upon exercise.

Vote Required

The Proposed Amendment will not become effective unless approved by the Company's Shareholders. The affirmative vote of the holders of a majority of the Company's securities present at the meeting who are entitled to vote on the proposal is required to approve the Proposed Amendment.

Board of Directors Recommendation

The Board of Directors recommends a vote FOR the Proposed Amendment to the 2006 Incentive Compensation Plan. Proxies solicited by the Board of Directors will be voted in favor of this proposal unless shareholders' specify to the contrary in their proxies.

COMPENSATION MATTERS

COMPENSATION COMMITTEE REPORT FOR 2009

The following Report of the Compensation Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.

The Committee met its oversight responsibilities through March 2010 by reviewing and discussing with the Company's management the Compensation Discussion and Analysis (CD&A) contained in this proxy statement. Based upon this review, its discussions and its activities, the Committee recommended that the CD&A be included in this proxy statement.

Harrington Bischof
John W. Popp
Fredricka Taubitz
John M. Dixon, Chairman
Arnold L. Steiner
Dennis P. Van Mieghem, Vice-Chairman
Steven R. Walker

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation Committee has served as an officer or employee of the Company or any of its subsidiaries, nor has any executive officer of the Company served as a director or member of a compensation committee for any company that employs any director of the Company or member of the Compensation Committee.

Directors' Compensation

Independent directors receive an annual retainer of $90,000 plus an additional annual fee of $10,000 for each committee on which they serve. The Lead Director, Mr. Steiner, and the chairmen of the Governance and Nominating and Compensation Committees, Messrs. Titterton and Dixon, respectively, each receive an additional annual retainer of $10,000. Mr. Popp as Chairman of the Audit Committee is paid an additional annual retainer of $15,000. Each of the Committees' Vice-Chairmen receives an additional retainer of $5,000. Independent directors also serve as directors of regulated subsidiary companies and these fees cover service on such subsidiary boards and related committees. Directors' compensation is reviewed annually, and any changes are recommended by the Compensation Committee, in consultation with the CEO and any independent consultant retained by the Committee for that purpose. The Committee's recommendations are in turn voted upon by the full Board.

Non-employee directors are not currently eligible for stock option awards. Incentive compensation awards, deferred compensation awards and pensions are currently limited to eligible full time employees. Mr. Zucaro as an employee and executive officer of the Company has his compensation reported in the Summary Compensation Table shown elsewhere in this proxy statement. Messrs. Dew and Simpson, who are retired, have their compensation reported in the Director Compensation table that follows. This table reports their consulting compensation and the value of all other compensation for 2009. Other than their participation in a 401(k) program sponsored by Republic Mortgage Insurance Company, ("RMIC"), a subsidiary company, neither Messrs. Dew or Simpson participated in a pension plan sponsored by the Company or any subsidiary.

The following table lists the compensation paid to each director of the Company. The Company and its subsidiaries, also, either directly pay, or reimburse directors for travel, lodging and related expenses incurred in attending meetings.

2009 Directors Compensation

(a) Name	(b) Fees Earned Or Paid in Cash	(c) Non-Qualified Deferred Compensation Earnings	(d) All Other Compensation	(e) Total
Harrington Bischof	$126,250	-	-	$126,250
Jimmy A. Dew	176,000(1)	23,058(2)	$811,207(4)	1,010,265
John M. Dixon	130,000	-	-	130,000
Leo E. Knight, Jr.	115,000	-	-	115,000
John W. Popp	135,000	7,336(3)	-	142,336
William A. Simpson	264,000(1)	32,773(2)	465,307(4)	762,080
Arnold L. Steiner	130,000	-	-	130,000
Fredricka Taubitz	115,000	-	-	115,000
Charles F. Titterton	118,750	-	-	118,750
Dennis Van Mieghem	115,000	-	-	115,000
Steven R. Walker	110,000	-	-	110,000

(1) Messrs. Dew and Simpson were not paid any director fees during 2009 but were paid $176,000 and $264,000, respectively, as consultants of RMIC as they continued as non executive Vice Chairman and Chairman of RMIC.
(2) During 2009, Messrs. Dew and Simpson were credited with $23,058 and $32,773, respectively, for interest on deferred balances held under the RMIC Key Employee Performance Recognition Plan.
(3) During 2009, Mr. Popp was credited with interest on the deferred balance of compensation due him from a subsidiary of the Company for work done for that subsidiary many years ago.
(4) Messrs. Dew and Simpson were paid $811,207 and $465,307, respectively, as one time lump sum settlements of previously deferred benefits under the RMIC Supplemental Retirement Plan during 2009. These payments resulted from their retirement at year end 2008.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy and Objectives

Compensation levels are set to enable the Company to attract and retain key executives and other associates critical to its long-term success. The Company believes that compensation paid to the executive officers with major policy setting responsibilities should be closely aligned with the performance of the Company on both a short-term and long-term basis. In this regard, performance is evaluated principally on the basis of achieved returns on equity and growth in operating earnings over multi-year periods. For all other executive officers and key employees, compensation is based in part on the foregoing financial factors as well as on their individual performances in supportive staff positions.

Neither the CEO, Chief Financial Officer (CFO), nor other executive officers of the Company have employment contracts. They and all other associates of the Company and its subsidiaries are employees at will. Compensation for most senior officers is set annually by the Compensation Committee of the Board of Directors based either on its sole determination or in consultation with the CEO and the President. The Company does not set any salary, incentive award or stock option targets or conditions for its executive officers which will automatically result in salary increases or awards based solely on the achievement of such targets or conditions. Rather, the Company attempts to make the total compensation paid to executive officers and its other employees, including non executive officers, reflective of the financial performance actually achieved by the Company and the divisions or units they work for. In certain cases, employees' individual performance is subjectively evaluated and their incentive compensation is set at a level reasonably competitive with other companies in the insurance industry. In all of these regards, the Company does not measure each individual element of compensation against similar elements paid by other companies or its peer group. Nor is any compensation element or the total compensation paid to any executive based solely on comparisons with those of other companies or their executives.

The companies Old Republic has selected as members of its peer group for 2009 were: Ace Limited, American Financial Group, Inc., The Chubb Corporation, Cincinnati Financial Corporation, First American Corporation, MGIC Investment Corporation, Markel Corporation, The PMI Group, Inc., Stewart Information Services Corporation, Travelers Companies, Inc. and XL Capital Ltd. A comparison of the aggregate stock performance of this peer group and Old Republic's appears in a five year chart in Part II of the Company Annual Report on Form 10K.

Executive Performance Considered in Reaching Compensation Decisions

The Company rewards performance which the Compensation Committee believes will lead to both short-term and long-term success. The Committee evaluates the Company's CEO performance and compensation in the context of the following most significant factors:

- Vision and planning for the Company's future, principally on a long-term basis;
- Strategies established and implemented to realize these plans;
- Leadership qualities;
- Judgment in making decisions regarding plans and general management of the Company's affairs;
- Commitment to achieving goals, especially when faced with adversity;
- Ability in setting objectives and promoting the best interests of the Company's shareholders, the beneficiaries of its subsidiaries' insurance policies, and those of other stakeholders;
- Adherence to high ethical standards that promote and protect the Company's good name and reputation.

No particular component is given any greater weight than another. Rather, each Compensation Committee member subjectively reviews these characteristics in the aggregate and exercises his or her best business judgment in reaching conclusions. The Committee evaluates the other policy-making executive officers' performance and compensation in consultation with the CEO and the President and in the context of the above noted factors. The performance of non-policy-making executive officers is likewise reviewed by the Committee in consultation with the CEO and the President.

Elements of Compensation and the Factors and Rationale in Determining Compensation Amounts

The compensation paid by the Company to its CEO and other executive officers is usually composed of the following basic elements:

- Annual Salary;
- Incentive awards including both cash and deferred amounts, based on earnings and return on equity achievements of the Company and its subsidiaries over multi-year periods, and in certain cases, bonuses based also upon their individual performances.
- Stock option awards; and
- Miscellaneous other benefits such as pensions and health insurance programs.

The following table shows the segmented sources of Old Republic's pre-tax and post-tax operating income. The level and trends in earnings of such segments and their past and most recent contributions to the Company's growth in the shareholders' equity account are important considerations in the determination of cash and stock option incentive compensation for policy-making executive officers in particular.

Segmented Operating Results
($ in Millions)

	2009	2008	2007	2006	2005
Pretax operating income (loss)(a):					
General insurance	$ 200.1	$ 294.3	$ 418.0	$ 401.6	$ 350.0
Mortgage guaranty	(486.4)	(594.3)	(110.4)	228.4	243.7
Title insurance	2.1	(46.3)	(14.7)	31.0	88.7
Corporate and other (b)	4.0	13.5	15.1	-	(.1)
Total	(279.9)	(332.7)	308.0	661.1	682.4
Income taxes (credits) on operating income (loss)	(122.7)	(144.6)	81.3	208.6	173.2
Net operating income (loss) (a)	$(157.2)	$(188.1)	$ 226.7	$ 452.4	$ 509.1

(a) Operating income is a non-GAAP reflection of the Company's business results in as much as it excludes investment gains or losses from sales of securities or impairments in the value of portfolio securities.
(b) Represents amounts for Old Republic's holding company parent, minor corporate services subsidiaries, and a small life and health insurance operation.

The following table shows a compensation summary for the Chairman and Chief Executive Officer, the Chief Financial Officer and the four policy-making executive officers responsible for operations of the Company and its major segments. Bonus and stock option awards for Messrs. Zucaro and Kellogg have been based to a significant degree on the Corporation's consolidated results, those of Messrs. Rager, Nard, and Yeager on the results of the General, Mortgage Guaranty, and Title Insurance segments, respectively, and those of Mr. Mueller and other non-policy-making executive officers and other associates on a composite of Old Republic's segmented and consolidated results, as well as their individual performance evaluations by senior executive officers.

Summary Compensation Table

(a) Name and Principal Positions	(b) Year	(c) Salary (1)	(d) Bonus (2)	(e) Value of Stock Option Awards(3)	(f) Change in Pension Value and Nonqualified Deferred Compensation Earnings (4)	(g) All Other (5) Compensation	(h) Total ($)
Aldo C. Zucaro	2009	$776,146	$ 40,748	$ -	$183,129	$ 22,577	$1,022,600
Chairman & Chief	2008	776,146	37,513	-	50,547	16,320	880,526
Executive Officer	2007	767,813	38,090	936,000	343,737	17,719	2,103,359
	2006	741,146	726,019	1,528,800	283,680	20,237	3,299,882
	2005	711,279	1,096,929	486,990	-	25,313	2,320,511
Karl W. Mueller	2009	385,000	113,446	13,116	24,886	7,216	543,664
Senior Vice President &	2008	370,833	103,724	38,000	15,876	7,807	536,240
Chief Financial Officer	2007	358,333	190,927	177,840	11,232	7,527	745,859
	2006	341,667	266,934	191,100	15,044	9,941	824,686
	2005	325,000	253,275	162,330	-	9,018	749,623
James A. Kellogg	2009	476,034	18,821	-	156,585	23,031	674,471
President & Chief	2008	472,400	18,273	-	79,904	20,246	590,823
Operating Officer	2007	467,400	18,632	397,800	(5,968)	13,402	891,266
	2006	413,233	449,186	327,600	104,700	17,737	1,312,456
	2005	357,400	421,948	162,330	-	15,766	957,444
Christopher S. Nard (6)	2009	395,000	31,916	52,464	-	13,365 (7)	492,745
Senior Vice President -	2008	375,333	31,209	152,000	-	17,106 (7)	575,648
Mortgage Guaranty	2007	351,833	31,702	280,000	-	33,521 (7)	697,056
	2006	343,500	784,135	409,500	-	36,138 (7)	1,573,273
	2005	305,167	757,856	229,967	-	29,878 (7)	1,267,397
R. Scott Rager (6)	2009	433,667	386,152	8,744	-	5,364	833,927
Senior Vice President -	2008	420,000	498,629	57,000	-	5,364	980,993
General Insurance	2007	374,500	486,440	257,400	-	487,109 (8)	1,605,449
	2006	294,583	430,770	256,815	-	5,982	988,150
Rande K. Yeager	2009	357,167	-	17,488	107,229	10,951	492,835
Senior Vice President-	2008	316,063	-	45,600	96,186	10,967	468,816
Title Insurance	2007	299,383	-	23,400	26,509	9,550	358,842
	2006	284,450	500,000	81,900	74,460	10,260	951,070
	2005	265,483	620,000	59,521	-	10,710	955,714

(1) Since January 1, 2007, no employee of the Company or any of its subsidiaries have received any director fees for attending Board meetings of the Company or any of its subsidiaries. In the above table, each officer's salary includes the non material amount of director fees for 2006 and 2005.

(2) Includes the combined cash and deferred incentive compensation awards granted under the Company's performance recognition plans or similar plans maintained by subsidiaries of the Company. In this table, both the cash and deferred portions are attributed to the year on which the award was based, even though the award was granted in the following calendar year. Prior to 2007, these awards were split 50% each into cash and deferred amounts, except as to Mr. Yeager whose awards were and continue to be 100% cash. Beginning in 2007, the first $25,000 was paid in cash and the balance was split 50% each into cash and deferred amounts. The deferred amounts included in this column are usually not payable before the person retires at 55 years of age or later. Beginning in 2007, the deferred portions accrue interest for awards made in 2005 and subsequent. For awards made prior to 2004 an interest equivalent multiplier may apply. The deferred amounts included in this column are shown without a present value discount but show the interest accrual on the deferred balances for the year. No incentive compensation awards were granted in 2007, 2008 or 2009 under the Company's and its subsidiaries Key Employee Performance Recognition Plans. These plans have been suspended. However, certain executive officers and other employees have been granted bonus awards based on the Company's segmented results as well as on their individual performance. The 2009 and 2008 bonus awards shown for Messrs. Mueller and Rager represent such awards and interest ($13,446 and $12,924 and $51,152 and $23,629, respectively) on deferred incentive compensation plan balances outstanding at December 31, 2009. The 2009, 2008 and 2007 amounts shown for Messrs. Zucaro, Kellogg and Nard represent only interest on their deferred incentive compensation plan balances.

(3) The value of options is calculated pursuant to the Black-Scholes model. The option values represent the estimated present value as of the date options were granted. Accordingly, the option awards included under this column were granted in the years shown and reflect, among other factors previously noted, an evaluation of earnings trends and returns on equity for prior years. The values shown for Messrs Mueller, Kellogg and Nard have been restated for 2008 and prior years to reflect changes in SEC rules regarding the presentation of such values.

The significant facts and assumptions incorporated in the Black-Scholes model used to estimate the value of the options include the following:

a) Options are issued with an exercise price equal to 100% of the per share value at the close of trading (the "Fair Market Value") of Common Stock on the business day immediately preceding the date of grant (the "Grant Date").
b) The term of each option is 10 years (unless such terms are otherwise shortened or forfeited due to termination of employment) but it is assumed that these executives would hold these options for 8 years.
c) Specific interest rates are used for valuing the awards. Such rates are predicated on the interest rate on U.S. Treasury securities on the date of grant with a maturity date corresponding to that of the expected option life.
d) A stock price volatility factor is utilized in valuing the option awards. This factor is calculated using daily stock prices for the period prior to the grant date corresponding with the expected option life.
e) Expected annual dividend yields ranging between 6.5% and 3.5% are used in the calculation of the awards.

The ultimate value of the options will depend on the future market price of the Company's Common Stock which cannot be forecasted with reasonable accuracy. The actual value, if any, that an optionee may realize upon exercise of an option will depend on the excess of the market value over the exercise price on the date the option is exercised.

The values attributed to options granted in the years 2005 to 2008 have been negated based on the actual market value of the company's stock through March 12, 2010.

(4) Represents the aggregate change in the actuarial present value of the accumulated benefits under all defined benefit and actuarial pension plans, including supplemental plans. The Company does not have any non-qualified deferred compensation plans that credit above market or preferential earnings to participants. No information is supplied for 2005 as that information is unavailable.

(5) Includes all minor amounts covering the Company's matching contribution to the officers' ESSOP account; the value of the Company's group term life insurance plan treated as income; the value of the personal use of a vehicle supplied for Company business; and the personal value of meals and club dues incurred for Company business.

(6) Mr. Nard assumed additional responsibilities as an executive officer of the Company effective June 1, 2005; Mr. Rager assumed additional responsibilities as an executive officer of the Company and its General Insurance Companies effective June 1, 2006.

(7) Includes the vested amounts accrued under the RMIC Profit Sharing Plan, of which their was none in 2008 and 2009, and a minor amount attributed to a health program available to all RMIC employees.

(8) Includes a $400,000 relocation bonus and $84,362 in relocation expenses paid to Mr. Rager in connection with his move to the Company's Chicago executive offices in 2007.

Annual Salary

The Company's objective in establishing annual salaries is to set them at amounts which:

1) Are reasonably competitive in the context of prevailing salary scales in the insurance industry; and
2) Provide a fixed, reasonable source of annual income.

The primary factors considered in varying degrees in establishing annual salaries are:

- Business size and complexity of the operations with which the executive is associated;
- The executive's level of responsibility and experience;
- The success of the executive's business unit and evaluation of his or her contribution to that success.

When making these evaluations prevailing salary scales in the insurance industry, the annual consumer price index, trends in salary levels in published or private compilations and reports, and data contained in the proxy statements of publicly held insurance organizations are taken into account. No formula, set benchmark or matrix is used in determining annual salary adjustments. The decision regarding each executive officer is subjectively based upon all of the above factors, with the Compensation Committee members exercising their business judgment in consultation with the CEO, as to executive officers other than the CEO himself. The Company believes its annual salary compensation level for executive officers is below the median for the insurance industry and its peer group.

The salaries of the executive officers are reviewed on an annual basis during the first quarter of the year, and concurrently with a promotion or other significant change in responsibilities. Prior compensation, prior cash and/or deferred incentive awards, bonuses or prior gains from the exercise of stock options are not taken into account when setting current annual salaries for the CEO and other executive officers of the Company.

Incentive Awards and Bonuses

The Company uses incentive awards, comprised of both cash and deferred amounts, as well as bonuses. Incentive awards and bonuses are intended to afford eligible executive officers and certain key associates, an opportunity and incentive to increase their compensation based on management's and the Compensation committee's review of their performance.

Performance Recognition Plans

Under the Company's Key Employee Performance Recognition Plan (KEPRP) a performance recognition pool is established each year for allocation among eligible key employees of the Company and its participating subsidiaries, including the CEO and other executive officers. Employees eligible to share in this pool are selected by the Compensation Committee in consultation with the CEO and the President. The CEO recommends the allocation of the pool to participants in the plan and the Compensation Committee then makes the sole determination with regard to the CEO's and President's performance, eligibility and award from any remaining balance in the pool, and after deducting any pertinent earnings multiplier therefrom. Up to 50% of any one year's pool amount may be carried forward for up to three years for later allocation. In designating eligible employees and determining amounts to be allocated, the Compensation Committee consults with the CEO and the President and considers the positions and responsibilities of the employees, the perceived value of their accomplishments to the Company, their expected future contributions to Old Republic and other relevant factors. The Compensation Committee's evaluation of all such factors is subjective and based on the business judgment of its members.

Each year's pool amount takes into account pre-established objectives approved by the Compensation Committee for return on equity and year over year growth in earnings. Calculation of the pool is made in accordance with a detailed formula affected by (a) the eligible participating employees' annual salaries, (b) the current year's earnings in excess of the prior year's earnings (excluding income from realized investment gains or losses), multiplied by a factor determined by the increase in the Company's earnings per share, and (c) the latest year's return on equity in excess of a minimum target return on equity equal to two times the mean of the five-year average post-tax yield on 10-year and 20-year U.S. Treasury Securities. The pool is limited to a percentage of plan participants' aggregate annual base salaries, ranging from 10% to 150%, depending upon the amount by which the current year's actual return on equity exceeds the minimum target return on equity for the year. There is no prescribed guaranty or limit as to how much of the year's available pool may be awarded to each participant.

Prior to 2007, there was an immediate payment in cash of 50% of any award, as well as 50% of the multiplier factor applied to the deferred balances of prior years' participants; the balance of the award was deferred and vested at the rate of 10% per year of participation. Beginning in 2007, the first $25,000 of any award, including any multiplier applied to a deferred balance, is paid in cash. For awards in excess of that amount, 50% of the excess is paid in cash and 50% is deferred. The deferred balance, if any, is credited with interest at a rate approved annually by the Compensation Committee. Pursuant to the terms of the plan, participants become vested in their deferred account balances upon total and permanent disability, death, upon the earlier of attaining age 55 or being employed for 10 years after first becoming eligible or upon a change of control of the Company. Benefits are payable in a set number of equal installments, beginning no earlier than age 55, following termination of employment, death, disability, retirement or a change in control of the Company. Distributions for executive officers can begin no earlier than six months following their termination from service.

In addition to the KEPRP, the Company also maintains a number of separate plans for several individual subsidiaries, or segments of business such as the Mortgage Guaranty and Title Insurance segments. Such plans provide for the achievement of certain financial results and objectives as to each such entity. Each of these plans operates in the same basic fashion as the Company's Plan. The award pools for each plan are also established according to detailed formulas that take into account the increases in earnings, returns on equity in excess of a minimum target percentage, and other factors pertinent to each operating entity. Each separate subsidiary's or operating center's plan has a similar cash and deferred element, except for a few separate plans used for transaction-driven businesses, such as Title Insurance, which have historically been cash basis plans only.

Incentive awards are typically granted annually during the first quarter of the year to eligible employees who are employed as of the award date. This follows the receipt of independent auditors' reports on the financial statements of the preceding year, and an evaluation of any pertinent and significant post balance sheet events and business trends.

The awards shown in the "Bonus" column of the preceding Summary Compensation Table for 2005 and 2006 were approved by the Compensation Committee following a review of the tangible factors cited at (a), (b), and (c) in the second paragraph of this section. As a result of the substantial decline in the earnings in 2007, 2008 and 2009 of the Company's consolidated business and of its Mortgage Guaranty and Title Insurance segments in particular, no incentive awards or bonus payments were made to any of the policy-making executive officers responsible for the operations of the Company as a whole or the Mortgage Guaranty or Title Insurance units. In light of current business and financial conditions, the Compensation Committee, in consultation with the CEO and the President, has determined to suspend the Company's KEPRP and certain other plans. The current policy of the Compensation Committee is to grant bonus awards, if any, to executive officers and other employees based upon a composite of the Company's segmented results as well as their individual performance evaluations by senior executive officers.

The following table sets forth certain information regarding non-qualified deferred compensation awards made to the persons listed in the Summary Compensation Table and shows the proforma balances of such accounts as of December 31, 2009. The individuals listed had no discretion as to whether they wished to defer any awards made to them by the Company and were not permitted to voluntarily make contributions of their own to the Company's KEPRP. The amounts shown as contributed to the named persons' accounts were based upon their performance for that year even though the award itself was made after year end following the receipt of the independent auditors' reports on the financial statements of the Company, review of any significant post balance sheet events, and their continued employment. Similarly, the amount earned on prior year balances and the aggregate balances for these persons are presented as of the date coincident with the calculation and the making of awards in mid-March 2010.

Nonqualified Deferred Compensation

Name	Company's Contributions 2009	Aggregate Earnings 2009	Aggregate Deferred Balance as of December 31, 2009
Aldo C. Zucaro	-	$ 40,748	$ 6,658,040
Karl W. Mueller	-	13,446	479,259
James A. Kellogg	-	18,821	1,487,647
Christopher S. Nard	-	31,916	2,233,336
R. Scott Rager	$ 155,000	51,152	1,994,675
Rande K. Yeager	-	-	-

Stock Option Awards

The Company believes that its CEO, executive officers, and other employees, who make a substantial contribution to long-term performance, should have an equity interest in the Company. The Company has maintained a non-qualified stock option plan for key employees of the Company and its participating subsidiaries for several decades. The current Plan was approved by the Company's shareholders in 2006 and replaced a similar non-qualified stock option plans that had been in place for more than twenty-five years. Pursuant to the existing Plan the sum of option awards issued, when added to then outstanding options, may not be greater than 9% of the Company's Common Stock issued and outstanding as of the end of the month immediately preceding the date of the awards. If the Proposed Amendment to the Incentive Plan as set forth elsewhere in this Proxy Statement is approved by the Company's shareholders the maximum number of potential options available for grant will be reduced from a current amount of approximately 21.6 million under this formula to a set number of 14.5 million until the Incentive Plan terminates in 2016. All awards made after March 12, 2010 will reduce the 14.5 million shares authorized for future awards under the Proposed Amendment.

The objective of the plan is to encourage:

1) an alignment of stockholder and employee interests,
2) employee efforts to grow shareholder value, and
3) a long-term commitment to the Company by participating employees.

Accordingly, stock option grants have not been limited solely to the CEO, and executive officers but have been available to a number of Company employees. The factors considered when making stock option awards include:

- the achievements of the individual,
- the overall performance of the Company,
- the anticipated contributions of awardees to the Company's future success.

No formula, set benchmark or matrix is used in determining stock option awards. The relative significance of the above factors with respect to awards granted to the CEO and other executive officers is determined subjectively by the Committee using its business judgment, and in consultation with the CEO and the President. The aggregate number of option shares granted over the past five years to all employees, including the CEO, the other executive officers of the Company and all employees has ranged from 0.4% to 1.1% of the then outstanding Common Stock of the Company.

Option awards are made once a year, usually during the first quarter following receipt of the independent auditors' report on the financial statement for the preceding year. The Compensation Committee approves the total pool of option shares and the options granted to the CEO, and a number of the most senior executives of the Company and its subsidiaries. The options' exercise price is the Fair Market Value of the Company's Common Stock on the Grant Date. When making these awards the other sources of compensation for the participant, such as base salary and any other incentive awards, are taken into account so as to achieve a reasonable balance of cash and future income or value. The grant of options and their strike price are not linked to any Company action such as the release of earnings and have typically occurred during March of each year.

The following table sets forth certain information regarding options to purchase shares of Common Stock granted in 2009 to the executive officers listed in the Summary Compensation Table:

2009 Stock Option Grants

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price Of Option Awards	Grant Date Fair Value of Option Award
Aldo C. Zucaro	-	-	-	-
Karl W. Mueller	3/25/09	15,000	$10.48	$ 13,116
James A. Kellogg	-	-	-	-
Christopher S. Nard	3/25/09	60,000	10.48	52,464
R. Scott Rager	3/25/09	10,000	10.48	8,744
Rande K. Yeager	3/25/09	20,000	10.48	17,488

The purchase price per share of Common Stock subject to an option was fixed by the Compensation Committee. Such purchase price was the fair market value of Common Stock on the Grant Date.

The term of each option was 10 years from the date of grant. Options are exercisable in accordance with the following vesting schedule: 10% at the end of the year of grant, and thereafter, annually at the rates of 15%, 20%, 25% and 30% so that at the end of the 5th fiscal year after the grant they are 100% vested. If the optionee dies, retires in good standing, after age 57, or becomes disabled, vesting acceleration occurs. In such cases and if a change in control of the Company occurs, vesting accelerates to the extent of the higher of 10% of the shares covered for each year of service by the optionee or the actual vested percentage plus 50% of the unvested remaining shares. All option shares granted prior to 2006 are now fully vested.

Exercises of Stock Options During 2009

No stock options were exercised during 2009 by any of the executive officers named in the Summary Compensation Table.

Equity Compensation Plan Information

The following table sets forth certain information regarding securities authorized for issuance under equity compensation plans as of year end 2009. The Company only has equity compensation plans that have been approved by the Company's shareholders.

Equity Compensation Plan Status as of Year End 2009

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	15,781,176	$17.49	5,880,514
Equity compensation plans not approved by security holders	-	-	-
Total	15,781,176	$17.49	5,880,514

The following table sets forth information regarding the unexercised options held by the persons listed in the Summary Compensation Table. This table shows the option exercise price for each exercisable and unexercisable option held by each individual and the date upon which each option expires.

Outstanding Equity Awards at Year End 2009

Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date
Aldo C. Zucaro	300,000	-	$14.36	03/21/11
	318,750	-	16.86	03/20/12
	346,875	-	14.37	03/19/13
	346,875	-	19.32	03/09/14
	112,500	-	18.41	04/11/15
	196,000	84,000	21.48	05/26/16
	90,000	110,000	21.77	03/13/17
	-	-	12.95	03/18/18
	-	-	10.48	03/25/19
Karl W. Mueller	37,500	-	20.02	03/09/14
	12,500	-	18.41	04/11/15
	24,500	10,500	21.48	05/26/16
	17,100	20,900	21.77	03/13/17
	6,250	18,750	12.95	03/18/18
	1,500	13,500	10.48	03/25/19
James A. Kellogg	4,219	-	6.40	03/22/10(*)
	6,563	-	14.36	03/21/11
	7,500	-	16.86	03/20/12
	9,375	-	14.37	03/19/13
	25,000	-	19.32	03/09/14
	37,500	-	18.41	04/11/15
	42,000	18,000	21.48	05/26/16
	38,250	46,750	21.77	03/13/17
	-	-	12.95	03/18/18
	-	-	10.48	03/25/19
Christopher S. Nard	28,125	-	6.40	03/22/10(*)
	65,625	-	14.36	03/21/11
	56,250	-	16.86	03/20/12
	75,000	-	14.37	03/19/13
	75,000	-	19.32	03/09/14
	53,125	-	18.41	04/11/15
	52,500	22,500	21.48	05/26/16
	27,000	33,000	21.77	03/13/17
	25,000	75,000	12.95	03/18/18
	6,000	54,000	10.48	03/25/19
R. Scott Rager	15,000	-	16.86	03/20/12
	27,500	-	19.32	03/09/14
	28,750	-	18.41	04/11/15
	32,900	14,100	21.48	05/26/16
	24,750	30,250	21.77	03/13/17
	9,375	28,125	12.95	03/18/18
	1,000	9,000	10.48	03/25/19
Rande K. Yeager	14,063	-	16.86	03/20/12
	18,750	-	19.32	03/09/14
	13,750	-	18.41	04/11/15
	10,500	4,500	21.48	05/26/16
	2,250	2,750	21.77	03/13/17
	7,500	22,500	12.95	03/18/18
	2,000	18,000	10.48	03/25/19

(*) These options were exercised or lapsed during March 2010.

Pension Plans

The Company maintains the Old Republic International Corporation Salaried Employees Restated Retirement Plan (“ORI Employees Retirement Plan” or "Company Plan") for eligible employees and those of participating subsidiaries who had been employed through year end, 2004. Persons whose employment commenced on or after January 1, 2005 are not eligible to participate in the Company Plan but may participate in the Company’s 401(k) ESSOP. The Company Plan, which is noncontributory, provides for benefits based upon 1.5% of the participant's "Final Average Monthly Earnings" (1/60th of the aggregate earnings of the employee during the period of the five

consecutive years of service out of the last ten consecutive years of service which results in the highest "Final Average Monthly Earnings") multiplied by the participant's years of service. Earnings include base salary and commissions, but exclude cash and deferred incentive compensation awards granted under the Company's current or former KEPRP.

The Company also maintains the Old Republic International Corporation Executive's Excess Benefit Plan ("ORI Excess Benefit Plan") to provide certain key executives with pension benefits in excess of those provided by the Company Plan because of legal limitations that cap benefit payments. The ORI Excess Benefit Plan is administered by the Compensation Committee of the Board of Directors, which selected the employees to participate in this plan from those who are participants in the Company Plan. Mr. Zucaro is the only listed executive officer who qualified for participation under the ORI Excess Benefit Plan, as this plan was closed to any additional participants as of December 31, 2004.

Employees of the Old Republic National Title Group ("ORNTG") who had been employed through year end 2003, participate in the Old Republic National Title Group Pension Plan ("ORNTG Plan") instead of the Company Plan. The ORNTG Plan operates in the same basic fashion as the Company's Plan except that benefits are calculated differently. The monthly benefit is 1.20% of the participants Final Average Monthly Earnings up to the Social Security Integration Level, and 1.75% of the amount in excess of that level, times the participant's years of credited service limited to a maximum of 30 years. Employees who joined ORNTG on or after January 1, 2004 are ineligible to participate in the ORNTG's Plan but may be eligible to participate in the Company's 401(k) ESSOP.

Mr. Nard did not participate in the Company Plan because employees of Republic Mortgage Insurance Company ("RMIC") participate in the RMIC Profit-Sharing Plan instead of the Company Plan. Likewise, Mr. Rager does not participate in the Company Plan. He does, however, participate in the Great West Casualty Profit Sharing Plan and the Company's ESSOP. These plans are described in the following section.

The following table sets forth the present value of the estimated benefits payable to an employee:

Pension Benefits

Name	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit (1)	Payments During Last Fiscal Year
Aldo C. Zucaro	ORI Employees Retirement Plan	32.4	$1,306,188	-
	ORI Excess Benefit Plan	32.4	2,863,938	-
Karl W. Mueller	ORI Employees Retirement Plan	4.3	70,286	-
James A. Kellogg	ORI Employees Retirement Plan	32.8	866,018	-
Christopher S. Nard	None	-	-	-
R. Scott Rager	None	-	-	-
Rande K. Yeager	ORNTG Pension Plan	22.6	711,605	-

(1) The present value of accumulated benefits payable following assumed retirement is calculated using interest and mortality assumptions consistent with those used for financial reporting purposes with respect to the companies' audited financial statements. No discount is assumed for separation prior to retirement due to death, disability or termination of employment. The amount shown is based upon accrued service through year end 2009.

Employees Savings and Stock Ownership Plan

Under the Company's 401(k) qualified ESSOP, employees' savings, up to a maximum of 6%, are matched by employer contributions ranging from 20% to 140% of such savings in accordance with a formula based upon the percentages saved and the increase in the Company's average net operating earnings per share for the five years ending with the calendar year immediately prior to the year for which the contribution is made. The Company's matching contribution applies to annual compensation up to a maximum of $150,000. For the year 2009, the Company's match was set at 20% by this formula. Employees' contributions are invested, at the employees' direction, in a number of publicly traded mutual funds and employees may elect to purchase the Company's Common Stock as an investment option. Employer contributions are invested exclusively in the stock of the Company. Prior to 2007 employees over age 55 and with 10 years of service credited under the Plan could diversify a portion of the employer's contributions out of the Company's stock and into alternative investments based on their age and years of service with the Company. For the year 2007 and in each subsequent year, employees with three or more years of service as of the prior years' end ("three years of service") may diversity the annual contribution of Company stock into alternative investments. Further, employees with three years of service may also diversify all of the prior contributions of Company stock at any time. The alternative investment choices include a number of publicly traded stock and bond mutual funds. Employees may also change their investments from the alternate investments permitted into investments in the Company's stock. However, the number of times an employee may change their investments into or out of the Company's stock is annually limited. A participant becomes vested in the account balance allocated from employer contributions upon being totally and permanently disabled, dying, or upon the earlier of attaining age 65 or being employed for 6 years. Vesting also occurs in increments of 20% a year, beginning after one year of service. Benefits are payable upon termination of service, death or disability, or following retirement and are subject to minimum distribution requirements set out in Treasury regulations under the Internal Revenue Code. At the election of the participant, benefits derived from employer contributions are payable either in cash or the Company's Common Stock.

Mr. Nard participates in the Company's ESSOP as well as in the RMIC Profit Sharing Plan, a 401(k) qualified plan. The RMIC Profit Sharing Plan covers substantially all employees of RMIC and its affiliates. Contributions to the plan are determined annually by RMIC's Board of Directors, and voluntary contributions of up to 10% of annual

income are permitted. There was no contribution made by RMIC in 2008 or 2009 based upon RMIC's performance in 2008 and 2007. Employees' contributions are invested, at the employees' direction, in a number of publicly traded mutual funds and employees may elect to purchase the Company's Common Stock as an investment option. RMIC Profit Sharing Plan participants' interests vest in increments of 10% of contributed amounts beginning with 40% after one year and extending to 100% after seven years. Account balances are payable upon death or permanent disability. Normal retirement is at age 65 and the plan provides for early retirement at age 50 with ten years of service. Benefits upon retirement may be received as a monthly annuity, periodic cash payments, or in a lump-sum distribution, at the participant's election.

Mr. Rager participates in the Company's ESSOP as well as in the GWC Profit Sharing Plan, The GWC Profit Sharing Plan is a 401(k) qualified plan that covers substantially all employees of GWC and its affiliates. Under the terms of the Plan, employees may contribute up to 15% of their pay on a pretax basis. Contributions are subject to an annual maximum (set at $16,500 in 2009) which increases annually to reflect changes in the cost of living. GWC matches 25% of the employees first 6% of contributions and at the discretion of GWC's Board of Directors may make additional contributions as determined annually. Employees' share in discretionary contributions on a proportional basis according to their earnings. Employees' contributions are invested, at the employees' direction, in a number of publicly traded mutual funds and employees may elect to purchase the Company's Common Stock as an investment option. GWC Profit Sharing Plan participants' interest vests in increments of 20% of the Company's contributions after two years of service and are 100% vested after six years of service. Benefits are payable upon normal retirement at age 65 and earlier upon death or permanent disability. Upon retirement a participant may elect a lump sum distribution or a direct rollover into an Individual Retirement Account.

Other Benefits

The Company's philosophy on compensation does not encompass the disbursement of significant values by way of perquisites or personal benefits to its executive officers and other associates. Such benefits, as are in fact provided, include the personal value attributed to the use of Company supplied automobiles, the personal value of club memberships, and the value of personal meals. The value of these benefits to the CEO, CFO and other listed executive officers are shown in the "All Other Compensation" column of the Summary Compensation Table shown elsewhere in this proxy statement. The Company and most of its subsidiaries provide other employment benefits that are generally available to most other employees and include: 401(k) and profit sharing plans based on each subsidiary's or operating unit's profitability; group life insurance plans; group health insurance plans; paid holidays and vacations.

Change of Control, Severance or Retirement

None of the executive officers have employment contracts, and all are considered "at-will" employees of the Company. Further, the Company has no change of control or severance agreements such as "golden parachutes" in place for any of its executive officers. However, the benefit plans referred to above would be affected, in limited ways, by a change of control of the Company. Such an event would not result in additional compensation or benefits being paid to any executive officer or employee for the Company. Rather, the effect would be to accelerate the vesting of benefits under these plans and require the immediate payment of all deferred balances under the Company's Performance Recognition Plans.

The above notwithstanding, the Company and its Board of Directors retain the right to enter into employment contracts or institute golden parachute and similar benefits for a number of its executives and other key associates immediately, and at any time circumstances may warrant, to protect the Company's business interests. There is no assurance, however, that any of the selected executives would agree to such contracts.

Financial Restatement

The Company has adopted a policy that it will, to the extent permitted by law, attempt to recover bonuses, deferred compensation and stock option awards made to executive officers where such awards were predicated upon financial results that were subsequently the subject of a restatement resulting from any benefiting executive's illegal or fraudulent actions. Where applicable, the Company will seek to recover any amount determined to have been inappropriately received by the individual executive.

Tax Deductibility of Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended, places a limit of $1,000,000 on the amount of compensation that the Company may deduct in any one year with respect to each of its five most highly paid executive officers. There is an exception to the $1,000,000 limitation for performance-based compensation meeting certain requirements. Annual cash incentive compensation and stock option awards generally are performance-based compensation meeting those requirements and, as such, are fully deductible. In light of the above rule, the Company has not adopted any policy with respect to compensation in excess of $1,000,000 being paid to executive officers.

Stock Ownership Guidelines

The Company encourages all its employees to own Company stock directly or through employee benefit plans such as its 401(k) ESSOP. All of its senior executive officers and directors own shares of the Company's stock. The Table on page 2 shows the nature and amount of such holdings.

The Company has an equity ownership policy for its directors and senior officers. Pursuant to this policy directors

are required to acquire holdings in the Company's Common Stock with a value of at least $250,000. This policy allows new directors three years during which to acquire such ownership with the valuation of such stock based upon the greater of current market value attained at any point in time or the original acquisition cost. All of the Company's directors currently hold in excess of this requirement. For the most senior officers of the Company, the recommended value of Common Stock ownership is based upon the following multiples of the officer's base salary:

CEO of the Company	6 times
President of the Company	4 times
Certain other senior officers of the Company and its subsidiaries	1.5 times

The value of all shares of Company Common Stock owned directly or held in employee benefit accounts by such officers together with the value of deferred compensation accounts are considered in meeting these objectives. Newly elected senior officers have five years to meet the pertinent requirement. Senior officers who are promoted to a position that suggests additional ownership of the Company's Common Stock have three years from such promotion to meet the applicable requirement.

This Proxy Statement is filed by order of the Board of Directors.

SPENCER LEROY, III
Senior Vice President,
General Counsel, and
Secretary

Chicago, Illinois
April 12, 2010

EXHIBIT A

AMENDMENT
TO
2006 INCENTIVE COMPENSATION PLAN

THIS AMENDMENT is to the Old Republic International Corporation (the "Company") 2006 Incentive Compensation Plan (the "Plan").

WHEREAS, Section 8.1 of the Plan provides that the Company's Board of Directors may, from time to time, amend the Plan as it shall deem advisable, subject to any requirement for stockholder approval imposed by applicable law, including the rules and regulations of the New York Stock Exchange (or such other principal securities exchange on which the Company's securities are traded), and provided that the Board of Directors may not amend the Plan in a manner that would result in non-compliance with Rule 16b-3 of the Securities Exchange Act of 1934 or in any way impair rights under any award previously granted; and

WHEREAS, the Company's Board of Directors has determined it advisable to amend the Plan with respect to Article 4, Section 4.1, limiting the number of shares of the Company's stock.

NOW, THEREFORE, subject to the approval of the holders of shares of the Company's stock entitled to vote at a duly constituted meeting of the Company's shareholders within twelve (12) months hereafter:

1. Section 4.1 of Article 4 of the Plan is amended to read in its entirety as follows:

   "4.1. *Number of Shares Subject to the Plan*.
   (a) Subject to adjustment as provided in Section 8.2 hereof, the aggregate number of Shares available for Awards issuable pursuant to this Plan on and after May 28, 2010, shall be 14,500,000.
   (b) If any Shares subject to an Award are forfeited, expire or terminate without issuance of all or a portion of the Shares subject to such Award, the Shares shall, to the extent of such forfeiture, expiration, termination or non-issuance, be added back to the number then remaining available for Awards under the Plan.
   (c) In the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by shareholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan; provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees prior to such acquisition or combination."

2. The first sentence of Section 9.13 of Article 9 of the Plan is amended to read as follows:

   "The Plan, as amended and restated, shall be effective as of May 28, 2010, subject to its approval by the holders of the Shares entitled to vote at a duly constituted meeting of the stockholders of the Company within twelve (12) months thereafter."

3. The penultimate sentence of Section 9.13 of Article 9 of the Plan is amended to read as follows:

   "Awards may be granted under the Plan at any time and from time to time prior to the date of the Plan's termination, as provided under Section 9.17 hereof, on which date the Plan will expire except as to Awards then outstanding under the Plan.

4. The first sentence of Section 9.17 of Article 9 of the Plan is amended to read as follows:

   "This Plan, as amended and restated, shall not be effective until it is approved by the affirmative vote of the holders of a majority of the Company's securities present and entitled to vote at a meeting duly held in accordance with the applicable laws of Delaware."

5. Following its approval by the Company's stockholders, this Amendment shall be effective as of May 28, 2010, and shall only apply to Awards made on or after such date. Nothing contained herein shall affect or apply to any Awards made under the Plan prior to such date.

6. Except as hereinabove otherwise specifically provided, the Plan remains unchanged and in effect.

IN WITNESS WHEREOF, the Company has caused its Chairman and Chief Executive Officer to execute this Amendment this 28th day of May, 2010.

OLD REPUBLIC INTERNATIONAL CORPORATION

ATTEST:

By: _____
A. C. Zucaro, Chairman and
Chief Executive Officer

_____

EXHIBIT B

AMENDED AND RESTATED
2006 INCENTIVE COMPENSATION PLAN

Old Republic International Corporation (the "*Company*"), a Delaware corporation, hereby establishes and adopts the following *Amended and Restated 2006 Incentive Compensation Plan* (the "*Plan*").

1. PURPOSE OF THE PLAN

The purpose of the Plan is to assist the Company and its Subsidiaries in attracting and retaining selected individuals to serve the Company who are expected to contribute to the Company's success and to achieve long-term objectives which will inure to the benefit of all stockholders of the Company through the additional incentives inherent in the Awards hereunder.

2. DEFINITIONS

2.1. "Award" shall mean any Option, Other Stock Unit Award or any other right, interest or option relating to Shares, or other property (including cash) granted pursuant to the provisions of the Plan.

2.2. "Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing any Award granted by the Committee hereunder, including through an electronic medium.

2.3. "Board" shall mean the Board of Directors of the Company.

2.4. "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

2.5. "Committee" shall mean the Compensation Committee of the Board, consisting of no fewer than three Directors, each of whom is (i) a "non-employee director" within the meaning of Rule 16b-3 of the Exchange Act, (ii) an "outside director" within the meaning of Section 162(m) of the Code, and (iii) an "independent director" for purpose of the rules and regulations of the New York Stock Exchange (or such other principal securities market on which the Shares are traded).

2.6. "Covered Employee" shall mean a "covered employee" within the meaning of Section 162(m) of the Code.

2.7. "Director" shall mean a non-employee member of the Board.

2.8. "Employee" shall mean any employee of the Company or any Subsidiary and any prospective employee conditioned upon, and effective not earlier than, such person's becoming an employee of the Company or any Subsidiary.

2.9. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

2.10. "Fair Market Value" of Shares as of any date shall mean the composite transactions closing price for the Shares on the immediately preceding trading date of the New York Stock Exchange, as published in The Wall Street Journal (or if there were no reported prices on such date, on the last preceding date on which the prices were reported) or, if the Company is not then listed on the New York Stock Exchange, on such other principal securities exchange on which the Shares are traded, and if the Company is not listed on the New York Stock Exchange or any other securities exchange, the Fair Market Value of Shares shall be an amount, not less than book value, determined by the Committee in its sole discretion.

2.11. "Option" shall mean any right granted to a Participant under the Plan allowing such Participant to purchase Shares at such price or prices and during such period or periods as the Committee shall determine.

2.12. "Option Proceeds" shall mean the cash actually received by the Company for the option price in connection with the exercise of Options or options granted under the Prior Plans that are exercised after the effective date of the Plan, plus the maximum tax benefit that could be realized by the Company as a result of the exercise of such Options or options granted under the Prior Plans, which tax benefit shall be determined by multiplying (a) the amount that is deductible for federal income tax purposes as a result of any such option exercise (currently equal to the amount upon which the Participant's withholding tax obligation is calculated), times (b) the maximum federal corporate income tax rate for the year of exercise.

2.13. "Other Stock Unit Award" shall have the meaning set forth in Section 5.1.

2.14. "Participant" shall mean an individual who is selected by the Committee to receive an Award under the Plan.

2.15. "Payee" shall have the meaning set forth in Section 9.1 hereof.

2.16. "Performance Award" shall mean any Award granted pursuant to Article 6 hereof.

2.17. "Performance Period" shall mean that period established by the Committee at the time any Performance Award is granted or at any time thereafter during which any performance goals specified by the Committee with respect to such Award are to be measured.

2.18. "Permitted Assignee" shall have the meaning set forth in Section 8.3 hereof.

2.19. "Prior Plan" shall mean the Amended and Restated 2002 Old Republic International Corporation Non-Qualified Stock Option Plan.

2.20. "Shares" shall mean the shares of Common Stock of the Company, par value $1.00 per share.

2.21. "Securities Act" shall mean the Securities Act of 1933, as amended.

2.22. "Subsidiary" shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of the granting of the Award, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

3. ELIGIBILITY AND ADMINISTRATION

3.1 Eligibility. Any individuals who, in the discretion of the Committee, are in positions to affect the profitability and growth of the Company shall be eligible to be selected as Participants.

3.2 Administration.

(a) The Plan shall be administered by the Committee. The Committee shall have full power and authority, subject to the provisions of the Plan and subject to such orders or resolutions not inconsistent with the

provisions of the Plan as may from time to time be adopted by the Board, to: (i) select the Participants to whom Awards may from time to time be granted hereunder; (ii) determine the type or types of Awards, not inconsistent with the provisions of the Plan, to be granted to each Participant hereunder; (iii) determine the number of Shares to be covered by each Award granted hereunder; (iv) determine the terms and conditions, not inconsistent with the provisions of the Plan, of any Award granted hereunder; (v) determine whether, to what extent, and under what circumstances cash Awards made under the Plan shall be deferred; (vi) determine whether, to what extent and under what circumstances any Award shall be canceled or suspended; (vii) interpret and administer the Plan and any instrument or agreement entered into under or in connection with the Plan, including any Award Agreement; (viii) correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent that the Committee shall deem desirable to carry it into effect; (ix) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (x) make any other determination and take any other action that the Committee deems necessary or desirable for administration of the Plan.

(b) Decisions of the Committee shall be final, conclusive and binding on all persons or entities, including the Company, any Participant, and any Subsidiary. A majority of the members of the Committee may determine its actions and fix the time and place of its meetings.

(c) To the extent not inconsistent with applicable law, including Section 162(m) of the Code, or the rules and regulations of the New York Stock Exchange (or such other principal securities market on which the Shares are traded), the Committee may delegate to a committee of one or more Directors of the Company or, to the extent permitted by law, to one or more executive officers or a committee of executive officers of the Company or its Subsidiaries the right to grant Awards to Employees who are not executive officers of the Company and the authority to take action on behalf of the Committee pursuant to the Plan to cancel or suspend Awards to Employees who are not executive officers of the Company.

4. OPTIONS

4.1 Number of Shares Subject to the Plan.

(a) Subject to adjustment as provided in Section 8.2 hereof, the aggregate number of Shares available for Awards issuable pursuant to this Plan, on and after May 28, 2010, shall be 14,500,000.

(b) If any Shares subject to an Award are forfeited, expire or terminate without issuance of all or a portion of the Shares subject to such Award, the Shares shall, to the extent of such forfeiture, expiration, termination or non-issuance, be added back to the number then remaining available for Awards under the Plan.

(c) In the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by shareholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan; provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees prior to such acquisition or combination.

4.2 Character of Shares. Any Shares issued hereunder may consist, in whole or in part, of authorized and unissued shares, Treasury shares or shares purchased in the open market or otherwise.

4.3 Grant of Options. Options may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan. Any Option shall be subject to the terms and conditions of this Article 4 and to such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall deem desirable.

4.4 Award Agreements. All Options granted pursuant to this Article 4 shall be evidenced by a written Award Agreement in such form and containing such terms and conditions as the Committee shall determine which are not inconsistent with the provisions of the Plan. The terms of Options need not be the same with respect to each Participant. Granting of an Option pursuant to the Plan shall impose no obligation on the recipient to exercise such Option. Any individual who is granted an Option pursuant to this Article 4 may hold more than one Option granted pursuant to the Plan at the same time.

4.5 Option Price. The option price per each Share purchasable under any Option granted pursuant to this Article 4 shall not be less than 100% of the Fair Market Value of such Share, as defined in Section 2.10 above. Other than pursuant to Section 8.2 hereof, the Committee shall not without the approval of the Company's stockholders (a) lower the option price per Share of an Option after it is granted, (b) cancel an Option when the option price per Share exceeds the Fair Market Value of the underlying Shares in exchange for another Award, or (c) take any other action with respect to an Option that may be treated as a repricing under the rules and regulations of the New York Stock Exchange (or such other principal securities market on which the Shares are traded).

4.6 Option Term. The term of each Option shall be fixed by the Committee in its sole discretion; provided that no Option shall be exercisable after the expiration of ten (10) years from the date the Option is granted, except in the event of death or disability.

4.7 Exercise of Options. Vested Options granted under the Plan shall be exercised by the Participant or by a Permitted Assignee thereof (or by the Participant's executors, administrators, guardian or legal representative, as may be provided in an Award Agreement) as to all or part of the Shares covered thereby, by the giving of written notice of exercise to the Company or its designated agent, specifying the number of Shares to be purchased, accompanied by payment of the full purchase price for the Shares being purchased, together with the amount required to be withheld by the then current Internal Revenue Code and Regulations and applicable state income taxes. Unless otherwise provided in an Award Agreement, full payment of such purchase price shall be made at the

time of exercise and shall be made in cash or cash equivalents (including certified check or bank check or wire transfer of immediately available funds). The notice of exercise, accompanied by such payment, shall be delivered to the Company at its principal business office or such other office as the Committee may from time to time direct, and shall be in such form, containing such further provisions consistent with the provisions of the Plan, as the Committee may from time to time prescribe. In no event may any Option granted hereunder be exercised for a fraction of a Share. No adjustment shall be made for cash dividends or other rights for which the record date is prior to the date of such issuance.

4.8 Amount Exercisable. Each Option may be exercised, so long as it is valid and outstanding, from time to time in part or as a whole, subject to the following percentage limitations and any limitations with respect to the number of Shares for which the Option may be exercised at a particular time and to such other conditions as the Committee in its discretion may specify upon granting the Option.

(a) Options may be exercised in accordance with the following schedule of vesting:

Annual	Cumulative
10% as of December 31st of the year of the grant	10%
15% as of the second December 31st following the date of the grant	25%
20% as of the third December 31st following the date of the grant	45%
25% as of the fourth December 31st following the date of the grant	70%
30% as of the fifth December 31st following the date of the grant;	100%

(b) If the Participant (i) dies while in the employ of the Company or any Subsidiary, or (ii) retires in good standing from the employ of the Company or any Subsidiary after attaining age 57, or (iii) retires as a result of disability under the then established rules of the Company or the Subsidiary, then options shall vest to the extent of the higher of:

(1) 10% of the number of Shares covered by the Option for each year that the Participant has been employed by the Company or any Subsidiary; or

(2) the actual vested percentage determined pursuant to the schedule in subparagraph (a) above, plus 50% of the unvested remaining Shares;

determined as of the date of the Participant's death or retirement, with no additional vesting thereafter; or

(c) If there is any Change of Control of the Company, as defined below, regardless of the resulting price per Share of stock, then options shall vest in accordance with the vesting provisions set forth in the preceding subparagraph (b) hereof, and any Shares remaining unvested thereafter shall vest in accordance with the vesting schedule in subparagraph (a) above.

The right to purchase shall be cumulative and may be exercised as to any Shares not previously purchased during the remainder of the term of the Option.

For purposes of subparagraphs (b) and (c) above, years of employment shall be measured from the date an Employee was first employed by the Company or any Subsidiary and shall include periods of employment prior to the time when the Subsidiary or division of the Company was acquired by the Company. As used in subparagraph (c) above, the term "Change of Control" of the Company refers to: (i) the date of any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which Shares of the Company's stock would be converted into cash, securities or other property; or (ii) the date of any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company, other than any sale, lease, exchange or other transfer to any corporation where the Company owns, directly or indirectly, at least 80% of the outstanding voting securities of such corporation after any such transfer; or (iii) the date of any plan or proposal for the liquidation or dissolution of the Company; or (iv) the date any person (as such term is used in Section 13(d) of the Securities Exchange Act of 1934), other than the Old Republic International Corporation Employees Savings and Stock Ownership Trust or any other trust established by or contributed to by the Company or any of its Subsidiaries for the benefit of Employees of the Company or its Subsidiaries, shall become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of 20% or more of the Company's outstanding stock; or (v) the date, during any period of twenty-four (24) consecutive months, on which individuals who at the beginning of such period constitute the entire Board shall cease for any reason to constitute a majority thereof.

4.9. Termination of Options Upon Severance of Employment. Except as otherwise expressly provided herein, Options shall terminate immediately upon severance of the employment relationship between the Company and its Subsidiaries and the Participant for any reason, for or without cause, other than death or retirement in good standing from the employ of the Company or its Subsidiaries for reasons of age or disability under the then established rules of the Company or the Subsidiary. Whether authorized leave of absence, or absence on military or government service, shall constitute severance of the employment relationship between the Company and the Subsidiary and the Participant shall be determined by the Committee at the time thereof.

(a) Death. In the event of the death of a Participant while in the employ of the Company or any Subsidiary and before the date of expiration of an Option held by such Participant, such Option shall terminate on the earlier of its date of expiration or four (4) years following the date of such death. After the death of the Participant, the Participant's executors, administrators, or any person or persons to whom the Participant's Option may be transferred by will, by the laws of descent and distribution or by beneficiary designation shall have the right, at any time prior to such termination, to exercise the Option, in whole or in part. The number of Shares vested and exercisable, however, shall be determined as of the date of death, with no further vesting thereafter.

(b) Retirement. If, before the date of expiration of an Option, the Participant holding the Option shall be retired in good standing from the employ of the Company or any Subsidiary for reasons of age or disability under the then established rules of the Company or the Subsidiary, the Option shall terminate on the earlier of the

normal date of expiration or four (4) years after the date of such retirement. In the event of such retirement, the Option shall be exercisable prior to the termination of such Option to the extent to which the Participant was entitled to exercise such Option immediately prior to such retirement unless the provisions of Section 4.8(b) hereof concerning accelerated vesting apply. An employment relationship between the Company and the Participant shall be deemed to exist during any period in which the Participant is employed by the Company or any Subsidiary. If the Participant dies after retirement, but prior to the expiration date of the Option, the Option period shall not be extended but shall terminate on the earlier of the date of expiration or four (4) years after the date of retirement. The number of Shares vested and exercisable, however, shall be determined as of the date of retirement, with no further vesting thereafter.

(c) Change of Control of the Company. In the event of any involuntary severance of the employment relationship between the Participant and the Company or its Subsidiaries occurring within eighteen (18) months after any Change of Control of the Company, as defined in Section 4.8 hereof, such Option shall terminate on the earlier of its scheduled date of expiration or six (6) months following severance of the employment relationship.

4.10. Requirements of Law. The Company shall not be required to sell or issue any Shares under any Option if the issuance of such Shares shall constitute a violation by the holder or the Company of any provisions of any law or regulation of any governmental authority. In addition, in connection with the Securities Act, upon exercise of any Option, the Company shall not be required to issue such Shares unless the Committee has received evidence satisfactory to it to the effect that the holder of such Option will not transfer such Shares except pursuant to a registration statement in effect under the Securities Act or unless an opinion of counsel to the Company has been received by the Company to the effect that such registration is not required. Any determination in this connection by the Committee shall be final, binding and conclusive. At the request of the Company to enable it to comply with the Securities Act, the person exercising the Option shall also represent in writing that the Shares acquired upon exercise of the Option are being acquired for the holder's own account for investment and not with a view to resale. In the event the Shares issuable on exercise of an Option are not registered under the Securities Act, the Company may imprint the following legend or any other legend which counsel for the Company considers necessary or advisable to comply with the Securities Act.

> "The shares of stock represented by this certificate have not been registered under the Securities Act of 1933 or under the securities laws of any state and may not be sold or transferred except upon such registration or upon receipt by the Company of an opinion of counsel satisfactory to the Company, in form and substance satisfactory to the Company, that registration is not required for such sale or transfer."

The Company may, but shall in no event be obligated to, register any securities covered hereby pursuant to the Securities Act (as now in effect or as hereafter amended); and in the event any Shares are so registered the Company may remove any legend on certificates representing such Shares. The Company shall make reasonable efforts to cause the exercise of an Option or the issuance of Shares pursuant thereto to comply with any law or regulation of any governmental authority.

4.11. No Rights as Shareholder. No Option holder shall have rights as a shareholder with respect to Shares covered by the Option until the date of issuance of a stock certificate for such Shares; and, except as otherwise provided in Section 8.2 hereof, no adjustment for dividends, or otherwise, shall be made if the record date thereof is prior to the date of issuance of such certificate.

5. OTHER STOCK UNIT AWARDS

5.1 Grants. Stock appreciation rights, restricted stock or other Awards of units having a value equal to an identical number of Shares ("*Other Stock Unit Awards*") may be granted hereunder to Participants, in addition to other Awards granted under the Plan. Other Stock Unit Awards shall also be available as a form of payment of other Awards granted under the Plan and other earned cash-based incentive compensation.

5.2 Award Agreements. The terms of Other Stock Unit Awards granted hereunder shall be set forth in a written Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. The terms of such Awards need not be the same with respect to each Participant.

5.3 Payment. Except as provided in Article 7 or as may be provided in an Award Agreement, Other Stock Unit Awards may be paid in Shares, cash or other property, or any combination thereof, in the sole discretion of the Committee at the time of payment. Other Stock Unit Awards may be paid in a lump sum or in installments or, in accordance with procedures established by the Committee, on a deferred basis subject to the requirements of Section 409A of the Code.

6. PERFORMANCE AWARDS

6.1 Grants. Performance Awards in the form of cash may be granted hereunder to Participants, either alone or in addition to other Awards granted under the Plan. The performance goals to be achieved for each Performance Period shall be conclusively determined by the Committee and shall be based upon the criteria set forth in Section 7.2 hereof**.**

6.2 Award Agreements. The terms of any Performance Award granted under the Plan shall be set forth in a written Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. The terms of Performance Awards need not be the same with respect to each Participant.

6.3 Terms and Conditions. The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee; provided, however, that a Performance Period shall not be shorter than twelve (12) months. The amount of the Award to be distributed shall be conclusively determined by the Committee.

6.4 Payment. Except as may otherwise be provided in an Award Agreement, Performance Awards will be distributed only after the end of the relevant Performance Period. Performance Awards shall be paid in cash and

may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis subject to the requirements of Section 409A of the Code.

7. CODE SECTION 162(m) PROVISIONS

7.1 Covered Employees. Notwithstanding any other provision of the Plan, if the Committee determines at the time an Award is granted to a Participant who is, or is likely to be, as of the end of the tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee, then the Committee may provide that this Article 7 is applicable to such Award.

7.2 Performance Criteria. If the Committee determines that an Award is subject to this Article 7, the distribution of cash, Shares or other property pursuant thereto, as applicable, shall be subject to the achievement of one or more objective performance goals established by the Committee, which shall be based on the attainment of specified levels of one or any combination of the following: net sales; revenue; revenue growth; operating income; pre- or after-tax income (before or after allocation of corporate overhead and bonus); net earnings; earnings per share; net income; division, group or corporate financial goals; return on equity; total shareholder return; return on assets or net assets; attainment of strategic and operational initiatives; appreciation in and/or maintenance of the price of the Shares or any other publicly-traded securities of the Company; market share; gross profits; earnings (including earnings before taxes, earnings before interest and taxes or earnings before interest, taxes, depreciation and amortization); economic value-added models; comparisons with various stock market indices; reductions in costs; cash flow (before or after dividends); cash flow per share (before or after dividends); return on capital (including return on total capital or return on invested capital; cash flow return on investment; improvement in or attainment of expense levels or working capital levels; and cash margins. Such performance goals also may be based solely by reference to the Company's performance or the performance of a Subsidiary, division, business segment or business unit of the Company, or based upon the relative performance of other companies or upon comparisons of any of the indicators of performance relative to other companies. The Committee may also exclude charges related to an event or occurrence which the Committee determines should appropriately be excluded, including (a) restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring charges, (b) an event either not directly related to the operations of the Company or not within the reasonable control of the Company's management, or (c) the cumulative effects of tax or accounting changes in accordance with generally accepted accounting principles. Such performance goals shall be set by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m) of the Code, and the regulations thereunder.

7.3 Adjustments. Notwithstanding any provision of the Plan (other than Section 7.5 hereof), with respect to any Award that is subject to this Article 7, the Committee may adjust downwards, but not upwards, the amount payable pursuant to such Award, and the Committee may not waive the achievement of the applicable performance goals, except in the case of the death or disability of the Participant or as otherwise determined by the Committee in special circumstances.

7.4 Restrictions. The Committee shall have the power to impose such other restrictions on Awards subject to this Article as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for "performance-based compensation" within the meaning of Section 162(m) of the Code.

7.5 Impact of Change of Control. The terms of any Performance Award may provide in the Award Agreement evidencing the Award that, upon a "Change of Control" of the Company (as that term may be defined therein), all Performance Awards shall be considered to be earned and payable (either in full or pro rata based on the portion of Performance Period completed as of the date of the Change of Control), and any deferral or other restriction shall lapse and such Performance Awards shall be immediately settled or distributed. For purposes hereof, a "Change of Control" shall mean an event described in an Award Agreement evidencing the Award or such other event as determined in the sole discretion of the Board.

7.6 Termination of Employment. The Committee shall determine and set forth in each Award Agreement whether any Performance Awards granted in such Award Agreement will continue to be exercisable, and the terms of such exercise, on and after the date that a Participant ceases to be employed by or to provide services to the Company or any Subsidiary, whether by reason of death, disability, voluntary or involuntary termination of employment or services, or otherwise. The date of termination of a Participant's employment or services will be determined by the Committee, which determination will be final.

7.7 Limitations on Grants to Individual Participant. Subject to adjustment as provided in Section 8.2, no Participant may be granted (i) Options during any thirty-six month period with respect to more than 2,000,000 Shares, or (ii) Other Stock Unit Awards that are denominated in Shares in any thirty-six month period with respect to more than 400,000 Shares. In addition to the foregoing, the maximum dollar value payable to any Participant in any twelve-month period with respect to Performance Awards is $3,000,000.

8. GENERALLY APPLICABLE PROVISIONS

8.1 Amendment and Termination of the Plan. The Board may, from time to time, alter, amend, suspend or terminate the Plan as it shall deem advisable, subject to any requirement for stockholder approval imposed by applicable law, including the rules and regulations of the New York Stock Exchange (or such other principal securities market on which the Shares are traded) provided that the Board may not amend the Plan in any manner that would result in noncompliance with Rule 16b-3 of the Exchange Act. In addition, no amendments to, or termination of, the Plan shall in any way impair the rights of a Participant under any Award previously granted without such Participant's consent.

8.2 Adjustments. In the event of any merger, reorganization, consolidation, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split, spin-off or similar transaction or other change in corporate structure affecting the Shares or the value thereof, such adjustments and other substitutions shall be made to the Plan and to Awards as the Committee, in its sole discretion, deems equitable or appropriate taking into consideration the accounting and tax consequences, including

such adjustments in the aggregate number, class and kind of securities that may be delivered under the Plan and, in the aggregate or to any one Participant, in the number, class, kind and option or exercise price of securities subject to outstanding Awards granted under the Plan (including, if the Committee deems appropriate, the substitution of similar options to purchase the shares of, or other awards denominated in the shares of, another company) as the Committee may determine to be appropriate in its sole discretion; provided, however, that the number of Shares subject to any Award shall always be a whole number.

8.3 Transferability of Awards. Except as provided below, and except as otherwise authorized by the Committee in an Award Agreement, no Award and no Shares subject to Awards that have not been issued or as to which any applicable restriction, performance or deferral period has not lapsed, may be sold, assigned, transferred, pledged or otherwise encumbered, other than by will, living trust or the laws of descent and distribution, and such Award may be exercised during the life of the Participant only by the Participant or the Participant's guardian or legal representative. Notwithstanding the foregoing, an Award may be assigned to a beneficiary pursuant to a written designation filed with the Company during the Participant's lifetime (each transferee thereof, a "Permitted Assignee"); provided that such Permitted Assignee shall be bound by and subject to all of the terms and conditions of the Plan and the Award Agreement relating to the transferred Award and shall execute an agreement satisfactory to the Company evidencing such obligations; and provided further that the Participant shall remain bound by the terms and conditions of the Plan. The Company shall cooperate with any Permitted Assignee and the Company's transfer agent in effectuating any transfer permitted under this Section 8.3.

9. MISCELLANEOUS

9.1. *Tax Withholding*. The Company shall have the right to make all payments or distributions pursuant to the Plan to a Participant or a Permitted Assignee thereof (any such Participant or Permitted Assignee hereafter referred to as a "Payee") net of any applicable federal, state and local taxes required to be paid or withheld as a result of the grant of any Performance Award or the exercise of an Option. The Company or any Subsidiary shall have the right to withhold from wages or other amounts otherwise payable to such Payee such withholding taxes as may be required by law, or to otherwise require the Payee to pay such withholding taxes. If the Payee shall fail to make such tax payments as are required, the Company or its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to such Payee or to take such other action as may be necessary to satisfy such withholding obligations.

9.2. *Right of Discharge Reserved; Claims to Awards*. Nothing in the Plan nor the grant of an Award hereunder shall confer upon any Employee the right to continue in the employment or service of the Company or any Subsidiary or affect any right that the Company or any Subsidiary may have to terminate the employment or service of (or to demote or to exclude from future Awards under the Plan) any such Employee at any time for any reason. Except as specifically provided by the Committee, the Company shall not be liable for the loss of existing or potential profit from an Award granted in the event of termination of an employment or other relationship. No Employee or Participant shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Employees or Participants under the Plan.

9.3. *Prospective Recipient*. The prospective recipient of any Award under the Plan shall not, with respect to such Award, be deemed to have become a Participant, or to have any rights with respect to such Award, until and unless such recipient shall have executed an agreement or other instrument evidencing the Award and delivered a copy thereof to the Company, and otherwise complied with the then applicable terms and conditions.

9.4. *Substitute Awards*. Notwithstanding any other provision of the Plan, the terms of Substitute Awards may vary from the terms set forth in the Plan to the extent the Committee deems appropriate to conform, in whole or in part, to the provisions of the awards in substitution for which they are granted.

9.5. *Cancellation of Award*. Notwithstanding anything to the contrary contained herein, all outstanding Awards granted to any Participant shall be canceled if the Participant, without the consent of the Company, while employed by the Company or any Subsidiary or after termination of such employment or service, establishes a relationship with a competitor of the Company or any Subsidiary or engages in activity that is in conflict with or adverse to the interest of the Company or any Subsidiary, as determined by the Committee in its sole discretion. The Committee may provide in an Award Agreement that if within the time period specified in the Agreement the Participant establishes a relationship with a competitor or engages in an activity referred to in the preceding sentence, the Participant will forfeit any gain realized on the vesting or exercise of the Award and must repay such gain to the Company.

9.6. *Stop Transfer Orders*. All certificates for Shares delivered under the Plan pursuant to any Award shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Shares are then listed, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

9.7. *Nature of Payments*. All Awards made pursuant to the Plan are in consideration of services performed or to be performed for the Company or any Subsidiary, division or business unit of the Company. Any income or gain realized pursuant to Awards under the Plan constitutes a special incentive payment to the Participant and shall not be taken into account, to the extent permissible under applicable law, as compensation for purposes of any of the employee benefit plans of the Company or any Subsidiary except as may be determined by the Committee or by the Board or board of directors of the applicable Subsidiary.

9.8. *Other Plans*. Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

9.9. *Severability*. If any provision of the Plan shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall (a) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (b) not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan shall be

held unlawful or otherwise invalid or unenforceable by a court of competent jurisdiction, such unlawfulness, invalidity or unenforceability shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity or unenforceability shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid or unenforceable shall be made or provided under the Plan.

9.10. *Construction*. As used in the Plan, the words "*include*" and "*including*" and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "*without limitation*."

9.11. *Unfunded Status of the Plan.* The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver the Shares or payments in lieu of or with respect to Awards hereunder; provided, however, that the existence of such trusts or other arrangements is consistent with the unfunded status of the Plan.

9.12. *Governing Law*. The Plan and all determinations made and actions taken thereunder, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Illinois, without reference to principles of conflict of laws, and construed accordingly.

9.13. *Effective Date of Plan; Termination of Plan*. The Plan, as amended and restated, shall be effective as of May 28, 2010, subject to its approval by the holders of the shares entitled to vote at a duly constituted meeting of the stockholders of the Company within twelve (12) months thereafter. The Plan shall be null and void and of no effect if the foregoing condition is not fulfilled and in such event each Award shall, notwithstanding any of the preceding provisions of the Plan, be null and void and of no effect. Awards may be granted under the Plan at any time and from time to time prior to the date of the Plan's termination, as provided under Section 9.17 hereof, on which date the Plan will expire except as to Awards then outstanding under the Plan. Such outstanding Awards shall remain in effect until they have been exercised or terminated, or have expired.

9.14. *Foreign Employees*. Awards may be granted to Participants who are foreign nationals or employed outside the United States, or both, on such terms and conditions different from those applicable to Awards to Employees employed in the United States as may, in the judgment of the Committee, be necessary or desirable in order to recognize differences in local law or tax policy. The Committee also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's obligation with respect to tax equalization for Employees on assignments outside their home country.

9.15. *Compliance with Section 409A of the Code.* This Plan is intended to comply and shall be administered in a manner that is intended to comply with Section 409A of the Code and shall be construed and interpreted in accordance with such intent. To the extent that an Award or the payment, settlement or deferral thereof is subject to Section 409A of the Code, the Award shall be granted, paid, settled or deferred in a manner that will comply with Section 409A of the Code, including regulations or other guidance issued with respect thereto, except as otherwise determined by the Committee. Any provision of this Plan that would cause the grant of an Award or the payment, settlement or deferral thereof to fail to satisfy Section 409A of the Code shall be amended to comply with Section 409A of the Code on a timely basis, which may be made on a retroactive basis, in accordance with regulations and other guidance issued under Section 409A of the Code.

9.16. *Captions*. The captions in the Plan are for convenience of reference only, and are not intended to narrow, limit or affect the substance or interpretation of the provisions contained herein.

9.17. *Shareholder Approval and Termination*. This Plan, as amended and restated, shall not be effective until it is approved by the affirmative vote of the holders of a majority of the Company's securities present and entitled to vote at a meeting duly held in accordance with the applicable laws of Delaware. It shall terminate on February 23, 2016, provided, however, that the Board may at any time amend, suspend or terminate the Plan. No termination or amendment of the Plan may, without the consent of the Participant to whom any Award shall have been theretofore granted, adversely affect the rights of such Participant under such Award.

IN WITNESS WHEREOF, the Company has caused its Chairman and Chief Executive Officer to execute this *Amended and Restated 2006 Incentive Compensation Plan* this 28th day of May, 2010.

OLD REPUBLIC INTERNATIONAL CORPORATION

By: _____

A. C. Zucaro, Chairman and
Chief Executive Officer

ATTEST:

_____

(This page has been left blank intentionally.)

(This page has been left blank intentionally.)

(This page has been left blank intentionally.)

This document is not intended to represent a solicitation or offer to buy or sell the Corporation’s securities.

OLD REPUBLIC INTERNATIONAL CORPORATION

307 North Michigan Avenue
Chicago, Illinois 60601-5382
Telephone No. 312-346-8100
Website: http://www.oldrepublic.com