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# S&P Global

## Ratings

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# PMA Group Assigned 'A+' Ratings; Outlook Stable

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We view Pennsylvania Manufacturers Association Insurance Co., Pennsylvania Manufacturers Indemnity Co., and Manufacturers Alliance Insurance Co. as core to the Old Republic group.

We are assigning our long-term issuer credit and financial strength ratings on these entities of 'A+'--at the same level as the ratings on the other core entities within Old Republic.

The stable outlook reflects our outlook on the group.

NEW YORK (S&P Global Ratings) Dec. 18, 2019--, S&P Global Ratings said today it assigned its 'A+' long-term issuer credit and financial strength ratings on Pennsylvania Manufacturers Association Insurance Co., Pennsylvania Manufacturers Indemnity Co., and Manufacturers Alliance Insurance Co. (collectively, PMA Group). The outlook is stable.

We view these entities as core to the group, and we're rating them at the same level as the other core entities, based on our view of the parent's efforts over the last nine years to support and improve the performance of PMA Group, even while it struggled to better align underwriting and reserving philosophies.

Old Republic International Corp. (ORI) acquired PMA in 2010, looking to enhance its presence in the Mid-Atlantic region and expand its market position within workers' compensation insurance in the smaller account space. While the acquisition fulfilled that investment objective, the subsequent performance of the business lagged original expectations and dragged down the group's operating performance. To improve the sustainability of the business, PMA re-positioned the business, shifting a greater number of policies to loss sensitive from guaranteed cost, which greater aligns interests of policyholders and mirrors a predominant portion of the workers' compensation business the group writes. While working through the underwriting and reserving pressures, ORI provided capital support--first through quota-share reinsurance and then by purchasing surplus notes, demonstrating a commitment to maintain excellent capitalization, as is the case for other operating entities within the general insurance group.

The stable outlook reflects that on ORI's core subsidiaries. Any rating changes would happen in tandem with those on ORI's core insurance subsidiaries.

## Related Criteria

[Criteria | Insurance | General: Insurers Rating Methodology \(/en\\_US/web/guest/article/-/view/sourceld/11017264\)](#), July 1, 2019

[General Criteria: Group Rating Methodology \(/en\\_US/web/guest/article/-/view/sourceld/10999747\)](#), July 1, 2019

[Criteria | Insurance | General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model \(/en\\_US/web/guest/article/-/view/sourceld/5900264\)](#), June 7, 2010

[General Criteria: Use Of CreditWatch And Outlooks \(/en\\_US/web/guest/article/-/view/sourceld/5612636\)](#), Sept. 14, 2009

## Related Research

Old Republic International Corp. (/en\_US/web/guest/article/-/view/sourceld/2643626), Oct. 30, 2019

Old Republic International Corp. And Core Subsidiaries Ratings Affirmed; Outlook Stable

(/en\_US/web/guest/article/-/view/sourceld/11120275), Sept. 5, 2019

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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