OLD REPUBLIC INTERNATIONAL CORP
Form 11-K
June 27, 2011

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

[X]	Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934 For the Fiscal Year Ended December 31, 2010
	or
[ ]	Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934
	For the transition period from _______________ to _______________

Commission File Number: 001-10607

THE REPUBLIC MORTGAGE INSURANCE COMPANY AND
AFFILIATED COMPANIES PROFIT SHARING PLAN

OLD REPUBLIC INTERNATIONAL CORPORATION
307 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60601

Total Pages: 18

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Administration Committee has duly caused this Annual Report to be signed on behalf of the undersigned, thereunto duly authorized.

THE REPUBLIC MORTGAGE INSURANCE COMPANY AND AFFILIATED COMPANIES PROFIT SHARING PLAN

(Registrant)

By: /s/ John Gerke
John E. Gerke, Plan Administrator

By: /s/ Donnal W. Ball
Donna W. Ball, HR Benefits Analyst

Date: June 9, 2011

The Republic Mortgage Insurance Company
And Affiliated Companies
Profit Sharing Plan
Financial Statements and Supplemental
Schedule
December 31, 2010 and 2009

The Republic Mortgage Insurance Company and Affiliated Companies
Profit Sharing Plan
Index
December 31, 2010 and 2009

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of
The Republic Mortgage Insurance Company and Affiliated Companies Profit Sharing Plan

We have audited the accompanying statements of net assets available for benefits of the Republic Mortgage Insurance Company and Affiliated Companies Profit Sharing Plan (the "Plan") as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we expressed no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the year ended December 31, 2010 in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2010 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Mayer Hoffman McCann P.C.

Minneapolis, Minnesota
June 27, 2011

The Republic Mortgage Insurance Company and Affiliated Companies
Profit Sharing Plan
Statements of Net Assets Available for Benefits
December 31, 2010 and 2009

	2010	2009
Assets		
Investments, at fair value:		
Cash and cash equivalents	$464,893	$371,905
Insurance company pooled separate accounts	22,943,314	20,005,113
Insurance Company Guaranteed Investment Account	25,619,731	24,796,336
Old Republic International Corporation common stock fund	4,336,163	3,193,383
Total investments	53,364,101	48,366,737
Receivables		
Employer contributions	767,263	786,739
Notes receivable from participants	695,156	768,277
Total receivables	1,462,419	1,555,016
Liabilities		
Other Liabilities	-	124,661
Total Liabilities	-	124,661
Net assets reflecting all investments at fair value	54,826,520	49,797,092
Adjustment from fair value to contract value for Insurance Company Guaranteed Investment Account, a fully benefit responsive investment contract	(2,706,304)	(1,989,865)
Net Assets Available for Benefits	$52,120,216	$47,807,227

The accompanying notes are an integral part of these financial statements.

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The Republic Mortgage Insurance Company and Affiliated Companies
Profit Sharing Plan
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2010

Additions to net assets attributed to		
Investment income		
	Net appreciation in fair value of pooled separate account investments	$3,070,737
	Dividends and net depreciation in fair value of the Old Republic International Corporation common stock fund	1,362,002
	Interest, guaranteed investment account	774,381
	Investment income	5,207,120
	Interest income on notes receivable from participants	31,964
Contributions		
	Employer	767,263
	Participants	672,895
	Rollovers	54
	Other	57
	Total contributions	1,440,269
	Total additions	6,679,353
Deductions from net assets attributed to		
Benefits and withdrawals		2,363,714
Administrative expenses		2,650
	Total deductions	2,366,364
	Net increase	4,312,989
Net assets available for benefits		
Beginning of year		47,807,227
End of year		$52,120,216

The accompanying notes are an integral part of these financial statements.

1. Description of Plan

The following description of The Republic Mortgage Insurance Company and Affiliated Companies Profit Sharing Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the Summary Plan Description or the Plan document for more complete information.

The Plan is a qualified defined contribution plan covering all employees of Republic Mortgage Insurance Company, RMIC Corporation, and Republic Mortgage Insurance Company of North Carolina (the “Sponsor”). Employees are eligible to participate in the Plan at the start of their employment and must elect to enroll in the plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”) and Internal Revenue Code (IRC).

Contributions

The Sponsor makes contributions to the Plan at the discretion of the Sponsor’s Board of Directors at a sum determined by the Board without regard to current and accumulated profits for the taxable year, for years ending with or within such Plan year. Contributions are allocated to eligible participants based on the participant’s eligible compensation to total eligible compensation of all eligible participants.

Participants may contribute up to 25% of their compensation pre-tax and 25% after-tax for a combined maximum of 50% of compensation during any Plan year.

Participants may also make rollover contributions into the Plan from distributions from other qualified plans, as defined in the Plan.

Contributions are subject to certain limitations as prescribed by the Internal Revenue Service with contributions in excess of IRC limits returned to participants or company when determined. There were no excess contributions to be returned to participants based on qualification testing for the years ended December 31, 2010 and 2009, respectively.

Vesting

Participant account balances provided by Sponsor contributions and related allocated Plan earnings become 40% vested after one year of service. Vesting percentages increase by 10% for each of the next four years with full vesting after six years of service.

Participant account balances provided by participant contributions and allocated Plan earnings are always fully vested.

Participant Accounts

A separate account balance is maintained for each participant and is credited with participant contributions, participant rollover contributions from other qualified plans, and allocations of Sponsor contributions, Plan earnings, and forfeitures of terminated participants’ non vested accounts. Allocations of Plan earnings are based on participants’ daily account balances. Sponsor contributions and forfeitures of non vested accounts are allocated based on eligible annual compensation of participants. The benefit to which a participant is entitled is the participant’s vested account.

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Participants direct the investment of their account by electing among a variety of investment options offered by the Plan. Participants may change their investment designation with respect to their account balance and future contributions at any time.

Forfeitures
If a participant terminates employment with the Sponsor prior to becoming fully vested, the non vested portion of the Sponsor contributions and allocated earnings thereon are forfeited and are reallocated to eligible participants when the terminated participant incurs a break-in-service. Forfeited amounts are reallocated to the active eligible participants based on eligible participant compensation, as defined in the Plan agreement. Unallocated forfeitures totaled $54,925 and $180,601 at December 31, 2010 and 2009, respectively. Of the December 31, 2010 total, $54,883 will be allocated in 2011.

Payment of Benefits
In the event of retirement, disability, or death, accumulated benefits become vested and are distributed to participants or designated beneficiaries by lump-sum payment or through various annuity options.

In the event of termination of employment, participants have the option of receiving vested accumulated benefits through lump-sum distributions, leaving the vested value of their accounts in the Plan until retirement or transferring amounts into an individual retirement account.

Participants may withdraw after-tax voluntary contributions at any time. Participants may withdraw pre-tax voluntary contributions at age 59½ or for financial hardship purposes.

Participants may elect to take early withdrawals of employer contributions if they have participated in the Plan for at least five years and in-service distributions after attaining age 59½. Such early withdrawals will not result in suspension of Sponsor contribution allocations.

Net assets at December 31, 2010 and 2009, included funds totaling $11,897,883 and $10,068,051, respectively, which represent the account balance of retired and terminated participants who have elected to leave their funds in the Plan upon retirement or termination.

Notes Receivable from Participants
Participants may borrow a minimum of $1,000 from their accounts up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. Participants may have no more than two loans outstanding at one time. Loans plus interest must be repaid within five years through payroll deductions. These loans bear interest at the prevailing prime rate at the loan inception date. The loans are collateralized by the vested balance in the participant's account. Outstanding loans of terminated participants are repaid prior to distribution of the participant's account balance or the outstanding loans are repaid from the participant's account balance before distribution.

2. Summary of Significant Accounting Policies

Basis of Accounting
The Plan prepares its financial statements under accounting principles generally accepted in the United States.

Investment Valuation and Income Recognition

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Net appreciation (depreciation) in fair value of investments includes unrealized and realized gains and losses. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis.

Notes Receivable from Participants
Notes receivable from participants are measured at their unpaid principal balance plus accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

Unit Values
Individual participant accounts for the pooled separate accounts are maintained on a unit value basis. Participants do not have beneficial ownership in the specific underlying securities or other assets in the funds, but do have an interest therein represented by units valued daily. The funds earn dividends and interest which are automatically reinvested in additional units. Generally, contributions to and withdrawals from each fund are converted to units by dividing the amounts of such transactions by the unit values as last determined, and the participants' accounts are charged or credited with the number of units properly attributable to each participant.

Benefits and Withdrawals
Benefits and withdrawals are recorded when paid. At December 31, 2010 and 2009, there were no significant amounts due but unpaid to participants.

Income Tax Status
The Plan obtained its latest determination letter on May 11, 2009, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Plan Expenses
Costs of administering the Plan are paid by the Sponsor except for investment management fees of individual fund investments which are charged to the respective investment and included in the net appreciation (depreciation) of the investment. Participating loan processing fees are charged as a reduction to the respective participant accounts.

Use of Estimates
The presentation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Subsequent Events Policy
Subsequent events have been evaluated through the date the financial statements were issued.

New Accounting Pronouncements

The following new accounting pronouncements were adopted during the year ended December 31, 2010.

Fair Value Disclosures

In January 2010, the FASB issued guidance which expanded the required disclosures about fair value measurements. In particular, this guidance requires (1) separate disclosure of the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements along with the reasons for such transfers, (ii) information about purchases, sales, issuances, and settlements to be presented separately in the reconciliation for Level 3 fair value measurements, (iii) fair value measurement disclosures for each class of assets and liabilities and (iv) disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements for fair value measurements that fall in either Level 2 or Level 3. This guidance is effective for annual reporting periods beginning after December 15, 2009 except for (ii) above which is effective for fiscal years beginning after December 15, 2010. Net assets available for benefits and changes in net assets available for benefits of Plan were not affected by the adoption of the new guidance.

Notes Receivable from Participants

In September 2010, the FASB issued guidance clarifying the classification and measurement of participant loans by defined contribution pension plans. Participant loans are required to be classified as notes receivable from participants (rather than investments) and measured at their unpaid principal balance, plus any accrued but unpaid interest. The guidance, which must be applied retrospectively, is effective for fiscal years after December 15, 2010 with early adoption permitted. The Plan adopted this guidance in its December 31, 2010 financial statements and has reclassified participant loans at December 31, 2009 from investments to notes receivable from participants. Additionally, interest income on notes receivable from participants has been reclassified from interest income for the year ended December 31, 2009. Net assets available for benefits of the Plan were not affected by the adoption of the new guidance.

Reclassification