

A.M. Best Upgrades Financial Strength Rating of Old Republic Title Insurance Group

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A.M. Best Co. has upgraded the financial strength rating to A+ (Superior) from A (Excellent) of Old Republic Title Insurance Group and its subsidiaries (Minneapolis, MN). The rating outlook is stable.

This rating action reflects the group's strong capitalization and favorable operating results. These positive rating factors are partially offset by the inherent risks associated with managing significant premium advances in recent years and the challenge to manage future economic cycles.

The positive factors are derived from the group's conservative investment policy, commitment to technology advancement and recently strong demand for title products reflective of a favorable real estate environment. Furthermore, the group benefits from the financial flexibility from its publicly-traded parent, Old Republic International Corporation, which maintains low financial leverage.

The positive rating factors are partially offset by the risk associated with absorbing significant premium advances in recent years and the challenges in handling earnings and revenue volatility stemming from the fluctuating dynamics of the real estate market. However, the group's title premium is nationally diversified, which limits volatility to regional changes in real estate markets. In addition, the majority of the group's title premium is generated from the agency sector that enables it to manage down cycles as fixed costs are generally lower as compared to competitors with larger allocations of direct business.

The financial strength rating of A+ (Superior) has been upgraded for Old Republic Title Insurance Group and its following members:

- American Guaranty Title Insurance Company
- Mississippi Valley Title Insurance Company
- Old Republic General Title Insurance Corporation
- Old Republic National Title Insurance Company

A.M. Best Co., established in 1899, is the world's oldest and most authoritative insurance rating and information source. For more information, visit A.M. Best's Web site at www.ambest.com.

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