

Old Republic and Its RMIC Mortgage Guaranty Subsidiary Announce Changes in Captive Reinsurance Programs

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CHICAGO, Sept. 17 /PRNewswire-FirstCall/ -- Old Republic International Corporation (NYSE: ORI) today announced that its flagship mortgage guaranty subsidiary, Republic Mortgage Insurance Company ("RMIC") and its affiliates, will discontinue excess of loss reinsurance cessions to lenders' captive insurance companies. The terminations will take effect December 31, 2008 or as of such dates as are permitted by existing contractual arrangements. Following their termination, all excess of loss reinsurance contracts will run off pursuant to their terms.

In making the announcement, Old Republic indicated that the much higher claim costs and reduced profitability caused by ongoing dislocations in the housing and related mortgage lending industries have rendered excess of loss reinsurance arrangements inefficient from economic capital management standpoints.

The discontinuation of excess of loss reinsurance contracts notwithstanding, RMIC will continue to offer traditional pro-rata ("quota share") reinsurance arrangements to lender captive insurers. Under such contracts, insurance captives dedicated to assumptions of RMIC-underwritten business will receive an agreed-upon pro-rata percentage of the mortgage guaranty premiums produced by the lender, be responsible for an equivalent percentage of paid claims and related claim and contingency reserves, and pay appropriate underwriting expenses. The dedicated captives' capital at risk will be expected to be aligned with RMIC's own enterprise risk management metrics, and the capital requirements of state insurance regulations. Existing and new quota share reinsurance placements will assure necessary commonality of interests among insurer and reinsurer and thus provide greater transparency of capital commitments for mortgage guaranty insurance buyers, regulators, rating agencies, and investors.

About Old Republic

Chicago-based Old Republic International Corporation is an insurance holding company whose subsidiaries market, underwrite and provide risk management services for a wide variety of coverages, principally in the property and liability, mortgage guaranty and title insurance fields. One of the nation's 50 largest publicly owned insurance organizations, Old Republic has assets of approximately \$13.1 billion and common shareholders' equity of nearly \$4.0 billion or \$17.59 per share. Its current stock market valuation is approximately \$2.6 billion.

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