BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re: Application of Old Republic International Corporation in Support of the Request for Approval to Acquire Control of all the Issued and Outstanding Capital Stock of Manufacturers Alliance Insurance Company, Pennsylvania Manufacturers Association Insurance Company and Pennsylvania Manufacturers Indemnity Company	: : : : : : : : : : : : :	Pursuant to Sections 1401, 1402, and 1403 of the Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, as amended, 40 P.S. §§991.1401, 991.1402, and 991.1403 Order No. ID-RC-10-19

DECISION AND ORDER

AND NOW, on this 3rd day of August, 2010, Joel Ario, Insurance Commissioner of the Commonwealth of Pennsylvania ("Commissioner"), hereby makes the following Decision and Order:

Pursuant to the Insurance Company Law and the Insurance Holding Company Act and in consideration of the documents, presentations and reports received, as well as other inquiries and studies as permitted by law, the Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

Identity of Parties

1. Manufacturers Alliance Insurance Company ("MAIC") is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Blue Bell, Pennsylvania.

2. Pennsylvania Manufacturers Association Insurance Company ("PMAIC") is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Blue Bell,

Pennsylvania.

3. Pennsylvania Manufacturers Indemnity Company ("PMIC" and together with MAIC and PMAIC "Domestic Insurers") is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Blue Bell, Pennsylvania.

4. PMA Capital Corporation ("PMA") is an insurance holding company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Blue Bell, Pennsylvania. PMA directly holds 100% of the outstanding capital stock of Domestic Insurers.

5. OR New Corp. is a business corporation organized under the laws of the Commonwealth of Pennsylvania with its principal place of business located in Chicago, Illinois.

6. Old Republic International Corporation ("ORI") is an insurance holding company organized under the laws of the State of Delaware with its principal place of business in Chicago, Illinois. ORI directly holds 100% of the issued and outstanding capital stock of OR New Corp.

7. ORI is publicly traded on the New York Stock Exchange.

8. No person owns or controls 10% or more of the voting securities of ORI.

Acquisition Filing

9. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1992, P.L. 682, as amended, 40 P.S. §§991.1401 et seq. ("Insurance Holding Companies Act"), provides that any transaction involving control of a domestic insurer must be filed with the Commissioner for approval or disapproval.

10. On June 18, 2010, the Insurance Department of the Commonwealth of Pennsylvania ("Department") received an initial application (which together with all material received subsequently is collectively referenced as "Application") from ORI for approval to acquire control of Domestic Insurers.

11. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

Department Procedures

12. On July 3, 2010, the Department published notice in the *Pennsylvania Bulletin* that the Application was submitted by ORI and such notice invited interested

persons to submit comments to the Department regarding the Application for a thirty day period, ending August 2, 2010.

13. The Department received no comments regarding the Application during the thirty day comment period.

Description of the Proposed Acquisition

14. As described in the Application, on June 9, 2010, PMA, ORI and OR New Corp. entered into an Agreement and Plan of Merger ("Agreement") whereby ORI would acquire all of the issued and outstanding capital stock of PMA.

15. As described in the Application and pursuant to the Agreement, OR New Corp. will merge with and into PMA, with PMA the survivor of the merger.

16. As a result of this merger, Domestic Insurers will become wholly-owned, indirect subsidiaries of ORI

17. As described in the Application and pursuant to the Agreement, each share of PMA Class A common stock will be exchanged for 0.55 shares of ORI common stock. This exchange ratio may be adjusted upwards or downwards (within a specified range) depending on ORI's book and market values versus PMA's common book and market values preceding the closing of the merger.

18. As described in the Application and pursuant to the Agreement, with one exception, all of the current directors of Domestic Insurers must resign. They will be replaced by individuals who are currently executive officers or directors of ORI.

19. As described in the Application and pursuant to the Agreement, the same individuals currently in place as officers of Domestic Insurers will remain the officers of Domestic Insurers after the merger.

Standards for Review

20. Section 1402(f)(1) of the Insurance Holding Companies Act establishes the standards for approval of an application for a change in control of a domestic insurer.

21. The application for a change in control must be approved unless the Commissioner finds any one of certain enumerated conditions to be present.

Licensing Requirements

22. When analyzing an application for change in control under Section 1402 of the Insurance Holding Companies Act, the Commissioner reviews the requirements for continued licensure of the domestic insurer being acquired.

23. The classes of insurance for which an insurance company may be incorporated and become licensed to write are set out in Section 202 of the Insurance Company Law (40 P.S. §382).

24. The minimum paid up capital stock and paid in surplus required of a stock insurer for each class of insurance is set out in Section 206 of the Insurance Company Law (40 P.S. §386).

25. In accordance with Section 206 of the Insurance Company Law (40 P.S. §386), MAIC is required to maintain a minimum paid up capital stock of $2,350,000 to write the classes of insurance for which it is presently licensed.

26. In accordance with Section 206 of the Insurance Company Law (40 P.S. §386), PMAIC is required to maintain a minimum paid up capital stock of $2,250,000 to write the classes of insurance for which it is presently licensed.

27. In accordance with Section 206 of the Insurance Company Law (40 P.S. §386), PMIC is required to maintain a minimum paid up capital stock of $2,300,000 to write the classes of insurance for which it is presently licensed.

28. In accordance with Section 206 of the Insurance Company Law (40 P.S. §386), MAIC is required to maintain a minimum paid in surplus of $1,175,000 to write the classes of insurance for which it is presently licensed.

29. In accordance with Section 206 of the Insurance Company Law (40 P.S. §386), PMAIC is required to maintain a minimum paid in surplus of $1,125,000 to write the classes of insurance for which it is presently licensed.

30. In accordance with Section 206 of the Insurance Company Law (40 P.S. §386), PMIC is required to maintain a minimum paid in surplus of $1,150,000 to write the classes of insurance for which it is presently licensed.

31. Upon completion of the transaction, Domestic Insurers will have paid up capital in an amount that will satisfy the statutory minimum required of a stock casualty insurance company licensed to write the classes of authority currently held by each Domestic Insurer.

32. Upon completion of the transaction, Domestic Insurers will have paid in surplus in an amount that will satisfy the statutory minimum required of a stock casualty

insurance company licensed to write the classes of authority currently held by each Domestic Insurer.

Competitive Impact

33. The acquisition of control of Domestic Insurers is subject to review and analysis under Section 1403 of the Insurance Holding Companies Act to determine whether the effect of the acquisition of control would be to substantially lessen competition or tend to create a monopoly in the Commonwealth.

34. The acquisition of control of Domestic Insurers will not lessen competition or tend to create a monopoly in the Commonwealth because the market share of ORI, as stated in the Application, does not exceed the market share levels established in Section 1403.

Financial Condition of ORI

35. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the financial condition of the acquiring persons.

36. The Department has reviewed the financial condition of ORI as of December 31, 2010, and determined that it would not pose any impediments to the change in control nor jeopardize the financial condition of Domestic Insurers.

Plans for the Acquired Insurer

37. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the plans or proposals which the acquiring party has for the insurer.

38. As provided in the Application, ORI has no plans to liquidate Domestic Insurers, sell their assets or consolidate or merge them with any person, or to make material changes in their business or corporate structure or management.

39. ORI anticipates expanding Domestic Insurers' business, but reserves the right after its acquisition to evaluate the business being produced by Domestic Insurers and to adjust its business plan in accordance with ORI's and Domestic Insurer's best interests.

Management

40. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews

the competence, experience and integrity of the persons who would control the operations of the acquired insurers.

41. Biographical affidavits for all directors and executive officers of ORI have been on file with the Department and the Department reviewed all affidavits that were submitted.

42. The Department is satisfied that the persons who would control the operations of Domestic Insurers have such competence, experience and integrity that the interests of policyholders and the public would not be jeopardized.

43. If any of the above Findings of Fact are determined to be Conclusions of Law, they shall be incorporated in the Conclusions of Law as if fully set forth therein.

CONCLUSIONS OF LAW

1. Under Section 1402 of the Insurance Holding Companies Act, the Commissioner has jurisdiction to review and approve the change in control of Domestic Insurers.

2. Under Section 1402 of the Insurance Holding Companies Act, the Commissioner must approve an application for a change in control unless the Department has found that:

   a) The insurer will not be able to satisfy the requirements for the issuance of a license to operate the line or lines of business for which it is presently licensed;

   b) The change in control will substantially lessen competition in insurance in this Commonwealth or tend to create a monopoly therein;

   c) The financial condition of the acquiring company is such as might jeopardize the financial stability of the insurer or prejudice the interests of its policyholders;

   d) Any plans to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make material changes in its business or corporate structure or management are unfair and unreasonable to policyholders of the insurers and not in the public interest;

   e) The competence, experience and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders and the general public to permit the acquisition of control;

   f) The acquisition is likely to be hazardous or prejudicial to the insurance buying public; or,

   g) The acquisition of control is not in compliance with the laws of this Commonwealth, including Article VIII-A, Insurance Company Mutual-to-Stock Conversion Act.

3. Under Section 1402 of the Insurance Holding Companies Act, the Commissioner has not found that any of the above conditions are present with respect to the change in control of Domestic Insurers.

4. If any of the above Conclusions of Law are determined to be Findings of Fact, they shall be incorporated in the Findings of Fact as if fully set forth therein.

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402, and 1403 of the Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, as amended, 40 P.S. §§991.1401, 991.1402, and 991.1403
Application of Old Republic International Corporation in Support of the Request for Approval to Acquire Control of all the Issued and Outstanding Capital Stock of Manufacturers Alliance Insurance Company, Pennsylvania Manufacturers Association Insurance Company and Pennsylvania Manufacturers Indemnity Company	:	
	:	Order No. ID-RC-10-19

ORDER

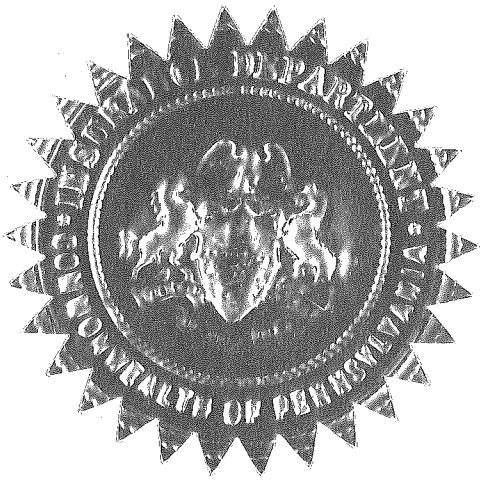
Upon consideration of the foregoing, the Insurance Commissioner of the Commonwealth of Pennsylvania hereby makes the following Order:

The acquisition of control by Old Republic International Corporation ("ORI") of all the issued and outstanding shares of common stock of Manufacturers Alliance Insurance Company, Pennsylvania Manufacturers Association Insurance Company and Pennsylvania Manufacturers Indemnity Company ("Domestic Insurers"), as detailed in the Application, is hereby approved, subject to this Order and the following conditions:

1. ORI shall provide a list of the closing documents to the Insurance Department within five (5) days of consummation of the subject transaction.

2. ORI shall maintain a copy of the closing documents available for the Department's review for a period of not less than five years.

This Order is effective immediately and valid for one year, provided no material changes are made to the transaction prior to consummation.



Joel Ario
Insurance Commissioner
Commonwealth of Pennsylvania