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CONTACTS: Lewis DeLosa, CFA
Financial Analyst – P/C
+1 908 439 2200, ext. 5529
lewis.delosa@ambest.com

Frank Walko
Financial Analyst – L/H
+1 908 439 2200, ext. 5072
frank.walko@ambest.com

Christopher Sharkey
Manager, Public Relations
+1 908 439 2200, ext. 5159
christopher.sharkey@ambest.com

Jim Peavy
Director, Public Relations
+1 908 439 2200, ext. 5644
james.peavy@ambest.com

AM Best Takes Various Rating Actions on Subsidiaries of Old Republic International Corporation

OLDWICK, N.J., May 17, 2019—AM Best has affirmed the Financial Strength Rating (FSR) of A+ (Superior) and the Long-Term Issuer Credit Ratings (Long-Term ICRs) of “aa-” of certain members of Old Republic Insurance Companies (Old Republic). (See below for a detailed list of companies.) Additionally, AM Best has upgraded the FSRs to A+ (Superior) from A (Excellent) and the Long-Term ICRs to “aa-” from “a” of Old Republic General Insurance Corporation (ORGENCO) (Chicago, IL) and the members of Old Republic that are now part of this rating unit. (See below for a detailed list of companies.)

Concurrently, AM Best has affirmed the FSR of A (Excellent) and Long-Term ICR of “a+” of Old Republic Insurance Company of Canada (Old Republic Canada) (Hamilton, Ontario).

At the same time, AM Best has upgraded the Long-Term ICR to “a+” from “a” and affirmed the FSR of A (Excellent) of Old Republic National Title Insurance Company (Tampa, FL) and American Guaranty Title Insurance Company (Oklahoma City, OK) (collectively referred to as the Old Republic Title Insurance Group [ORTIG]). In addition, AM Best has affirmed the FSR of B++ (Good) and Long-Term ICR of “bbb+” of Old Republic Life Insurance Company (ORL) (Chicago, IL). The outlooks for all of the aforementioned Credit Ratings (ratings) are stable. All companies are subsidiaries of Old Republic International Corporation [NYSE: ORI].

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The ratings of Old Republic, which is considered the lead rating unit in the Old Republic International Corporation enterprise, reflect its balance sheet strength, which AM Best categorizes as strongest, as well as its strong operating performance, favorable business profile and appropriate enterprise risk management (ERM).

Old Republic is one of the top 35 property/casualty insurers in the United States and is a commercial lines insurance carrier that focuses predominantly on providing liability insurance for specific sectors of the North American economy. Major lines of business include workers' compensation and commercial auto. Old Republic benefits from its expertise within the alternative risk transfer (ART) market and specialty commercial segments, as well as management's emphasis on loss control, commitment to delivering quality insurance-related services and by limiting, over the past few years, its exposure to unprofitable business. Partially offsetting these positive rating factors is a loss ratio that is slightly above the commercial casualty composite. In addition, Old Republic maintains an elevated exposure to common stocks within its investment portfolio, although it is within established tolerance levels. To a lesser degree, the company remains exposed to asbestos liabilities.

The ratings of Old Republic Canada reflect its balance sheet strength, which AM Best categorizes as very strong, as well as its adequate operating performance, neutral business profile and appropriate ERM.

The ratings of Old Republic Canada also acknowledge the synergies it realizes as an affiliate of Great West and other affiliates. Partially offsetting these positive rating factors are the company's narrow product offerings, the current soft market conditions and challenging judicial environment in Canada, which have translated into the company's recent below average commercial auto performance.

The ratings of ORTIG reflect its balance sheet strength, which AM Best categorizes as strongest, as well as its adequate operating performance, neutral business profile and appropriate ERM. It also reflects the implicit support the group receives from its position in the Old Republic enterprise and its strategic role within the organization.

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The ratings of ORTIG also recognize its strong liquidity and reserving practices, which remain among the most prudent in the title industry. While the group has increased its premium volume substantially in recent years, operating results have continued to be favorable as a result of its consistent underwriting performance. The increase in premium volume also has enhanced the group's presence, allowing it to become more competitive. However, an offsetting rating factor is the group's higher underwriting leverage measures due to the rapid increase in premium volume over the past five years. AM Best expects that ORTIG will continue to generate adequate underwriting and operating results while maintaining the strongest level of risk-adjusted capitalization in the near-to-medium term.

The ratings of ORL reflect its balance sheet strength, which AM Best categorizes as very strong, as well as its marginal operating performance, limited business profile and appropriate ERM.

The ratings for ORL are based on its risk-adjusted capitalization being at the strongest level, as measured by the Best Capital Adequacy Ratio (BCAR), along with an invested asset portfolio of good credit quality. Earnings have been positive as ORL's occupational accident line has been profitable but partially offset by increased mortality in its ordinary life line of business, which is comprised mostly of closed block term life insurance. Premiums have declined in the current year due to the runoff nature of its term block of business and the lapse of a large policyholder in its occupational accident line. ORL's business profile is modest, with only the occupational accident line actively marketed. However, management considers ORL to be integral to the group's overall strategy.

The FSR of A+ (Superior) and the Long-Term ICRs of "aa-" have been affirmed, each with a stable outlook, for the following members of Old Republic Insurance Companies:

- Old Republic Insurance Company
- Great West Casualty Company

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- BITCO General Insurance Corporation
- BITCO National Insurance Company
- Old Republic Lloyds of Texas

The FSR has been upgraded to A+ (Superior) from A (Excellent) and the Long-Term ICRs to “aa-” from “a” each with a stable outlook for the following members of Old Republic Insurance Companies:

- Pennsylvania Manufacturers Association Insurance Company
- Manufacturers Alliance Insurance Company
- Pennsylvania Manufacturers Indemnity Company
- Old Republic Union Insurance Company
- Old Republic Surety Company
- Old Republic General Insurance Corporation

This press release relates to Credit Ratings that have been published on AM Best’s website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best’s [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Understanding Best’s Credit Ratings](#). For information on the proper media use of Best’s Credit Ratings and AM Best press releases, please view [Guide for Media - Proper Use of Best’s Credit Ratings and AM Best Rating Action Press Releases](#).

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