

Old Republic International Announces Formation of New Contractors Insurance Venture

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CHICAGO, Oct. 25 /PRNewswire-FirstCall/ -- Old Republic International Corporation (NYSE: ORI), today announced that it has reached an agreement in principle to acquire a casualty insurance underwriting subsidiary of Aon Corporation ("Aon"). The agreement contemplates the purchase by Old Republic Insurance Company of policy renewal rights and related assets, and the assumption of certain liabilities associated with Aon's contractors' liability insurance line. Known as the Construction Program Group ("CPG") since its formation in 1996, the business provides specialized insurance coverages and services to trade contractors, general contractors, and large commercial construction projects. With current annual premium volume of approximately \$260 million produced principally through insurance brokerage channels, this specialty line represents a natural extension of Old Republic's already significant construction insurance business underwritten by its Bituminous Insurance subsidiaries through independent agency facilities.

The business being acquired will be organized as a joint underwriting venture between Old Republic and certain principals associated with Aon's CPG division. The new venture, Old Republic Construction Program Group, Inc. ("ORCPG") will be headed by Joan Miles as President and Chief Executive Officer in association with senior executives and other personnel currently employed by CPG. In line with similar joint underwriting ventures established by Old Republic over the past 50 years, ORCPG will be managed as a distinct, highly focused insurance underwriting entity. Initially the venture will be capitalized at approximately \$200 million to accommodate initial underwriting exposures assumed as well as near term growth expectations. Substantially all such capital will be extended by Old Republic from internally generated funds. Risk-bearing underwriting facilities for the new venture will be provided by Old Republic Insurance Company and Old Republic General Insurance Corporation.

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 in the property and liability, mortgage guaranty, title and life and health insurance fields. One of the nation's 50 largest publicly owned insurance organizations, Old Republic has assets of approximately \$12.1 billion and shareholders' equity of approximately \$4.3 billion. Its current stock market valuation is approximately \$5.2 billion.

SOURCE Old Republic International

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