Old Republic International Corp. is a multiple lines insurance holding company. Its subsidiaries market, underwrite, and manage a wide range of specialty and general insurance programs in the property and liability, mortgage guaranty, title, and disability insurance fields. Mix of premiums earned as of 12/31/11:
general insurance, 58%; mortgage insurance, 12%; title insurance, 27%; life & other, 3%. The company has approximately 7,900 employees. Officers and directors own 3.1% of common stock; executive officers own 0.5%. The company’s MG segment could well continue to weigh on margins. Too, Old Republic’s underwriting operations continued to ny’s underwriting operations continued to weaken full-year 2011 results.

We remain cautious about the longer-term outlook. The P/C industry is highly cyclical and currently suffering from a lukewarm domestic economy as well as historically low interest rates. This, combined with a high degree of competition, has contributed to soft pricing conditions, which weigh on margins. Too, Old Republic’s MG segment could well continue to suffer if home prices remain depressed.

Shares of Old Republic hold our lowest rank (5) for year-ahead price performance. Despite this issue’s above-average total return potential, investors should remain wary of the company’s recent history of losses.