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OLD REPUBLIC INTERNATIONAL CORP
Form 10-Q
November 02, 2012

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

FORM 10-Q

Quarterly report pursuant to section 13 or 15(d) of the Security Exchange Act of 1934
for the quarterly period ended: September 30, 2012 or

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

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

Delaware
(State or other jurisdiction of
incorporation or organization)

No. 36-2678171
(IRS Employer Identification No.)

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

60601
(Zip Code)

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

Class

Shares Outstanding
September 30, 2012

Common Stock / \$1 par value

259,463,122

There are 49 pages in this report

OLD REPUBLIC INTERNATIONAL CORPORATION

Report on Form 10-Q / September 30, 2012

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

	(Unaudited) September 30, 2012	December 31, 2011
Assets		
Investments:		
Available for sale:		
Fixed maturity securities (at fair value) (amortized cost: \$7,792.0 and \$7,884.6)	\$8,408.5	\$8,393.2
Equity securities (at fair value) (adjusted cost: \$414.4 and \$341.9)	674.9	580.8
Short term investments (at fair value which approximates cost)	1,320.3	1,476.2
Miscellaneous investments	29.2	35.3
Total	10,433.0	10,485.6
Other investments	9.3	9.8
Total investments	10,442.3	10,495.5
Other Assets:		
Cash	125.5	93.0
Securities and indebtedness of related parties	20.4	16.9
Accrued investment income	98.0	96.5
Accounts and notes receivable	1,180.2	1,039.0
Federal income tax recoverable: Current	77.3	73.5
Deferred	109.5	116.7
Prepaid federal income taxes	—	1.0
Reinsurance balances and funds held	226.3	210.0
Reinsurance recoverable: Paid losses	120.7	100.7
Policy and claim reserves	3,148.9	3,143.1
Deferred policy acquisition costs	176.4	197.6
Sundry assets	461.4	466.2
Total Other Assets	5,745.1	5,554.9
Total Assets	\$16,187.5	\$16,050.4
Liabilities, Preferred Stock, and Common Shareholders' Equity		
Liabilities:		
Losses, claims, and settlement expenses	\$9,158.6	\$8,786.6
Unearned premiums	1,431.7	1,268.8
Other policyholders' benefits and funds	193.3	193.1
Total policy liabilities and accruals	10,783.6	10,248.6
Commissions, expenses, fees, and taxes	468.2	457.3
Reinsurance balances and funds	452.4	380.5
Debt	573.0	912.8
Sundry liabilities	219.9	278.4
Commitments and contingent liabilities		
Total Liabilities	12,497.3	12,277.8
Preferred Stock (1)	—	—
Common Shareholders' Equity:		

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Common stock (1)	259.4	259.3
Additional paid in capital	660.5	657.9
Retained earnings	2,287.9	2,472.4
Accumulated other comprehensive income (loss)	511.7	416.0
Unallocated ESSOP shares (at cost)	(29.4) (33.2
Total Common Shareholders' Equity	3,690.1	3,772.5
Total Liabilities, Preferred Stock and Common Shareholders' Equity	\$16,187.5	\$16,050.4

(1) At September 30, 2012 and December 31, 2011, 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 259,463,122 and 259,328,278 were issued as of September 30, 2012 and December 31, 2011, respectively. At September 30, 2012 and December 31, 2011, there were 100,000,000 shares of Class B Common Stock, \$1.00 par value, authorized, of which no shares were issued.

See accompanying Notes to Consolidated Financial Statements.

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

	Quarters Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Revenues:				
Net premiums earned		\$1,061.4		