

OLD REPUBLIC INTERNATIONAL CORP
Form 10-Q
November 02, 2007

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

FORM 10-Q

- Quarterly report pursuant to section 13 or 15(d) of the Security Exchange Act of 1934
for the quarterly period ended: **September 30, 2007** or
- Transition report pursuant to section 13 or 15(d) of the Security Exchange Act of 1934

Commission File Number: **001-10607**

OLD REPUBLIC INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

No. 36-2678171
(IRS Employer Identification No.)

307 North Michigan Avenue, Chicago,
Illinois
(Address of principal executive office)

60601
(Zip Code)

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

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 whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one).

Large accelerated filer x

Accelerated filer ''

Non-accelerated filer ''

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Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). **Yes:**
No:x

Class	Shares Outstanding September 30, 2007
Common Stock / \$1 par value	230,404,322

There are 33 pages in this report

OLD REPUBLIC INTERNATIONAL CORPORATION

Report on Form 10-Q / September 30, 2007

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Old Republic International Corporation and Subsidiaries
Consolidated Balance Sheets
(\$ in Millions, Except Share Data)

	(Unaudited) September 30, 2007	December 31, 2006
Assets		
Investments:		
Available for sale:		
Fixed maturity securities (at fair value)(cost: \$7,293.1 and \$6,873.8)	\$ 7,274.0	\$ 6,832.6
Equity securities (at fair value)(cost: \$596.8 and \$534.7)	760.9	669.1
Short-term investments (at fair value which approximates cost)	464.5	493.6
M i s c e l l a n e o u s investments	58.5	52.7
Total	8,558.1	8,048.1
O t h e r investments	8.1	7.9
T o t a l investments	8,566.2	8,056.1
Other Assets:		
Cash	90.5	71.6
S e c u r i t i e s a n d i n d e b t e d n e s s o f r e l a t e d parties	17.0	21.8
A c c r u e d i n v e s t m e n t income	105.6	102.9
A c c o u n t s a n d n o t e s receivable	936.1	962.1
F e d e r a l i n c o m e t a x r e c o v e r a b l e : Current	-	15.5
P r e p a i d f e d e r a l i n c o m e taxes	536.5	468.4
R e i n s u r a n c e b a l a n c e s a n d f u n d s held	71.7	74.2
R e i n s u r a n c e r e c o v e r a b l e : P a i d losses	68.3	58.6
Policy and claim reserves	2,181.6	2,172.7
D e f e r r e d p o l i c y a c q u i s i t i o n costs	253.5	264.9
Sundry assets	345.6	342.9
	4,606.8	4,556.1
Total Assets	\$ 13,173.1	\$ 12,612.2
Liabilities, Preferred Stock, and Common Shareholders' Equity		
Liabilities:		
L o s s e s , c l a i m s a n d s e t t l e m e n t expenses	\$ 5,908.4	\$ 5,534.7
U n e a r n e d premiums	1,268.6	1,209.4

Other policyholders' benefits and funds	189.6	188.6
Total policy liabilities and accruals	7,366.7	6,932.8
Commissions, expenses, fees and taxes	232.7	243.5
Reinsurance balances and funds	313.3	314.4
Federal income tax payable:		
Current	9.7	-
Deferred	462.7	469.4
Debt	93.8	144.3
Subordinated		
liabilities	129.7	138.4
Commitments and contingent liabilities		
Total	8,609.1	8,243.0
Liabilities		
Preferred Stock		
Convertible preferred stock (1)	-	-
Common Shareholders' Equity		
Common stock (1)	231.9	231.0
Additional paid-in capital	341.6	319.5
Retained earnings	3,917.5	3,773.9
Accumulated other comprehensive income	101.1	44.6
Treasury stock (at cost) (1)	(28.3)	-
Total Common Shareholders' Equity	4,563.9	4,369.2
Total Liabilities, Preferred Stock, and Common Shareholders' Equity	\$ 13,173.1	\$ 12,612.2

(1) At September 30, 2007 and December 31, 2006, there were 75,000,000 shares of \$0.01 par value preferred stock authorized, of which no shares were outstanding. As of the same dates, there were 500,000,000 shares of common stock, \$1.00 par value, authorized, of which 230,404,322 at September 30, 2007 and 231,047,890 at December 31, 2006 were issued and outstanding. At September 30, 2007 and December 31, 2006, there were 100,000,000 shares of Class B Common Stock, \$1.00 par value, authorized, of which no shares were issued. Common shares classified as treasury stock were 1,566,100 and 0 as of September 30, 2007 and December 31, 2006, respectively.

See accompanying Notes to Consolidated Financial Statements.

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

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Revenues:				
Net premiums earned	\$ 870.1	\$ 806.0	\$ 2,537.4	\$ 2,372.1
Title, escrow, and other fees	50.9	63.2	166.7	189.3
Total premiums and fees	921.1	869.2	2,704.2	2,561.5
Net investment income	95.1	85.6	280.4	250.9
Other income	9.6	7.7	31.1	26.2
Total operating revenues	1,025.9	962.6	3,015.7	2,838.8
Realized investment gains	3.9	2.2	20.3	17.9
Total revenues	1,029.8	964.9	3,036.0	2,856.7
Benefits, Claims and Expenses:				
Benefits, claims, and settlement expenses	609.9	399.8	1,496.3	1,136.1
Dividends to policyholders	1.9	2.0	6.9	5.2
Underwriting, acquisition, and other expenses	381.8	391.3	1,168.8	1,180.0
Interest and other charges	1.1	2.4	6.0	7.7
Total expenses	994.8	795.7	2,678.1	2,329.2
Income before income taxes	35.0	169.1	357.9	527.4
Income Taxes (Credits):				
Current	44.8	41.1	133.0	129.0
Deferred	(39.0)	11.8	(27.2)	38.2
Total	5.8	52.9	105.7	167.2
Net Income	\$ 29.2	\$ 116.1	\$ 252.1	\$ 360.2
Net Income Per Share:				
Basic	\$.13	\$.50	\$ 1.09	\$ 1.56
Diluted	\$.12	\$.50	\$ 1.08	\$ 1.55
Average shares outstanding: Basic	231,014,468	230,470,356	231,672,204	230,456,409
Diluted	232,298,642	232,517,359	233,448,109	232,551,819