



A.M. Best Affirms Credit Ratings of Subsidiaries of Old Republic International Corporation

April 25, 2018

OLDWICK, N.J.--(BUSINESS WIRE)--Apr. 25, 2018-- **A.M. Best** has affirmed the Financial Strength Rating (FSR) of A+ (Superior) and the Long-Term Issuer Credit Ratings (Long-Term ICR) of "aa-" of **Old Republic Insurance Company** (Greensburg, PA) and **Old Republic Lloyds of Texas** (Dallas, TX) (collectively referred to as **Old Republic Insurance Companies [ORINSCO]**); **BITCO General Insurance Corporation** and **BITCO National Insurance Company** (both domiciled in Rock Island, IL) (collectively referred to as **BITCO Insurance Companies**); and **Great West Casualty Company** (Great West) (South Sioux City, NE).

Additionally, A.M. Best has affirmed the FSR of A (Excellent) and the Long-Term ICRs of "a" of **Old Republic General Insurance Corporation (ORGENCO)** (Chicago, IL) and **Old Republic Surety Company (ORSC)** (Brookfield, WI). A.M. Best also has affirmed the FSR of A (Excellent) and the Long-Term ICRs of "a" of **Pennsylvania Manufacturers' Association Insurance Company** (Blue Bell, PA); **Manufacturers Alliance Insurance Company** (Blue Bell, PA); and **Pennsylvania Manufacturers Indemnity Company** (Blue Bell, PA) (collectively referred to as the **PMA Insurance Group (PMA)**); **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]**); and **Old Republic Union Insurance Company** (Old Republic Union) (Chicago, IL).

At the same time, A.M. 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). Additionally, A.M. Best has affirmed the FSR of B++ (Good) and Long-Term ICR of "bbb+" of **Old Republic Life Insurance Company** (Old Republic Life) (Chicago, IL). The outlook for all of these Credit Ratings (ratings) is stable. All companies are subsidiaries of **Old Republic International Corporation [NYSE: ORI]**.

The ratings of ORINSCO reflect its balance sheet strength, which A.M. Best categorizes as strongest, as well as its strong operating performance, favorable business profile and appropriate enterprise risk management (ERM).

Additionally, the ratings of ORINSCO reflect the group's position as the flagship carrier within the Old Republic General Insurance Group segment. ORINSCO 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 ORINSCO's concentration in the increasingly competitive workers' compensation line. To a lesser degree, the company remains exposed to asbestos liabilities and maintains an above-average common stock leverage position.

The ratings of BITCO Insurance Companies reflect its balance sheet strength, which A.M. Best categorizes as strongest, as well as its adequate operating performance, favorable business profile and appropriate ERM.

The ratings of BITCO Insurance Companies also reflect the conservative balance sheet, evidenced by consistently favorable prior accident year development, and solid overall liquidity. The ratings also reflect the group's historical operating performance, which benefits from its loss control and risk management expertise as a specialty underwriter of risk transfer programs for the construction, oil and gas extraction and forest products industries. The group also benefits as a core member of the Old Republic General Insurance Group of Companies.

These positive rating factors are offset partially by the ongoing challenging workers' compensation and commercial automobile liability markets, given increasing competition and higher loss trends, as well as the company's concentration in industries exposed to U.S. economic cycles. To a lesser degree, BITCO Insurance Companies also maintain above-average common stock leverage.

The ratings of Great West reflect its balance sheet strength, which A.M. Best categorizes as strongest, as well as its strong operating performance, favorable business profile and appropriate ERM.

Great West's risk-adjusted capitalization is at the strongest level and supported by its conservative balance sheet, trend of strong underwriting and operating profitability, and its specialty niche underwriting expertise as a leading commercial automobile insurer. These positive rating factors are offset partially by its business concentration in commercial trucking, which has experienced increases in severe losses. The company maintains an above-average common stock investment portfolio leverage position.

The ratings of ORGENCO reflect its balance sheet strength, which A.M. Best categorizes as strongest, as well as its strong operating performance, limited business profile and appropriate ERM.

ORGENCO's historically strong operating performance benefits from the profitable reinsurance arrangements with its affiliates and the ceding commissions received from affiliates. These positive rating factors are offset partially by the company's concentrated source of business and its above-average common stock leverage position.

The ratings of PMA reflect its balance sheet strength, which A.M. Best categorizes as strongest, as well as its marginal operating performance, neutral business profile and appropriate ERM.

The ratings of PMA reflect its improving underwriting results following the extensive re-underwriting measures instituted subsequent to its purchase by Old Republic in 2010. The group's results benefit from its expertise in providing workers' compensation insurance, and, to a lesser degree, other commercial coverages to mid- to large-size businesses in select industries. Performance also reflects the financial and operational support being provided by its affiliates. These positive rating factors are offset somewhat by PMA Group's product concentration in the competitive workers' compensation market and continued adverse prior-year loss reserve development.

The ratings of ORTIG reflect its balance sheet strength, which A.M. Best categorizes as strongest, as well as its adequate operating performance, neutral business profile and appropriate ERM.

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 substantially its premium volume in recent years, operating results have continued to trend favorably as a result of its improved underwriting

performance. The increase in premium volume has also 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. However, A.M. 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 Old Republic Canada reflect its balance sheet strength, which A.M. Best categorizes as strongest, 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 offering, the current soft market conditions and challenging judicial environment in Canada, which have translated into the company's recent below average operating performance.

The ratings of Old Republic Union reflect its balance sheet strength, which A.M. Best categorizes as strongest, as well as its adequate operating performance, limited business profile and appropriate ERM.

The ratings of Old Republic Union also reflect the explicit support being provided by Old Republic General Insurance Group and the company's strategic role as the surplus lines writer within the organization. These positive rating factors are offset somewhat by Old Republic Union's limited business profile.

The ratings of ORSC reflect its balance sheet strength, which A.M. Best categorizes as strongest, as well as its adequate operating performance, neutral business profile and appropriate ERM.

The ratings of ORSC reflect its strict underwriting controls and conservative reinsurance protection and loss reserving practices. These strengths are offset by ORSC's elevated underwriting expense ratio and increased variability of losses recognized over the past few years.

The ratings of Old Republic Life reflect its balance sheet strength, which A.M. 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 the company's risk-adjusted capitalization being at the strongest level, favorable liquidity and overall good credit quality of invested assets. Earnings in recent years have been positive but fluctuating. Premium trends reflect emphasis on group disability product sales along with declining premiums from its run-off ordinary life business. While ORL is considered by management to be important in the group's overall strategy, the business profile is modest, in which only one line of business, group disability, is actively sold to policyholders of an affiliated company.

There have been concerns in recent years regarding the uncertainties associated with ORI's run-off of its mortgage insurance and consumer credit indemnity insurance books of business. These concerns have moderated given the recent improvement in ORI's run-off books of business, improved consolidated earnings and solid overall liquidity, as well as A.M. Best's expectation that the run-off books of business will continue to play less of a role in relation to ORI's continuing operations. Additionally, ORI maintains relatively strong interest coverage and modest debt-to-total capital ratios.

This press release relates to Credit Ratings that have been published on A.M. 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 A.M. 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 A.M. Best press releases, please view [Guide for Media - Proper Use of Best's Credit Ratings and A.M. Best Rating Action Press Releases](#).

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