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

FORM 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

For the fiscal year ended: December 31, 1997

OR

_ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from ____________________ to _____________________

Commission File Number: 0-4625

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

Delaware	No. 36-2678171
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
307 North Michigan Avenue, Chicago, Illinois	60601
(Address of principal executive office)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Share/Par Value Outstanding February 27, 1998	Name of each exchange on which registered
7% Subordinated Debentures Due June 15, 2007	$115,000,000	New York Stock Exchange
Common Stock/$1 par value	138,370,977*	New York Stock Exchange

(*) Reflects a 50% stock dividend declared by the Board of Directors on March 12, 1998, payable to shareholders of record on April 10, 1998, to be issued on or about May 4, 1998. Excludes 10,110,690 common shares issued, outstanding and held by an affiliate, which are classified as treasury stock for financial accounting purposes only.

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: _X_/ No: ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K._X_

The aggregate market value of the Company's voting Common Stock held by non-affiliates of the registrant computed by reference to the closing price at which the stock was quoted as of February 27, 1998 was $3,897,449,186.

Documents incorporated by reference:

The following documents are incorporated by reference into that part of this Form 10-K designated to the right of the document title.

Title	Part
Proxy statement for the 1998 Annual Meeting of Shareholders	III, Items 10, 11, 12 and 13
Exhibits as specified in exhibit index (page 57)	IV, Item 14

There are 58 pages in this report

PART I

Item 1-Business

(a) General Development of Business. Old Republic International Corporation is a Chicago-based insurance holding company with subsidiaries engaged in the general (property & liability), mortgage guaranty, title, and life (life & disability) insurance businesses. In this report, "Old Republic", "the Corporation", or "the Company" refers to Old Republic International Corporation and its subsidiaries as the context requires. The aforementioned insurance segments are organized as the Old Republic General, Mortgage Guaranty, Title, and Life Groups, and references herein to such groups apply to the Company's subsidiaries engaged in the respective segments of business.

Financial Information Relating to Segments of Business (a)

The contributions to net revenues, and income (loss) before taxes and extraordinary item of each Old Republic segment are set forth below for the years shown, together with their respective assets at the end of each year. The information below should be read in conjunction with the consolidated financial statements, the notes thereto, and the "Management Analysis of Financial Position and Results of Operations" appearing elsewhere herein.

($ in Millions)

	Years Ended December 31,					
	Net Revenues (b)			Income (Loss) Before Taxes		
	1997	1996	1995	1997	1996	1995
General	$ 1,119.5	$ 1,074.9	$ 1,056.1	$ 208.3	$ 188.8	$ 171.1
Mortgage Guaranty	313.3	262.6	203.9	141.5	120.2	102.8
Title	423.4	387.9	326.2	36.5	24.6	4.6
Life	75.4(c)	60.5	58.0	19.9(c)	7.0	7.9
Other Operations - Net	4.5	2.6	1.8	(6.1)	(13.5)	(20.2)
Subtotal	1,936.4	1,788.7	1,646.1	400.3	327.2	266.2
Realized Investment Gains	26.3	15.1	49.7	26.3	15.1	49.7
Total	$ 1,962.8	$ 1,803.9	$ 1,695.9	$ 426.7	$ 342.4	$ 316.0

	Assets at December 31,		
	1997	1996	1995
General	$ 5,300.6	$ 5,350.5	$ 5,356.8
Mortgage Guaranty	922.9	760.5	634.0
Title	419.4	408.2	415.8
Life	309.4	310.3	328.2
Total	$ 6,923.4	$ 6,656.2	$ 6,593.5

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(a) Reference is made to the table in Note 7 of the Notes to Consolidated Financial Statements, incorporated herein by reference, which shows the contribution of each subcategory to consolidated net revenues and income or loss before income taxes of Old Republic's insurance industry segments.

(b) Revenues consist of net premiums, fees, net investment and other income earned; realized investment gains are shown in total for all groups combined.

(c) Includes $12.6 of interest income from settlement of prior years' tax issues.

General Insurance Group

Through its General Insurance Group subsidiaries, the Corporation assumes risks and performs related risk management and marketing services pertaining to a large variety of property and liability commercial insurance coverages. Old Republic does not have a meaningful participation in personal lines of insurance.

Liability Coverages: Workers' compensation, general liability (including the general liability portion of commercial package policies), and commercial automobile full coverage protection are the major classes of insurance underwritten for businesses and public entities such as municipalities. Within these classes of insurance, Old Republic specializes in a number of industries, most prominently the transportation, coal and energy services, construction and forest product industries. Such business is primarily produced through agency and brokerage channels.

The rates charged for all workers' compensation insurance are generally regulated by the various states. It is therefore possible that the rate increases necessary to cover any expansion of benefits under state laws or increases in claim frequency or severity may not always be granted soon enough to enable insurers to fully recover the amount of the benefits they must pay.

During the past ten years, the Corporation has steadily diversified its General Insurance Group business. This diversification has been achieved through a combination of internal growth, the establishment of new subsidiaries, and through selective mergers with other companies. For 1997, production of commercial automobile (principally trucking) direct insurance premiums accounted for 46.4% of consolidated direct premiums written by the General Insurance Group. For the same year, workers' compensation and general liability direct insurance premiums amounted to 19.3% and 10.0%, respectively, of consolidated direct premiums written.

During the past decade, specialty programs have also been expanded or initiated to insure corporations' exposures to directors' and officers' and errors and omissions liability, to cover owners and operators of private aircraft for hull and liability exposures, and to insure grain elevators and liquid petroleum gas operations.

The Corporation assumes (on both treaty and facultative bases) a moderate amount of reinsurance business produced by other insurance or reinsurance companies. Most of this business encompasses workers' compensation, general and automobile liability lines, as well as a moderate amount of property exposures.

Property and Other Coverages: Old Republic's property insurance business primarily includes commercial physical damage insurance on trucking risks. A small volume of business is represented by fire and other physical perils for houses and commercial properties. All such insurance is produced through agents or financial intermediaries, such as finance companies, and on a reinsurance assumed basis.

Fidelity and surety coverages are underwritten through agents by the Old Republic Surety Group, Inc.

Old Republic Insured Credit Services, Inc., a wholly-owned subsidiary, has marketed loan and retail installment sales credit guaranty insurance since 1955 through commercial banks and thrift institutions. This coverage provides lenders with a guaranty against defaults on home equity and home improvement loans and installment sales contracts.

Auto Warranty and Home Warranty, while still relatively small businesses, are marketed directly by Old Republic through its own employees and selected independent agents.

Mortgage Guaranty Group

Real estate mortgage loan insurance protects lending institutions against certain losses, generally to the extent of 10% to 35% of the sum of the outstanding amount of each insured mortgage loan, and allowable costs incurred in the event of default by the borrower. The Corporation insures only first mortgage loans, primarily on residential properties having one-to-four family dwelling units.

Mortgage guaranty insurance premiums originate from savings and loan associations, mortgage bankers and other lending institutions. The Corporation's residential real estate loan insurance business is originated, approximately 19% by savings and loan associations, 66% by mortgage bankers and 15% by other lenders. The Corporation's mortgage guaranty insurance in force at December 31, 1997, was originally produced by approximately 4,100 different lending institutions and about 2,300 such institutions originated business in 1997. The profitability of the Corporation's insurance products is not tied in any significant degree to the financial well-being of these institutions. While it is possible that the failure of a large number of such institutions could increase the competition for sales of certain insurance products to the surviving institutions, it is also likely that other institutions or providers of financial services would emerge to take their place.

Annual, monthly and single premium plans for residential real estate loan insurance are offered. Annual plans provide coverage on a year to year basis with first year premiums being dependent on the loan-to-value ratio and the coverage offered. Annual renewal premiums are charged on the basis of the outstanding loan balance on the anniversary date, or, if selected, on the original loan balance. Monthly plans provide coverage on a month-to-month basis with premiums being dependent on the loan-to-value ratio and the coverage offered. In the case of monthly premium plans, the first month and all renewal months are charged on the basis of the outstanding loan amount on the anniversary date or, if selected, on the original loan balance. Single premium plans provide coverage for a period of three to fifteen years, or the number of years required to amortize a standard mortgage to an 80% loan-to-value ratio, if selected. The premium charged similarly depends on the loan-to-value ratio, the coverage offered, the type of loan instrument (whether fixed rate/fixed payment or an adjustable mortgage loan) and whether the property is to be owner occupied. Approximately 34% and 65%, respectively of the residential real estate loan insurance in force at December 31, 1997, has been written under annual and monthly premium plans. Monthly premium plans, a product that was introduced in 1993, accounted for approximately 98% of the new business written in 1997.

The Corporation limits its residential real estate insurance to lenders approved by it and supervised or regulated by federal or state authorities in order to obtain reasonable assurance as to the effectiveness of such institutions' lending practices. A master policy is issued to each approved lender, but the master policy does not obligate the Corporation to issue insurance on any particular loan. To obtain insurance on a specific mortgage loan, an approved lender generally submits an application, supported by a copy of the borrower's loan application, an appraisal report on the property by either the lender or an independent appraiser, a written credit report on the borrower, an affidavit of the borrower's equity and certain other information. The underwriting department reviews this material and approves or rejects the application, usually on the day it is received. The Corporation generally adheres to the underwriting guidelines published by the Federal Home Loan Mortgage Corporation. Upon approval of an application for insurance of a loan, the Corporation issues a commitment to insure the loan; this is followed by a certificate of insurance when the loan is consummated.

Title Insurance Group

The title insurance business consists primarily of the issuance of policies to real estate purchasers and investors based upon searches of the public records which contain information concerning interests in real property. The policy insures against losses arising out of defects, liens and encumbrances affecting the insured title and not excluded or excepted from the coverage of the policy.

There are two basic types of title insurance policies: lenders' policies and owners' policies. Both are issued for a onetime premium. Most mortgages made in the United States are extended by savings and loan associations, mortgage bankers, savings and commercial banks, state and federal agencies, and life insurance companies. The financial institutions secure title insurance policies to protect their mortgagees' interest in the real property. This protection remains in effect for as long as the mortgagee has an interest in the property. A separate title insurance policy is issued to the owner of the real estate. An owner's policy of title insurance protects an owner's interest in the title to the property.

The premiums charged for the issuance of title insurance policies vary with the policy amount and the type of policy issued. The premium is collected in full when the real estate transaction is closed, there being no recurring fee thereafter. In many areas, premiums charged on subsequent policies on the same land may be reduced, depending generally upon the time elapsed between issuance of the previous policies and the nature of the transactions for which the policies are issued. Most of the charge to the consumer relates to title services rendered in conjunction with the issuance of a policy rather than to the possibility of loss due to risks insured against. Accordingly, the service performed by a title insurer relates for the most part to the prevention of loss rather than to the assumption of the risk of loss.

In connection with its title insurance operations, Old Republic also provides escrow facilities, services for the disbursement of construction funds, and other services pertaining to real estate transfers.

Life Insurance Group

Credit & Other Life and Disability: Old Republic markets and writes consumer credit life and disability insurance primarily through automobile dealers and consumer finance companies. Borrowers insured under consumer credit life insurance are also generally covered by consumer credit disability protection. Credit life insurance provides for the repayment of a loan, installment purchase, or other debt obligation in the event of the death of the borrower, while credit disability insurance provides for the payment of installments due on such debt while the borrower is disabled. Old Republic has also written various conventional life, disability/accident and health insurance coverages for many years, principally on a direct marketing basis through banks and other financial services institutions.

Ordinary term life insurance is sold through independent agents and brokers for relatively large face amounts, in both the United States and Canada. Marketing of term life insurance products is aimed principally toward self-employed individuals, professionals, owners of small businesses, and high net worth persons.

Annuities: In the past, Old Republic marketed annuity policies, some of which remain outstanding, through securities dealers in New York State. These policies provide for annuity benefits based on premiums paid and accumulating with interest over time. Since 1985, the volume of annuity business has been inconsequential as the Company has been unwilling to compete in this part of the insurance business.

Consolidated Underwriting Statistics

The following table reflects underwriting statistics covering: 1) premiums together with loss, expense, and policyholders' dividend ratios for the major coverages underwritten solely in the General, Mortgage Guaranty and Title insurance groups, and disability/accident & health coverages underwritten directly or through reinsurance in both the Life and General Insurance groups; 2) a summary of net retained life insurance in force at the end of the years shown:

	($ in Millions)		
	Years Ended December 31,		
	1997	1996	1995
General Insurance Group:			
Overall Experience:			
Net Premiums Written	$ 908.4	$ 866.3	$ 876.1
Net Premiums Earned (a)	$ 907.7	$ 868.2	$ 847.7
Loss Ratio	72%	73%	75%
Policyholders' Dividend Ratio	-%	-%	1%
Expense Ratio(a)	27%	27%	26%
Composite Ratio	99%	100%	102%
Experience by Major Coverages:			
Commercial Automobile (Principally trucking):			
Net Premiums Earned (a)	$ 455.3	$ 397.4	$ 361.3
Loss Ratio	81%	79%	79%
Workers' Compensation:			
Net Premiums Earned (a)	$ 156.9	$ 151.6	$ 187.2
Loss Ratio	64%	71%	88%
Policyholders' Dividend Ratio	-%	1%	3%
General Liability:			
Net Premiums Earned (a)	$ 49.5	$ 46.9	$ 53.7
Loss Ratio	51%	76%	55%
Property and Other Coverages:			
Net Premiums Earned (a)	$ 246.0	$ 272.3	$ 245.5
Loss Ratio	63%	63%	66%
Mortgage Guaranty Group:			
Net Premiums Earned (b)	$ 271.0	$ 226.6	$ 175.2
Loss Ratio (b)	35%	36%	33%
Title Insurance Group:(b)			
Net Premiums Earned	$ 238.6	$ 220.2	$ 183.3
Combined Net Premiums & Fees Earned	$ 402.0	$ 367.4	$ 305.5
Loss Ratio: To Net Premiums Earned	8%	8%	14%
: To Net Premiums & Fees Earned	5%	5%	8%
Disability/Accident & Health (c):			
Net Premiums Earned	$ 35.2	$ 33.9	$ 31.2
Loss Ratio	40%	42%	44%
Net Retained Life Insurance In Force:			
Ordinary Life	$ 4,695.5	$ 3,833.9	$ 4,063.4
Credit and Other Life	217.4	135.7	173.6
Total	$ 4,912.9	$ 3,969.6	$ 4,237.0

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(a) Statutory net premiums earned and expense ratios may vary from amounts calculated pursuant to generally accepted accounting principles due to differences in the calculation of unearned premium reserves and acquisition cost under each accounting method.

(b) Amounts and ratios reported are determined pursuant to generally accepted accounting principles.

(c) Disability/accident & health data reflect the composite experience of the Life and General Insurance segments of business. Accordingly, the General Insurance Group composite experience includes premiums and related costs for disability/accident & health coverages underwritten directly or through reinsurance in such group.

Variations in the loss (including related claim settlement expense) ratios are caused by changes in the frequency and severity of claims incurred, changes in premium rates and the level of premium refunds, and periodic changes in claim and claim expense reserve estimates resulting from ongoing reevaluations of reported and unreported claims and claim expenses. Loss, expense, policyholders' dividends, and composite ratios have been rounded to the nearest percentage point. The loss ratios include loss adjustment expenses where appropriate. Policyholders' dividends are a reflection of changes in loss experience for individual or groups of policies, rather than overall results, and should be viewed in conjunction with loss ratio trends; policyholders' dividends apply principally to workers' compensation insurance.

General Insurance Group loss ratios for workers' compensation and liability insurance coverages in particular may reflect greater variability due to a variety of factors. The inherent volatility of claims experience is due in part to chance events in any one year, changes in loss costs emanating from participation in involuntary markets (i.e. from industry-wide insurance pools and associations in which participation is basically mandatory), and added provisions for loss costs not recoverable from assuming reinsurers which may experience financial difficulties from time to time. The Company generally underwrites concurrently workers' compensation, commercial automobile (liability and physical damage), and general liability insurance coverages for a large number of customers. Accordingly, an evaluation of trends in premiums, loss and dividend ratios for these individual coverages should be considered in the light of such a concurrent underwriting approach. Improved loss experience for workers compensation insurance in 1997 and 1996 reflects lower claim costs from involuntary market participations as well as generally improving industry-wide loss trends.

Slightly higher mortgage guaranty loss ratios in 1997 and 1996 are due to a rise in claim frequency, and claims emanating from the California market in particular which has been affected by an economic slowdown for the past several years. The Title Insurance Group loss ratios for the years presented reflect improving loss severity and frequency trends for business underwritten since 1992.

The increase in net ordinary life insurance in force in 1997 is attributed to the introduction of more favorably priced term life products that received greater market acceptance. The decrease in net ordinary life insurance in force in 1996 and 1995 is attributed to competitive market pressures which served to reduce first year premium production.

General Insurance Claim Reserves

The Corporation's property and liability insurance subsidiaries establish claim reserves which consist of estimates to settle: a) reported claims; b) claims which have been incurred as of each balance sheet date but have not as yet been reported ("IBNR") to the insurance subsidiaries; and c) the direct costs, (such as attorneys' fees which are allocable to individual claims) and indirect costs (such as salaries and rent applicable to the overall administration of claim departments) to administer known and IBNR claims. Such claim reserves, except as to classification in the Consolidated Balance Sheets as to gross and reinsured portions, are reported for financial and regulatory reporting purposes at amounts that are substantially the same.

The establishment of claim reserves by the Corporation's insurance subsidiaries is a reasonably complex and dynamic process influenced by a large variety of factors. These include past experience applicable to the anticipated costs of various types of claims, continually evolving and changing legal theories emanating from the judicial system, recurring accounting and actuarial studies, the professional experience and expertise of the Company's claim departments' personnel or attorneys and independent adjusters retained to handle individual claims, the effect of inflationary trends on future claim settlement costs, and periodic changes in claim frequency patterns such as those caused by natural disasters, illnesses, accidents, or work-related injuries. Consequently, the reserve-setting process relies on the judgments and opinions of a large number of persons, on historical precedent and trends, and on expectations as to future developments. At any point in time, the Company and the industry are exposed to possibly higher than anticipated claim costs due to the aforementioned factors, and to the evolution, interpretation, and expansion of tort law, as well as to the effects of unexpected jury verdicts.

In establishing claim reserves, the possible increase in future loss settlement costs caused by inflation is considered implicitly, along with the many other factors cited above. Reserves are generally set to provide for the ultimate cost of all claims. With regard to workers' compensation reserves, however, the ultimate cost of long-term disability or pension-type claims is discounted to present value based on interest rates ranging from 3.5% to 4.0%. The Company, where applicable, uses only such discounted reserves in evaluating the results of its operations, in pricing its products and settling retrospective and reinsured accounts, in evaluating policy terms and experience, and for other general business purposes. Solely to comply with reporting rules mandated by the Securities and Exchange Commission, however, Old Republic has made statistical studies of applicable workers' compensation reserves to obtain estimates of the amounts by which claim and claim adjustment expense reserves, net of reinsurance, have been discounted.

These studies have resulted in estimates of such amounts at approximately $167.7, $163.2 and $162.8 million, as of December 31, 1997, 1996, and 1995, respectively. It should be noted, however, that these differences between discounted and non-discounted (terminal) reserves are, fundamentally, of an informational nature, and are not indicative of an effect on operating results for any one or series of years for the above-noted reasons.

The Company believes that its overall reserving practices have been consistently applied over many years, and that its aggregate net reserves have resulted in reasonable approximations of the ultimate net costs of claims incurred. However, no representation is made that ultimate net claim and related costs will not be greater or lower than previously established reserves.

The following table shows the indicated deficiencies or redundancies for the years 1987 to 1997. In reviewing this tabular data, it should be noted that prior periods' loss payment and development trends may not be repeated in the future due to the large variety of factors influencing the reserving process outlined herein above. The reserve redundancies or deficiencies shown for all years are not necessarily indicative of the effect on reported results of any one or series of years since retrospective premium and commission adjustments employed in various parts of the Company's business tend to partially or fully offset or negate such effects. (See "Consolidated Underwriting Statistics" above, and "Reserves, Reinsurance, and Retrospective Adjustments" elsewhere herein).

The subject of property and liability insurance claim reserves has been written about and analyzed extensively by a large number of professionals and regulators. Accordingly, the above discussion summary should, of necessity, be regarded as a basic outline of the subject and not as a definitive presentation.

($ in Millions/Percentages to Nearest Whole Point)

(a) As of December 31:	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
(b) Liability (1) for unpaid claims and claim adjustment expenses(2):	$1,130	$1,271	$1,335	$1,435	$1,540	$1,573	$1,700	$1,768	$1,821	$1,829	$1,846
(c) Paid (cumulative) as of (3):											
One year later	17%	20%	20%	21%	24%	20%	20%	21%	21%	18%	-%
Two years later	32	33	33	36	36	33	33	34	31	-	-
Three years later	41	43	44	44	44	42	42	41	-	-	-
Four years later	48	50	49	50	50	48	47	-	-	-	-
Five years later	54	54	54	55	55	51	-	-	-	-	-
Six years later	58	58	58	59	57	-	-	-	-	-	-
Seven years later	62	62	61	60	-	-	-	-	-	-	-
Eight years later	64	65	62	-	-	-	-	-	-	-	-
Nine years later	68	65	-	-	-	-	-	-	-	-	-
Ten years later	68%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
(d) Liability reestimated (i.e., cumulative payments plus reestimated ending liability) as of (4):											
One year later	104%	101%	98%	100%	99%	97%	95%	95%	96%	94%	-%
Two years later	104	97	99	100	97	94	91	93	92	-	-
Three years later	100	98	98	99	96	93	93	90	-	-	-
Four years later	101	98	98	99	97	96	91	-	-	-	-
Five years later	101	99	99	100	100	95	-	-	-	-	-
Six years later	102	99	100	103	99	-	-	-	-	-	-
Seven years later	103	101	104	103	-	-	-	-	-	-	-
Eight years later	105	104	103	-	-	-	-	-	-	-	-
Nine years later	109	104	-	-	-	-	-	-	-	-	-
Ten years later	109%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%
(e) Redundancy (deficiency)(5):											
For each year-end at (a):	-9%	-4%	-3%	-3%	1%	5%	9%	10%	8%	6%	-%
Average for all year-ends at (a):											2.8%

(1) Amounts are reported net of reinsurance recoverable. (2) Excluding unallocated loss adjustment expense reserves. (3) Percent of most recent reestimated liability (line d). Decreases in paid loss percentages may at times reflect the reassumption by the Company of certain previously ceded loss reserves. (4) Percent of beginning liability (line b) for unpaid claims and claim adjustment expenses. (5) Most current liability reestimated (line d) as a percent of beginning liability (line b).

The following table shows an analysis of changes in aggregate reserves for the Company's property and liability insurance claims and claim adjustment expenses (1) for each of the years shown.

	($ in Millions) Years Ended December 31, 1997	1996	1995
Amount of reserves for unpaid claims and claim adjustment expenses at the beginning of each year, net of reinsurance losses recoverable	$ 1,829.5	$ 1,820.9	$ 1,768.3
Incurred claims and claim adjustment expenses:			
Provisions for insured events of the current year	713.8	668.0	684.7
Change in provision for insured events of prior years	(105.5)	(74.4)	(92.6)
Total incurred claims and claim adjustment expenses	608.3	593.6	592.1
Payments:			
Claims and claim adjustment expenses attributable to insured events of the current year	275.3	243.0	207.1
Claims and claim adjustment expenses attributable to insured events of prior years	316.6	342.0	332.4
Total payments	591.9	585.0	539.5
Amount of reserves for unpaid claims and claim adjustment expenses at the end of each year (2), net of reinsurance losses recoverable	1,845.9	1,829.5	1,820.9
Reinsurance losses recoverable	1,232.6	1,296.5	1,311.8
Amount of reserves for unpaid claims and claim adjustment expenses	$ 3,078.5	$ 3,126.0	$ 3,132.7

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(1) Excluding unallocated loss adjustment expense reserves.
(2) Reserves for incurred but not reported losses amounted to approximately 32.3%, 32.6% and 31.1% of the totals shown as of December 31, 1997, 1996 and 1995, respectively.

The data in the two tables above, incorporates Old Republic's estimates for various asbestosis and environmental impairment ("A&E") claims or related costs that have been filed in the normal course of business against a number of its insurance subsidiaries. Such claims relate primarily to policies issued prior to 1985, many during a short period between 1981 and 1982 pursuant to an agency agreement canceled in 1982. During all years and through the current date, the Corporation's insurance subsidiaries have typically issued general liability insurance policies with face amounts ranging between $1 million and $2 million and rarely exceeding $10 million. Such policies have, in turn, been subject to reinsurance cessions which have typically reduced the Corporation's retentions to $500,000 or less as to each claim.

The Corporation's reserving methods, particularly as they apply to formula-based reserves, have been established to provide for normal claim occurrences as well as unusual exposures such as those pertaining to A&E claims and related costs. At times, however, the Corporation's insurance subsidiaries also establish specific formula and other reserves as part of their overall claim and claim expense reserves to cover certain claims such as those emanating from A&E exposures. These are intended to cover additional litigation and other costs that are likely to be incurred to protect the Company's interests in litigated cases in particular. At December 31, 1997, the Corporation's aggregate indemnity and loss adjustment expense reserves specifically identified with A&E exposures amounted to approximately $71.8 million gross, and $36.3 million net of reinsurance. Based on average annual claims payments during the five most recent calendar years, such reserves represented 9.4 years (gross) and 11.0 years (net) of average annual claims payments.

Old Republic disagrees with the allegations of liability on virtually all A&E related claims of which it has knowledge on the grounds that exclusions in the policies preclude coverage for nearly all such claims, and that the Corporation never intended to assume such risks. Old Republic's exposure on such claims cannot therefore be calculated by conventional insurance reserving methods for this and a variety of reasons, including: a) the absence of statistically valid data inasmuch as such claims typically involve long reporting delays and very often uncertainty as to the number and identity of insureds against whom such claims have arisen or will arise; and b) the litigation history of such or similar claims for other insurance industry members that has produced court decisions that have been inconsistent with regard to such questions as when the alleged loss occurred, which policies provide coverage, how a loss is to be allocated among potentially responsible insureds and/or their insurance carriers, how policy coverage exclusions are to be interpreted, what types of environmental impairment or toxic tort claims are covered, when the insurer's duty to defend is triggered, how policy limits are to be calculated, and whether clean-up costs constitute property damage.

Individual insurance companies and others who have evaluated the potential costs of litigating and settling A&E claims have noted with serious concern the possibility that resolution of such claims, by applying liability retroactively in the context of the existing insurance system, could likely undermine materially the financial condition of major participants in the property and liability insurance industry. In light of this substantial public policy issue, the Corporation is of the view that the courts will not resolve in the near future the litigation gridlock stemming from the non-resolution to date of environmental claims in particular. In recent times, the Executive Branch and/or the United States Congress have proposed changes in the legislation and rules affecting the determination of liability for environmental claims. As of December 31, 1997, however, there is no solid evidence to suggest that forthcoming changes might mitigate or reduce some or all of these claim exposures.

Because of the above issues and uncertainties, estimation of reserves for losses and allocated loss adjustment expenses for the above noted types of claims is much more difficult or impossible. Accordingly, no representation can be made that the Corporation's reserves for such claims and related costs will not prove to be overstated or understated in the future.

(b) Investments. In common with other insurance organizations, Old Republic invests most funds provided by operations in income-producing investment securities and bank deposits.

All investments must comply with applicable insurance laws and regulations which prescribe the nature, form, quality, and relative amounts of investments which may be made by insurance companies. Generally, these laws and regulations permit insurance companies to invest within varying limitations in state, municipal and federal government obligations, corporate obligations, preferred and common stocks, certain types of real estate, and first mortgage loans. Old Republic's investment policies are also influenced by the terms of the insurance coverages written, by its expectations as to the timing of claim and benefit payments, and by income tax considerations. The following tables show invested assets at the end of the last three years, together with investment income for such years.

Consolidated Investments
($ in Millions)
December 31,

	1997	1996	1995
Held to Maturity			
Fixed Maturity Securities:			
Utilities	$ 1,001.8	$ 984.3	$ 995.5
Tax-Exempt	1,247.0	1,038.3	717.8
Redeemable Preferred Stocks	.8	.2	.7
	2,249.7	2,022.9	1,714.1
Other Invested Assets:			
Mortgage Loans	7.6	8.7	11.8
Policy Loans	2.2	2.0	2.1
Collateral Loans	.4	.2	.3
Sundry	5.1	14.2	12.6
	15.4	25.1	26.9
Total held to maturity	2,265.1	2,048.1	1,741.1
Available for Sale			
Fixed Maturity Securities:			
U.S. & Canadian Governments	684.4	758.0	812.4
Corporate	1,325.4	1,226.1	1,333.6
	2,009.9	1,984.2	2,146.0
Equity Securities:			
Perpetual Preferred Stocks	3.2	5.0	4.4
Common Stocks	113.8	111.1	121.7
	117.1	116.1	126.1
Short-term Investments	328.0	265.7	312.7
Total available for sale	2,455.2	2,366.0	2,584.9
Total Investments	$ 4,720.4	$ 4,414.2	$ 4,326.0

Sources of Consolidated Investment Income
($ in Millions)
Years Ended December 31,

	1997	1996	1995
Fixed Maturity Securities:			
Taxable	$ 194.1	$ 199.1	$ 203.2
Tax-Exempt	55.4	41.4	27.1
Redeemable Preferred Stocks	-	-	-
	249.5	240.6	230.4
Equity Securities:			
Perpetual Preferred Stocks	.2	.3	.4
Common Stocks	1.7	2.2	5.8
	1.9	2.6	6.3
Other Investment Income:			
Interest on Short-term Investments	16.4	16.0	13.6
Sundry	9.0	8.4	8.4
	25.5	24.5	22.0
Gross Investment Income	277.0	267.7	258.7
Less: Investment Expenses (a)	6.2	7.2	6.8
Net Investment Income	$ 270.8	$ 260.5	$ 251.9

(a) Investment expenses consist primarily of personnel costs, investment custody service fees and interest on funds held of $1.7, $1.7 and $1.6 for the years ended December 31, 1997, 1996 and 1995, respectively.

For at least the past 25 years, Old Republic's investment policy has been to acquire and retain primarily investment grade, publicly traded, fixed maturity securities. Accordingly, the Corporation's exposure to so-called "junk bonds", private placements, real estate, mortgage loans, and derivatives is immaterial or non-existent. Management considers investment-grade securities to be those rated by Standard & Poor's Corporation ("Standard & Poor's") or Moody's Investors Service, Inc. ("Moody's") that fall within the top four rating categories or securities which are not rated but have characteristics similar to securities so rated. At December 31, 1997 and December 31, 1996, the Company had no investments in default as to principal and/or interest.

The Company's investment policies are not designed to encourage trading of its securities or to maximize the realization of investment gains. While the amount of portfolio turnover varies from year to year, recent years' dispositions of portfolio investments held to maturity are caused principally by issuers' calls prior to maturity.

Effective January 1, 1993, the Company reevaluated the classification of its invested assets as to those it (1) has the positive intent and ability to hold until maturity (generally carried at amortized cost for fixed-maturity securities), (2) has available for sale (carried at fair value with adjustments to equity) or (3) has the intention of trading (carried at fair value with adjustments to income). In November 1995, the Company again reevaluated the classification of invested assets, as permitted by a Special Report issued by the Financial Accounting Standards Board (FASB) during that month. As a result, additional fixed maturity securities previously categorized as "held to maturity" were reclassified to the "available for sale" category; the amortized cost of the securities so reclassified was $1,365.7, and their fair market value was $1,394.2; the related net of deferred tax unrealized gain of $18.5 was credited directly to a separate account in the common shareholders' equity section of the balance sheet in the final quarter of 1995. Prior years' balance sheets and investment classifications have not been restated nor reclassified to reflect these changes. The Company's invested assets as of December 31, 1997 have been classified solely as "held to maturity" or "available for sale".

The independent credit quality ratings and maturity distribution for Old Republic's consolidated fixed maturity investments, excluding short-term investments, at December 31, 1997 and December 31, 1996, are shown in the following tables. These investments, $4.2 billion and $4.0 billion at December 31, 1997 and 1996, respectively, represented approximately 62% and 60%, respectively, of consolidated assets, and 89% and 85%, respectively, of consolidated liabilities as of such dates.

Independent Ratings (a)

	December 31, 1997	December 31, 1996
	(% of total portfolio)	
Aaa	30.1%	31.5%
Aa	31.2	29.8
A	32.2	33.2
Baa	5.9	4.8
Total investment grade	99.4	99.3
All others (b)	.6	.7
Total	100.0%	100.0%

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(a) Ratings are assigned primarily by Moody's with remaining ratings assigned by Standard & Poor's and converted to the equivalent Moody's rating.

(b) "All others" include securities which when purchased were investment grade, non-investment grade or non-rated convertible securities, and other non-rated securities such as small issues of tax exempt bonds.

Maturity Distribution

	December 31, 1997	December 31, 1996
	(% of total portfolio)	
Due in one year or less	6.5%	10.3%
Due after one year through five years	44.9	40.9
Due after five years through ten years	46.0	45.8
Due after ten years through fifteen years	1.3	2.0
Due after fifteen years	1.3	1.0
	100.0%	100.0%
Average life, including short-term investments (years)	4.7	4.6

(c) Marketing. Commercial automobile, workers' compensation and general liability insurance underwritten for larger commercial enterprises and public entities is marketed primarily through independent insurance agents and brokers with the assistance of Old Republic's trained sales, underwriting, actuarial, and loss control personnel. The remaining property and liability commercial insurance written by Old Republic is obtained through insurance agents or brokers who are independent contractors and generally represent other insurance companies, by direct sales, and through controlled marketing and underwriting joint ventures. No single source accounted for over 10% of Old Republic's premium volume in 1997.

Mortgage guaranty insurance is marketed primarily through a direct sales force which calls on savings and loan associations, other lending institutions, and mortgage bankers. No sales commissions or other forms of remuneration are paid to the lending institutions and others for the procurement or development of business.

A substantial portion of the Company's title insurance business is referred to it by title insurance agents, builders, lending institutions, real estate developers, realtors, and lawyers. Title insurance is sold through 232 Company offices located in 32 states and through agencies and underwritten title companies in the District of Columbia and all states except Iowa and Oregon. The issuing agents are authorized to issue binders and title insurance policies based on their own search and examination, or on the basis of abstracts and opinions of approved attorneys. Policies are also issued through independent abstract companies (not themselves title insurers) pursuant to underwriting agreements. These agreements generally provide that the underwritten company may cause title policies of the Company to be issued, and the latter is responsible under such policies for any payments to the insured. Typically, the agency or underwritten title company deducts the major portion of the title insurance charge to the consumer as its commission and for services. During 1997, approximately 49% of title insurance premiums and fees were accounted for by policies issued by agents and underwritten title companies.

Existing differences in various parts of the country with respect to the acceptance and use of title insurance in real estate sales and loan transactions have a material effect on title insurance growth and operations in the areas concerned. In the Western states and certain urban areas of the East and Midwest, title insurance is widely accepted, with the result that the potential volume of title insurance premium income is large in relation to the volume of real estate activity in those areas. In some other parts of the country, title insurance is not as generally used, particularly in transactions involving residential real estate. Consequently, in those areas, the growth of title insurance depends not only upon market share of the title insurance business within the industry, but also upon the increased use of title insurance in real estate transactions. The volume of real estate activity is also affected by the availability and cost of financing, population growth, family movements and other factors. Also, the title insurance business is seasonal. During the winter months, new building activity is reduced and, accordingly, the Company does less title insurance business relative to new construction during such months than during the rest of the year. The most important factor, insofar as Old Republic's title business is concerned, however, is the rate of activity in the resale market for residential properties.

The personal contacts, relationships, and reputations of Old Republic's key executives are a vital element in obtaining and retaining much of its business. Many of the Company's customers produce large amounts of premiums and therefore warrant substantial levels of top executive attention and involvement. In this respect, Old Republic's mode of operation is similar to that of professional reinsurers and commercial insurance brokers, and relies on the marketing, underwriting, and management skills of relatively few key people for large parts of its business.

Several types of insurance coverages underwritten by Old Republic, such as credit life and disability, loan credit guaranty, title, and mortgage guaranty insurance, are affected in varying degrees by changes in national economic conditions. During periods of economic recession or rising interest rates, operating and/or claim costs pertaining to such coverages tend to rise disproportionately to revenues and generally result in reduced levels of profitability.

At least one Old Republic insurance subsidiary is licensed to do business in each of the 50 states, the District of Columbia, Puerto Rico, Virgin Islands, Guam, and each of the Canadian provinces; mortgage insurance subsidiaries are licensed in 50 states and the District of Columbia; title insurance operations, however, are licensed to do business in 48 states, the District of Columbia and Puerto Rico. Consolidated direct premium volume distributed among the various geographical regions shown was as follows for the past three years:

Geographical Distribution of Direct Premiums Written

	1997	1996	1995
United States:			
Northeast	5.8%	5.1%	5.0%
Mid-Atlantic	7.6	8.1	8.9
Southeast	16.3	16.3	16.6
Southwest	13.2	14.0	13.1
East North Central	16.9	17.2	17.7
West North Central	14.9	16.1	16.3
Mountain	8.7	8.3	8.5
Western	13.6	11.9	11.0
Foreign (Principally Canada)	3.0	2.9	2.9
Total	100.0%	100.0%	100.0%

(d) Reserves, Reinsurance, and Retrospective Adjustments. Old Republic's insurance subsidiaries establish reserves for future policy benefits, unearned premiums, reported claims, claims incurred but not reported, and claim adjustment expenses, as required in the circumstances. Such reserves are based on regulatory accounting requirements and generally accepted accounting principles. In accordance with insurance industry practices, claim reserves are based on estimates of the amounts that will be paid over a period of time and changes in such estimates are reflected in the financial statements when they occur. See "General Insurance Claim Reserves" herein.

To maintain premium production within its capacity and limit maximum losses and risks for which it might become liable under its policies, Old Republic, as is the practice in the insurance industry, may cede a portion or all of its premiums and liabilities on certain classes of insurance, individual policies, or blocks of business to other insurers and reinsurers. Although the ceding of insurance does not generally discharge an insurer from its direct liability to a policyholder, it is industry practice to establish the reinsured part of risks as the liability of the reinsurer. Old Republic also employs retrospective premium adjustments, contingent commissions, agency profit and risk-sharing arrangements, and joint underwriting ventures for parts of its business in order to minimize losses for which it might become liable under its insurance policies, and to afford its clients or producers a degree of participation in the risks and rewards associated with such business. Under retrospective arrangements, Old Republic collects additional premiums if losses are greater than originally anticipated and refunds a portion of original premiums if loss costs are lower. Pursuant to contingent commissions, agency profit and other risk-sharing arrangements, the Company adjusts commissions or premiums retroactively to likewise reflect deviations from originally expected loss costs. The amount of premium, commission, or other retroactive adjustments which may be made is either limited or unlimited depending on the Company's evaluation of risks and related contractual arrangements. To the extent that any reinsurance companies, retrospectively rated risks, or producers might be unable to meet their obligations under existing reinsurance or retrospective insurance and commission agreements, Old Republic would be liable for the defaulted amounts. In these regards, however, the Company generally protects itself by withholding funds, by securing indemnity agreements, or by otherwise collateralizing reinsurance obligations through irrevocable letters of credit, cash, or securities.

Old Republic's reinsurance practices with respect to portions of its business also result from its desire to bring its sponsoring organizations and customers into some degree of joint venture or risk sharing relationship. The Corporation may, in exchange for a ceding commission, reinsure up to 100% of the underwriting risk, and the premium applicable to such risk, to insurers owned by or affiliated with lending institutions, sponsors whose customers are insured by Old Republic, or individual customers who have formed "captive" insurance companies. The ceding commissions received compensate Old Republic for performing the direct insurer's functions of underwriting, actuarial, claim settlement, loss control, legal, reinsurance, and administrative services to comply with local and federal regulations, and for providing appropriate risk management services.

Remaining portions of Old Republic's business are reinsured with independent insurance or reinsurance companies under various quota share and excess of loss agreements.

Reinsurance protection on property and liability operations generally limits the net loss on any one risk to a maximum of (in whole dollars): workers' compensation-$1,000,000; auto liability-$500,000; general liability-$500,000; and property coverages-$250,000. Substantially all the mortgage guaranty insurance business is retained, with the exposure on any one risk currently averaging approximately $25,000. Title insurance risk assumptions, based on the title insurance subsidiaries' financial resources, are limited to a maximum of $25,000,000 as to any one policy. The maximum amount of ordinary life insurance retained on any one life by the Life Insurance Group is $250,000.

(e) Competition. The insurance business is highly competitive and Old Republic competes with many stock and mutual insurance companies. Many of these competitors offer more insurance coverages and have substantially greater financial resources than the Corporation. The rates charged for many of the insurance coverages in which the Corporation specializes, such as workers' compensation insurance, other property and liability insurance, title insurance, and credit life and disability insurance, are primarily regulated by the states and are also subject to extensive competition among major insurance organizations. The basic methods of competition available to Old Republic, aside from rates, are service to customers, expertise in tailoring insurance programs to the specific needs of its clients, efficiency and flexibility of operations, personal involvement by its key executives, and, as to title insurance, accuracy and timely delivery of evidences of title issued. For certain types of coverages, including loan credit guaranty and mortgage guaranty insurance, the Company also competes in varying degrees with the Federal Housing Administration ("FHA") and the Veterans Administration ("VA"). In these regards, the Corporation's insurance subsidiaries compete with the FHA and VA by offering different coverages and by establishing different requirements relative to such factors as interest rates, closing costs, and loan processing charges. The Corporation believes its experience and expertise have enabled it to develop a variety of specialized insurance programs for its customers and to secure state insurance departments' approval of these programs.

(f) Government Regulation. In common with all insurance companies, the Corporation's insurance subsidiaries are subject to the regulation and supervision of the jurisdictions in which they do business. The method of such regulation varies, but, generally, regulation has been delegated to state insurance commissioners who are granted broad administrative powers relating to: the licensing of insurers and their agents; the nature of and limitations on investments; approval of policy forms; reserve requirements; and trade practices. In addition to these types of regulation, many classes of insurance, including most of the Corporation's insurance coverages, are subject to rate regulations which require that rates be reasonable, adequate, and not unfairly discriminatory.

The Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC") have various qualifying requirements for private mortgage guaranty insurers which write mortgage insurance on loans acquired by the FNMA and FHLMC from mortgage lenders. These requirements include a basic standard calling for the maintenance of a ratio of aggregate insured risk to policyholders' surplus (defined as total statutory capital and surplus plus statutory contingency reserves) of not more than 25 to 1. Other qualifying requirements are designed to insure the financial stability of a private mortgage insurance company by limiting the geographic concentration of insurance risks, by limiting risks on nonresidential real estate insurance to 10% of policyholders' surplus, by maintaining 85% of total admitted assets in marketable securities and other highly liquid investments, and by maintaining a minimum policyholders' surplus of $5 million.

Most of the Company's savings and loan association customers for mortgage guaranty insurance are governed by the regulations of the Federal Home Loan Bank Board. A regulation of that Board prohibits savings and loan associations from insuring any loan with a mortgage insurance company if certain relationships exist between such mortgage insurance company and the savings and loan association. Generally, a savings and loan association may not obtain insurance from any mortgage insurance company if (1) any commission, fee or other compensation is paid to the savings and loan association or any of its officers, directors, employees or affiliates, (2) a savings account is maintained by the mortgage insurance company with such savings and loan association, (3) any officer or employee of the mortgage insurance company or its parent company is a director, officer or controlling person of the savings and loan association, or (4) either (a) the association or any director, officer, controlling person or affiliate holds equity securities of the mortgage insurance company or any parent company thereof having a cost in excess of $50,000 or representing more than one percent of any class of equity securities of the company, if its assets are less than $50 million, or one-half percent, if the assets equal or exceed $50 million, or (b) the association and all of its directors, officers, controlling persons or affiliates in the aggregate own equity securities of the mortgage insurance company having a cost in excess of $100,000, or two percent of a company the assets of which are less than $50 million, or one percent, if the assets equal or exceed $50 million.

There have been various proposals from time to time with respect to additional regulation of credit life and disability insurance which could have an adverse effect on the consumer credit insurance business. The financial institutions whose customers are insured by Old Republic are also regulated by federal and state authorities whose regulations have a direct effect on certain forms of credit life and disability insurance.

The majority of states have also enacted insurance holding company laws which require registration and periodic reporting by insurance companies controlled by other corporations licensed to transact business within their respective jurisdictions. Old Republic's insurance subsidiaries are subject to such legislation and are registered as controlled insurers in those jurisdictions in which such registration is required. Such legislation varies from state to state but typically requires periodic disclosure concerning the corporation which controls the registered insurers, or ultimate holding company, and all subsidiaries of the ultimate holding company, and prior approval of certain intercorporate transfers of assets (including payments of dividends in excess of specified amounts by the insurance subsidiary) within the holding company system. Each state has established minimum capital and surplus requirements to conduct an insurance business. All of the Company's subsidiaries meet or exceed these requirements, which vary from state to state.

(g) Employees. As of December 31, 1997, Old Republic employed approximately 5,890 persons on a full time basis. Eligible full time employees participate in various pension plans which provide annuity benefits payable upon retirement. Eligible employees are also covered by hospitalization and major medical insurance, group life insurance, and various profit sharing and deferred compensation plans. The Company considers its employee relations to be good.

Item 2-Properties

The principal executive offices of the Company are located in the Old Republic Building in Chicago, Illinois. This Company owned building contains 151,000 square feet of floor space of which approximately 50% is occupied by Old Republic, and the remainder is leased to others. In addition to the Company-owned principal executive offices, a subsidiary of the Title Insurance Group partially occupies its headquarters building. This building contains 110,000 square feet of floor space of which approximately 65% is occupied by the Old Republic National Title Insurance Company. The remainder of the building is leased to others. Eleven smaller buildings are owned by Old Republic and its subsidiaries in various parts of the country and are primarily used for its business. The carrying value of all buildings and related land at December 31, 1997 was approximately $13.7 million.

Certain other operations of the Company and its subsidiaries are directed from leased premises. See Note 5(b) of the Notes to Consolidated Financial Statements for a summary of all material lease obligations.

Item 3-Legal Proceedings

There are no material legal proceedings against the Company other than those arising in the normal course of business and which generally pertain to claim matters arising from insurance policies and contracts issued by the Corporation's insurance subsidiaries.

Item 4-Submission of Matters to a Vote of Security Holders

None

Item 4(a)-Executive Officers of the Registrant

Name	Age	Position
Paul D. Adams	52	Senior Vice President, Chief Financial Officer since 1990 and Treasurer since 1993.
Spencer LeRoy, III	51	Senior Vice President, General Counsel, and Secretary since 1992.
William A. Simpson	56	Senior Vice President/Mortgage Guaranty, and Director since 1980. President since 1972 of Republic Mortgage Insurance Company, a wholly-owned subsidiary.
A. C. Zucaro	58	Chief Executive Officer, President, Director and Chairman of the Board since 1990, 1981, 1976 and 1993, respectively.

The term of office of each officer of the Company expires on the date of the annual meeting of the board of directors, which is generally held in May of each year. There is no family relationship between any of the executive officers named above. Each of these named officers has been employed in executive capacities with the Company and/or its subsidiaries for the past five years.

PART II

Item 5-Market for the Registrant's Common Stock and Related Security Holder Matters

The Company's common stock is traded on the New York Stock Exchange under the symbol "ORI". The high and low closing prices as reported on the New York Stock Exchange, and cash dividends declared for each quarterly period during the past two years were as follows:

	Closing Price		Cash
	High	Low	Dividends
1st quarter 1996	$ 16.17	$ 14.05	$ .058
2nd quarter 1996	15.33	13.55	.073
3rd quarter 1996	16.50	13.75	.073
4th quarter 1996	$ 18.42	$ 16.42	$ .073
1st quarter 1997	$ 18.25	$ 16.75	$ .073
2nd quarter 1997	20.75	16.42	.087
3rd quarter 1997	26.54	20.25	.087
4th quarter 1997	$ 26.59	$ 23.17	$ .087

As of January 30, 1998, there were 3,631 registered holders of the Company's Common Stock. See Notes 4(b) and 4(c) of the Notes to Consolidated Financial Statements for a description of certain regulatory restrictions on the payment of dividends by Old Republic's insurance subsidiaries and certain restrictions under the terms of Old Republic's loan agreements. Closing prices have been restated, as necessary, to reflect all stock dividends and splits declared through March 12, 1998.

Item 6-Selected Financial Data
Years Ended December 31,

	1997	1996	1995	1994	1993
FINANCIAL POSITION ($ millions):					
Cash and Invested Assets (a)	$ 4,819.9	$ 4,521.8	$ 4,415.2	$ 3,906.4	$ 3,723.0
Other Assets	2,103.5	2,134.3	2,178.2	2,356.5	2,375.3
Total Assets	6,923.4	6,656.2	6,593.5	6,262.9	6,098.3
Liabilities, Other than Debt	4,627.2	4,581.5	4,587.9	4,543.4	4,480.5
Debt and Debt Equivalents	142.9	154.0	320.5	314.7	282.7
Total Liabilities	4,770.2	4,735.6	4,908.4	4,858.1	4,763.3
Preferred Stock	1.0	20.6	72.5	75.4	78.0
Common Shareholders' Equity	2,152.1	1,900.0	1,612.5	1,329.3	1,256.9
Total Capitalization (b)	$ 2,296.1	$ 2,074.6	$ 2,005.6	$ 1,719.5	$ 1,617.7
RESULTS OF OPERATIONS ($ millions):					
Net Premiums and Fees Earned	$ 1,628.0	$ 1,507.7	$ 1,374.0	$ 1,423.2	$ 1,445.7
Net Investment and Other Income	308.4	281.0	272.1	248.0	250.2
Realized Investment Gains	26.3	15.1	49.7	7.7	40.2
Net Revenues	1,962.8	1,803.9	1,695.9	1,679.0	1,736.3
Benefits, Claims, Settlement Expenses and Dividends	787.6	752.0	747.9	761.2	811.3
Underwriting and Other Expenses	748.5	709.4	631.9	691.9	681.6
Income Taxes	129.2	108.5	103.6	73.4	78.0
Income Before Items Below	298.1	234.8	212.7	151.0	166.4
Accounting Changes (c)	-	-	-	-	8.6
Extraordinary Item (d)	-	(4.4)	-	-	-
Net Income	$ 298.1	$ 230.3	$ 212.7	$ 151.0	$ 175.1
COMMON SHARE DATA (e):					
Net Income:					
Basic Earnings (f):					
Income Before Items Below	$ 2.22	$ 1.76	$ 1.76	$ 1.23	$ 1.37
Accounting Changes (c)	-	-	-	-	.07
Extraordinary Item (d)	-	(.03)	-	-	-
Net Income	$ 2.22	$ 1.73	$ 1.76	$ 1.23	$ 1.44
Diluted Earnings (g):					
Income Before Items Below	$ 2.10	$ 1.62	$ 1.52	$ 1.08	$ 1.20
Accounting Changes (c)	-	-	-	-	.06
Extraordinary Item (d)	-	(.03)	-	-	-
Net Income	$ 2.10	$ 1.59	$ 1.52	$ 1.08	$ 1.26
Dividends: Cash	$ .333	$ .278	$ .227	$ .209	$ .191
Stock	-%	50%	-%	-%	-%
Book Value	$ 15.59	$ 14.57	$ 13.58	$ 11.46	$ 10.78
Common Shares (thousands):					
Outstanding	138,069	130,408	118,716	115,956	116,649
Average and Equivalent Shares:					
Basic	133,659	129,030	117,243	116,740	116,103
Diluted	141,768	141,967	138,926	138,729	138,418

See Notes on Following Page

Notes to Item 6-Selected Financial Data

(a) Consists of cash, investments and investment income due and accrued.

(b) Total capitalization consists of debt and debt equivalents, preferred stock, and common shareholders' equity.

(c) Effective January 1, 1993, the Company adopted Financial Accounting Statement (FAS) No. 109 "Accounting for Income Taxes" that required a change to the asset and liability method of calculating deferred income taxes. The cumulative effect of this change resulted in net income of $13.3, or $.11 per share ($.09 diluted) in 1993. In addition, effective January 1, 1993 the Company adopted FAS No. 106 "Employers' Accounting for Post-retirement Benefits Other than Pensions" for health care and life insurance benefit plans. A few Old Republic subsidiaries made available post-retirement health benefits for employees that retired prior to November 30, 1992. The Company recognized the accumulated post-retirement benefit liability of $7.0 as of January 1, 1993; this resulted in an after tax charge to net income of $4.6 or $.04 per share ($.03 diluted.

(d) In February 1996, the Company called for the redemption of its 10% debentures maturing in 2018 ($75.0 principal amount), and its 5.75% convertible subordinated debentures maturing in 2002 ($110.0 principal amount). In April 1996, the Company called for redemption its 11.5% debentures maturing in 2015 ($30.0 principal amount). Redemption of the debentures was effected with internally available funds, while the subordinated debentures were converted by their terms into approximately 9.6 million Old Republic common shares. The early retirement of the Company's debentures produced a net of tax charge of $4.4 or $.03 per share that has been reflected as an extraordinary item in 1996.

(e) Effective in 1997, the Company adopted Financial Accounting Statement (FAS) No. 128 "Earnings Per Share" which establishes a new methodology for computing earnings per share. It replaces Primary Earnings Per Share with Basic Earnings Per Share. Basic Earnings Per Share excludes the dilutive effect of common stock equivalents and is computed by dividing income available to common stockholders by the weighted-average number of common shares actually outstanding for the period. Diluted Earnings Per Share per FAS-128 is computed in a fashion similar to the former Fully Diluted Earnings Per Share as required by prior authoritative FASB pronouncements. Prior year data has been retroactively restated. Common share data has been retroactively adjusted to reflect a 50% stock dividend of the Company's common shares approved by the Board of Directors on March 12, 1998. FAS-128 requires this stock dividend be reflected in the 1997 year-end financial statements. Excludes 10,110,690 issued and outstanding common shares, held by a consolidated affiliate, which are eliminated in consolidation and in the calculation of outstanding shares for financial accounting purposes only.

(f) Calculated after deduction of preferred stock dividend requirements of $1.7 in 1997, $7.5 in 1996, $6.7 in 1995, $7.0 in 1994 and $7.2 in 1993.

(g) Calculated after deduction of preferred stock dividend requirements and, as applicable, after adjustment for post-tax convertible debentures interest of $4.0 in 1996, $.6 in 1995, $.9 in 1994 and $1.0 in 1993.

OVERVIEW

This analysis pertains to the consolidated accounts of Old Republic International Corporation. The Company conducts its business through four major segments, namely its General (property and liability coverages), Mortgage Guaranty, Title, and Life insurance groups.

CHANGE IN ACCOUNTING POLICY

The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 128 (FAS-128) Earnings Per Share, in February 1997. This statement has been adopted by Old Republic, and prior period data has been restated for comparative purposes.

FAS-128 establishes a new methodology for computing earnings per share. Primary Earnings Per Share is replaced by Basic Earnings Per Share. The latter excludes the dilutive effect of common stock equivalents and is computed by dividing income available to common stockholders by the weighted-average number of common shares actually outstanding for the period. Diluted Earnings Per Share per FAS-128 is computed in a fashion similar to the former Fully Diluted Earnings Per Share as required by prior authoritative FASB pronouncements.

NON-RECURRING ITEMS

In the second quarter of 1997, several life insurance subsidiaries recovered income taxes and related accumulated interest due to favorable resolution with the Internal Revenue Service of various outstanding issues pertaining to income tax returns for the years 1979 through 1982. These cash recoveries, net of miscellaneous charges, increased other income by $12.6, reduced income tax expense by $5.9 and increased after-tax consolidated earnings by $14.2 ($0.10 per diluted common share) for the year ended December 31, 1997.

FINANCIAL POSITION

Old Republic's financial position at December 31, 1997 reflected increases in assets, liabilities and common shareholders' equity of 4.0%, 0.7% and 13.3%, respectively, when compared to the immediately preceding year-end. Cash and invested assets represented 69.6% and 67.9% of consolidated assets as of December 31, 1997 and December 31, 1996, respectively.

Relatively high short-term maturity investment positions continued to be maintained as of most recent year ends to provide necessary liquidity for specific operating needs and to enhance flexibility in investment strategy. Changes in short-term investments reflect a large variety of seasonal and intermediate-term factors including seasonal operating cash needs, investment strategy, and expectations as to trends in interest yields. Accordingly, the future level of short-term investments will vary and respond to the dynamics of these factors and may, as a result, increase or decrease from current levels. During 1997 and 1996, the Corporation committed substantially all investable funds in short to intermediate-term fixed maturity securities with an emphasis on tax-exempt bonds. Old Republic continues to adhere to its long-term policy of investing primarily in investment grade, marketable securities; the Corporation has not directed its investable funds to so-called "junk bonds" or derivative types of securities. Old Republic's commitment to equity securities during 1997 was approximately equal to the related invested balance at year-end 1996. At December 31, 1997, the Company had no investments in default as to principal and/or interest.

The Company does not own or utilize derivative financial instruments for the purpose of hedging, enhancing the overall return of its investment portfolio, or reducing the cost of its debt obligations. Old Republic employs traditional investment management tools and techniques to address the yield and valuation exposures of its invested assets. The long term fixed maturity investment portfolio is managed so as to limit various risks inherent in the bond market. Credit risk is addressed through adequate diversification and the purchase of investment grade securities. Reinvestment rate risk is controlled by concentrating on non-callable issues, and through asset-liability matching practices. Purchases of mortgage and asset backed securities, which have variable principal prepayment options, are generally avoided. Market value risk is limited through the purchase of bonds of intermediate maturity. The combination of these investment management tenets generally provides a more stable long term fixed maturity investment portfolio that is not subject to extreme interest rate sensitivity and principal deterioration. The market value of the Company's long term fixed maturity investment portfolio is sensitive, however, to fluctuations in the level of interest rates, but not materially effected by changes in anticipated cash flows caused by any prepayments. The impact of interest rate movements on the long term fixed maturity investment portfolio generally affects net realized gains or losses when securities are sold. With a market value of $4,316.1, the long term fixed maturity investment portfolio has an average maturity of 5.1 years and an indicated duration of 4.2. This implies that a 100 basis point parallel increase in interest rates from current levels would result in a possible decline in the market value of the long term fixed maturity investment portfolio of approximately 4.2%, or $180. With regard to its $113.8 common stock portfolio, the Company does not own nor engage in any type of option writing. A 10% decrease in the U.S. equity market prices could result in a decrease of $11.4 in the market value of the Company's common stock portfolio. These possible declines in values for Old Republic's bond and stock portfolios would affect negatively the common shareholders' equity at any point in time, but would not necessarily result in the recognition of realized investment losses as long as operating cash flow and the ongoing emergence of bond maturities continued to provide sufficient funds to meet obligations to policyholders and claimants.

Consolidated operations produced positive cash flows for the latest three years. The 1996 decline in cash flow from operations was due mainly to lower operating cash flow in Old Republic's general and life segments. Each of the Company's four segments contributed to the increase in such cash flow for 1997.

The parent holding company has met its liquidity and capital needs principally through dividends paid by its subsidiaries. The insurance subsidiaries' ability to pay cash dividends to the parent company is generally restricted by law or subject to approval of the insurance regulatory authorities of the states in which they are domiciled. Additionally, the terms of guarantees by the Company of bank loans to the trustee of the Company's Employees Savings and Stock Ownership Plan restrict the amount of debt the Company may incur. This covenant is being met.

Old Republic's capitalization of $2,296.1 at December 31, 1997 consisted of debt and debt equivalents of $142.9, convertible preferred stock of $1.0, and common shareholders' equity of $2,152.1. The increase in the common shareholders' equity account during the past three years reflects primarily the retention of earnings in excess of dividends declared on outstanding preferred and common shares, the conversion of redeemable convertible preferred stock in 1997, the issuance of additional shares to effect a debt conversion in 1996, and an increase during 1997 and 1995 compared to a decrease during 1996 in the value of bonds and stocks carried at market value. Common shareholders equity increases in 1997 were partially offset by the acquisition of $62.1 of common stock in open market transactions. At its May 16, 1996 meeting, the Company's Board of Directors had authorized the reacquisition of up to $150.0 of common and preferred shares as market conditions would warrant during the twenty-four month period from that date; as of December 31, 1997, a total of $33.1 remained unutilized.

In February 1996, the Company called for the redemption of its 10% debentures maturing in 2018 ($75.0 principal amount) and its 5.75% convertible subordinated debentures maturing in 2002 ($110.0 principal amount). In April 1996, the Company called for the redemption of its 11.5% debentures maturing in 2015 ($30.0 principal amount); redemption of these debentures was financed with internally available funds, while the subordinated debentures were converted by their terms into approximately 9.6 million Old Republic common shares. As a result of these redemptions and conversions, the Company's debt declined by $215.0 while its common shareholders' equity account rose by $108.6 during 1996. The early retirement of the debentures produced a net of tax charge of $4.4 ($0.03 per diluted common share) that has been reflected as an extraordinary item in 1996. In December 1996, the Company redeemed all ($54.8) of its Series "H" cumulative preferred stock with available funds. During the second quarter of 1997, the Company issued $115.0 of 7% debentures maturing June 15, 2007; proceeds from this offering were used principally to redeem commercial paper debt.

Common share data has been retroactively adjusted to reflect a 50% stock dividend of the Company's common shares approved by the Board of Directors on March 12, 1998. FAS-128 requires this stock dividend be reflected in the 1997 year-end financial statements.

RESULTS OF OPERATIONS

Revenues:

Consolidated net premiums and fees earned increased by 8.0% in 1997 and 9.7% in 1996, while they declined by 3.5% in 1995. Property and liability earned premiums increased 4.5% in 1997 and 1.9% in 1996 and decreased by 1.5% in 1995; premium production trends in the past three years were affected by a soft pricing environment for most insurance coverages, and by lower participation in involuntary market (assigned risk) pools. Growth in mortgage guaranty premiums for the past three years was enhanced principally by a rise in the amount of renewal business, by territorial expansion, and by relatively strong mortgage lending activity. Title Group premiums and fee revenues increased 9.4% in 1997 and 20.3% in 1996, but decreased by 20.6% in 1995. Greater housing and mortgage finance activity were the main reasons for this rise in revenues in the most recent two years. Depressed conditions in the large California housing market and much lower refinancing activity nationwide resulted in reduced title insurance revenues in 1995. Life and disability premium volume increased moderately during the last three years as a result of greater term life and accident insurance production.

Net investment income grew by 3.9%, 3.4% and 10.7% in 1997, 1996 and 1995, respectively. For each of the past three years, this revenue source was affected by positive consolidated operating cash flows and by a concentration of investable assets in interest-bearing, fixed maturity securities. The Company, as previously mentioned, used internal funds in 1997 for open market purchases of its common stock and in 1996 to redeem certain debt and preferred stock, thus reducing the size and earning power of its invested asset base. The average annual yield on investments was 5.9%, 6.0% and 6.2% for the years ended December 31, 1997, 1996 and 1995, respectively. This yield pattern reflects at once the relatively short maturity of Old Republic's fixed maturity securities portfolio, changes in interest rates at various times during the past three years, and the commitment of a larger percentage of investable funds to tax-exempt fixed maturity securities that typically bear lower pre-tax yields.

While the Company's investment policies have not been designed to maximize realized investment gains, such gains were higher in 1995 than those realized in 1997 and 1996. Dispositions of securities have been caused principally by calls prior to maturity by issuers of bonds and notes, and by sales of equity securities. In 1997, 76.9% of total fixed maturity securities dispositions represented contractual maturities and early calls of existing holdings; for the year 1996 and 1995 these amounted to 72.5% and 58.5%, respectively.

Expenses:

Consolidated benefit, claim, and related settlement costs, as a percentage of net premiums and fees earned, were approximately 48.4% in 1997, 49.9% in 1996 and 54.4% in 1995. This consolidated ratio was affected principally by an improving claim ratio for liability insurance coverages due mostly to reduced losses from involuntary workers compensation pool assessments, as well as reduced claim frequencies and severity generally. The loss ratio for mortgage guaranty insurance decreased slightly in 1997 compared to 1996 which increased compared to 1995; the 1996 increase was mostly due to a rise in frequency of claim occurrences, principally in the California market which has been affected by an economic slowdown for several years. The title insurance loss ratio in each of the past three years was affected by favorable trends in claims frequency and severity for business underwritten since 1992.

The ratio of consolidated underwriting, acquisition, and insurance expenses to net premiums and fees earned was approximately 45.2% in 1997, 46.0% in 1996 and 44.0% in 1995. Variations in these ratios reflect a continually changing mix of coverages sold and attendant costs of producing business. During the past three years, the property and liability and mortgage guaranty segments' expense ratios have remained relatively flat. The title insurance expense ratio has trended lower, particularly in 1997, due in part to an increase in premium and fees volume without a proportional increase in expenses. The decline in interest and other charges, particularly in 1997, is principally a result of the above noted reduction in outstanding debt.

The Company and its subsidiaries have been aware for several years of issues associated with programming codes in existing computer systems as the year 2000 approaches. The Company's subsidiaries are scheduled to complete by December 31, 1998, the identification and implementation of changes, and the testing of systems affected by this year 2000 issue. The costs of identifying, implementing, and testing the required changes has not been material to historical operating results. A significant portion of these costs was not incremental as the Company and its subsidiaries have mostly utilized existing resources.

Pre-Tax and Net Income:

Income before taxes increased by 24.6%, 8.3% and 39.9% in 1997, 1996 and 1995, respectively. General insurance results have trended up during the past three years and have continued as the largest contributor to consolidated earnings, principally as a result of improved underwriting results and greater investment income. The mortgage guaranty segment reflected significantly improved earnings in each of the last three years due to increased revenues generating higher income from underwriting operations. Increases in title insurance earnings in 1997 and 1996 resulted from growth in premiums and fees and a reduction in loss and expense ratios, while the lower results in 1995 were due to the previously noted decline in revenues. Life and disability operations, excluding the aforementioned non-recurring tax recovery item, have posted relatively flat earnings in the past three years.

The effective consolidated income tax rates were 30.3% in 1997, 31.6% in 1996 and 32.7% in 1995. The rates for each year reflect primarily the varying proportions of pre-tax operating income derived from tax-exempt investment income, on the one hand, and the combination of fully taxable investment income, realized investment gains, and underwriting and service income, on the other hand. The lower rate in 1997 was also caused by the above noted income tax recoveries for prior years.

See last paragraph under "Financial Position" above for extraordinary charge recorded in 1996.

OTHER INFORMATION

Reference is here made to "Financial Information Relating to Segments of Business" appearing elsewhere herein.

Historical data pertaining to the operating results, liquidity, and other financial matters applicable to an insurance enterprise such as Old Republic are not necessarily indicative of results to be achieved in succeeding years. In addition to the factors cited in the next paragraph, the long-term nature of the insurance business, seasonal and annual patterns in premium production and incidence of claims, changes in yields obtained on invested assets, changes in government policies and free markets affecting inflation rates and general economic conditions, and changes in legal precedents or the application of law affecting the settlement of disputed claims all have a bearing on period-to-period comparisons and future operating results.

Any forward-looking statements contained in this report, of necessity, involve assumptions, uncertainties, and risks that may affect the Company's future performance. With regard to Old Republic's General insurance segment, its results can be affected in particular by the level of market competition which is typically a function of available capital and expected returns on such capital among competitors, the levels of interest and inflation rates, as well as periodic changes in claim frequency and severity patterns caused by natural disasters, weather conditions, accidents, illnesses and work-related injuries. Mortgage Guaranty and Title insurance results can be affected by such factors as changes in national and regional housing demand and values, the availability and cost of mortgage loans, employment trends, and default rates on mortgage loans; mortgage guaranty results may also be affected by various risk-sharing arrangements with business producers. Life and disability insurance results can be impacted by the levels of employment and consumer spending, as well as mortality and health trends. At the holding company level, results are generally affected by the amount of debt outstanding and its cost.

Any forward-looking statements speak only as of their dates. Old Republic undertakes no obligation to publicly update or revise such statements, whether as a result of new information, future events or otherwise, and accordingly they may not be unduly relied upon.

Item 8-Financial Statements

Listed below are the financial statements included herein:

OLD REPUBLIC INTERNATIONAL CORPORATION AND SUBSIDIARIES

Old Republic International Corporation and Subsidiaries
Consolidated Balance Sheets ($ in Millions)

	December 31, 1997	December 31, 1996
Assets		
Investments:		
Held to maturity:		
Fixed maturity securities (at amortized cost) (fair value: $2,306.1 and $2,045.6)	$ 2,249.7	$ 2,022.9
Other long-term investments (at cost)	15.4	25.1
	2,265.1	2,048.1
Available for sale:		
Fixed maturity securities (at fair value) (cost: $1,954.5 and $1,957.7)	2,009.9	1,984.2
Equity securities (at fair value) (cost: $60.9 and $74.6)	117.1	116.1
Short-term investments (at fair value which approximates cost)	328.0	265.7
	2,455.2	2,366.0
	4,720.4	4,414.2
Other Assets:		
Cash	26.9	35.3
Securities and indebtedness of related parties	46.4	43.5
Accrued investment income	72.5	72.2
Accounts and notes receivable	273.6	255.2
Reinsurance balances and funds held	88.5	112.8
Reinsurance recoverable: Paid losses	27.2	26.5
Policy and claim reserves	1,333.5	1,396.2
Deferred policy acquisition costs	126.2	114.6
Sundry assets	207.9	185.3
	2,203.0	2,241.9
Total Assets	$ 6,923.4	$ 6,656.2

See accompanying Notes to Consolidated Financial Statements.

Old Republic International Corporation and Subsidiaries
Consolidated Balance Sheets ($ in Millions) (Continued)

	December 31, 1997	December 31, 1996
Liabilities, Preferred Stock, and Common Shareholders' Equity		
Liabilities:		
Future policy benefits	$ 183.3	$ 183.6
Losses, claims and settlement expenses	3,529.7	3,541.8
Unearned premiums	375.8	386.8
Other policyholders' benefits and funds	61.1	65.3
Total policy liabilities and accruals	4,150.0	4,177.5
Commissions, expenses, fees and taxes	124.0	112.6
Reinsurance balances and funds	148.2	173.7
Federal income tax payable: Current	4.3	1.9
Deferred	108.3	39.1
Debt and debt equivalents	142.9	154.0
Sundry liabilities	92.2	76.5
Commitments and contingent liabilities	-	-
Total Liabilities	4,770.2	4,735.6
Preferred Stock:		
Redeemable convertible preferred stock (*)	-	19.3
Convertible preferred stock (*)	1.0	1.2
Total Preferred Stock	1.0	20.6
Common Shareholders' Equity:		
Common stock(*)	103.1	96.0
Additional paid-in capital	604.3	575.6
Unallocated shares - ESSOP	(6.1)	-
Net unrealized appreciation of securities	72.4	43.4
Retained earnings	1,478.8	1,223.3
Treasury stock (at cost)	(100.5)	(38.4)
Total Common Shareholders' Equity	2,152.1	1,900.0
Total Liabilities, Preferred Stock and Common Shareholders' Equity	$ 6,923.4	$ 6,656.2

(*) At December 31, 1997 and 1996, there were 75,000,000 shares of $0.01 par value preferred stock authorized, of which 237,551 in 1997 and 50,591,157 in 1996 were redeemable and/or convertible preferred shares issued and outstanding. As of the same dates, there were 250,000,000 shares of common stock, $1.00 par value, authorized, of which 154,699,842 in 1997 and 144,017,414 in 1996 were issued and outstanding. At December 31, 1997 and 1996 there were 50,000,000 shares of Class B Common Stock, $1.00 par value, authorized, of which no shares were issued. Common shares classified as treasury stock were 16,630,075 and 13,609,269 as of December 31, 1997 and 1996, respectively.

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31, 1997	1996	1995
Revenues:			
Net premiums earned	$ 1,464.6	$ 1,360.4	$ 1,251.7
Title, escrow, and other fees	163.3	147.2	122.2
Net investment income	270.8	260.5	251.9
Realized investment gains	26.3	15.1	49.7
Other income	37.6	20.4	20.2
	1,962.8	1,803.9	1,695.9
Benefits, Losses and Expenses:			
Benefits, claims, and settlement expenses	787.9	752.1	740.3
Dividends to policyholders	(.2)	-	7.5
Underwriting, acquisition, and insurance expenses	735.0	693.3	605.0
Interest and other charges	13.4	16.0	26.9
	1,536.1	1,461.5	1,379.9
Income before income taxes and items below	426.7	342.4	316.0
Income Taxes: Currently payable	75.4	65.7	63.8
Deferred	53.7	42.8	39.7
Total	129.2	108.5	103.6
Income before items below	297.4	233.8	212.4
Equity in earnings of unconsolidated subsidiaries and minority interests	.6	.9	.2
Income before extraordinary item	298.1	234.8	212.7
Extraordinary item, net of income tax credits of $2.4	-	(4.4)	-
Net Income	$ 298.1	$ 230.3	$ 212.7
Net Income Per Share:			
Basic:			
Before extraordinary item	$ 2.22	$ 1.76	$ 1.76
Extraordinary item	-	(.03)	-
Net income	$ 2.22	$ 1.73	$ 1.76
Diluted:			
Before extraordinary item	$ 2.10	$ 1.62	$ 1.52
Extraordinary item	-	(.03)	-
Net income	$ 2.10	$ 1.59	$ 1.52
Average number of common and common equivalent shares outstanding: Basic	133,659,413	129,030,492	117,243,264
Diluted	141,768,361	141,967,729	138,926,325
Dividends Per Common Share:			
Cash	$ .333	$ .278	$ .227
Stock	-%	50%	-%

See accompanying Notes to Consolidated Financial Statements.

Old Republic International Corporation and Subsidiaries
Consolidated Statements of Preferred Stock
and Common Shareholders' Equity ($ in Millions)

	Years Ended December 31,		
	1997	1996	1995
Redeemable Convertible Preferred Stock:			
Balance, beginning of year	$ 19.3	$ 17.0	$ 16.8
Amortization to redemption value capitalized	-	(.1)	(1.1)
Converted into common stock	(22.1)	(.4)	(.6)
Reclassification from debt equivalent	2.7	2.8	2.1
Balance, end of year	$ -	$ 19.3	$ 17.0
Convertible Preferred Stock:			
Balance, beginning of year	$ 1.2	$ .6	$ 3.8
Exercise of stock options	-	.5	.1
Converted into common stock	(.2)	-	(3.2)
Balance, end of year	$ 1.0	$ 1.2	$ .6
Cumulative Preferred Stock:			
Balance, beginning of year	$ -	$ 54.8	$ 54.8
Redemption of cumulative preferred stock	-	(54.8)	-
Balance, end of year	$ -	$ -	$ 54.8
Common Stock:			
Balance, beginning of year	$ 96.0	$ 58.8	$ 57.6
Stock dividend	-	31.8	-
Dividend reinvestment plan	-	-	-
Exercise of stock options	.3	.3	.1
Acquisition of subsidiary	-	.4	.5
Conversion of convertible debentures	-	4.2	-
Conversion of convertible preferred stock	6.7	.1	.4
Balance, end of year	$ 103.1	$ 96.0	$ 58.8
Additional Paid-in Capital:			
Balance, beginning of year	$ 575.6	$ 463.4	$ 456.9
Dividend reinvestment plan	.5	.5	.4
Exercise of stock options	6.4	6.8	2.4
Acquisition of subsidiary	-	-	.1
Conversion of convertible debentures	-	104.4	-
Conversion of convertible preferred stock	21.7	.2	3.5
Balance, end of year	$ 604.3	$ 575.6	$ 463.4
Unallocated Shares - ESSOP:			
Balance, beginning of year	$ -	$ -	$ -
Change for the year	(6.1)	-	-
Balance, end of year	$ (6.1)	$ -	$ -
Net Unrealized Appreciation of Securities:			
Balance, beginning of year	$ 43.4	$ 70.3	$ (10.4)
Change for the year, net of deferred tax if any	29.0	(26.9)	80.7
Balance, end of year	$ 72.4	$ 43.4	$ 70.3

See accompanying Notes to Consolidated Financial Statements.

Old Republic International Corporation and Subsidiaries
Consolidated Statements of Preferred Stock
and Common Shareholders' Equity, (Continued) ($ in Millions)

	Years Ended December 31,		
	1997	1996	1995
Retained Earnings:			
Balance, beginning of year	$ 1,223.3	$ 1,058.3	$ 865.0
Net income	298.1	230.3	212.7
Dividends on common: Cash	(44.9)	(35.9)	(26.7)
: Stock	-	(31.8)	-
Dividends on preferred stock	(1.7)	(7.5)	(6.7)
Acquisition of subsidiary	-	8.5	10.6
Currency translation adjustments	4.0	1.5	3.3
Balance, end of year	$ 1,478.8	$ 1,223.3	$ 1,058.3
Treasury Stock:			
Balance, beginning of year	$ (38.4)	$ (38.4)	$ (39.8)
Acquired during the year	(62.1)	-	(.9)
Acquisition of subsidiary	-	-	2.3
Balance, end of year	$ (100.5)	$ (38.4)	$ (38.4)

See accompanying Notes to Consolidated Financial Statements

Old Republic International Corporation and Subsidiaries
Consolidated Statements of Cash Flows ($ in Millions)

	Years Ended December 31,		
	1997	1996	1995
Cash flows from operating activities:			
Net income	$ 298.1	$ 230.3	$ 212.7
Change in non-cash items:			
Deferred policy acquisition costs	(11.6)	(6.7)	(6.8)
Premiums and other receivables	(18.2)	18.6	(29.8)
Unpaid claims and related items	51.2	37.4	104.2
Future policy benefits and policyholders' funds	(10.8)	(19.8)	15.3
Income taxes	56.1	32.1	56.3
Reinsurance balances and funds	(1.9)	15.6	24.8
Accounts payable, accrued expenses and other	24.6	3.9	18.9
Total	387.5	311.6	395.6
Cash flows from investing activities:			
Sales of fixed maturity securities:			
Held to maturity:			
Maturities and early calls	173.3	91.9	123.8
Available for sale:			
Maturities and early calls	280.6	200.6	72.5
Other	136.2	111.1	139.0
Sales of equity securities	29.0	45.9	201.9
Sales of other investments	15.2	4.4	4.1
Sales of fixed assets for company use	3.0	3.4	6.8
Purchases of fixed maturity securities:			
Held to maturity	(399.9)	(400.1)	(236.9)
Available for sale	(419.1)	(206.1)	(515.8)
Purchases of equity securities	(15.4)	(24.4)	(42.6)
Purchases of other investments	(5.5)	(2.7)	(3.8)
Purchases of fixed assets for company use	(10.5)	(12.4)	(7.1)
Other-net	(8.7)	(7.7)	3.6
Total	(221.7)	(196.0)	(254.3)
Cash flows from financing activities:			
Increase in term loans	10.0	88.0	12.7
Issuance of debentures and notes	116.8	-	-
Issuance of preferred and common shares	7.3	17.4	14.5
Issuance of treasury shares	-	-	2.3
Repayments of term loans	(135.0)	(47.9)	(4.9)
Redemption of debentures and notes	(1.6)	(105.0)	-
Dividends on common shares	(44.9)	(35.9)	(26.7)
Dividends on preferred shares	(1.7)	(7.6)	(7.9)
Purchases of treasury shares	(62.1)	-	(.9)
Redemption of cumulative preferred shares	-	(54.8)	-
Other-net	(.4)	(.6)	(1.4)
Total	(111.7)	(146.6)	(12.3)
Increase (decrease) in cash and short-term investments	54.0	(31.1)	128.8
Cash and short-term investments, beginning of year	301.0	332.1	203.3
Cash and short-term investments, end of year	$ 355.0	$ 301.0	$ 332.1

See accompanying Notes to Consolidated Financial Statements.

Old Republic International Corporation is a Chicago-based insurance holding company with subsidiaries engaged in the general (property & liability), mortgage guaranty, title, and life (life & disability) insurance businesses. In this report, "Old Republic", "the Corporation", or "the Company" refers to Old Republic International Corporation and its subsidiaries as the context requires. The aforementioned insurance segments are organized as the Old Republic General, Mortgage Guaranty, Title, and Life Groups, and references herein to such groups apply to the Company's subsidiaries engaged in the respective segments of business. See Note 7 for a discussion of the Company's business segments.

Note 1-Summary of Significant Accounting Policies-The significant accounting policies employed by Old Republic International Corporation and its subsidiaries are set forth in the following summary.

(a) Consolidation Practices-The consolidated financial statements include the accounts of the Corporation and those of its major insurance underwriting and service subsidiaries. Non-consolidated insurance marketing and service subsidiaries are insignificant and are reflected on the equity basis of accounting. All significant intercompany accounts and transactions have been eliminated in consolidation.

(b) Accounting Principles-The Corporation's insurance underwriting subsidiaries maintain their records in conformity with accounting practices prescribed or permitted by state insurance regulatory authorities. In consolidating such subsidiaries, adjustments have been made to conform their accounts with generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Investments-The Company may classify its invested assets in terms of those assets relative to which it either (1) has the positive intent and ability to hold until maturity (generally carried at amortized costs for fixed maturity securities), (2) has available for sale (carried at fair value with adjustments to equity, net of deferred income taxes) or (3) has the intention of trading (carried at fair value with adjustments to income); as of December 31, 1997, the Company's invested assets were classified solely as "held to maturity" or "available for sale."

In November 1995, the Company reevaluated the classification of invested assets, as permitted by a Special Report issued by the Financial Accounting Standards Board (FASB) during that month. As a result, the Company reclassified from "held to maturity" to "available for sale", certain fixed maturity securities with an amortized cost of $1,365.7, fair value of $1,394.2 and an unrealized gain of $28.4. The unrealized gain, net of deferred income taxes of $9.9, was credited directly to a separate account in the common shareholders' equity section of the balance sheet in the final quarter of 1995.

Fixed maturity securities and redeemable preferred stocks classified as "held to maturity" are generally carried at amortized costs while fixed maturity securities classified as "available for sale" in addition to other preferred and common stocks (equity securities) are included at fair value. Fair values for fixed maturity securities are based on quoted market prices or estimated using values obtained from independent pricing services as applicable. Mortgage and policy loans (other long-term investments) are carried on the basis of the lower of unpaid principal balances or estimated realizable value. The aggregate fair value of fixed maturity securities - "held to maturity" at December 31, 1997 was above their carrying values.

The amortized cost and estimated fair values of fixed maturity securities are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Fixed Maturity Securities:				
December 31, 1997:				
Held to maturity:				
Utilities	$ 1,001.8	$ 21.2	$ 2.1	$ 1,020.9
Tax-exempt	1,247.0	37.6	.2	1,284.4
Redeemable preferred stocks	.8	-	-	.8
	$ 2,249.7	$ 58.9	$ 2.4	$ 2,306.1
Available for sale:				
U.S. & Canadian Governments	$ 658.5	$ 26.2	$ .3	$ 684.4
Corporate	1,295.9	32.1	2.6	1,325.4
	$ 1,954.5	$ 58.4	$ 3.0	$ 2,009.9
Fixed Maturity Securities:				
December 31, 1996:				
Held to maturity:				
Utilities	$ 984.3	$ 13.6	$ 7.9	$ 990.1
Tax-exempt	1,038.3	19.1	2.1	1,055.2
Redeemable preferred stocks	.2	-	-	.3
	$ 2,022.9	$ 32.8	$ 10.1	$ 2,045.6
Available for sale:				
U.S. & Canadian Governments	$ 743.1	$ 17.4	$ 2.5	$ 758.0
Corporate	1,214.6	18.8	7.2	1,226.1
	$ 1,957.7	$ 36.3	$ 9.8	$ 1,984.2

The amortized cost and estimated fair value at December 31, 1997, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Fixed Maturity Securities:		
Held to Maturity:		
Due in one year or less	$ 149.1	$ 149.8
Due after one year through five years	934.6	950.0
Due after five years through ten years	1,121.6	1,161.0
Due after ten years	44.2	45.2
	$ 2,249.7	$ 2,306.1
Available for Sale:		
Due in one year or less	$ 124.1	$ 124.4
Due after one year through five years	951.4	970.7
Due after five years through ten years	810.7	835.1
Due after ten years	68.3	79.6
	$ 1,954.5	$ 2,009.9

A summary of the Company's equity securities follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Equity Securities:				
December 31, 1997:				
Common stocks	$ 57.9	$ 57.7	$ 1.8	$ 113.8
Non redeemable preferred stocks	2.9	.3	-	3.2
	$ 60.9	$ 58.0	$ 1.8	$ 117.1
December 31, 1996:				
Common stocks	$ 69.8	$ 42.7	$ 1.5	$ 111.1
Non redeemable preferred stocks	4.7	.2	-	5.0
	$ 74.6	$ 43.0	$ 1.5	$ 116.1

Investment income is reported net of allocated expenses and includes appropriate adjustments for amortization of premium and accretion of discount on fixed maturity securities acquired at other than par value. Dividends on equity securities are credited to income on the ex-dividend date. Realized investment gains and losses are reflected as revenues in the income statement and are determined on the basis of amortized value at date of sale for fixed maturity securities, and cost in regard to equity securities; such bases apply to the specific securities sold. Unrealized investment gains and losses, net of any deferred income taxes, are recorded directly in a separate account of shareholders' equity.

At December 31, 1997, the Corporation and its subsidiaries had no non-income producing investments.

The following table reflects the composition of net investment income, net realized gains or losses, and the net change in unrealized investment gains or losses for each of the years shown:

	Years Ended December 31,		
	1997	1996	1995
Investment income from:			
Fixed maturity securities	$ 249.5	$ 240.6	$ 230.4
Equity securities	1.9	2.6	6.3
Short-term investments	16.4	16.0	13.6
Other sources	9.0	8.4	8.4
Gross investment income	277.0	267.7	258.7
Investment expenses (1)	6.2	7.2	6.8
Net investment income	$ 270.8	$ 260.5	$ 251.9
Realized gains (losses) on:			
Fixed maturity securities:			
Held to maturity	$ .2	$ .3	$ .1
Available for sale:			
Gains	2.5	2.6	4.9
Losses	(.1)	(.1)	(1.7)
Net	2.4	2.5	3.2
Total	2.7	2.9	3.3
Equity securities	24.3	12.9	47.2
Other assets	(.6)	(.7)	(.8)
Total	26.3	15.1	49.7
Income taxes	9.3	5.3	17.5
Net realized gains	$ 17.0	$ 9.8	$ 32.2
Changes in unrealized investment gains (losses) on:			
Fixed maturity securities:			
Held to maturity (2)	$ 33.8	$ (22.1)	$ 189.0
Available for sale	$ 28.6	$ (50.3)	$ 101.9
Less: Deferred income taxes (credits)	9.8	(17.1)	35.3
Net unrealized investment gains (losses)	$ 18.7	$ (33.2)	$ 66.5
Equity securities-available for sale	$ 15.7	$ 10.1	$ 21.6
Less: Deferred income taxes	5.4	3.8	7.4
Net unrealized investment gains	$ 10.3	$ 6.2	$ 14.2

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(1) Investment expenses consist of personnel costs, investment custody service fees and interest on funds held of $1.7, $1.7 and $1.6 for the years ended December 31, 1997, 1996 and 1995, respectively.
(2) Deferred income taxes do not apply since these securities are carried at amortized cost.

(d) Revenue Recognition-Pursuant to generally accepted accounting principles applicable to the insurance industry, benefits, claims, and expenses are associated with the related revenues by means of the provision for policy benefits, the deferral and subsequent amortization of acquisition costs, and the recognition of incurred benefits, claims and operating expenses.

General insurance (property and liability) and level-term credit life insurance premiums are reflected in income on a pro-rata basis. Earned but unbilled premiums are generally taken into income on the billing date, and adjustments for retrospective premiums, commissions and similar charges are accrued on the basis of periodic evaluations of current underwriting experience and contractual obligations. First year and renewal mortgage guaranty premiums are recognized as income on a straight-line basis except that a portion of first year premiums received for certain high risk policies is deferred and reported as earned over the estimated policy life, including renewal periods. Single premiums for mortgage guaranty policies covering more than one year are earned on an accelerated basis over the policy term. Title insurance premiums are recognized as income upon the substantial completion of the policy issuance process. Title abstract, escrow, service, and other fees are taken into income at the time of closing of the related escrow. Ordinary life and annuity premiums are recognized as revenue when due. Decreasing term credit life and credit disability/accident & health insurance premiums are generally earned on a sum-of-the-years-digits or similar method.

(e) Deferred Policy Acquisition Costs-The Corporation's insurance subsidiaries, other than title companies, defer certain costs which vary with and are primarily related to the production of business. Deferred costs consist principally of commissions, premium taxes, marketing, and policy issuance expenses. With respect to most coverages, deferred acquisition costs are amortized on the same basis as the related premiums are earned or, alternatively, over the periods during which premiums will be paid or underwriting and claim services performed. The following table summarizes deferred policy acquisition costs and related data for the years shown:

	Years Ended December 31,		
	1997	1996	1995
Deferred, beginning of year	$ 114.6	$ 107.8	$ 101.3
Acquisition costs deferred:			
Commissions - net of reinsurance	131.7	116.6	96.8
Premium taxes	32.5	30.6	33.8
Salaries and other marketing expenses	62.0	65.8	52.4
Sub-total	226.3	213.1	183.1
Amortization charged to income	(214.7)	(206.4)	(176.6)
Change for the year	11.5	6.7	6.5
Deferred, end of year	$ 126.2	$ 114.6	$ 107.8

(f) Future Policy Benefits/Unearned Premiums-General insurance and level term credit life insurance policy liabilities represent unearned premium reserves developed by application of monthly pro-rata factors to premiums in force. Disability/accident & health and decreasing term credit life insurance policy liabilities are calculated primarily on a sum-of-the-years-digits method. Mortgage guaranty unearned premium reserves are calculated primarily on a pro-rata basis. Ordinary life policy liabilities are determined on a level premium method and take into account mortality and withdrawal rates based principally on anticipated company experience; assumed interest rates range from 3.0% to 6.0%. With respect to annuity policies, the liabilities represent the surrender value of such policies during deferral periods, without adjustment for surrender charges; such values are deemed appropriate to provide for ultimate benefit reserves in the event policyholders exercise an annuity benefit option at a later date.

At December 31, 1997 and 1996, the Life Insurance Group had $4,912.9 and $3,969.6, respectively, of net life insurance in force. Future policy benefits and unearned premiums, consisted of the following:

	December 31,	
	1997	1996
Future Policy Benefits:		
Life Insurance Group:		
Life insurance	$ 69.3	$ 64.4
Annuities	69.4	76.9
Disability/accident & health	44.6	42.1
Total	$ 183.3	$ 183.6
Unearned Premium:		
General Insurance Group	$ 329.0	$ 327.9
Mortgage Guaranty Group	46.7	58.8
Total	$ 375.8	$ 386.8

The Company has previously issued directly or assumed as a reinsurer certain insurance policies generally categorized as financial guarantees. The major types of guarantees pertain to (a) state, municipal and other general or special revenue bonds, (b) variable interest rate guarantees, and (c) insurance of the future residual value of fixed assets. The types of risks involved include failure by the bond issuer to make timely payment of principal and interest, changes in interest rates, and changes in the future value of fixed assets. The degree of risk pertaining to these insurance products is largely dependent on the effects of general economic cycles and changes in the credit worthiness of issuers whose obligations have been guaranteed. During the past three years, new commitments have been limited to reinsuring the risks identified at (a) immediately above.

Premiums received for financial guarantee policies are generally earned over the terms of the contract (which may range between 5 and 30 years) or on the basis of current exposure relative to maximum exposure in force; with respect to residual value insurance, that portion of the premium in excess of certain initial underwriting costs is deferred and taken into income when all events leading to the determination of exposure, if any, have occurred. Since losses on financial guarantee insurance products cannot be predicted reliably, the Company's unearned premium reserves serve as the primary income recognition and loss reserving mechanism. When losses become known and determinable, they are paid or placed in reserve and the remaining directly-related unearned premiums are taken into income.

No assurance can be given that unearned premiums will be greater or less than ultimate incurred losses on these policies.

The following table reflects certain data pertaining to net insurance in force for the Company's financial guarantee business at the dates shown:

	Years Ended December 31,	
	1997	1996
Net Insurance in Force:		
Bonds	$ 2,298.8	$ 2,323.2
Other	.5	1.4
Net Unearned Premiums:		
Bonds	13.4	13.9
Other	$ .5	$ .6

With respect to mortgage guaranty insurance (net insurance in force of $50,362.3 and $45,651.6, at December 31, 1997 and 1996, respectively) the Company's reserving policies are set forth below in Note 1(g).

(g) Losses, Claims and Settlement Expenses-Reserves are estimates that provide for the ultimate expected cost of settling unpaid losses and claims reported at each balance sheet date. Losses and claims incurred but not reported, as well as expenses required to settle losses and claims are established on the basis of various criteria, including historical cost experience and anticipated costs of servicing reinsured and other risks. Long-term disability-type workers' compensation reserves, however, are discounted to present value based on interest rates ranging from 3.5% to 4%.

The establishment of claim reserves by the Company's insurance subsidiaries is a reasonably complex and dynamic process influenced by a large variety of factors. These include past experience applicable to the anticipated costs of various types of claims, continually evolving and changing legal theories emanating from the judicial system, recurring accounting and actuarial studies, the professional experience and expertise of the Company's claim departments' personnel or attorneys and independent adjusters retained to handle individual claims, the effect of inflationary trends on future claim settlement costs, and periodic changes in claim frequency patterns such as those caused by natural disasters, illnesses, accidents, or work-related injuries. Consequently, the reserve-setting process relies on the judgments and opinions of a large number of persons, on historical precedent and trends, and on expectations as to future developments. At any point in time, the Company and the industry are exposed to possibly higher than anticipated claim costs due to the aforementioned factors, and to the evolution, interpretation, and expansion of tort law, as well as to the effects of unexpected jury verdicts.

The Company believes that its overall reserving practices have been consistently applied over many years, and that its aggregate net reserves have resulted in reasonable approximations of the ultimate net costs of claims incurred. However, no representation is made that ultimate net claim and related costs will not be greater or lower than previously established reserves.

The following table shows an analysis of changes in aggregate reserves for the Company's losses, claims and settlement expenses for each of the years shown.

	Years Ended December 31,		
	1997	1996	1995
Amount of reserves for unpaid claims and claim adjustment expenses at the beginning of each year, net of reinsurance losses recoverable	$ 2,238.7	$ 2,200.2	$ 2,096.5
Incurred claims and claim adjustment expenses:			
Provisions for insured events of the current year	933.5	865.9	864.6
Change in provision for insured events of prior years	(141.8)	(110.3)	(118.9)
Total incurred claims and claim adjustment expenses	791.6	755.6	745.6
Payments:			
Claims and claim adjustment expenses attributable to insured events of the current year	334.9	297.4	251.7
Claims and claim adjustment expenses attributable to insured events of prior years	405.8	419.6	390.5
Total payments	740.8	717.0	642.3
Amount of reserves for unpaid claims and claim adjustment expenses at the end of each year, net of reinsurance losses recoverable	2,289.6	2,238.7	2,200.2
Reinsurance losses recoverable	1,240.0	1,303.0	1,319.6
Amount of reserves for unpaid claims and claim adjustment expenses	$ 3,529.7	$ 3,541.8	$ 3,519.8

All reserves are necessarily based on estimates which are periodically reviewed and evaluated in the light of emerging claim experience and changing circumstances. The resulting changes in estimates are recorded in operations of the periods during which they are made. Return and additional premiums and policyholders dividends, all of which tend to be affected by development of claims in future years, may offset in whole or in part developed claim redundancies or deficiencies for certain coverages such as workers compensation.

The data in the table above, incorporates Old Republic's estimates for various asbestosis and environmental impairment ("A&E") claims or related costs that have been filed in the normal course of business against a number of its insurance subsidiaries. Many such claims relate to policies issued prior to 1985, and during a short period between 1981 and 1982 pursuant to an agency agreement canceled in 1982. During all years and through the current date, the Corporation's insurance subsidiaries have typically issued general liability insurance policies with face amounts ranging between $1.0 and $2.0 and rarely exceeding $10.0. Such policies have, in turn, been subject to reinsurance cessions which have typically reduced the Corporation's retentions to $.5 or less as to each claim.

The Corporation's reserving methods, particularly as they apply to formula-based reserves, have been established to provide for normal claim occurrences as well as unusual exposures such as those pertaining to A&E claims and related costs. At times, however, the Corporation's insurance subsidiaries also establish specific formula and other reserves as part of their overall claim and claim expense reserves to cover claims such as those emanating from A&E exposures. These are intended to cover additional litigation and other costs that are likely to be incurred to protect the Company's interests in litigated cases in particular. At December 31, 1997, the Corporation's aggregate indemnity and loss adjustment expense reserves specifically identified with A&E exposures amounted to approximately $71.8 gross, and $36.3 net of reinsurance. Based on average annual claims payments during the five most recent calendar years, such reserves represented 9.4 years (gross) and 11.0 years (net) of average annual claims payments.

Old Republic disagrees with the allegations of liability on virtually all A&E related claims of which it has knowledge on the grounds that exclusions in the policies preclude coverage for nearly all such claims, and that the Corporation never intended to assume such risks. Old Republic's exposure on such claims cannot therefore be calculated by conventional insurance reserving methods for this and a variety of reasons, including: a) the absence of statistically valid data inasmuch as such claims typically involve long reporting delays and very often uncertainty as to the number and identity of insureds against whom such claims have arisen or will arise; and b) the litigation history of such or similar claims for other insurance industry members that has produced court decisions that have been inconsistent with regard to such questions as when the alleged loss occurred, which policies provide coverage, how a loss is to be allocated among potentially responsible insureds and/or their insurance carriers, how policy coverage exclusions are to be interpreted, what types of environmental impairment or toxic tort claims are covered, when the insurer's duty to defend is triggered, how policy limits are to be calculated, and whether clean-up costs constitute property damage.

Individual insurance companies and others who have evaluated the potential costs of litigating and settling A&E claims have noted with increasing concern the possibility that resolution of such claims, by applying liability retroactively in the context of the existing insurance system, could likely bankrupt or undermine seriously the financial condition of the property and liability insurance industry. In the light of this substantial public policy issue, the Corporation is of the view that the courts will not resolve in the near future the litigation gridlock stemming from the non-resolution to date of many environmental claims in particular. In recent times, the Executive Branch and/or the United States Congress have proposed changes in the legislation and rules affecting the determination of liability for environmental claims. As of December 31, 1997, however, there is no solid evidence to suggest that forthcoming changes might mitigate or reduce some or all of these claim exposures.

Because of the above issues and uncertainties, estimation of reserves for losses and allocated loss adjustment expenses for the above noted types of claims is much more difficult or impossible. Accordingly, no representation can be made that the Corporation's reserves for such claims and related costs will not prove to be overstated or understated in the future.

(h) Income Taxes-The Corporation and most of its subsidiaries file a consolidated tax return and provide for income taxes payable currently. Deferred income taxes included in the accompanying consolidated financial statements pursuant to generally accepted accounting principles will not necessarily become payable/recoverable in the future. The Company uses the asset and liability method of calculating deferred income taxes. This method calls for the establishment of a deferred tax, calculated at currently effective tax rates, for the cumulative temporary differences between financial statement and tax bases of assets and liabilities.

The provision for combined current and deferred income taxes reflected in the consolidated statements of income does not bear the usual relationship to operating income before taxes as the result of permanent and other differences between pre-tax income and taxable income determined under existing tax regulations. The more significant differences, their effect on the statutory income tax rate, and the resulting effective income tax rates are summarized below:

	Years Ended December 31,		
	1997	1996	1995
Statutory tax rate	35.0%	35.0%	35.0%
Tax rate increases (decreases):			
Tax-exempt interest	(3.7)	(3.5)	(2.5)
Dividends received exclusion	(.1)	(.1)	(.4)
Tax settlement	(1.4)	-	-
Other items - net	.5	.3	.6
Effective tax rate	30.3%	31.6%	32.7%

The tax effects of temporary differences that give rise to significant portions of the Company's net deferred tax recoverable (payable) are as follows at the dates shown:

	December 31,		
	1997	1996	1995
Deferred Tax Assets:			
Future policy benefits	$ 3.3	$ 2.3	$ 2.2
Losses, claims, and settlement expenses	182.4	182.8	179.8
Other	12.4	10.0	8.8
Total gross deferred tax assets	198.1	195.2	190.9
Less-valuation allowance	-	.7	2.5
Net deferred tax assets	198.1	194.4	188.4
Deferred Tax Liabilities:			
Unearned premium reserves	15.2	8.9	3.0
Deferred policy acquisition costs	42.5	38.7	36.7
Mortgage guaranty insurers' contingency reserves	181.3	135.3	97.2
Fixed maturity securities adjusted to cost	6.9	5.9	4.4
Unrealized investment gains	38.2	22.8	37.1
Title plants and records	4.3	4.1	3.5
Other	17.8	17.6	16.5
Total deferred tax liabilities	306.4	233.5	198.6
Net deferred tax liability	$ (108.3)	$ (39.1)	$ (10.1)

Pursuant to special provisions of the Internal Revenue Code pertaining to mortgage guaranty insurers, a contingency reserve (established in accordance with insurance regulations designed to protect policyholders against extraordinary volumes of claims) is deductible from gross income. The tax benefits obtained from such deductions must, however, be invested in a special type of non-interest bearing U.S. Government Tax and Loss Bond. For Federal income tax purposes, the amounts deducted for the contingency reserve are taken into gross statutory taxable income (a) when the contingency reserve is permitted to be charged for losses under state law or regulation, (b) in the event operating losses are incurred, or (c) in any event upon the expiration of ten years.

Life insurance companies domiciled in the United States and qualifying as life insurers for tax purposes are taxed under special provisions of the Internal Revenue Code. As a result of legislation, 1983 and prior years' tax deferred earnings (cumulatively $19.6 at December 31, 1997) credited to the former memorandum "policyholders' surplus account" will generally not be taxed unless they are subsequently distributed to shareholders. The Company does not presently anticipate any distribution or payment of taxes on such earnings in the future.

As a result of regular examinations of the tax returns for the Corporation and its subsidiaries, the Internal Revenue Service ("IRS") has proposed certain adjustments for additional taxes applicable to the years 1982 to 1995. The proposed adjustments pertain to the timing of certain deductions, the IRS's contention that contractually obligated premium refunds should be treated as dividends, deductions for certain loss and related reserves, a reinsurance transaction, and several other issues not involving material amounts. The Company and its tax counsel believe that substantially all of the proposed material adjustments are without merit, that the Company will be successful in vigorously defending its positions, and that the ultimate adjustments, if any, will not significantly affect its financial condition or results of operations.

In 1997, several life insurance subsidiaries recovered income taxes and related accumulated interest due to favorable resolution with the Internal Revenue Services of various outstanding issues pertaining to income tax returns for the years 1979 through 1982. These cash recoveries, net of miscellaneous charges, increased other income by $12.6, reduced income tax expense by $5.9 and increased net income by $14.2.

(i) Property and Equipment-Property and equipment is generally depreciated or amortized over the estimated useful lives of the assets, (2 to 45 years), substantially by the straight-line method. Expenditures for maintenance and repairs are charged to income as incurred, and expenditures for major renewals and additions are capitalized.

(j) Title Plants and Records-Title plants and records are carried at original cost or appraised value at date of purchase. Such values represent the cost of producing or acquiring interests in title records and indexes and the appraised value of purchased subsidiaries' title records and indexes at dates of acquisition. The cost of maintaining, updating, and operating title records is charged to income as incurred. Title records and indexes are ordinarily not amortized unless events or circumstances indicate that the carrying amount of the capitalized costs may not be recoverable.

(k) Goodwill-The costs of certain purchased subsidiaries in excess of related book values (goodwill) at date of acquisition are being amortized against operations principally over 40 years using the straight-line method. Amortization of goodwill amounted to $3.2 in 1997, $4.6 in 1996 and $3.2 in 1995.

(l) Employee Benefit Plans- The Corporation has several pension plans covering a portion of its work force. The plans are defined benefit plans pursuant to which pension payments are based primarily on years of service and employee compensation near retirement. It is the Corporation's policy to fund the plans' costs as they accrue. Plan assets are comprised principally of bonds, common stocks and short-term investments.

The components of annual net periodic pension cost (credit) for the plans consisted of the following:

	Years Ended December 31,		
	1997	1996	1995
Service cost	$ 4.1	$ 4.2	$ 3.2
Interest cost	8.2	7.8	7.6
Return on assets	(13.7)	(8.1)	(15.5)
Net amortization and deferral	2.6	(3.0)	5.6
Net cost	$ 1.2	$ .9	$ 1.0

A reconciliation of the funded status of the plans is as follows:

	December 31,	
	1997	1996
Actuarial present value of benefit obligations:		
Vested benefit obligations	$ 103.0	$ 96.6
Nonvested benefit obligations	2.6	2.2
Accumulated benefit obligations	105.6	98.8
Excess of projected benefit obligations over accumulated benefit obligations	19.8	18.4
Projected benefit obligations	125.4	117.3
Plans' assets at fair market value	135.2	124.4
Plan assets in excess of projected benefit obligations	9.8	7.1
Unrecognized net (gain) loss	(1.0)	3.0
Prior service cost not yet recognized in net periodic pension cost	.3	.4
Remaining unrecognized transition net assets from December 31, 1985	(1.6)	(2.6)
Accrued pension asset recognized in the consolidated balance sheet	$ 7.4	$ 8.0

The projected benefit obligations for the plans were determined using the following assumptions at the dates shown:

	December 31,	
	1997	1996
Settlement discount rates	7.30%	7.0 - 7.5%
Rates of compensation increase	4.00%	4.0 - 6.0%
Long-term rates of return on assets	8.25%	8.0 - 8.5%

The Financial Accounting Standards Board (FASB) issued, in January, 1998, Statement of Financial Accounting Standards No. 132 (FAS-132) "Employers' Disclosures about Pensions and Other Postretirement Benefits." FAS-132 revises the Company's disclosures about pension and other postretirement benefit plans. The Statement does not change the measurements or recognition of pension or other postretirement benefit plans. FAS-132 is effective for fiscal years beginning after December 15, 1997.

The Corporation has a number of profit sharing and other incentive compensation programs for the benefit of a substantial number of its employees. The costs related to such programs are summarized below:

	Years Ended December 31,		
	1997	1996	1995
Employees Savings and Stock Ownership Plan	$ 4.0	$ 4.0	$ 1.2
Other profit sharing	4.1	4.0	3.4
Deferred and incentive compensation	$ 12.8	$ 10.0	$ 5.2

The Company sponsors a leveraged Employee Savings and Stock Ownership Plan (ESSOP) in which a majority of its employees participate. The ESSOP acquired all of its stock of the Company in 1987 and prior years. Accordingly, it is not required to adopt the American Institute of Certified Public Accountants' SOP No. 93-6, "Employers' Accounting for Employee Stock Ownership Plans." Shares of Company stock owned by the ESSOP are released to participants based on a formula prescribed by the Employee Retirement Income Security Act of 1974, and dividends on released shares are allocated to participants as earnings. The Company's contributions are based on a formula considering growth in net income per share over consecutive five year periods. As of December 31, 1997, there were 9,345,677 Common Shares owned by the ESSOP of which 1,279,988 were unreleased and unallocated. There are no repurchase obligations in existence. (See Note 3).

(m) Escrow Funds-Segregated cash deposit accounts and the offsetting liabilities for escrow deposits in connection with Title Insurance Group real estate transactions in the same amounts ($541.7 and $390.2 at December 31, 1997 and 1996, respectively) are not included as assets or liabilities in the accompanying consolidated balance sheets as the escrow funds are not available for regular operations.

(n) Earnings Per Share-In 1997, the Company adopted Statement of Financial Accounting Standard No. 128 "Earnings Per Share" which establishes a new methodology for computing earnings per share. Consolidated basic earnings per share, which replaces primary earnings per share, excludes the dilutive effect of common stock equivalents and is computed by dividing income available to common stockholders by the weighted-average number of common shares actually outstanding for the year. Diluted earnings per share per FAS-128 is computed in a fashion similar to the former fully diluted earnings per share as required by prior authoritative FASB pronouncements. Common share data has been retroactively adjusted to reflect a 50% stock dividend of the Company's common shares approved by the Board of Directors on March 12, 1998. FAS-128 requires this stock dividend be reflected in the 1997 year-end financial statements. The following tables provide a reconciliation of the income before extraordinary items and number of shares used in basic and diluted earnings per share calculations.

	Years Ended December 31, 1997	1996	1995
Numerator:			
Income before extraordinary item	$ 298.1	$ 234.8	$ 212.7
Less: Preferred stock dividends	1.7	7.5	6.7
Numerator for basic earnings per share - income available to common stockholders	296.3	227.3	205.9
Effect of dilutive securities:			
Convertible preferred stock dividends	1.7	3.0	1.9
Convertible debentures interest	-	.4	4.1
	1.7	3.4	6.0
Numerator for diluted earnings per share - income available to common stockholders after assumed conversions	$ 298.1	$ 230.7	$ 212.0
Denominator:			
Denominator for basic earnings per share - weighted-average shares	133,659,413	129,030,492	117,243,264
Effect of dilutive securities:			
Stock options	1,763,123	1,237,181	1,019,502
Convertible preferred stock	6,345,825	10,512,543	11,005,119
Convertible debentures	-	1,187,513	9,658,440
Dilutive potential common shares	8,108,948	12,937,237	21,683,061
Denominator for diluted earnings per share - adjusted weighted-average shares and assumed conversions	141,768,361	141,967,729	138,926,325
Basic earnings per share	$ 2.22	$ 1.76	$ 1.76
Diluted earnings per share	$ 2.10	$ 1.62	$ 1.52

(o) Cash Flows-For purposes of the Consolidated Statements of Cash Flows, the Company considers short-term investments, consisting of money market funds, certificates of deposit, and commercial paper with maturities of less than 90 days to be cash equivalents. These securities are carried at cost which approximates fair value.

Supplemental cash flow information:

	Years Ended December 31, 1997	1996	1995
Cash paid during the year for:			
Interest	$ 9.3	$ 14.0	$ 23.1
Income taxes	73.0	75.2	47.4
	$ 82.3	$ 89.2	$ 70.5

(p) Concentration of Credit Risk-Excluding U.S. government fixed maturity securities, the Company is not exposed to any significant concentration of credit risk.

(q) Statement Presentation-Amounts shown in the consolidated financial statements and applicable notes are stated (except as otherwise indicated and as to share data) in millions, which amounts may not add to totals shown due to rounding. Necessary reclassifications are made in prior periods' financial statements whenever appropriate to conform to the most current presentation.

(r) Comprehensive Income-The Financial Accounting Standards Board (FASB) issued, in June, 1997, Statement of Financial Accounting Standards No. 130 (FAS-130) "Reporting Comprehensive Income." FAS-130 establishes standards for the reporting of other comprehensive income in a financial statement and displaying the accumulated balance of other comprehensive income separately from retained earnings. This statement is effective for accounting periods beginning after December 15, 1997. Adoption of this accounting policy will require a new financial statement and not have a material impact on the Company's financial position or results of its operations.

Note 2-Investments - Bonds and other investments carried at $167.3 as of December 31, 1997 were on deposit with governmental authorities by the Corporation's insurance subsidiaries to comply with insurance laws.

Note 3-Debt and Debt Equivalents-Consolidated debt of Old Republic and its subsidiaries is summarized below:

	December 31,			
	1997		1996	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Commercial paper due within 180 days with an average yield of 5.92% and 5.59%, respectively..............	$ 9.8	$ 9.8	$ 133.7	$ 133.7
Debentures maturing in 2007 at 7.0%................................	114.9	119.2	-	-
Other miscellaneous debt...	12.0	12.0	11.3	11.3
Total debt...	136.8	141.2	145.1	145.1
Redeemable convertible preferred stock classified as a debt equivalent (See (a) below).........................	-	-	8.8	8.8
Common stock classified as a debt equivalent (See (a) below)..................................	6.1	6.1	-	-
Total debt and debt equivalents....................................	$ 142.9	$ 147.3	$ 154.0	$ 154.0

The carrying amount of the Company's commercial paper borrowings approximates its fair value. The fair value of publicly traded debt is based on its quoted market price.

Scheduled maturities of the above debt (including common stock classified as a debt equivalent see (a)below) at December 31, 1997 are as follows: 1998: $12.8; 1999: $4.4; 2000: $3.8; 2001: $.6; 2002: $.1; 2003 and after $121.1. During 1997, 1996 and 1995, $9.6, $10.8 and $23.0, respectively, of interest expense on debt was charged to consolidated operations.

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(a) The Company has guaranteed bank loans (balance at December 31, 1997 was $6.1) to a Trust established by the Old Republic Employees Savings and Stock Ownership Plan ("ESSOP"). The loans have been used to fund the purchase of Series D Redeemable Convertible Preferred Stock from the Company by the Trust for the original amount of the loans. All remaining Series D Preferred Stock shares were fully converted into common shares as of August 22, 1997. The Trust's loan principal repayments (currently scheduled at $1.0 in 1998, $2.6 in 1999 and $2.5 in 2000) are expected to be met by annual profit sharing contributions by the Corporation and its participating subsidiaries, while interest payments are to be covered by Trust income, including dividends on the Corporation's stock held by the ESSOP. The interest on the Trust's loans is payable quarterly and at rates ranging from 75% to 80% of the prime rate. See Notes 4a and 4c.

(b) In February 1996, the Company called for the redemption of its 10% debentures maturing in 2018 ($75.0 principal amount), and its 5.75% convertible subordinated debentures maturing in 2002 ($110.0 principal amount). In April 1996, the Company called for redemption its 11.5% debentures maturing in 2015 ($30.0 principal amount). Redemption of the debentures was effected with internally available funds, while the subordinated debentures were converted by their terms into approximately 9.6 million Old Republic common shares. The early retirement of the Company's debentures produced a net of tax charge of $4.4 (3 cents per share) that has been reflected as an extraordinary item in 1996.

Note 4-Shareholders' Equity - Common share data has been retroactively adjusted to reflect a 50% stock dividend of the Company's common shares approved by the Board of Directors on March 12, 1998. FAS-128 requires this stock dividend be reflected in the 1997 year-end financial statements. All common and preferred share data herein has been retroactively adjusted as applicable for stock dividends or splits declared through March 31, 1998.

(a) Preferred Stock-The following table shows certain information pertaining to each of the Corporation's series of preferred shares issued and outstanding:

	Redeemable convertible	Convertible
Preferred Stock Series:	D(1)	G(2)
Annual cumulative dividend rate per share	$ .058	$ (2)
Conversion ratio of preferred into common shares	5 for 1	1 for .95
Conversion right begins	Anytime	Anytime
Redemption and liquidation value per share	-	(2)
Redemption beginning in year	1987	(2)
Total redemption value (millions)	-	(2)
Vote per share	one	one
Shares outstanding:		
December 31, 1996	50,253,693	337,464
December 31, 1997	-	237,551

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(1) Series D redeemable convertible preferred stock, substantially all of which was held by the Corporation's employee benefit plans, was adjustable proportionately as to redemption value, dividend rate, and number of shares to reflect any stock dividends or splits declared on the Corporation's common stock, and had a preference as to dividend payments and upon liquidation of the Corporation. The Series D redeemable convertible stock was converted into common shares as of August 22, 1997.

(2) The Corporation has authorized up to 1,000,000 shares of Series G Convertible Preferred Stock ("Series G") for issuance pursuant to the Corporation's Stock Option Plan. Series G has been issued under two different designations; the most recent designation being Series G-2 (except as otherwise stated, Series G and Series G-2 are collectively referred to as Series G). Each share of Series G pays a floating rate dividend based on the prime rate of interest. At December 31, 1997, the annual dividend rate for Series G was $.82 per share. Each share of Series G is convertible at any time, after being held six months, into 0.95 shares of Common Stock (See 4(d)). Unless previously converted, Series G shares may be redeemed at the Corporation's sole option five years after their issuance.

(b) Cash Dividend Restrictions-The payment of cash dividends by the Corporation is principally dependent upon the amount of its insurance subsidiaries' statutory policyholders' surplus available for dividend distribution. The insurance subsidiaries' ability to pay cash dividends to the Corporation is in turn generally restricted by law or subject to approval of the insurance regulatory authorities of the states in which they are domiciled. These authorities recognize only statutory accounting practices for determining financial position, results of operations, and the ability of an insurer to pay dividends to its shareholders. Based on 1997 data, the maximum amount of dividends payable to the Corporation by its insurance and a small number of non-insurance company subsidiaries during 1998 without the prior approval of appropriate regulatory authorities is approximately $229.1. However, management does not expect to distribute all such dividends since reinvested earnings are the Corporation's major source of capital to promote its growth, and support its obligations to policyholders.

(c) Debt Restrictions-Under the most restrictive covenants, the terms of Old Republic's guaranties relative to loan agreements described in Note 3(a) provide that while loans under such agreements are outstanding, Old Republic is restricted from, among other things, permitting "Debt" to exceed 25% of its consolidated tangible net worth (as adjusted for goodwill and net unrealized investment gains or losses, but including title plants and records) without approval of the lenders.

(d) Stock Option Plan-The Corporation has a stock option plan for certain eligible key employees. Outstanding options at any one time may not exceed 5% of the Old Republic common stock then issued and outstanding. The exercise price of options is equal to the market price of the Corporation's stock on the date of grant; the term of each option is generally ten years from such date. Options may be exercised to the extent of 10% of the number of shares covered thereby on and after the date of grant, and cumulatively to the extent of an additional 10% on and after each of the first through ninth anniversaries of the date of the grant. In the event the market closing price of the Old Republic common stock reaches a pre-established value ("the vesting acceleration price"), however, optionees may exercise their options to the extent of 10% of the number of shares covered by the option for each year of employment by the optionee. The Corporation may extend 15 year loans at a prevailing market rate of interest for a portion of the exercise price. The option plan also enables optionees to, alternatively, exercise their options into Series "G" Convertible Preferred Stock. The exercise of options into such Preferred Stock reduces by 5% the number of equivalent common shares which would otherwise be obtained from the exercise of options into common shares.

For financial reporting purposes, Old Republic records the exercise of stock options directly in its capital accounts as permitted under existing accounting pronouncements. The following table shows a comparison of net income and related per share information as reported, and on a pro-forma basis on the assumption that the estimated value of stock options was treated as compensation costs. In estimating the compensation cost of options, the fair value of options at date of grant has been calculated using a Black-Scholes options pricing model that takes the assumptions shown below into account.

	Years Ended December 31,		
	1997	1996	1995
Option pricing/weighted average assumptions:			
Risk-free interest rates	6.63%	6.74%	7.10%
Dividend yield	3.05%	2.49%	3.20%
Common stock market price volatility factors	.22	.22	.23
Expected option life	10 years	10 years	10 Years
Comparative data:			
Net income:			
As reported	$ 298.1	$ 230.3	$ 212.7
Pro forma basis	297.3	228.4	212.3
Basic earnings per share:			
As reported	2.22	1.73	1.76
Pro forma basis	2.21	1.71	1.75
Diluted earnings per share:			
As reported	2.10	1.59	1.52
Pro forma basis	$ 2.10	$ 1.58	$ 1.52

A summary of the status of the Corporation's stock options as of December 31, 1997, 1996 and 1995, and changes in outstanding options during the years then ended follows:

	As of and for the Years Ended December 31,					
	1997		1996		1995	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	3,237,204	$ 9.55	4,060,362	$ 8.99	3,027,680	$ 7.81
Granted	1,734,750	17.83	7,500	14.75	1,404,000	10.85
Exercised	510,334	9.12	789,746	6.64	324,045	5.77
Canceled and forfeited	22,860	10.45	40,912	10.75	47,273	11.05
Outstanding at end of year	4,438,760	12.83	3,237,204	9.55	4,060,362	8.99
Exercisable at end of year	2,385,821	10.12	2,578,437	9.41	1,679,288	6.91
Weighted average fair value of options granted during the year		$ 5.29		$ 5.01		$ 3.37

A summary of stock options outstanding and exercisable at December 31, 1997 follows:

	Options Outstanding			Options Exercisable	
		Weighted - Average			
Ranges of Exercise Prices	Number Out-Standing	Remaining Con-tractual Life	Exercise Price	Number Exercis-able	Weighted-Average Exercise Price
$ 4.65 to $ 5.61.........................	620,834	2.30 yrs.	$ 5.17	548,720	$ 5.17
$10.84 to $11.83...........................	2,077,589	6.02 yrs.	10.95	1,662,317	10.97
$14.75 to $17.83...........................	1,740,337	9.00 yrs.	$ 17.82	174,784	$ 17.61
Total..................................	4,438,760			2,385,821	

(e) Common Stock-There were 250,000,000 shares of common stock authorized at December 31, 1997. At the same date, there were 50,000,000 shares of Class "B" common stock authorized but none were issued or outstanding. Class "B" common shares have the same rights as common shares except for being entitled to 1/10th of a vote per share.

The Corporation issued a total of 1,112,400 common shares valued at $8.9 and 1,487,360 common shares valued at $13.7 in 1996 and 1995, respectively to effect acquisitions which were not material to Old Republic's financial position or operating results.

(f) Undistributed Earnings-The equity of the Corporation in the undistributed earnings, determined in accordance with generally accepted accounting principles, and in the net unrealized investment gains (losses) of its respective subsidiaries at December 31, 1997 amounted to $1,332.2 and $72.8, respectively. Cash dividends declared during 1997, 1996 and 1995, to the Corporation by its subsidiaries amounted to $199.1, $152.8 and $106.8, respectively.

(g) Treasury Stock-A total of 12,465,810 common shares issued and outstanding are held by consolidated affiliates. See "Related Party Transactions" herein.

(h) Statutory Data-The shareholders' equity and net income, determined in accordance with statutory accounting practices, of the Corporation's insurance subsidiaries was as follows at the dates and for the periods shown:

	Shareholders' Equity		Net Income		
	December 31,		Years Ended December 31,		
	1997	1996	1997	1996	1995
General Insurance Group......................	$ 1,222.9	$ 1,225.1	$ 171.1	$ 182.6	$ 149.6
Mortgage Guaranty Group......................	123.8	131.0	141.3	111.6	95.9
Title Insurance Group........................	114.2	119.9	14.9	14.1	15.2
Life Insurance Group.........................	$ 71.2	$ 75.3	$ 16.5	$ 5.6	$ 6.9

Note 5-Commitments and Contingent Liabilities:

(a) Reinsurance-In order to maintain premium production within their capacity and to limit maximum losses for which they might become liable under policies underwritten, Old Republic's insurance subsidiaries, as is the common practice in the insurance industry, cede all or a portion of their premiums and liabilities on certain classes of business to other insurers and reinsurers. Although the ceding of insurance does not ordinarily discharge an insurer from liability to a policyholder, it is industry practice to establish the reinsured part of risks as the liability of the reinsurer. Old Republic also employs retrospective premium, contingent commission, and profit sharing arrangements for parts of its business in order to minimize losses for which it might become liable under insurance policies underwritten by it. To the extent that any reinsurance companies or retrospectively rated risks or producers might be unable to meet their obligations under existing reinsurance or retrospective insurance and agency agreements, Old Republic would be liable for the defaulted amounts. As deemed necessary, reinsurance ceded to other companies is secured by letters of credit, cash, and/or securities.

Reinsurance protection for General Insurance operations generally limits the net loss on any one risk to the following maximums (in thousands): workers' compensation-$1,000; auto liability-$500; general liability-$500; and property coverages-$250. A substantial portion of the mortgage guaranty insurance business is retained, with the exposure on any one risk currently averaging approximately $25. Title insurance risk assumptions, based on the title insurance subsidiary's financial resources, are currently limited to $25,000 as to any one policy. The maximum amount of ordinary life insurance retained on any one life by the Life Insurance Group is $250.

Most of the reinsurance ceded by the Corporation's insurance subsidiaries in the ordinary course of business is placed on a quota share or excess of loss basis. Under quota share reinsurance, the companies remit an agreed upon percentage of their premiums written to assuming companies and are reimbursed for a pro-rata share of claims and commissions incurred and for a ceding commission to cover expenses and costs for underwriting and claim services performed. Under excess of loss reinsurance agreements, the companies are generally reimbursed for losses exceeding contractually agreed-upon levels.

The following information relates to reinsurance and related data for the General Insurance, Mortgage Guaranty and Life Insurance Groups for the three years ended December 31, 1997. For the years 1995 to 1997, reinsurance transactions of the Title Insurance Group have not been material.

		Years Ended December 31,		
		1997	1996	1995
General Insurance Group				
Written premiums:	direct	$ 1,103.9	$ 1,095.6	$ 1,118.0
	assumed	32.7	48.4	65.2
	ceded	$ 229.1	$ 278.9	$ 307.0
Earned premiums:	direct	$ 1,100.6	$ 1,096.8	$ 1,099.7
	assumed	34.6	52.1	74.3
	ceded	$ 228.9	$ 281.3	$ 322.8
Claims ceded		$ 245.7	$ 215.1	$ 210.0
Mortgage Guaranty Group				
Written premiums:	direct	$ 259.6	$ 213.0	$ 170.3
	assumed	.2	-	-
	ceded	$ .8	$ 1.1	$ 2.2
Earned premiums:	direct	$ 271.9	$ 227.9	$ 178.2
	assumed	-	-	-
	ceded	$ .9	$ 1.2	$ 3.0
Claims ceded		$ .2	$ .8	$ 1.8
Mortgage guaranty insurance in force as of December 31:	direct	$ 49,925.2	$ 45,922.3	$ 39,201.2
	assumed	658.4	-	-
	ceded	$ 221.3	$ 270.7	$ 338.5
Life Insurance Group				
Written premiums:	direct	$ 84.9	$ 80.8	$ 88.0
	assumed	.3	.2	.3
	ceded	$ 32.5	$ 32.8	$ 42.4
Earned premiums:	direct	$ 81.3	$ 78.8	$ 82.5
	assumed	.3	.2	.3
	ceded	$ 32.9	$ 33.1	$ 40.9
Life insurance in force as of December 31:	direct	$ 8,708.6	$ 6,775.8	$ 7,747.3
	assumed	-	-	-
	ceded	$ 3,795.6	$ 2,806.2	$ 3,510.2
Disability/accident and health insurance premiums ceded on a quota share basis:				
To affiliated companies		$ 1.5	$ 3.1	$ 3.4
To unaffiliated companies		18.2	18.9	24.7
Total		$ 19.8	$ 22.0	$ 28.1
Percentage of direct and assumed premiums		34.8%	37.7%	43.8%

(b) Leases-Some of the Corporation's subsidiaries maintain their offices in leased premises. Certain of these leases provide for the payment of real estate taxes, insurance, and other operating expenses. At December 31, 1997, aggregate minimum rental commitments (net of expected sub-lease receipts) under noncancellable operating leases of $107.2 are summarized as follows: 1998: $28.2; 1999: $20.6; 2000: $14.3; 2001: $10.4 2002: $8.1; 2003 and after: $25.4.

(c) General-In the normal course of business, the Corporation and its subsidiaries are subject to various contingent liabilities, including possible income tax assessments resulting from tax law interpretations or issues raised by taxing authorities in their regular examinations. Management does not anticipate any significant losses or costs to result from any known or existing contingencies.

(d) Legal Proceedings-There are no material legal proceedings other than those arising in the normal course of business and which generally pertain to claim matters related to insurance policies and contracts issued by the Corporation's insurance subsidiaries.

Note 6-Consolidated Quarterly Results-Unaudited - Old Republic's consolidated quarterly operating data for the two years ended December 31, 1997 is presented below. In the second quarter 1997, several life insurance subsidiaries recovered income taxes and related accumulated interest due to favorable resolutions with the Internal Revenue Service of various outstanding issues pertaining to income tax returns for the years 1979 through 1982. These cash recoveries, net of miscellaneous charges, increased other income by $12.6, reduced income tax expense by $5.9 and increased net income by $14.2 (10 cents per share).

In February 1996, the Company called for the redemption of its 10% debentures maturing in 2018 ($75.0 principal amount); in April 1996, the Company called for redemption of its 11.5% debentures maturing in 2015 ($30.0 principal amount); redemption of these debentures was effected with internally available funds. The early retirement of the Company's 10% debentures of 2018 produced a net of tax charge of $3.3 (2 cents per share) that has been reflected as an extraordinary item in the first quarter of 1996, while the retirement of the Company's 11.5% debentures of 2015 produced an additional net of tax charge of $1.1 (1 cent per share) that was reflected as an extraordinary item in the second quarter of 1996. Accordingly, the total extraordinary item reflected in the results for 1996 was $4.4 (3 cents per share).

In the opinion of management, all adjustments consisting of normal recurring adjustments necessary to a fair presentation of quarterly results have been reflected in the data which follows. It is also management's opinion, however, that quarterly operating data for insurance enterprises is not indicative of results to be achieved in succeeding quarters or years. The long-term nature of the insurance business, seasonal patterns in premium production and incidence of claims, and changes in yields on invested assets are some of the factors necessitating a review of operating results, changes in shareholders' equity, and cash flows for periods of several years to obtain a proper indicator of performance. The data below should be read in conjunction with the "Management Analysis of Financial Position and Results of Operations":

Year Ended December 31, 1997:	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Operating Summary:				
Net premiums, fees, and other income	$ 383.2	$ 421.2	$ 422.6	$ 438.2
Net investment income and realized gains	78.5	71.2	70.4	76.7
Total revenues	461.8	492.6	493.2	515.1
Benefits, claims, and expenses	367.2	371.8	392.1	404.8
Net income	$ 65.2	$ 88.3	$ 69.1	$ 75.4
Net income per share: Basic	$ .49	$ .67	$ .51	$ .54
Diluted	$ .46	$ .62	$ .49	$ .53
Average common and equivalent shares outstanding:				
Basic	130,513,487	130,383,032	134,509,503	138,718,711
Diluted	142,266,700	141,494,007	141,999,192	141,080,148

Year Ended December 31, 1996:	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Operating Summary:				
Net premiums, fees, and other income	$ 359.4	$ 387.9	$ 384.3	$ 396.1
Net investment income and realized gains	71.3	65.2	71.5	67.4
Total revenues	430.9	453.3	456.0	463.6
Benefits, claims, and expenses	353.7	369.6	365.5	372.5
Income before extraordinary item	53.4	57.0	61.7	62.5
Extraordinary item, net of tax	(3.3)	(1.1)	-	-
Net income	$ 50.0	$ 55.9	$ 61.7	$ 62.5
Net income per share:				
Basic:				
Before extraordinary item	$ .41	$ .43	$ .46	$ .47
Extraordinary item	(.03)	(.01)	-	-
Net Income	$ .38	$ .42	$ .46	$ .47
Diluted:				
Before extraordinary item	$ .38	$ .40	$ .43	$ .43
Extraordinary item	(.03)	(.01)	-	-
Net Income	$ .35	$ .39	$ .43	$ .43
Average common and equivalent shares outstanding:				
Basic	124,938,669	129,758,396	129,951,183	130,357,934
Diluted	141,719,168	141,631,446	141,778,116	142,236,065

Note 7-Information About Segments of Business - The contributions of Old Republic's insurance industry segments to consolidated revenues and operating results, and certain balance sheet data pertaining thereto are shown in the following tables on the basis of generally accepted accounting principles ("GAAP"). Each of the Corporation's segments underwrites and services only those insurance coverages which may be written by it pursuant to state insurance regulations and corporate charter provisions.

In computing the income or loss before taxes and extraordinary item for each segment, the following items have not been added or deducted: general corporate revenues and expenses, parent company interest expense, income taxes, and equity in operating results of, or dividends from, unconsolidated subsidiaries and affiliates. To reconcile the total assets shown for the General, Mortgage Guaranty, Title and Life Groups with total consolidated assets at December 31, 1997 and 1996, adjustments must be made for the parent company assets of $2,302.1 and $2,079.6, and consolidating eliminations of $2,556.9 and $2,477.6, respectively.

Revenues and assets connected with foreign operations are not significant in relation to consolidated totals.

Net Revenues

	Years Ended December 31,		
	1997	1996	1995
General Insurance Group:			
Net premiums earned:			
Liability coverages	$ 513.7	$ 463.6	$ 477.9
Property and other coverages	392.5	404.0	373.2
Net investment (a) and other income	213.2	207.3	204.9
Total	1,119.5	1,074.9	1,056.1
Mortgage Guaranty Group:			
Net premiums earned	271.0	226.5	175.2
Net investment (a) and other income	42.3	36.0	28.6
Total	313.3	262.6	203.9
Title Insurance Group:			
Net premiums earned	238.6	220.2	183.3
Title, escrow and other fees	163.3	147.2	122.2
Sub-total	402.0	367.4	305.5
Net investment (a) and other income	21.4	20.4	20.6
Total	423.4	387.9	326.2
Life Insurance Group:			
Annuities:			
Net premiums earned	-	-	-
Net investment income	4.8	5.2	6.1
Sub-total	4.9	5.2	6.1
Credit and other life and disability:			
Net premiums earned	48.6	46.0	41.9
Net investment (a) and other income	21.9(c)	9.2	9.9
Sub-total	70.5	55.2	51.8
Total	75.4	60.5	58.0
Other Operations - Net (b):	4.5	2.6	1.8
Consolidated sub-total	1,936.4	1,788.7	1,646.1
Net Realized Gains	26.3	15.1	49.7
Consolidated	$ 1,962.8	$ 1,803.9	$ 1,695.9

Income (Loss) Before Taxes

	Years Ended December 31,		
	1997	1996	1995
General Insurance Group:			
Underwriting/service income (loss):			
Liability coverages	$ (2.5)	$ (26.0)	$ (58.6)
Property and other coverages	13.0	20.5	38.6
Net investment income (a)	197.8	194.3	191.1
Total	208.3	188.8	171.1
Mortgage Guaranty Group:			
Underwriting/service income	105.9	89.8	77.6
Net investment income (a)	35.5	30.4	25.2
Total	141.5	120.2	102.8
Title Insurance Group:			
Underwriting/service income (loss)	17.5	5.9	(13.4)
Net investment income (a)	19.0	18.6	18.0
Total	36.5	24.6	4.6
Life Insurance Group:			
Annuities	1.0	.6	2.7
Other coverages and net investment income (a)	18.9(c)	6.4	5.2
Total	19.9	7.0	7.9
Other Sources - Net (b):	(6.1)	(13.5)	(20.2)
Consolidated sub-total	400.3	327.2	266.2
Net Realized Gains	26.3	15.1	49.7
Consolidated	$ 426.7	$ 342.4	$ 316.0

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In the above tables, net premiums earned on a GAAP basis differ from statutory amounts as a result of differences in the calculations of unearned premium reserves under each accounting method. (a) Including unallocated investment income derived from invested capital and surplus funds./(b) Represents results of holding company parent, consolidation eliminating adjustments, and general corporate expenses, as applicable./ (c) Includes $12.6 of interest income from settlement of prior years' tax issues.

Assets At Year End

	December 31,	
	1997	1996
General Insurance Group	$ 5,300.6	$ 5,350.5
Mortgage Guaranty Group	922.9	760.5
Title Insurance Group	419.4	408.2
Life Insurance Group	309.4	310.3
Consolidated	$ 6,923.4	$ 6,656.2

The Financial Accounting Standards Board (FASB) issued, in June, 1997, Statement of Financial Accounting Standards No. 131 (FAS-131) "Disclosure about Segments of an Enterprise and Related Information." FAS-131 establishes standards for the way the Company reports information about operating segments. This statement shall be effective for fiscal years beginning after December 15, 1997. The Company has not as of yet determined the effect of this statement on its definition of operating segments. FAS-131 does not impact the Company's financial position or results of its operation.

Note 8-Related Party Transactions - At December 31, 1997 and 1996, the Corporation owned 100.0% and 98.85% of the non-voting common shares, respectively, and 40% of the voting common and preferred shares of the American Business & Mercantile Insurance Group, Inc., ("AB&M Group" or "Group"), an affiliated insurance holding company engaged in the property and liability reinsurance business. American Business & Personal Insurance Mutual, Inc. ("Mutual"), a property & liability mutual insurer owned by its policyholders, held directly or through a subsidiary .04% of the Group's non-voting common shares at December 31, 1996 and 60% of the Group's voting common and preferred shares at December 31, 1997 and 1996. At December 31, 1996, 1.11% of the Group's non-voting common shares were held by public shareholders. In the fourth quarter 1997, the Corporation acquired the non-voting common shares.

Pursuant to underwriting and investment management agreements, Old Republic receives management fees for administering the affairs of the Group's reinsurance subsidiary and those of Mutual. Pursuant to reinsurance treaties, the Group and Mutual are quota share participants in various types of primary or assumed reinsurance contracts produced through Old Republic underwriting facilities. Fees received in the past three years by Old Republic were immaterial. The following table shows reinsurance cessions, retrocessions, and assumptions to or from the Group's reinsurance subsidiary and the Mutual for the last three years.

	Ceded to Group			Assumed from Mutual			Ceded to Mutual		
	1997	1996	1995	1997	1996	1995	1997	1996	1995
Premiums written............	$ 4.5	$ 9.3	$ 12.6	$ -	$ -	$ -	$ 1.2	$ 1.6	$ 3.6
Commissions and fees........	.7	.8	.8	(.2)	-	-	-	-	-
Losses and loss expenses....	2.6	9.8	14.7	(1.0)	.1	.1	.9	1.7	4.1
Loss and loss expense reserves...................	49.6	55.5	54.1	17.2	17.1	18.7	7.1	8.4	7.9
Unearned premiums...........	$ 1.2	$ 1.1	$ 1.1	$ -	$ -	$ -	$ .3	$ .3	$ .3

Certain subsidiaries of the Company have sold various accounts receivable to a finance company subsidiary of the Mutual. Total receivables sold amounted to approximately $6.1 as of December 31, 1997 and 1996, respectively.

At December 31, 1997 and 1996, the Group held approximately 6.8% and 7.2%, respectively, of Old Republic's issued and outstanding common shares. For financial accounting purposes only, 10,110,690 and 9,988,352 of such shares have been treated as treasury shares at each respective date in consolidating the Group's accounts with those of the Corporation.

At December 31, 1997, the Corporation owned 96.9% of the voting common stock of Employers General Insurance Group, Inc. ("EGI") an affiliated insurance holding company engaged in property and liability insurance, primarily in Texas and Oklahoma. At such date, 3.1% of EGI's voting common stock was held by public shareholders.

Pursuant to a branch management agreement, EGI supervises the solicitation and underwriting of all lines of insurance that two insurance subsidiaries of Old Republic are authorized to write. EGI's Texas domiciled insurance subsidiary has entered into a quota share reinsurance treaty with an insurance subsidiary of Old Republic. Under the reinsurance treaty, EGI's insurance subsidiary reinsures the net retained amount of business produced by EGI and its subsidiaries.

	Ceded to EGI		
	1997	1996	1995
Premiums written..	$ 37.2	$ 38.1	$ 33.8
Losses and loss expenses..	32.5	32.4	26.4
Loss and loss expense reserves..	57.5	54.0	42.4
Unearned premiums...	$ 10.9	$ 12.0	$ 12.6

EGI has also entered into an investment counsel agreement pursuant to which an Old Republic subsidiary provides investment advice, accounting services and assistance to EGI in executing purchases and sales of investments. Fees received by Old Republic were immaterial.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
Old Republic International Corporation
Chicago, Illinois

We have audited the accompanying consolidated balance sheets of Old Republic International Corporation and subsidiaries (the "Company") as of December 31, 1997 and 1996, and the related consolidated statements of income, preferred stock and common shareholders' equity and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Old Republic International Corporation and subsidiaries as of December 31, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Coopers & Lybrand L.L.P.

Chicago, Illinois
March 18, 1998

Item 9-Disagreements on Accounting and Financial Disclosure

None.

PART III

Item 10-Directors and Executive Officers of the Registrant

Omitted pursuant to General Instruction G(3). The Company will file with the Commission prior to April 1, 1998 a definitive proxy statement pursuant to Regulation 14A in connection with its Annual Meeting of shareholders to be held on May 22, 1998. See also Item 4(a) in Part I of this report. A list of Directors appears on the "Signature" page of this report.

Item 11-Executive Compensation

Omitted pursuant to General Instruction G(3). The Company will file with the Commission prior to April 1, 1998 a definitive proxy statement pursuant to Regulation 14A in connection with its Annual Meeting of shareholders to be held on May 22, 1998.

Item 12-Security Ownership of Certain Beneficial Owners and Management

Omitted pursuant to General Instruction G(3). The Company will file with the Commission prior to April 1, 1998 a definitive proxy statement pursuant to Regulation 14A in connection with its Annual Meeting of shareholders to be held on May 22, 1998.

Item 13-Certain Relationships and Related Transactions

Omitted pursuant to General Instruction G(3). The Company will file with the Commission prior to April 1, 1998 a definitive proxy statement pursuant to Regulation 14A in connection with its Annual Meeting of shareholders to be held on May 22, 1998.

PART IV

Item 14-Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) Documents filed as a part of this report:
1. Financial statements: See Item 8, Index to Financial Statements.
2. Financial statement schedules will be filed on or before April 30,1998 under cover of Form 10-K/A.
3. See exhibit index on page 57 of this report.

(b) Reports on Form 8-K:
1. No reports on Form 8-K were filed during the fourth quarter of 1997.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized (Name, Title or Principal Capacity, and Date).

(Registrant): Old Republic International Corporation

By :	/s/ A.C. Zucaro A. C. Zucaro, Chairman of the Board, Chief Executive Officer, President and Director	3/27/98 Date
By :	/s/ Paul D. Adams Paul D. Adams, Senior Vice President, Chief Financial Officer and Treasurer	3/27/98 Date

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated (Name, Title or Principal Capacity, and Date).

/s/ Harrington Bischof
- ------------------------------
Harrington Bischof, Director*

/s/ John W. Popp

John W. Popp, Director*

/s/ Anthony F. Colao
- ------------------------------
Anthony F. Colao, Director*
Senior Vice President

/s/ William A. Simpson

William A. Simpson, Director*
President of Republic Mortgage
Insurance Company

/s/ Jimmy A. Dew
- ------------------------------
Jimmy A. Dew, Director*
Executive Vice President of
Republic Mortgage Insurance Company

/s/ Arnold L. Steiner

Arnold L. Steiner, Director*

/s/ Kurt W. Kreyling
- ------------------------------
Kurt W. Kreyling, Director*

/s/ David Sursa

David Sursa, Director*

/s/ Peter Lardner
- ------------------------------
Peter Lardner, Director*
President of Bituminous
Casualty Corporation

/s/ William G. White, Jr.

William G. White, Jr., Director*

/s/ Wilbur S. Legg
- ------------------------------
Wilbur S. Legg, Director*

* By /s/ A. C. Zucaro
Attorney-in-fact
Date: March 12, 1998

EXHIBIT INDEX

An index of exhibits required by item 601 of Regulation S-K follows:

(3) Articles of incorporation and by-laws.

(A) * Restated Certificate of Incorporation, as amended. (Exhibit 3(A) to Registrant's Annual Report on Form 10-K for 1995).

(B) * By-laws, as amended.(Exhibit 3.2 to Form S-3 Registration Statement No. 333-43311).

(4) Instruments defining the rights of security holders, including indentures.

(A) * Certificate of Designation with respect to Series A Junior Participating Preferred Stock (Exhibit 4.1 to Form 8-K filed May 30, 1997).

(B) * Certificate of Designation with respect to Series G-2 Convertible Preferred Stock (Exhibit 4(A) to Registrant's Annual Report on Form 10-K for 1995).

(C) * Amended and Restated Rights Agreement dated as of May 15, 1997 between Old Republic International Corporation and First Chicago Trust Company of New York (Exhibit 4.1 to Registrant's Form 8-K filed May 30, 1997).

(D) * Agreement to furnish certain long term debt instruments to the Securities & Exchange Commission upon request (Exhibit 4(D) on Form 8 dated August 28, 1987).

(E) * Form of Indenture dated as of August 15, 1992 between Old Republic International Corporation and Wilmington Trust Company, as Trustee (Exhibit 4(G) to Registrant's Annual Report on Form 10-K for 1993.)

(F) * Supplemental Indenture No.1 dated as of June 16, 1997 supplementing the Indenture (Exhibit 4.3 to Registrant's Form 8-A filed June 16, 1997).

(G) Supplemental Indenture No. 2 dated as of December 31, 1997 supplementing the Indenture.

(10) Material contracts.

** (A) Copy of the Amended and Restated Old Republic International Corporation Key Employees Performance Recognition Plan.

** (B) * 1985 Old Republic International Corporation Non-qualified Stock Option Plan A (Exhibit 10.1 to Form S-3 Registration Statement No. 2-98166).

** (C) * Amendments to 1985 Old Republic International Corporation Non-qualified Stock Option Plan A (Exhibit 10(G) to Registrant's Annual Report on Form 10-K for 1991).

** (D) Amended and Restated 1992 Old Republic International Corporation Non-qualified Stock Option Plan.

** (E) Amended and Restated Old Republic International Corporation Executives Excess Benefits Pension Plan.

** (F) * Form of Indemnity Agreement between Old Republic International Corporation and each of its directors and certain officers (Exhibit 10 to Form S-3 Registration Statement No. 33-16836).

** (G) * Copy of directors and officers liability and company reimbursement policy dated October 6, 1970 (Exhibit 12(A) to Form S-1 Registration Statement No. 2-41089).

** (H) Copy of Bitco Key Employees Performance Recognition Plan.

** (I) * Copy of a written description of the RMIC Key Employee Performance Recognition Plan (Exhibit 10(Q) to Registrant's Annual Report on Form 10-K for 1991.)

(Exhibit Index, Continued)

(21) Subsidiaries of the registrant.

(23) Consent of Coopers & Lybrand L.L.P.

(24) Powers of attorney

(28) Consolidated Schedule P (To be filed by amendment.)

* Exhibit incorporated herein by reference.

** Denotes a management or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 601 of Regulation S-K.

SUPPLEMENTAL INDENTURE NO. 2

OLD REPUBLIC INTERNATIONAL CORPORATION

to

WILMINGTON TRUST COMPANY

SUPPLEMENTAL INDENTURE NO. 2, dated as of December 31, 1997 between Old Republic International Corporation, a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company"), having its principal executive office at 307 North Michigan Avenue, Chicago, Illinois, and Wilmington Trust Company, a banking corporation duly organized and existing under the laws of the State of Delaware, as Trustee (herein called the "Trustee").

Recitals of the Company

WHEREAS, the Company and the Trustee entered into an Indenture dated as of August 15, 1992 and Supplemental Indenture No. 1 thereto dated as of June 16, 1997 (as supplemented, the "Indenture") in connection with the issuance by the Company from time to time of its Debt Securities (herein called the "Debt Securities"); and

WHEREAS, the Company issued a certain series of Debt Securities on August 26, 1992, and fully redeemed all such Debt Securities according to their terms and conditions on March 18, 1996; and

WHEREAS, the Company issued a certain series of Debt Securities designated as the 7% Debentures due June 15, 2007 on June 23, 1997 in the aggregate principal amount of $115,000,000, and such 7% Debentures due June 15, 2007 remain outstanding; and

WHEREAS, the Company may issue certain other Debt Securities and, prior to so doing, desires to enter into a supplemental indenture to modify certain provisions of the Indenture, as authorized by duly adopted resolutions of the Company's Board of Directors; and

WHEREAS, Article Nine of the Indenture permits the Company to modify the Indenture from time to time by entering into one or more supplemental indentures, and all actions required to be taken under the Indenture with respect to this Supplemental Indenture have been taken.

NOW THEREFORE, in consideration of the premises, the parties hereby agree as follows:

1. Covenants.

(a) Section 1006, Limitations on Issue or Disposition of Stock of Principal Insurance Subsidiaries, of Article Ten (as previously amended pursuant to Supplemental Indenture No. 1) is hereby amended by adding to the beginning thereof the following clause:

"(a) With respect to the 7% Debentures due June 15, 2007"

(b) Section 1006, Limitations on Issue or Disposition of Stock of Principal Insurance Subsidiaries, of Article Ten (as previously amended pursuant to Supplemental Indenture No. 1) is hereby further amended by adding to the end thereof the following paragraph:

> "(b) With respect to any series of Debt Securities issued hereunder other than the 7% Debentures due June 15, 2007, this Indenture shall not prohibit the Company or any Principal Insurance Subsidiary from issuing, selling, assigning, transferring or otherwise disposing of, directly or indirectly, any of the capital stock of any Principal Insurance Subsidiary.

2. Ratification of Indenture.

This Supplemental Indenture is executed and shall be construed as an indenture supplemental to the Indenture, and as supplemented and modified hereby, the Indenture is in all respects ratified and confirmed, and the Indenture and this Supplemental Indenture shall be read, taken and construed as one and the same instrument.

3. Trust Indenture Act Controls.

If any provision of this Supplemental Indenture limits, qualifies or conflicts with another provision which is required to be included in this Supplemental Indenture by the Trust Indenture Act, the required provision shall control.

4. Indenture Definitions

Capitalized terms used in this Supplemental Indenture and not otherwise defined shall have the meanings ascribed to them in the Indenture.

5. Governing Law.

This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York, provided, however, that the rights, duties and liabilities of the Trustee shall be governed by and construed in accordance with the laws of the State of Delaware so long as the Wilmington Trust Company is Trustee.

6. Duplicate Originals.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

(Seal) OLD REPUBLIC INTERNATIONAL CORPORATION

Attest:

/s/ John S. Adams
- ---------------------------

By: /s/ A. C.Zucaro

A. C. Zucaro, Chairman, President and Chief Executive Officer

(Seal) WILMINGTON TRUST COMPANY as Trustee

Attest:

- -------------------------

By:

State of Illinois)
) ss:
County of Cook)

On the 7th day of January, 1998, before me personally came A. C. Zucaro, to me known, who, being by me duly sworn, did depose and say that he is Chairman, President and Chief Executive Officer of Old Republic International Corporation, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

/s/ Catherine M. Giblin

State of Delaware)
) ss:
County of New Castle)

On the before me personally came ___________________, to me known, who, being by me duly sworn, did depose and say that he is Vice President of Wilmington Trust Company, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

Exhibit (10)(A)

OLD REPUBLIC INTERNATIONAL CORPORATION
AMENDED AND RESTATED
KEY EMPLOYEES PERFORMANCE RECOGNITION PLAN

ARTICLE ONE

PURPOSE AND EFFECTIVE DATE

1.1 The purpose of this Plan is to further the long term growth in earnings of Old Republic International Corporation by offering long term incentives in addition to current compensation to those officers and key employees of Old Republic International Corporation and its subsidiaries who have been or are expected to be largely responsible for such growth.

1.2 This Plan is effective as of January 1, 1997.

ARTICLE TWO

2.1 "Plan" shall mean this Old Republic International Corporation Key Employees Performance Recognition Plan.

2.2 "Company shall mean Old Republic International Corporation, a corporation organized under the laws of the State of Delaware.

2.3 "Employer" and "Employers" shall mean the Company and each other corporation or organization which is wholly or partially owned by the Company, either directly or indirectly, and is designated by the Committee as an Employer under this Plan. As of the effective date of this Plan the Employers other than the Company are:

Actuarial Risk Services, Inc.
American Treaty Management Corporation
Brummel Brothers, Inc.
J. Huell Briscoe & Associates, Inc.
Old Republic Asset Management Corporation
Old Republic General Services, Inc.
Old Republic Insurance Company
Old Republic Insured Credit Services, Inc.
Old Republic International Corporation
Old Republic Life Insurance Company
Old Republic Life Insurance Company of New York
Old Republic Marketing, Inc.
Old Republic RE, Inc.
Old Republic Title Holding Company, Inc.

Old Republic Union Insurance Company
Republic Mortgage Insurance Company
Sierra Reinsurance Services, Inc.

2.4 "Chief Executive Officer" shall mean the chief executive officer of the Company.

2.5 "Committee" shall mean the Compensation Committee of the Board of Directors of the Company.

2.6 "Employee" shall mean any person who is employed by an Employer on a full-time basis and who is compensated for such employment by a regular salary. "Employee" shall include officers of an Employer but shall not include directors who are not otherwise officers or employees.

2.7 "Eligible Employee" shall mean an Employee who pursuant to Section 5.1 hereof has been selected to share in the allocation of the Performance Recognition Pool for any given year.

2.8 "Year of Service" shall mean each year of continuous employment with an Employer after first being designated as a Eligible Employee pursuant to Section 5.1 hereof.

2.9 "Account" shall mean with respect to any Employee, the record of:

(a) credits in connection with the allocations, if any, credited to such account pursuant to Article Five of the Plan,

(b) payments to him or her under the Plan pursuant to Article Six of the Plan,

(c) forfeitures, if any, pursuant to Article Seven of the Plan, and

(d) credits transferred from the Plan to a comparable plan of any subsidiary or affiliate of the Employer by agreement between such subsidiary or affiliate and the Employer.

2.10 "Calculation Year" shall mean the Company's fiscal year immediately preceding the year for which the Performance Recognition Pool is being calculated.

If there is an operating loss in the year prior to the Calculation Year, the "prior year" to be used in the following definitions and for Section 4.1 calculations is the first year prior to the Calculation Year in which there was an operating profit.

2.11 "Minimum Return on Equity" shall mean a percentage applied to the Company's average shareholders' equity (i.e., mean of beginning and ending balances, adjusted for unrealized investment gains or losses net of applicable income taxes, if any) for the

Calculation Year. The percentage shall be that percentage, obtained from public information, equal to two times the mean of the five year average post-tax yield on 10 year and 30 year U.S. Treasury Securities. The Committee shall annually compute and announce this value as it pertains to a calculation year.

2.12 "Excess Return on Equity" shall mean the Calculation Year's consolidated net operating income in excess of the Minimum Return on Equity all calculated in accordance with generally accepted accounting principles, (GAAP). Net operating income shall exclude realized gains or losses on sales of investment securities or any other assets (irrespective of the treatment of such amounts under GAAP) and extraordinary credits or charges.

2.13 "Minimum Annual Income" shall mean 112% of the prior year's Consolidated Net Operating Income adjusted for dividend requirements on preferred stock issued and outstanding during each year.

2.14 "Excess Earnings Growth" shall mean the Calculation Year's Consolidated Net Operating Income adjusted for dividend requirements on preferred stock issued and outstanding during such year in excess of the Minimum Annual Income.

2.15 "Base Salary" shall mean the Employee's basic salary at the rate in effect at the end of the Calculation Year excluding bonuses, overtime, extraordinary compensation and contributions to the Old Republic International Corporation Employees Savings and Stock Ownership Plan.

2.16 "Consolidated Net Operating Income" shall mean the Company's income determined in accordance with generally accepted accounting principles and adjusted for payment of income taxes and for the income of subsidiaries and affiliates carried on an equity basis. Net operating income shall exclude realized gains or losses on sales of investment securities or any other assets (irrespective of the treatment of such amounts under GAAP) and extraordinary credits or charges.

2.17 If in any Calculation Year the Company acquires any other business accounted for as a purchase whose earnings contribute 5% or more to such Year's consolidated net operating income, the earnings of the acquired Company for the year of acquisition and the next succeeding year shall be eliminated (together with related purchase accounting adjustments) in order to calculate the performance data described in Sections 2.11 through 2.22 herein. No elimination from any year shall be made when the acquired company has been owned by the Company for two consecutive calendar years. Net operating income shall exclude realized gains or losses on sales of investment securities or any other assets (irrespective of the treatment of such amounts under GAAP) and extraordinary credits or charges.

2.18 "Earnings Per Share" shall mean fully diluted earnings per share (net of any paid or accrued dividends on preferred stock) calculated in accordance with AICPA Accounting Principles Board Opinion No. 15 or any later superseding opinions.

2.19 "Performance Multiplier" shall mean the number of percentage points by which the Earnings Per Share for the Calculation Year exceeds 112% of the Earnings Per Share for the prior year.

2.20 "Profit Sharing Base" shall mean the sum of:

(a) Earnings Growth multiplied by the Earnings Per Share Multiplier; and

(b) 2.5% of Excess Return on Equity.

2.21 "Earnings Per Share Multiplier" shall mean a percentage of the increase in the fully diluted Earnings Per Share in the Calculation Year over the preceding year as set forth in the following schedule:

Percentage Increase In Earnings Per Share	Earnings Per Share Multiplier
0 - 6.00%	0%
6.01 to 10.00%	2.5%
10.01 to 15.00%	5.0%
15.01 to 20.00%	7.5%
Over 20%	10.0%

2.22 "Earnings Growth" shall mean the Calculation Year's Consolidated Net Operating Income adjusted for dividend requirements on preferred stock issued and outstanding during such year in excess of the prior year's Consolidated Net Operating Income.

2.23 "Change of Control" shall mean any one of the following:

(i) the date the Board of Directors of the Company votes to approve and recommends a stockholder vote to approve:

(a) Any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which shares of the Company's Common Stock would be converted into cash, securities or other property, other than any consolidation or merger of the Company in which the holders of the Company's Common Stock immediately prior to the consolidation or merger have the same proportionate ownership of common stock of the surviving corporation immediately after the consolidation or merger; or

(b) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company, other than any sale, lease, exchange or other transfer to any corporation where the Company owns, directly or indirectly, at least 80% of the outstanding voting securities of such corporation after any such transfer; or

(c) Any plan or proposal for the liquidation or dissolution of the Company; or

(ii) the date any person (as such term is used in Section 13(d) of the Securities Exchange Act of 1934, hereinafter the "1934 Act"), other than the Old Republic International Corporation Employees Savings and Stock Ownership Trust or any other trust established by or contributed to by the Company or any of its subsidiaries for the benefit of employees of the Company or its subsidiaries, shall become the beneficial owner (within the meaning of Rule 13d-3 under the 1934 Act) of 20% or more of the Company's outstanding Common Stock; or

(iii) the date the Board of Directors of the Company or any affiliate of the Company (within the meaning of Rule 12b-2 under the 1934 Act) authorizes and approves any transaction which has either a reasonable likelihood or a purpose of causing, whether directly or indirectly;

(a) The Company's Common Stock to be held of record by fewer than 300 persons; or

(b) The Company's Common Stock to be neither listed on any national securities exchange nor authorized to be quoted on an inter-dealer quotation system of any registered national securities association; or

(iv) the date, during any period of 24 consecutive months, on which individuals who at the beginning of such period constitute the entire Board of Directors of the Company shall cease for any reason to constitute a majority thereof unless the election, or the nomination for election by the Company's stockholders, of each new director comprising the majority was approved by A vote of at least a majority of the Continuing Directors, as hereinafter defined, in office on the date of such election or nomination for election of the new director. For purposes hereof, a "Continuing Director" shall mean:

(a) any member of the Board of Directors of the Company at the close of business on December 15, 1996;

(b) any member of the Board of Directors of the Company who succeeded any Continuing Director described in subparagraph a. above if such successor was elected, or nominated for election by the Company's stockholders, by a majority of the Continuing Directors then still in office; or

(c) any director elected, or nominated for election by the Company's stockholders, to fill any vacancy or newly-created directorship on the Board of Directors of the Company by a majority of the Continuing Directors then still in office.

A Change of Control shall not be deemed to be a Change of Control for purposes of this Plan if the Board of Directors of the Company has approved such Change of Control prior to either (A) the occurrence of any of the events described in the foregoing clauses (I) - (III), or (B) the commencement by any person other than the Company of a tender offer for the Common Stock.

ARTICLE THREE

ADMINISTRATION

3.1 The Plan shall be administered by the Compensation Committee of the Board of Directors of the Company (hereinafter the "Committee") which shall be appointed by the Board of Directors of the Company from its own members. The membership of the Committee may be reduced, changed, or increased from time to time in the absolute discretion of the Board of Directors of the Company. The Committee shall not include any Eligible Employee under this plan.

3.2 The Committee shall have the authority to interpret the Plan, to establish and revise rules and regulations relating to the Plan, and to make the determinations which it believes necessary or advisable for the administration of the Plan.

ARTICLE FOUR

CALCULATION OF THE PERFORMANCE RECOGNITION POOL

4.1 Prior to each May 31 the Compensation Committee shall calculate the amount of the Performance Recognition Pool for that Calculation Year. The Performance Recognition Pool for any Calculation Year shall be equal to the lesser of:

(a) the Profit Sharing Base for the Calculation Year; or

(b) 1.0% of the Company's consolidated operating earnings (after deductions of preferred stock dividends, if any) for the Calculation Year, or;

(c) a percentage of the Eligible Employees' Base Salaries, ranging from 10% to 150%, inclusive, determined on the basis of the following scale:

Column A Percent by Which Current Year's Return on Equity Exceeds ROE Target for the Year	Column B Salary Cap/Spread
0 - 10%	10% + 0.5% for each full 1% exceeding 5% (Max. 12.5%)
10 - 20	15% + 0.5% for each full 1% exceeding 10% (Max. 20%)
20 - 30	20% + 1% for each full 1% exceeding 20% (Max. 30%)
30 - 40	30% +1% for each full 1% exceeding 30% (Max. 40%)
40 - 50	40% + 1% for each full 1% exceeding 40% (Max. 50%)
50 - 60	55% + 1% for each full 1% exceeding 50% (Max. 65%)
60 - 75	70% + 1% for each full 1% exceeding 60% (Max. 85%)
75 - 100	90% + 1% for each full 1% exceeding 75% (Max. 115%)
100.1% and Over	120% + 1% for each full 1% exceeding 100% (Subject to Max. of 150%)

4.2 Notwithstanding any provisions herein to the contrary, the Performance Recognition Pool shall be zero for any year if the Company incurred a net operating loss or a net loss in the Calculation Year.

ARTICLE FIVE

ALLOCATION OF THE PERFORMANCE RECOGNITION POOL

5.1 Prior to each May 1, the CEO shall, in consultation with the Committee, designate the Employees employed by the Employers during any part of such Year who will be eligible to share in the Performance Recognition Pool for that Year.

5.2 On or before June 30 the Performance Recognition Pool for that year shall be allocated among and credited to the accounts of the Employees on the following basis, provided, however, that no member of the Committee shall be able to share in the performance Recognition Pool for any year:

(a) First, amounts shall be allocated among and credited to all or such Accounts of those Employees who have Accounts in the Plan on the allocation date and who are eligible and actively employed by an eligible Employer during that year. The amount credited to each such Account shall equal the balance in each such Account at the beginning of the Year multiplied by the Performance Multiplier. In no event, however, shall the aggregate amount so credited exceed the lesser of 15% of the aggregate Account balances on the allocation date or 20% of the Performance Recognition Pool for that year.

(b) Secondly, the remaining portion, if any, of the Performance Recognition Pool shall be allocated among and credited to the Accounts of Eligible Employees for the year as the Committee in consultation with the CEO deems appropriate in its sole discretion, provided, however, the Committee may, in its discretion, reserve up to 50% of any one year's Pool which will not be allocated currently. The Committee may carry forward the unallocated portion of the Performance Recognition Pool and allocate all or a portion of it pursuant to this subparagraph (c) during one or more of the next succeeding three years; provided however, that the total amount of any one year's carry forward must be allocated by the end of the third year.

5.3 With respect to the amounts to be allocated in the current year, the Committee shall make such allocation to the CEO and to such other senior Eligible Employees selected in consultation with the CEO as it deems appropriate. Remaining amounts allocable for the year to less senior Eligible Employees shall be distributed by the CEO based on total allocations approved by the Committee. In designating Eligible Employees and allocating the Performance Recognition Pool among the Accounts of the Eligible Employees for any Year pursuant to this Article, the CEO and the Committee shall consider the positions and responsibilities of Employees, their accomplishments during the year, the value of such accomplishments to the Company, the CEO's expectations as to the future contributions of individual Employees to the continued success of the Company and such other factors as the CEO and the Committee shall, in their discretion and judgment, deem appropriate.

ARTICLE SIX

DISTRIBUTIONS

6.1 The entire amount of the credit in the Account of a deceased Eligible Employee or an Eligible Employee who attains age 55 or actually retires for disability prior thereto, shall be paid to the person or persons entitled thereto at the time and in the manner provided in Sections 6.4, 6.5, 6.6, and 6.8 thereof.

6.2 Effective January 1, 1990, an Eligible Employee shall automatically withdraw and receive in cash 50% of any award granted to him or her in 1990 and subsequent years pursuant to Sections 5.2(a), 5.2(b), and 5.2(c). Effective January 1, 1995, an Eligible Employee shall also automatically withdraw and receive in cash 50% of any Performance Multiplier granted to him or her in 1995 and subsequent years pursuant to Section 5.2(a). The remaining 50% of each such award and each such Performance Multiplier shall be credited to his or her Account as of such year and shall become vested in accordance with the vesting schedule set forth in Section 6.3(b). The amounts so withdrawn each year shall be paid to the Eligible Employees within ninety (90) days of the date the Committee and/or CEO make such awards or determine such Performance Multipliers.

6.3 A portion of the amount of the credit in the Account of an Eligible Employee as of the date he or she terminates his or her service for any reason other than his or her death or retirement for age or disability shall be paid to the person or persons entitled thereto at the times in the manner provided by Section 6.5 hereof. The amount to be paid shall be known as a "vested interest", and shall be equal to (a) the amounts which have been vested in him or her because he or she did not make a withdrawal in a prior year plus (b) the following percentage of the balance of his or her credit in his Account:

Completed Years of Service	To Be Paid (Vested Interest)
Less than One	0%
One	10%
Two	20%
Three	30%
Four	40%
Five	50%
Six	60%
Seven	70%
Eight	80%
Nine	90%
Ten	100%

Any amount not vested in an Employee shall be forfeited. Forfeitures created during any year shall be allocated at the end of said year to Employees actively employed by an

Employer on December 31 of that year in the ratio that the Account balance of each such Employee on January 1 of that year bears to the total Account Balance of all such Employees.

6.4 Amounts payable to an Eligible Employee who retires for age, after attaining age 55, shall be paid to the Employee in substantially equal quarterly installments over a number of years (not to exceed 20 years) selected by the Committee, in its sole discretion, beginning on the first day of the calendar quarter following the later of the Employee's attaining age 55 or termination of employment. In determining the number of installments the Committee may consult with the Eligible Employee and may also consider as a guideline that the retirement programs sponsored by Employers hereunder should equal approximately 80% of the Eligible Employee's average compensation over the last three years of employment.

6.5 If an Employee's employment with an Employer is terminated for reasons other than death, disability, or retirement after attaining age 55, his or her vested Account balance shall be paid to him or her in substantially equal quarterly installments over a number of years (not to exceed 20 years) selected by the Committee beginning on the first day of the calendar quarter following the later of (a) his or her attaining age 55 or (b) the 12th month after his or her termination of employment.

6.6 If an Employee becomes disabled while employed by an Employer but prior to receiving his or her Account, his or her Account balance shall be paid to him or her in 40 substantially equal quarterly installments beginning on the first day of the calendar quarter following the month during which he or she becomes disabled. For purposes of this Article, an Employee shall be deemed to be disabled if he or she is totally and permanently disabled within the meaning of the Employer's group employee disability policy or eligible for disability benefits under the Social Security Act.

6.7 An employee's entire Account balance shall become fully vested and nonforfeitable and shall be paid to him or her in a lump sum on the first day of the calendar quarter following the date on which any Change of Control occurs. If there is a carry forward balance not allocated pursuant to Section 5.2 (c) when a Change of Control occurs, such carry forward balance shall be immediately allocated among the Accounts of all Employees in the ratio that each such Employee's Account balance bears to the total of all such Account balances. Said additional amounts shall be 100% vested and paid in accordance with the provisions of this Article. Any subsequent contributions allocated to an Employee's Account during the two years following the occurrence of a Change of Control because the Plan is continued in accordance with Section 8.2 hereof shall be non-forfeitable and shall be distributed immediately after such allocation.

6.8 An Employee may designate in writing, on forms prescribed by and filed with the Committee, a beneficiary or beneficiaries to receive any payments payable after his or her death. If an Employee dies while employed by an Employer or after he or she has begun to receive his or her benefits under this Plan, the Account balance (or the remainder of his or her Account balance if his benefits had already commenced) shall be paid to the beneficiary or beneficiaries designated by the Employee (or, in the absence of such designation, to his or her legal representative). Such payments shall be made in one of the following forms as determined by the Committee: (i) substantially equal quarterly installments over a number of years (not to exceed 10 years), (ii) a lump sum payment, or (iii) any combination of the above options.

6.9 If an Employee is adjudged incompetent or if the Committee deems him or her unqualified to handle his or her own affairs, the Committee may direct that any payments which would otherwise be payable to the Employee shall be paid (in the same amounts and on the same dates as such payments would have been paid to the Employee) to the guardian or conservator of such Employee or, if none has been appointed, the Committee may, in its discretion, direct that such payments be made to the Employee's spouse or adult child or any other person or institution who is caring for such Employee and any payments so made shall to the extent thereof fully release and discharge the Committee and the Employers from any further liability to the Employee.

6.10 Notwithstanding any other provisions of this Plan to the contrary, the Committee may upon an Employee's death, disability, or termination of employment distribute his or her Account balance to the Employee (or his or her beneficiary in the case of death, or his or her guardian or to the person or institution caring for him or her in the event that he or she is adjudged incompetent or considered by the Committee to be unable to manage his or her own affairs) more quickly than that called for in Section 6.2 through 6.8 if the Committee in its sole discretion deems it is desirable to do so.

6.11 Notwithstanding any other provisions of this Plan to the contrary, the Committee may deduct from any payments under the Plan any taxes required to be withheld by the Federal or any state or local government for the account of such Employee.

ARTICLE SEVEN

FORFEITURE

7.1 As a condition to the continued receipt of benefits hereunder each Employee:

(a) shall be required for a period of three years after his or her termination of employment with an Employer hereunder to hold himself or herself available to the Company and his Employer for reasonable consultation inasfar as his or her health permits;

(b) shall not for a period of three years after his or her termination of employment with an Employer hereunder, either as an individual on his or her own account, as a partner, joint venturer, employee, agent, salesman for any person; as an officer, director or stockholder (other than a beneficial holder of not more than 1% of the outstanding voting stock of a company having at least 500 holders of voting stock) of a corporation, or otherwise directly or indirectly,

(i) enter into or engage in any business competitive wit that carried on by the Company or his or her Employer within any area of the United States in which his or her Employer or the Company is then doing business, providing Employee has had access to any of the Company's or his or her Employer's trade secrets, secret underwriting or business information, programs, plans, data, processes, techniques, or customer information; or

(ii) solicit or attempt to solicit any of his or her Employer's or the Company's customers with whom Employee has had contact as an Employee in the exercise of his or her duties and responsibilities hereunder with the intent or purpose to perform for such customer the same or similar services or to sell to such customer the same or similar products or policies which Employee performed for or sold to such customer during the term of his or her employment.

If the Committee determines that an Employee has refused to make himself or herself available for consultation or violated his or her agreement, the Committee may, by written notice to such Employee, cause his or her benefits to be immediately suspended for the duration of such refusal or competition or if payment of benefits had not yet commenced, notify the Employee that such continued conduct will cause a forfeiture of his or her Account balance. If after the sending of such notice the Committee finds that the Employee has continued to refuse to consult or continue to compete with the Company or his or her Employer for a period of thirty (30) days following such notice, the Committee may permanently cancel the Employee's Account hereunder, and thereupon all rights of such Employee under this Plan shall terminate. The foregoing forfeiture provisions shall be inoperative if an event described in Section 6.5 (a), (b) or (c) occurs.

7.2 Any amounts forfeited pursuant to Section 7.1 hereof shall be allocated as a forfeiture in accordance with Section 6.3 hereof.

ARTICLE EIGHT

AMENDMENT AND TERMINATION

8.1 The Company shall have the power at any time and from time to time, to amend this Plan by resolution of its Board of Directors' provided, however, that no amendment under any circumstances may be adopted the effect of which would be to deprive any Participant of his or her then vested interest, if any, in this Plan.

8.2 The Company reserves the right to terminate this Plan by resolution of its Board of Directors. Upon termination of this Plan, the credits in the Accounts of Employees shall become 100% vested and non-forfeitable. Distribution of the balances in said Accounts shall be made in accordance with Section 6.4 hereof upon the Employee's subsequent retirement or termination of service. There shall be no increase in an Account balance of an Employee between the date the Plan is terminated and the date the Account balance is distributed. If an event described in Section 6.7(b) or (c) occurs, the Plan as it then exists must be continued and contributions made for two years before it can be terminated. Any unallocated balance carried forward shall be similarly allocated prior to the expiration of this two-year period. All Accounts shall be fully vested and distribution shall be made in accordance with Section 6.4 hereof.

ARTICLE NINE

MISCELLANEOUS

9.1 No Employee or any other person shall have any interest in any fund or reserve account or in any specific asset or assets of the Company or any Employer by reason of any credit to his Account under this Plan, nor have the right to receive any distribution under this Plan except as and to the extent expressly provided for in the Plan.

9.2 Nothing in the Plan shall be construed to:

(a) give any Employee any right to participate in the Plan, except in accordance with the provisions of the Plan;

(b) limit in any way the right of an Employer to terminate an Employee's employment; or

(c) be evidence of any agreement or understanding, express or implied, that an Employer will employ an Employee in any particular position or at any particular rate of remuneration.

9.3 No benefits under this Plan shall be pledged, assigned, transferred, sold, or in any manner whatsoever anticipated, charged, or encumbered by an Employee, former Employee, or their beneficiaries, or in any manner be liable for the debts, contracts, obligations or engagements of any person having a possible interest in the Plan, voluntary or involuntary, or for any claims, legal or equitable, against any such person, including claims for alimony or the support of any spouse.

9.4 This Plan shall be construed in accordance with the laws of the State of Illinois in every respect including without limitation, validity in its interpretation and performance.

9.5 Article headings and numbers herein are included for convenience of reference only, and this Plan is to be construed without any reference thereto. If there be any conflict between such numbers and headings and the text hereof, the text shall control.

9.6 Wherever appropriate, words used in this Plan in the singular include the plural, and the masculine include the feminine.

IN WITNESS HEREOF, the Company has caused this Plan, as amended and restated, to be signed by its duly qualified officers and caused its corporate seal to be hereunto affixed on this 15th day of May, 1997.

OLD REPUBLIC INTERNATIONAL CORPORATION

By /s/ A.C. Zucaro

President

Attest:

/s/ Spencer LeRoy III
- ---------------------------------
Secretary

Exhibit (10)(D)

AMENDED AND RESTATED
1992
OLD REPUBLIC INTERNATIONAL CORPORATION
NON-QUALIFIED STOCK OPTION PLAN
AS OF DECEMBER 4, 1997

1. Purpose

The purpose of this Non-Qualified Stock Option Plan (the "Plan") is to promote the interests of Old Republic International Corporation, a Delaware corporation (the "Company"), and its shareholders by providing key employees on whom rests the major responsibility for the present and future success of the Company and its subsidiaries with an opportunity to acquire a proprietary interest in the Company and thereby develop a stronger incentive to put forth maximum effort for the continued success and growth of the Company and its subsidiaries. In addition, the opportunity to acquire a proprietary interest in the Company will aid in attracting and retaining key personnel of outstanding ability. Only designated salaried officers and other designated salaried key employees of the Company and its subsidiaries, who are in a position to affect materially the profitability and growth of the Company, will be eligible to receive options to purchase common stock under the Plan. Directors who are designated salaried key employees within the meaning of the foregoing are eligible to participate in the Plan. Except as otherwise provided, for all purposes of the Plan the term "subsidiary" or "subsidiary corporation" shall have the meaning ascribed in the Internal Revenue Code of 1986. As used herein, the term optionee applies both to male and female designated salaried officers or other designated salaried key employees of the Company or of any subsidiary corporation eligible under the Plan.

2. Administration.

The Compensation Committee of the Board of Directors of the Company, which shall consist of three or more disinterested directors, shall act as a committee to administer this Plan. As such a committee the Compensation Committee shall be responsible for the interpretation of the provisions of the Plan. Subject to the provisions of the Plan, they may from time to time, and at its sole discretion, adopt such rules and regulations for the administration of the Plan as they deem appropriate. The Compensation Committee of the Board of Directors of the Company shall have the authority to make awards subject to the provisions of the Plan. In making such awards it shall:

(a) determine which individuals shall receive options;

(b) determine the terms and conditions of the options including terms of exercise, limitations on exercise, the price, and payment terms;

(c) determine the number of options to be granted;

(d) determine the number of shares subject to each option;

(e) grant the options; and

(f) prescribe the form or forms of the instruments evidencing any options granted under the Plan and of any other instruments required under the Plan, and to change such forms from time to time, as may be required or necessary.

Except with respect to awards made to executive officers or directors of the Company, before making awards, the Compensation Committee may consult with the Office of the Chief Executive Officer (OCEO) and may seek the OCEO's recommendations and advice. The OCEO is comprised of the Chairman of the Board of the Company and the President and Chief Executive Officer of the Company.

The OCEO will have the responsibility for maintaining the records concerning options granted to optionees, including the records concerning exercises, lapses or forfeitures of options held by optionees.

3. Shares Subject to the Plan.

The shares that may be made subject to options granted under the Plan shall be shares of Common Stock of the Company, $1.00 par value ("Common Stock"). The aggregate number of shares subject to options and issued pursuant to this Plan shall not exceed at five percent (5%) of the Common Stock of the Company issued and outstanding (excluding Common Stock held by the Company and any of its subsidiaries) at December 31 of the preceding year ("maximum Number"). However, in no event shall the aggregate number of shares subject to outstanding options pursuant to this Plan and all other stock option plans sponsored by the Company exceed the Maximum Number. If any option lapses or terminates for any reason before being completely exercised, the shares covered by the unexercised portion of such option shall again be available for the granting of options and said shares may be used to grant new options under the Plan subject to the aforementioned maximum number of shares. Appropriate adjustments in the number of shares and in the option price per share will be made to give effect to adjustments made in the number of outstanding shares of Common Stock through recapitalization, reclassification, stock dividend, stock split or other similar relevant changes. Shares issued upon exercise of options granted under the Plan may be shares held by the Company as treasury shares or authorized but previously unissued shares.

Although the shares subject to option shall be Common Stock as described above, the optionee shall have a right of election to receive Series G Cumulative Convertible Preferred Stock as set forth in paragraph 4 hereof.

4. Election to Receive Series G Preferred Stock

In lieu of exercising a right to receive Common Stock under this Plan, an optionee may elect to receive the same number of shares of Series G Convertible Preferred Stock ("Series G Preferred Stock") at the same price and under the same terms and conditions as if the optionee had elected Common Stock. Notice of an election to receive Series G Preferred Stock shall be made in writing and delivered as part of the written notice of exercise required by Paragraph 9 of this Plan.

Any optionee electing to exercise vested options for Series G Preferred Stock may do so only on March 1st or September 1st of each year. Written notice of the election and exercise of options under this paragraph must be received by these dates.

5. Eligibility.

The individuals who shall be eligible to participate in the Plan shall be such designated salaried officers or other designated salaried key employees described in Paragraph 1 hereof of the Company, or of any subsidiary corporation, as the Compensation Committee shall determine from time to time.

6. Granting of Options.

Subject to the terms and conditions of the Plan, the Compensation Committee, may from time to time prior to May 31, 2002, grant to such eligible employees options to purchase such number of shares of Common Stock under such terms and conditions as the Compensation Committee may determine. More than one option may be granted to the same employee. The day on which the Compensation Committee approves the granting of an option shall be considered as the date on which such option is granted.

7. Option Price.

The purchase price per share of Common Stock subject to an option shall be fixed by the Compensation Committee but shall not be less than 100% of the fair market value per share of Common Stock on the date the option is granted. For the purposes of this Plan, the fair market value of the Common Stock shall be determined as follows:

(a) If the Common Stock is listed on a national securities exchange or admitted to unlisted trading privileges on such an exchange, fair market value shall be the mean of the high and low sale price of the Common Stock on such exchange on the date in question, or if no sales have been made on such day, the last reported sale price of the Common Stock on such exchange on the last previous trading date; or

(b) If the Common Stock is not listed or admitted to unlisted trading privileges, fair market value shall be the mean of the last reported bid and asked prices of the Common Stock as reported by the National Quotation Bureau, Inc. on the date in question; or

(c) If the Common Stock is not so listed or admitted to unlisted trading privileges and bid and asked prices are not reported, fair market value shall be an amount, not less than book value, determined in such reasonable manner as may be prescribed by the Board of Directors of the Company.

8. Term of Options.

The term of each option shall not exceed ten years from the date of grant. Except as provided in Paragraph 12 hereof, no option may be exercised at any time unless the holder thereof is then an employee of the Company or of a subsidiary. An employee shall have none of the rights of a shareholder with respect to any of the shares subject to option until such shares shall be issued to the optionee upon the exercise of said option.

9. Method of Exercising Options.

Any option granted hereunder may be exercised by the optionee by delivering to the Company at its main office (attention of the OCEO) written notice of the number of shares with respect to which the option rights are being exercised. Payment in full of the purchase price plus the amount required to be withheld by the then current Internal Revenue Regulations will be required before the issuance and delivery of certificates.

10. Amount Exercisable.

Each option may be exercised, so long as it is valid and outstanding, from time to time in part or as a whole, subject to the following percentage limitations and any limitations with respect to the number of shares for which the option may be exercised at a particular time and to such other conditions as the Compensation Committee in its discretion may specify upon granting the option. Options may be exercised as follows:

(a) If the price per share of Common Stock does not reach the Vesting Acceleration Price, to the extent of 10% of the number of shares covered thereby on and after the date of grant; and to the extent of an additional 10% on each January 1st thereafter until fully vested;

(b) If the price per share of Common Stock reaches the Vesting Acceleration Price, to the extent of 10% of the number of shares covered by the option for each year that the optionee has been employed by the Company or any subsidiary; and

(c) If the price per share of Common Stock does not reach the Vesting Acceleration Price and the optionee dies while in the employ of the Company or any subsidiary or is retired in good standing from the employ of the Company or any subsidiary after attaining age 60 or as a result of disability under the then established rules of the Company or the subsidiary, to the extent of 10% of the number of shares covered by the option for each year that the optionee was employed by the Company or any subsidiary.

For purposes of this Paragraph 10, items (a), (b) and (c), the price per share of Common Stock shall be the New York Stock Exchange Composite Transactions closing price as published in The Wall Street Journal. Vesting Acceleration Price shall be a price established by the Compensation Committee at the time of grant. The Vesting Acceleration Price shall be the higher of 150% of the book value per common share as of the most recent year end, or 150% of the market value at date of grant. Years of employment shall be measured from the date an employee was first employed by the Company or any subsidiary and shall include periods of employment prior to the time when the subsidiary or division of the Company was acquired by the Company. The right to purchase shall be cumulative and may be exercised as to any shares not previously purchased during the remainder of the term of the option.

11. Transferability of Options.

Options shall not be transferable by the optionee otherwise than by will or under the laws of descent and distribution, and shall be exercisable, during the optionee's lifetime, only by the optionee.

12. Termination of Options Upon Severance of Employment.

Except as may be otherwise expressly provided herein, options shall terminate immediately upon severance of the employment relationship between the Company and its subsidiaries and the optionee for any reason, for or without cause, other than death or retirement in good standing from the employ of Company or its subsidiaries for reasons of age or disability under the then established rules of the Company or the subsidiary. Whether authorized leave of absence, or absence on military or government service, shall constitute severance of the employment relationship between the Company and the subsidiary and the optionee shall be determined by the Compensation Committee at the time thereof.

(a) Death. In the event of the death of the holder of an option while in the employ of the Company or any subsidiary and before the date of expiration of such option, such option shall terminate on the earlier of such date of expiration or two years following the date of such death.

After the death of the optionee, the optionee's executors, administrators, or any person or persons to whom the optionee's option may be transferred by will or by the laws of descent and distribution shall have the right, at any time prior to such termination, to exercise the option, in whole or in part.

(b) Retirement. If, before the date of expiration of the option, the optionee shall be retired in good standing from the employ of the Company or any subsidiary for reasons of age or disability under the then established rules of the Company or the subsidiary, the option shall terminate on the earlier of the date of expiration or two years after the date of such retirement. In the event of such retirement, the option shall be exercisable prior to the termination of such option to the extent to which the optionee was entitled to exercise such option immediately prior to such retirement unless the provisions of Paragraph 10(c) concerning accelerated vesting apply. An employment relationship between the Company and the optionee shall be deemed to exist during any period in which the optionee is employed by the Company or any subsidiary. If the optionee dies after retirement but prior to the expiration date of the optionee's options, the option period shall not be extended but shall terminate on the earlier of the date of expiration or two years after the date of retirement.

13. Requirements of Law.

The Company shall not be required to sell or issue any shares under any option if the issuance of such shares shall constitute a violation by the optionee or the Company of any provisions of any law or regulation of any governmental authority. In addition, in connection with the Securities Act of 1933 (as now in effect or hereafter amended), upon exercise of any option, the Company shall not be required to issue such shares unless the Compensation Committee has received evidence satisfactory to it to the effect that the holder of such option will not transfer such shares except pursuant to a registration statement in effect under said Act or unless an opinion of counsel to the Company has been received by the Company to the effect that such registration is not required. Any determination in this connection by the Compensation Committee shall be final, binding and conclusive. At the request of the Company to enable it to comply with said Act, the person exercising the option shall also represent in writing that the shares acquired upon exercise of the option are being acquired for the optionee's own account for investment and not with a view to resale. In the event the shares issuable on exercise of an option are not registered under the Securities Act of 1933, the Company may imprint the following legend or any other legend which counsel for the Company considers necessary or advisable to comply with the Securities Act of 1933:

"The shares of stock represented by this certificate have not been registered under the Securities Act of 1933 or under the securities laws of any State and may not be sold or transferred except upon such registration or upon receipt by the Company of an opinion of counsel satisfactory to the Company, in form and substance satisfactory to the Company, that registration is not required for such sale or transfer."

The Company may, but shall in no event be obligated to, register any securities covered hereby pursuant to the Securities Act of 1933 (as now in effect or as hereafter amended); and in the event any shares are so registered the Company may remove any legend on certificates representing such shares. The Company shall make reasonable efforts to cause the exercise of an option or the issuance of shares pursuant thereto to comply with any law or regulation of any governmental authority.

14. No Rights as Shareholder.

No optionee shall have rights as a shareholder with respect to shares covered by the optionee's option until the date of issuance of a stock certificate for such shares; and, except as otherwise provided in Paragraph 3 hereof, no adjustment for dividends, or otherwise, shall be made if the record date thereof is prior to the date of issuance of such certificate.

15. Employment Obligation.

The granting of any option shall not impose upon the Company any obligation to employ or continue to employ any optionee; and the right of the Company to terminate the employment of any officer or other employee shall not be diminished or affected by reason of the fact that an option has been granted to the optionee.

16. Written Agreement.

Each option granted hereunder shall be embodied in a written option agreement which shall be subject to the terms and conditions prescribed above and shall be signed by the optionee and by a member of the OCEO for and in the name and on behalf of the Company. Such an option agreement shall contain such other provisions as the Compensation Committee in their discretion shall deem advisable.

17. Shareholder Approval and Termination.

This Plan shall be effective on the date it is approved by the affirmative vote of the holders of a majority of the Company's securities entitled to vote at a meeting duly held in accordance with the applicable laws of Delaware. It shall terminate on May 31, 2002 provided, however, that the Board of Directors of the Company may at any time amend, suspend or terminate the Plan. No termination or amendment of the Plan may, without the consent of the individual to whom any option shall have been theretofore granted, adversely affect the rights of such individual under such option.

IN WITNESS WHEREOF, the Company has caused its President to execute this Amended and Restated Plan this 4th day of December, 1997.

OLD REPUBLIC INTERNATIONAL CORPORATION

By: /s/ A.C. Zucaro

A. C. Zucaro, President

ATTEST:

/s/ Spencer LeRoy III
- -------------------------------------

OLD REPUBLIC INTERNATIONAL CORPORATION
AMENDED AND RESTATED
EXECUTIVES EXCESS BENEFITS PENSION PLAN

ARTICLE ONE

PURPOSE AND EFFECTIVE DATE

1.1 The purpose of this Executive Excess Benefits Pension Plan is to provide key executives with retirement benefits commensurate with their current compensation unaffected by limitations imposed by the Internal Revenue Code on qualified retirement plans.

1.2 This Amended and Restated Plan is effective as of May 1, 1997.

ARTICLE TWO

DEFINITIONS

2.1 "Plan" shall mean this Old Republic International Corporation Amended and Restated Executives Excess Benefits Pension Plan.

2.2 "Company" shall mean Old Republic International Corporation, a corporation organized under the laws of the State of Delaware.

2.3 "Pension Plan" shall mean the Old Republic International Salaried Employees Restated Retirement Plan as amended from time to time.

2.4 "Employer" shall mean the Company and each other subsidiary of the Company which is a "Participating Employer" under the Pension Plan.

2.5 "Committee" shall mean the Pension Committee of the Board of Directors of the Company.

2.6 "Employee" shall mean any person who is employed by an Employer.

2.7 "Eligible Employee" shall mean any Employee selected by the Committee to participate in this Plan pursuant to Article Four hereof.

2.8 "Limiting Provision" shall mean a limitation imposed by sections 401(a)(17) or 415 of the Internal Revenue Code of 1986 or any other provision of the Internal Revenue Code that limits the amount of benefits payable to an individual participant in the Pension Plan.

2.9 "Change of Control" shall have the same meaning hereunder as it has under the Old Republic International Corporation Key Employee Performance Recognition Plan.

ARTICLE THREE

ADMINISTRATION

3.1 The Plan shall be administered by the Pension Committee of the Board of Directors of the Company (hereinafter the "Committee") which shall be appointed by the Board of Directors of the Company from its own members. The membership of the Committee may be reduced, changed, or increased from time to time in the absolute discretion of the Board of Directors of the Company.

3.2 The Committee shall have the authority to interpret the Plan, to establish and revise rules and regulations relating to the Plan, to designate Eligible Employees and to make the determinations which it believes necessary or advisable for the administration of the Plan.

ARTICLE FOUR

ELIGIBILITY

4.1 The Committee shall select the Employee or Employees who shall participate in this Plan. The selection of Employees shall originate within the Committee and, except as herein otherwise provided, all such selections shall be at the sole discretion of the Committee. The Committee shall select only those Employees who are currently "Participants" in the Pension Plan (as defined therein), for whom the benefits which would be payable under the Pension Plan are limited by one or more Limiting Provisions, and who meet the following additional criteria at the time of selection by the Committee:

(a) The Employee must have attained age fifty and have been a full time Employee of the Company, and/or a Participating Employer and/or a subsidiary of the Company for at least fifteen years of continuous service; and

(b) In the case of an Employee of a Participating Employer other than the Company, the Participating Employer or subsidiary must have been a wholly-owned subsidiary of the Company for at least ten years.

Following action by the Committee, in the case of an Employee of a Participating Employer, the Employee's selection must then be ratified by a majority of the entire board of directors of the Participating Employer or, if more than one

Participating Employer, the one constituting the Employee's principal employer. No such ratification shall be required in the case of any selected Employee who is principally or entirely an employee of the Company.

4.2 Once an Employee is designated as an Eligible Employee to participate in this Plan, he shall remain an Eligible Employee, absent any separation from service which occurs prior to attaining age fifty-five. An Eligible Employee shall cease to be eligible and shall forfeit all rights to a benefit payable hereunder as a result of any termination of services as a full time Employee prior to attaining age fifty-five, other than by reason of disability or death.

4.3 As a condition to continued eligibility and the receipt of a benefit hereunder, an Eligible Employee shall not for a period of three years after his termination of employment with an Employer, either as an individual on his own account, as a partner, joint venturer, employee, agent, salesman for any person, as an officer, director or stockholder (other than a beneficial holder of not more than one percent of the outstanding voting stock of a company having at least five hundred holders of voting stock) of a corporation, or otherwise, directly or indirectly,

(i) enter into or engage in any business competitive with that carried on by the Company or his Participating Employer or subsidiary of the Company within any area of the United States in which the Company or the Participating Employer or the subsidiary is then doing business; or

(ii) solicit or attempt to solicit any of the Participating Employer's, subsidiary, or the Company's customers with whom the Employee has had contact as an Employee in the exercise of his duties and responsibilities with the intent or purpose to perform for such customer the same or similar services or to sell to such customer the same or similar products or policies which the Employee performed for or sold to such customer during the term of his employment.

If the Committee determines that an Eligible Employee has violated either of the foregoing covenants, the Committee may, by written notice to such Employee, cause his benefit to be immediately suspended for the duration of such continuing violation or if payment of a benefit has not yet commenced, notify the Employee that such continued conduct will cause a forfeiture of such benefit. If after the sending of such notice the Committee finds that the Employee has violated either or both of the foregoing covenants for a period of thirty days following such notice, the Committee may permanently cancel the Employee's benefit hereunder, and thereupon all rights of such Employee under this Plan shall terminate. The foregoing forfeiture provisions shall be inoperative in the event a Change of Control occurs.

ARTICLE FIVE

BENEFITS

5.1 The benefit payable hereunder to an Eligible Employee shall be the difference between (a) the normal, early, postponed, deferred vested or disability benefit that would be payable under the Pension Plan in a single life annuity not taking into consideration the limitations imposed by Limiting Provisions and (b) the actual normal, early, postponed, deferred vested or disability benefit payable to the Eligible Employee under the Pension Plan in a single life annuity. For the purposes hereof, the benefit calculations referred to in items (a) and (b) above shall be made in accordance with the terms and conditions of the Pension Plan in effect as of the date the Employee is to begin receiving benefits. Once made, the calculation of benefits payable hereunder shall not be changed or affected in any manner by any subsequent amendment or termination of the Pension Plan, even if retroactive in effect.

5.2 An Eligible Employee shall begin to receive his benefit under this Plan when he begins to receive his benefit under the Pension Plan, except that benefits hereunder shall in all cases be paid on the first regular business day of the calendar year quarters beginning in January, April, July and October, respectively.

5.3 The benefit payable to an Eligible Employee under this Plan shall be paid in the same form as the benefit payable from the Pension Plan. If the Eligible Employee has selected an optional form of benefit under the Pension Plan, the benefit payable under this Plan shall be calculated by using the same actuarial methods and factors that are applied to calculate his optional benefit under the Pension Plan.

5.4 If an Eligible Employee dies before beginning to receive a benefit hereunder and the Eligible Employee is survived by a spouse entitled to receive a spouse's annuity under the Pension Plan, the spouse shall be paid a survivor's benefit under this Plan equal to 50% of the difference between (a) the Eligible Employee's accrued benefit under the Pension Plan if the Limiting Provisions were not taken into account and (b) the accrued benefit under the Pension Plan which was used in calculating the spouse's benefit under Paragraph 6.02 of the Pension Plan. The survivor's benefit shall be payable at the same time and in the same manner as the spouse's benefit under the Pension Plan, except that such benefit payments shall continue for at least twenty quarters. If the surviving spouse dies before a total of twenty quarterly benefit payments have been made, the remainder of the twenty payments under the survivor's benefit shall be made to the Eligible Employee's designated beneficiary, if any, otherwise to his estate. Such remainder shall be calculated in the same manner as provided above for a survivor's benefit. If there is no surviving eligible spouse at the date of the Employee's death, a survivor's benefit shall nevertheless be calculated as if there was a surviving eligible spouse and shall be payable in twenty quarterly payments to the Employee's designated beneficiary, if any, otherwise to the estate.

5.5 If an Eligible Employee dies after his benefit hereunder has commenced, the payment of the survivor's benefit will be governed by the form of benefit which the Eligible Employee was receiving at the time of his death, except that if the form of benefit elected under the Pension Plan and the date of the Eligible Employee's death would result in the Employee and his surviving eligible spouse, if any, receiving less than twenty total quarterly benefit payments hereunder, benefit payments hereunder shall continue until a total of twenty quarterly payments have been made. If there is no surviving eligible spouse upon the Employee's death, then the balance of the twenty total quarterly benefit payments shall be paid to the Employee's designated beneficiary, if any, otherwise to his estate.

ARTICLE SIX

IRREVOCABLE TRUST

The Company shall establish an irrevocable grantor trust substantially in the form attached hereto and marked as Appendix A in order to provide itself with a source of funds to assist it in meeting its liabilities hereunder. Notwithstanding such trust, this Plan shall remain an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated Employees. Upon establishing such trust, the Company shall deposit in it funds in an amount equal to the Company's current accrued deferred compensation liabilities under the Plan. Such funds shall be in the form of cash or securities. Any securities shall be valued for such purpose at their current market value and shall not include any securities issued by the Company or any Participating Employer. Each year thereafter, the Company shall separately calculate or cause to be calculated the current accrued deferred compensation liabilities with respect to each Eligible Employee participating in the Plan. The difference between such liabilities and the value of the assets on deposit in the Trust with respect to each Eligible Employee, taking into account any benefit payments anticipated during the year, as well as an assumed rate of return or interest on the investment of such sums, shall be the indicated additional funding required. The Company shall provide the Employer of each Eligible Employee with a copy of such calculation, and the Employer shall be responsible for the indicated additional funding. In the event the currently available funds exceed accrued liabilities, taking into account the anticipated payouts and investment earnings, such excess shall be carried forward as a credit with respect to the succeeding year's calculation. As benefits become due, the Company shall instruct the trustee and the trustee shall make payments directly to each Eligible Employee or other intended recipient thereof. Any balance remaining upon termination of this Plan shall be returned by the trustee to the Company.

ARTICLE SEVEN

AMENDMENT AND TERMINATION

7.1 The Company shall have the power at any time and from time to time, to amend this Plan by resolution of its Board of Directors provided, however, that no amendment shall be adopted the effect of which would be to deprive any Eligible Employee of the benefit that is accrued under this Plan. The accrued benefit under this Plan is a benefit equal to the difference between (a) the accrued benefit under the Pension Plan if the Limiting Provisions were not taken into account and (b) the accrued benefit under the Pension Plan.

7.2 The Company reserves the right to terminate this Plan by resolution of its Board of Directors. Upon termination of this Plan Eligible Employees shall be fully vested in their accrued benefits. The accrued benefit of an Eligible Employee shall be payable at the same time and in the same manner as his accrued benefit under the Pension Plan.

ARTICLE EIGHT

MISCELLANEOUS

8.1 This Plan shall be an unfunded deferred compensation plan. The Company and each Participating Employer shall set up reserves on their books of account evidencing the liability under this Plan.

8.2 Nothing in the Plan shall be construed to:

(a) give any Employee any right to participate in the Plan except in accordance with the provisions of the Plan;

(b) limit in any way the right of an Employer to terminate an Employee's employment; or

(c) be evidence of any agreement, understanding or commitment, express or implied, that an Employer will continue to employ an Eligible Employee or will employ an Eligible Employee in any particular position or at any particular rate of remuneration.

8.3 No benefits under this Plan shall be pledged, assigned, transferred, sold, or in any manner whatsoever anticipated, charged, or encumbered by an Eligible Employee, former Eligible Employee, or their beneficiaries, or in any manner be liable for the debts, contracts, obligations or engagements of any person having a possible interest in the Plan, voluntary or involuntary, or for any claims, legal or equitable, against any such person, including claims for alimony or the support of any spouse.

8.4 This Plan shall be construed in accordance with the laws of the State of Illinois in every respect, including without limitation, validity, interpretation and performance.

8.5 Article headings herein are included for conveninece of reference only, and this Plan is to be construed without any reference thereto. Should there be any conflict between such headings and the text hereof, the text shall control.

8.6 Wherever appropriate, words used in this Plan in the singular include the plural, and the masculine include the feminine.

IN WITNESS HEREOF, the Company has caused this Amended and Restated Plan to be signed by its duly qualified officers and caused its corporate seal to be hereunto affixed on this 27th day of February, 1997.

OLD REPUBLIC INTERNATIONAL CORPORATION

By: /s/ A.C. Zucaro

President

Attest:

/s/ Spencer LeRoy III

Secretary

Exhibit (10)(H)

KEY EMPLOYEES PERFORMANCE RECOGNITION PLAN

BITCO CORPORATION
Bituminous Casualty Corporation
Bituminous Fire & Marine Insurance Company

January 1996

ARTICLE ONE

PURPOSE AND EFFECTIVE DATE

1.1 The purpose of this Plan is to further the long term growth in earnings of Bitco Corporation by offering long term incentives in addition to current compensation to those officers and key employees of Bituminous Casualty Corporation who have been or are expected to be largely responsible for such growth.

1.2 This Plan is effective as of January 1, 1995.

ARTICLE TWO

2.1 "Plan" shall mean this Key Employees Performance Recognition Plan.

2.2 "Company" shall mean Bitco Corporation.

2.3 "Employer" shall mean the Company and each other corporation or organization which is wholly or partially owned by the Company, either directly or indirectly, and is designated by the Committee as an Employer under this Plan. As of the effective date of this Plan the Employer is Bituminous Casualty Corporation.

2.4 "Chief Executive Officer or CEO" shall mean the chief executive officer of the Company.

2.5 "CEO, ORI" shall mean the chief executive officer of Old Republic International Corporation.

2.6 "Committee" shall mean the Management Development & Compensation Committee of the Board of Directors of the Company.

2.7 "Employee" shall mean any person who is employed by the Employer on a full-time basis and who is compensated for such employment by a regular salary. "Employee" shall include officers of the Employer but shall not include directors who are not otherwise officers or employees.

2.8 "Eligible Employee" shall mean an Employee who pursuant to Section 5.1 hereof has been selected to share in the allocation of the Performance Recognition Pool for any given year.

2.9 "Year of Service" shall mean each year of continuous employment with the Employer after first being designated as an Eligible Employee pursuant to Section 5.1 hereof.

2.10 "Account" shall mean with respect to any Employee, the record of:

(a) credits, payments or forfeitures, if any, transferred to the Plan from the Old Republic International Corporation Key Employees Performance Recognition Plan prior to 1/1/95.

(b) credits in connection with the allocations, if any, credited to such account pursuant to Article Five of the Plan;

(c) Payments to him under the Plan pursuant to Article Six of the Plan, and

(d) forfeitures, if any, pursuant to Article Seven of the Plan.

2.11 "Calculation Year" shall mean the Company's fiscal year immediately preceding the year for which the Performance Recognition Pool is being calculated.

If there is an operating loss in the year prior to the Calculation Year, the "prior year" to be used in the following definitions and for Section 4.1 calculations is the first year prior to the Calculation Year in which there was an operating profit.

2.12 "Minimum Return on Equity" shall mean a percentage applied to the Company's average shareholders' equity (i.e., mean of beginning and ending balances, adjusted for unrealized investment gains or losses net of applicable income taxes, if any) for the calculation year. The percentage shall be that percentage, obtained from public information, equal to two times the mean of the five year average post-tax yield on 10 year and 30 year U.S. Treasury Securities. The Committee shall annually compute and announce this value as it pertains to a calculation year.

2.13 "Excess Return on Equity" shall mean the Calculation Year's consolidated net operating income in excess of the Minimum Return on Equity all calculated in accordance with generally accepted accounting principles (GAAP). Net operating income shall exclude realized gains or losses on sales of investment securities (irrespective of the treatment of such amounts under GAAP) and extraordinary credits or charges.

2.14 "Minimum Annual Income" shall mean 112% of the prior year's Consolidated Net Operating Income adjusted for dividend requirements on preferred stock issued and outstanding during each year.

2.15 "Excess Earnings Growth" shall mean the Calculation Year's Consolidated Net Operating Income adjusted for dividend requirements on preferred stock issued and outstanding during such year in excess of the Minimum Annual Income.

2.16 "Base Salary" shall mean the Employee's annualized basic monthly salary rate in effect at the end of the Calculation Year.

2.17 "Consolidated Net Operating Income" shall mean the Company's income determined in accordance with generally accepted accounting principles and adjusted for the payment of income taxes and for the income of subsidiaries and affiliates carried on an equity basis. Net operating income shall exclude realized gains or losses on sales of investment securities (irrespective of the treatment of such amounts under GAAP) and extraordinary credits or charges.

2.18 If in any Calculation Year the Company acquires any other business accounted for as a purchase whose earnings contribute 5% or more to such Year's consolidated net operating income, the earnings of the acquired Company for the year of acquisition and the next succeeding year shall be eliminated (together with related purchase accounting adjustments) in order to calculate the performance data described in Sections 2.12 through 2.24 herein. No elimination from any year shall be made when the acquired company has been owned by the Company for two consecutive calendar years. Net operating income shall exclude realized gains or losses on sales of investment securities (irrespective of the treatment of such amounts under GAAP) and extraordinary credits or charges.

2.19 "Earnings Per Share" shall mean earnings per share calculated in accordance with AICPA Accounting Principles Board Opinion No. 15.

2.20 "Performance Multiplier" shall mean the number of percentage points by which the Earnings Per Share for the Calculation Year exceeds 112% of the Earnings Per Share for the prior year.

2.21 "Profit Sharing Base" shall mean the sum of:

(a) Earnings Growth multiplied by the Earnings Per Share Multiplier;

(b) 5% of Excess Return on Equity; and

(c) one and one-half percent (1-1/2%) of Eligible Employees' Base Salaries.

2.22 All awards that may be granted to an eligible employee in any one calendar year pursuant to Section 5.2 (a), 5.2 (b), 5.2 (c) and 5.2 (d) herein, shall be paid in cash to the extent of 50% thereof; the remaining 50% shall be credited to his account and become vested in accordance with the vesting schedule set forth in Section 6.3 (b) herein.

2.23 "Earnings Per Share Multiplier" shall mean a percentage of the increase in the Earnings Per Share in the Calculation Year over the preceding year as set forth in the following schedule:

Percentage Increase In Earnings Per Share	Earnings Per Share Multiplier
0 to 6.00%	0%
6.01 to 10.00%	10%
10.01 to 15.00%	20%
15.01 to 20.00%	30%
Over 20.00%	40%

2.24 "Earnings Growth" shall mean the Calculation Year's Consolidated Net Operating Income adjusted for dividend requirements on preferred stock issued and outstanding during such year in excess of the prior year's Consolidated Net Operating Income.

ARTICLE THREE

ADMINISTRATION

3.1 The Plan shall be administered by the Committee which shall be appointed by the Board of Directors of the Company from its own members, the CEO of the Company and the CEO, ORI.

3.2 Authority to interpret the Plan, to establish and revise rules and regulations relating to the Plan, and to make the determinations which it believes necessary or advisable for the administration of the Plan shall reside with the CEO, ORI.

ARTICLE FOUR

CALCULATION OF THE PERFORMANCE RECOGNITION POOL

4.1 Prior to each May 31, the Company shall calculate the amount of the provisional amount of the Performance Recognition Pool for that year and submit that calculation to the CEO, ORI, for review and approval. The Performance Recognition Pool for any one year shall be equal to the lesser of:

(a) the Profit Sharing Base for the Calculation Year; or

(b) a percentage of the Eligible Employees' Base Salaries, ranging from 25% to 45%, inclusive, determined on the basis of the following scale:

Percent by Which Current Year's Return on Equity Exceeds ROE Target for the Year	Salary Cap Spread
0-10%	25%
10-20	25%-27.5% + 0.25 point for each 1%
20-30	27.5%-30.5% + 0.30 point for each 1%
30-40	30.5%-34% + 0.35 point for each 1%
40-50	34%-38% + 0.40 point for each 1%
50-60	38%-43% + 0.50 point for each 1%
60-70	60% and Above: Uniform 45% Cap
70-100	
100-130	
130-160	
160-190	
Over 190%	

4.2 Notwithstanding any provisions herein to the contrary, the Performance Recognition Pool shall be zero for any year if the Company incurred a net operating loss or a net loss in the Calculation Year.

ARTICLE FIVE

ALLOCATION OF THE PERFORMANCE RECOGNITION POOL

5.1 Prior to March 31 each year the CEO of the Company shall, in consultation with the Committee, designate the Employees employed by the Employer during any part of such Year who will be eligible to share in the Performance Recognition Pool for that Year.

5.2 Prior to June 1 each year, the Committee shall recommend to the CEO, ORI, allocations of any pool, such recommendations to have considered the recommendations to the Committee from the CEO of the Company. In designating Eligible Employees and allocating the Performance Recognition Pool among the Accounts of the Eligible Employees for any Year pursuant to this Article, the Committee shall consider the positions and responsibilities of Employees, their accomplishments during the year, the value of such accomplishments to the Company, the CEO's expectations as to the future contributions of individual Employees to the continued success of the Company and such other factors as the Committee shall, in their discretion and judgment, deem appropriate.

(a) First, amounts shall be allocated among and credited to all or such Accounts, as the Committee in their discretion and judgment deem appropriate, of those Employees who have Accounts in the Plan on the allocation date and are eligible and actively employed by the Employer during that year. The amount credited to each such Account shall equal the balance in each such Account at the beginning of the Year multiplied by the Performance Multiplier. In no event, however, shall the aggregate amount so credited exceed the lesser of 15% of the aggregate Account balances on the allocation date or 20% of the Performance Recognition Pool for that year.

(b) Of the remaining portion, if any, of the Performance Recognition Pool, the CEO, ORI, may, in its discretion, reserve up to 50% of any one year's Pool which will not be allocated currently. The CEO, ORI, may carry forward the unallocated portion of the Performance Recognition Pool and allocate all or a portion of it pursuant to this subparagraph (b) during one or more of the next succeeding three years; provided however that the total amount of any one year's carry forward must be allocated by the end of the third year. The CEO shall participate in any future allocation of such carry forwards as may be approved by the Committee.

(c) Then, the Committee shall allocate for the account of the CEO of the Company such individual award, if any, as the CEO, ORI, shall determine.

(d) Finally, the Committee shall submit its recommendations to the CEO, ORI, for the allocation of the available balance, if any, of the current Pool to Eligible Employees.

ARTICLE SIX

DISTRIBUTIONS

6.1 The entire amount of the credit in the Account of a deceased Eligible Employee or an Eligible Employee who attains age 55 or actually retires for disability prior thereto, shall be paid to the person or persons entitled thereto at the time and in the manner provided in Sections 6.4, 6.5, 6.6, and 6.8 thereof.

6.2 An eligible employee will automatically withdraw and receive in cash 50% of any award granted to him or her in 1995 and subsequent years pursuant to Section 5.2 (a), 5.2 (b), 5.2 (c) and 5.2 (d). An Eligible Employee shall also automatically withdraw and receive in cash 50% of any Performance Multiplier granted to him or her in 1995 and subsequent years pursuant to Section 5.2(a). The remaining 50% of each such award and each such Performance Multiplier shall be credited to his or her Account as of such year and shall become vested in accordance with the vesting schedule set forth in Section 6.3(b). The amounts so withdrawn each year shall be paid to the Eligible Employees within ninety (90) days of the date the CEO, ORI, approves the recommendations of the Committee to make such awards or determine such Performance Multipliers.

6.3 A portion of the amount of the credit in the Account of an Eligible Employee as of the date he terminates his service for any reason other than his death or retirement for age or disability shall be paid to the person or persons entitled thereto at the times in the manner provided by Section 6.5 hereof. The amount to be paid shall be known as a "vested interest," and shall be equal to the following percentage of the balance of his credit in his Account:

Completed Years of Service in the Plan	To Be Paid (Vested Interest)
Less than One	0%
One	10%
Two	20%
Three	30%
Four	40%
Five	50%
Six	60%
Seven	70%
Eight	80%
Nine	90%
Ten	100%

Any amount not vested in an Employee shall be forfeited. Forfeitures created during any year shall be allocated at the end of said year to Employees actively employed by the Employer on December 31 of that year in the ratio that the Account balance of each such Employee on January 1 of that year bears to the total Account balance of all such Employees.

6.4 Amounts payable to an Eligible Employee who retires for age, after attaining 55, shall be paid to the Employee in substantially equal quarterly installments over a number of years (not to exceed 20 years) selected by the Company, in its sole discretion, beginning on the first day of the calendar quarter following the later of the Employee's attaining age 55 or his termination of employment. In determining the number of installments the Company may consult with the Eligible Employee and may also consider as a guideline that the retirement programs sponsored by the Employer hereunder should equal approximately 80% of the Eligible Employee's average compensation over his last three years of employment.

6.5 If an Employee's employment with the Employer is terminated for reasons other than death, disability, or retirement after attaining age 55, his vested Account balance shall be paid to him in substantially equal quarterly installments over a number of years (not to exceed 20 years) selected by the Company beginning on the first day of the calendar quarter following the later of (a) his attaining age 55 or (b) the 12th month after his termination of employment.

6.6 If an employee becomes disabled while employed by the Employer but prior to receiving his Account, his Account balance shall be paid to him in 40 substantially equal quarterly installments beginning on the first day of the calendar quarter following the month during which he becomes disabled. For purposes of this Article an Employee shall be deemed to be disabled if he is totally and permanently disabled within the meaning of his Employer's group employee disability policy or eligible for disability benefits under the Social Security Act.

6.7 If an Employee is eligible for no other benefits under this Plan, his Account balance shall become nonforfeitable and be paid to him in a lump sum on the first day of the calendar quarter following the date on which occurs any of the following events:

(a) a dissolution or liquidation of the Company;

(b) the merger or consolidation of the Company with another corporation in which the Company is not the surviving corporation; or

(c) the change in any one year of more than 50% of the members of the Board of Directors of the Company if one or more of the new directors were not nominated by the Board of Directors of the Company.

If there is a carry forward balance not allocated pursuant to Section 5.2 (b) when an event described in (a), (b) or (c) above occurs, such carry forward balance shall be immediately allocated among the Accounts of all Employees in the ratio that each such Employee's Account balance bears to the total of all such Account balances. Said additional amounts shall be 100% vested and paid in accordance with the provisions of this Article. Any subsequent contributions allocated to an Employee's Account during the two years following the occurrence of an event described in paragraphs (b) or (c) of this Section because the Plan is continued in accordance with Section 8.2 hereof shall be non-forfeitable and shall be distributed immediately after such allocation.

6.8 An Employee may designate in writing, on forms prescribed by and filed with the Company, a beneficiary or beneficiaries to receive any payments payable after his death. If an Employee dies while employed by the Employer or after he has begun to receive his benefits under this Plan, his Account balance (or the remainder of his Account balance if his benefits had already commenced) shall be paid to the beneficiary or beneficiaries designated by the Employee (or, in the absence of such designation, to his legal representative). Such payments shall be made in one of the following forms as determined by the Company: (i) substantially equal quarterly installments over a number of years (not to exceed 10 years), (ii) a lump sum payment, or (iii) any combination of the above options.

6.9 If an Employee is adjudged incompetent or if the Company deems him unqualified to handle his own affairs, the Company may direct that any payments which would otherwise be payable to the Employee shall be paid (in the same amounts and on the same dates as such payments would have been paid to the Employee) to the guardian or conservator of such Employee or, if none has been appointed, the Company may, in its discretion, direct that such payments be made to the Employee's spouse or adult child or any other person or institution who is caring for such Employee and any payments so made shall to the extent thereof fully release and discharge the Company and the Employer from any further liability to the Employee.

6.10 Notwithstanding any other provisions of this Plan to the contrary, the Company may upon an Employee's death, disability, or termination of employment distribute his Account balance to him (or his beneficiary in the case of death, or his guardian or to the person or institution caring for him in the event that he is adjudged incompetent or considered by the Company to be unable to manage his own affairs) more quickly than that called for in Sections 6.2 through 6.9 if the Company in its sole discretion deems it is desirable to do so.

6.11 Notwithstanding any other provisions of this Plan to the contrary, the Company may deduct from any payments under the Plan any taxes required to be withheld by the Federal or any state or local government for the account of such Employee.

ARTICLE SEVEN

FORFEITURES

7.1 As a condition to the continued receipt of benefits hereunder each Employee:

(a) shall be required for a period of three years after his termination of employment with the Employer hereunder to hold himself available to the Company and his Employer for reasonable consultation insofar as his health permits.

(b) shall not for a period of three years after his termination of employment with the Employer hereunder, either as an individual on his own account, as a partner, joint venturer, employee, agent, salesman for any person; as an officer, director or stockholder (other than a beneficial holder of not more than 1% of the outstanding voting stock of a company having at least 500 holders of voting stock) of a corporation; or otherwise directly or indirectly:

(i) enter into or engage in any business competitive with that carried on by the Company or his Employer within any area of the United States in which his Employer or the Company is then doing business, providing Employee has had access to any of the Company's or his Employer's trade secrets, secret underwriting or business information, programs, plans, data, processes, techniques, or customer information; or

(ii) solicit or attempt to solicit any of his Employer's or the Company's customers with whom Employee has had contact as an Employee in the exercise of his duties and responsibilities hereunder with the intent or purpose to perform for such customer the same or similar services or to sell to such customer the same or similar products or policies which Employee performed for or sold to such customer during the term of his employment.

If the Committee determines that an Employee has refused to make himself available for consultation or violated his agreement, the Committee may, by written notice to such Employee, cause his benefits to be immediately suspended for the duration of such refusal or competition or if payment of benefits has not yet commenced, notify the Employee that such continued conduct will cause a forfeiture of his Account balance. If after the sending of such notice the Committee finds that the Employee has continued to refuse to consult or continued to compete with the Company or his Employer for a period of thirty (30) days following such notice, the Committee may permanently cancel the Employee's Account hereunder, and thereupon all rights of such Employee under this Plan shall terminate. The foregoing forfeiture provisions shall be inoperative if an event described in Section 6.7 (a), (b) or (c) occurs.

7.2 Any amounts forfeited pursuant to Section 7.1 hereof shall be allocated as a forfeiture in accordance with Section 6.3 hereof.

ARTICLE EIGHT

AMENDMENT AND TERMINATION

8.1 The Company shall have the power at any time and from time to time to amend this Plan by resolution of its Board of Directors; provided, however, that no amendment under any circumstances may be adopted the effect of which would be to deprive any Participant of his then vested interest, if any, in this Plan.

8.2 The Company reserves the right to terminate this Plan by resolution of its Board of Directors. Upon termination of this Plan, the credits in the Accounts of Employees shall become 100% vested and nonforfeitable. Distribution of the balances in said Accounts shall be made in accordance with Section 6.4 hereof upon the Employee's subsequent retirement or termination of service. There shall be no increase in an Account balance of an Employee between the date the Plan is terminated and the date the Account balance is distributed. If an event described in Section 6.7 (b) or (c) occurs, the Plan as it then exists must be continued and contributions made for two years before it can be terminated. Any unallocated balance carried forward shall be similarly allocated prior to the expiration of this two-year period. All Accounts shall be fully vested and distribution shall be made in accordance with Section 6.4 hereof.

ARTICLE NINE

MISCELLANEOUS

9.1 No Employee or any other person shall have any interest in any fund or reserve account or in any specific asset or assets of the Company or any Employer by reason of any credit to his Account under this Plan, nor have the right to receive any distribution under this Plan except as and to the extent expressly provided for in the Plan.

9.2 Nothing in the Plan shall be construed to:

(a) give any Employee any right to participate in the Plan, except in accordance with the provisions of the Plan;

(b) limit in any way the right of the Employer to terminate an Employee's employment; or

(c) be evidence of any agreement or understanding, express or implied, that the Employer will employ an Employee in any particular position or at any particular rate of remuneration.

9.3 No benefits under this Plan shall be pledged, assigned, transferred, sold, or in any manner whatsoever anticipated, charged, or encumbered by an Employee, former Employee, or their beneficiaries, or in any manner be liable for the debts, contracts, obligations or engagements of any person having a possible interest in the Plan, voluntary or involuntary, or for any claims, legal or equitable, against any such person, including claims for alimony or the support of any spouse.

9.4 This Plan shall be construed in accordance with the laws of the State of Illinois in every respect including without limitation, validity in interpretation and performance.

9.5 Article headings and numbers herein are included for convenience of reference only, and this Plan is to be construed without any reference thereto. If there be any conflict between such numbers and headings and the text hereof, the text shall control.

9.6 Wherever appropriate, words used in this Plan in the singular include the plural, and the masculine include the feminine.

IN WITNESS HEREOF, the Company has caused this Plan, effective January 1, 1995, to be signed by its duly qualified officers and caused its corporate seal to be hereunto affixed on this 30th day of April, 1996.

BITUMINOUS CASUALTY CORPORATION

/s/ Peter Lardner

Chief Executive Officer

Attest:

/s/ James E. Santry
- ------------------------------------
President

Exhibit (21)

Subsidiaries of the registrant (As of December 31, 1997)

Name	State of Organization	Percentage of Voting Securities Owned by Immediate Parent
OLD REPUBLIC INTERNATIONAL CORPORATION	Delaware	---
Old Republic Capital Corporation	Delaware	100%
Old Republic General Insurance Group, Inc.	Delaware	100%
Bitco Corporation	Delaware	100%
Bituminous Casualty Corporation	Illinois	100%
Bituminous Fire and Marine Insurance Corporation	Illinois	100%
Brummel Brothers, Inc.	Illinois	100%
Chicago Underwriting Group, Inc.	Delaware	100%
Upper Peninsula Insurance Company	Arizona	100%
Employers General Insurance Group, Inc.	Delaware	97%
Employers General Insurance Company	Texas	100%
Employers National Risk Management Services, Inc.	Texas	100%
Employers Claims Adjustment Services, Inc.	Texas	100%
National General Agency, Inc.	Texas	100%
ORI Great West Holding, Inc.	Delaware	100%
Central Data Services, Inc.	Delaware	100%
Great West Casualty Company	Nebraska	100%
Great West Insurance Agencies, Inc.	Delaware	100%
International Business & Mercantile Insurance Managers, Inc.	Delaware	100%
Old Republic Home Protection Company, Inc.	California	100%
Old Republic Insurance Company	Pennsylvania	100%
Old Republic Insured Credit Services, Inc.	Delaware	100%
Old Republic Lloyds of Texas	Texas	100%
Old Republic Northern Holdings, Inc.	Delaware	100%
Old Republic Mercantile Insurance Company	Wisconsin	100%
Old Republic Risk Management, Inc.	Delaware	100%
Remington General Assurance Ltd.	Bermuda	100%
Old Republic Security Holdings, Inc.	Delaware	100%
Old Republic Minnehoma Insurance Company	Arizona	100%
ORDESCO, Inc.	Oklahoma	100%
Old Republic Standard Underwriters, Inc.	Delaware	86%
Old Republic Standard Insurance Company	Arizona	100%
Old Republic Surety Group, Inc.	Delaware	96%
Old Republic Surety Company	Wisconsin	100%
Old Republic Union Insurance Company	Illinois	100%
Old Republic Union Insurance Managers, Inc.	Alabama	100%
Phoenix Aviation Managers, Inc.	Delaware	30%
Aerie REassurance Company, Ltd.	Bermuda	100%
Reliable Canadian Holdings, Ltd.	Ontario(Canada)	100%
D.I.S.C.C. Enterprise, Ltd.	British Columbia(Canada)	100%
Old Republic Canadian Holdings, Ltd.	Ontario(Canada)	100%
Reliable Life Insurance Company	Ontario(Canada)	100%
Old Republic Insurance Company of Canada	Ontario(Canada)	100%
Old Republic International Reinsurance Group, Inc.	Delaware	100%
American Business & Mercantile Insurance Group, Inc.	Delaware	40%
American Business & Mercantile REassurance Company	Delaware	100%
International Business & Mercantile REassurance Company	Illinois	100%
Old Republic RE, Inc.	Delaware	100%

Subsidiaries of the registrant (As of December 31, 1997)

Name	State of Organization	Percentage of Voting Securities Owned by Immediate Parent
Old Republic Mortgage Guaranty Group, Inc.	Delaware	100%
Republic Mortgage Insurance Company	North Carolina	100%
Republic Mortgage Insurance Company of Florida	Florida	100%
Republic Mortgage Insurance Company of North Carolina	North Carolina	100%
RMIC Corporation	North Carolina	100%
Old Republic Title Insurance Group, Inc.	Delaware	100%
Old Republic National Title Holding Company	Delaware	100%
American Guaranty Holding Corp.	Oklahoma	100%

American First Title & Trust Company	Oklahoma	100%
American Guaranty Title Company	Oklahoma	100%
Canadian Valley Abstract Company	Oklahoma	100%
El Reno Abstract Company	Oklahoma	100%
Lenders Inspection Company	Oklahoma	50%
Asset Discovery, Inc.	Massachusetts	100%
Badger Abstract & Title Corporation	Wisconsin	100%
Central Florida Title Company	Florida	100%
Houston Title Company	Texas	100%
Old Republic Title Agency of Columbus, Inc.	Ohio	90%
Core Title Agency, Ltd.	Ohio	51%
Old Republic Title Company of Bell County	Texas	100%
Old Republic Title Company of Cleburne	Texas	100%
Old Republic Title Company of Conroe	Texas	57%
Old Republic Title Company of Fort Worth	Texas	100%
Old Republic Title Company of Indiana	Indiana	100%
Old Republic Title Company of Kansas City, Inc.	Missouri	100%
Old Republic Title Company of St. Louis, Inc.	Missouri	100%
Old Republic Title Company of Tennessee	Tennessee	100%
Old Republic Title Company of Utah	Utah	100%
The Title Company of North Carolina, Inc.	North Carolina	100%
Old Republic National Title Insurance Company	Minnesota	100%
Mississippi Valley Title Insurance Company	Mississippi	100%
Old Republic General Title Insurance Corporation	Ohio	100%
Old Republic Title Holding Company, Inc.	California	100%
Old Republic Exchange Facilitator Company	California	100%
Old Republic Title Company	California	100%
Old Republic Title Company of Nevada	Nevada	100%
Old Republic Title Corporation of Hawaii, Ltd.	Hawaii	100%
Old Republic Escrow Corporation	Hawaii	100%
Old Republic Title Insurance Agency, Inc.	Arizona	100%
Old Republic Title, Ltd.	Delaware	100%
Professional Real Estate Coordinators, Inc.	California	100%

Exhibit (21)

Subsidiaries of the registrant (As of December 31, 1997)

Name	State of Organization	Percentage of Voting Securities Owned by Immediate Parent
Old Republic Life Insurance Group, Inc.	Delaware	100%
Old Republic Dealer Service Corporation	Delaware	100%
Old Republic Funding Services, Inc.	Delaware	80%
Old Republic Life Insurance Company	Illinois	100%
Old Republic Life Insurance Company of New York	New York	100%
Old Republic Life Reinsurance Group, Inc.	Delaware	100%
Home Owners Life Insurance Company	Illinois	100%
Old Republic Marketing, Inc.	Illinois	100%
Owns minor non-consolidated subsidiaries & affiliates	Various	Various
American Business & Personal Insurance Mutual, Inc.	Delaware	*
Inter Capital Group, Inc.	Delaware	100%
Inter Capital Company of Chicago	Delaware	100%
Inter Capital Leasing and Finance Corporation	Delaware	100%
Inter Capital Realty Corporation	Delaware	100%
Inter West Assurance Company, Ltd.	Bermuda	100%

* Owned by its policyholders

Exhibit 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Old Republic International Corporation on Form S-8(File Nos. 33-38528, 33-49646, 2-80883 and 33-52069) and on Form S-3(File Nos. 33-49864, 33-54104 and 333-43311) of our report dated March 18, 1998 on our audits of the consolidated financial statements of Old Republic International Corporation as of December 31, 1997 and 1996, and for the years ended December 31, 1997, 1996 and 1995, which reports is included in this Annual Report on Form 10-K.

/s/ Coopers & Lybrand, L.L.P.

Chicago, Illinois
March 23, 1998

Exhibit (24)

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned, being a member of the Board of Directors of Old Republic International Corporation, a corporation duly organized under the laws of the State of Delaware and having its principal place of business in Chicago, Illinois, does hereby make, constitute, and appoint A.C. Zucaro, President of the said corporation, as his true and lawful attorney, for him, and in his name, place, and stead to execute, sign, acknowledge, confirm or ratify all documents, papers, forms, statements, certificates and filings of any kind whatsoever required to be filed by the said corporation with the Securities and Exchange Commission, giving and granting to said attorney full power and authority to do and perform all and every act whatsoever requisite and necessary to be done in and about the premises as fully, to all intents and purposes, as he might or could do if personally present, with full power of substitution and revocation, hereby ratifying and confirming all that said attorney or his substitute shall lawfully do or cause to be done by virtue hereof. The power of attorney aforesaid shall expire as of the anniversary of the date shown below.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal this 12th day of March, 1998.

/s/ Harrington Bischof

Harrington Bischof

WITNESS:

/s/ Spencer LeRoy, III
- ------------------------------------

/s/ Paul D. Adams
- ------------------------------------

Exhibit (24)

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KNOWN ALL MEN BY THESE PRESENTS, that the undersigned, being a member of the Board of Directors of Old Republic International Corporation, a corporation duly organized under the laws of the State of Delaware and having its principal place of business in Chicago, Illinois, does hereby make, constitute, and appoint A.C. Zucaro, President of the said corporation, as his true and lawful attorney, for him, and in his name, place, and stead to execute, sign, acknowledge, confirm or ratify all documents, papers, forms, statements, certificates and filings of any kind whatsoever required to be filed by the said corporation with the Securities and Exchange Commission, giving and granting to said attorney full power and authority to do and perform all and every act whatsoever requisite and necessary to be done in and about the premises as fully, to all intents and purposes, as he might or could do if personally present, with full power of substitution and revocation, hereby ratifying and confirming all that said attorney or his substitute shall lawfully do or cause to be done by virtue hereof. The power of attorney aforesaid shall expire as of the anniversary of the date shown below.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal this 12th day of March, 1998.

/s/ Anthony F. Colao

Anthony F. Colao

WITNESS:

/s/ Spencer LeRoy, III
- ------------------------------------

/s/ Paul D. Adams
- ------------------------------------

Exhibit (24)

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal this 12th day of March, 1998.

/s/ Jimmy A. Dew

Jimmy A. Dew

WITNESS:

/s/ Spencer LeRoy, III
- ------------------------------------

/s/ Paul D. Adams
- ------------------------------------

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned, being a member of the Board of Directors of Old Republic International Corporation, a corporation duly organized under the laws of the State of Delaware and having its principal place of business in Chicago, Illinois, does hereby make, constitute, and appoint A.C. Zucaro, President of the said corporation, as his true and lawful attorney, for him, and in his name, place, and stead to execute, sign, acknowledge, confirm or ratify all documents, papers, forms, statements, certificates and filings of any kind whatsoever required to be filed by the said corporation with the Securities and Exchange Commission, giving and granting to said attorney full power and authority to do and perform all and every act whatsoever requisite and necessary to be done in and about the premises as fully, to all intents and purposes, as he might or could do if personally present, with full power of substitution and revocation, hereby ratifying and confirming all that said attorney or his substitute shall lawfully do or cause to be done by virtue hereof. The power of attorney aforesaid shall expire as of the anniversary of the date shown below.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal this 12th day of March, 1998.

/s/ Kurt W. Kreyling

Kurt W. Kreyling

WITNESS:

/s/ Spencer LeRoy, III
- ------------------------------------

/s/ Paul D. Adams
- ------------------------------------

Exhibit (24)

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal this 12th day of March, 1998.

/s/ Peter Lardner

Peter Lardner

WITNESS:

/s/ Spencer LeRoy, III
- -----------------------------------

/s/ Paul D. Adams
- -----------------------------------

Exhibit (24)

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal this 12th day of March, 1998.

/s/ Wilbur S. Legg

Wilbur S. Legg

WITNESS:

/s/ Spencer LeRoy, III
- -----------------------------------

/s/ Paul D. Adams
- -----------------------------------

Exhibit (24)

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal this 12th day of March, 1998.

/s/ John W. Popp

John W. Popp

WITNESS:

/s/ Spencer LeRoy, III

/s/ Paul D. Adams

Exhibit (24)

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal this 12th day of March, 1998.

/s/ William A. Simpson

William A. Simpson

WITNESS:

/s/ Spencer LeRoy, III

/s/ Paul D. Adams

Exhibit (24)

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal this 12th day of March, 1998.

/s/ Arnold L. Steiner

Arnold L. Steiner

WITNESS:

/s/ Spencer LeRoy, III
- ------------------------------------

/s/ Paul D. Adams
- ------------------------------------

Exhibit (24)

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal this 12th day of March, 1998.

/s/ David Sursa

David Sursa

WITNESS:

/s/ Spencer LeRoy, III

- -----------------------------------

/s/ Paul D. Adams

- -----------------------------------

Exhibit (24)

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal this 12th day of March, 1998.

/s/ William G. White, Jr.

William G. White, Jr.

WITNESS:

/s/ Spencer LeRoy, III
- ------------------------------------

/s/ Paul D. Adams
- ------------------------------------

7

This schedule contains summary financial informatin extracted from Old Republic International Corporation's consolidated balance sheet and consolidated statement of income and is qualified in its entirety by reference to such financial statements.

1,000,000

YEAR
DEC-31-1997
DEC-31-1997
2,009
2,249
2,306
117
7
0
4,720
26
27
126
6,923
3,713
375
0
61
142
0
1
103
2,049
6,923
1,464
270
26
200
787
214
534
426
129
298
0
0
0
298
2.22
2.10
1,829
713
(105)
275
316
1,845
0

7

This schedule contains summary financial informatin extracted from Old Republic International Corporation's consolidated balance sheet and consolidated statement of income and is qualified in its entirety by reference to such financial statements. This schedule has been restated to reflect the adoption of FAS 128.

1,000,000

9-MOS
DEC-31-1997
SEP-30-1997
2,080
2,109
2,150
117
8
0
4,639
33
25
122
6,864
3,739
370
0
58
151
0
1
103
2,001
6,864
1,080
202
17
147
587
140
393
316
94
222
0
0
0
222
1.68
1.57
0
0
0
0
0
0
0

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1,000,000

6-MOS
DEC-31-1997
JUN-30-1997
2,027
2,097
2,111
111
8
0
4,609
31
32
116
6,826
3,705
363
0
59
235
20
1
96
1,921
6,826
707
133
16
96
385
91
261
215
62
153
0
0
0
153
1.17
1.08
0
0
0
0
0
0
0

7

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1,000,000

3-MOS
DEC-31-1997
MAR-31-1997
1,995
2,072
2,062
99
8
0
4,435
27
29
113
6,662
3,715
372
0
66
164
19
1
96
1,819
6,662
345
67
5
37
193
46
127
94
29
65
0
0
0
65
.49
.46
0
0
0
0
0
0
0

7

This schedule contains summary financial informatin extracted from Old Republic International Corporation's consolidated balance sheet and consolidated statement of income and is qualified in its entirety by reference to such financial statements. This schedule has been restated to reflect the adoption of FAS 128.

1,000,000

YEAR
DEC-31-1996
DEC-31-1996
1,984
2,022
2,045
116
8
0
4,414
35
26
114
6,656
3,725
386
0
65
154
19
1
96
1,803
6,656
1,360
260
15
167
752
191
518
342
108
234
0
(4)
0
230
1.73
1.59
1,820
668
(74)
243
342
1,829
0

7

This schedule contains summary financial informatin extracted from Old Republic International Corporation's consolidated balance sheet and consolidated statement of income and is qualified in its entirety by reference to such financial statements. This schedule has been restated to reflect the adoption of FAS 128.

1,000,000

9-MOS
DEC-31-1996
SEP-30-1996
2,004
1,901
1,905
113
9
0
4,312
42
27
111
6,605
3,742
394
0
66
118
19
56
95
1,734
6,605
1,004
194
13
127
562
143
383
251
80
172
0
(4)
0
167
1.26
1.16
0
0
0
0
0
0
0

7

This schedule contains summary financial informatin extracted from Old Republic
International Corporation's consolidated balance sheet and consolidated state-
ment of income and is qualified in its entirety by reference to such financial
statements. This schedule has been restated to reflect the adoption of FAS 128.

1,000,000

6-MOS
DEC-31-1996
JUN-30-1996
2,005
1,806
1,802
138
9
0
4,253
25
29
107
6,549
3,758
389
0
66
119
19
55
95
1,682
6,549
661
129
7
85
376
93
254
160
51
110
0
(4)
0
106
.80
.73
0
0
0
0
0
0
0

This schedule contains summary financial informatin extracted from Old Republic International Corporation's consolidated balance sheet and consolidated statement of income and is qualified in its entirety by reference to such financial statements. This schedule has been restated to reflect the adoption of FAS 128.

1,000,000

3-MOS
DEC-31-1996
MAR-30-1996
2,074
1,740
1,750
133
10
0
4,249
26
23
107
6,541
3,741
392
0
70
157
16
55
95
1,647
6,541
320
65
5
39
182
43
128
77
24
53
0
(3)
0
50
.38
.35
0
0
0
0
0
0
0

This schedule contains summary financial informatin extracted from Old Republic International Corporation's consolidated balance sheet and consolidated statement of income and is qualified in its entirety by reference to such financial statements. This schedule has been restated to reflect the adoption of FAS 128.

1,000,000

YEAR
DEC-31-1995
DEC-31-1995
2,146
1,714
1,759
126
11
0
4,326
19
24
107
6,593
3,705
406
0
75
320
17
55
58
1,553
6,593
1,251
251
49
142
740
176
455
316
103
212
0
0
0
212
1.76
1.52
1,768
684
(92)
207
332
1,820
0