Old Republic International Corp. (ORI)

Updated July 28th, 2025, by Josh Arnold

Key Metrics

Current Price:	$36	**5 Year CAGR Estimate:**	6.8%	**Market Cap:**	$8.7 B
Fair Value Price:	$37	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date:**	09/08/25[1]
% Fair Value:	96%	**5 Year Valuation Multiple Estimate:**	0.8%	**Dividend Payment Date:**	09/21/25
Dividend Yield:	3.2%	**5 Year Price Target**	$43	**Years Of Dividend Growth:**	44
Dividend Risk Score:	A	**Sector:**	Financials	**Rating:**	Buy

Overview & Current Events

Old Republic, founded in 1907, markets, underwrites, and provides risk management services for a variety of general and title insurances. The company engages in underwriting and related services, primarily in the US, but in Canada as well. Old Republic has three operating segments: General Insurance, Title Insurance, and a run-off business. It generates almost $9 billion in annual revenue and its market capitalization is $8.7 billion. Old Republic also has an outstanding dividend increase streak of 44 years.

Old Republic posted second quarter earnings on July 24th, 2025, and results were better than expected on both the top and bottom lines. Adjusted earnings-per-share came to 83 cents, which was two cents ahead of estimates. Revenue was up more than 10% year-over-year to $2.22 billion, beating expectations by $40 million.

Consolidated net premiums and fees earned were $2 billion, up 11% year-over-year. Net investment income was $172 million, up 2.4%.

The consolidated combined ratio of 93.6% was basically flat year-over-year. The company's loss reserve development was favorable to the tune of 2.1% this quarter, again pretty much equal to the 2.2% in last year's Q2.

Net operating income was $209 million, up from $202 million a year ago. On a per-share basis, that was a gain of six cents to 83 cents.

The company returned $72 million to shareholders, and book value ended the quarter at $25.14 per share. Inclusive of cash dividends, that was 13% higher year-over-year.

We now see $3.25 in adjusted earnings-per-share for this year after first half results.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.28	$1.47	$1.11	$1.86	$1.84	$2.24	$3.08	$2.79	$2.63	$3.03	***$3.25***	***$3.77***
DPS	$0.74	$0.75	$0.76	$0.78	$0.80	$0.84	$0.88	$0.92	$0.98	$1.06	***$1.16***	***$1.48***
Shares[2]	262	263	269	303	303	303	303	294	272	244	***220***	***180***

As one would expect, Old Republic's earnings-per-share has been very volatile during the past decade. Insurers have notoriously unpredictable earnings and Old Republic is certainly no exception, having seen its earnings plummet and skyrocket multiple times in this period. We forecast Old Republic's long-term growth rate at 3%, but note this year is set for record earnings.

We see Old Republic as struggling to grow from the high base of earnings because title insurance is weak, and getting weaker. The once-hot real estate market has slowed materially, creating headwinds for what was Old Republic's primary source of growth, which is title insurance. However, the weakness in title insurance has largely abated and we believe Old Republic will see record earnings for the first time since 2021 this year.

[1] Estimated date
[2] Share count in millions

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The dividend will likely continue to grow at a relatively slow pace as dividend increases in the past decade have been very small. It did pay a $1 special dividend early in 2018, late in 2019, and again in late 2020. The special dividend for 2021 was a very robust $1.50, and for 2022, it was $1.00. The stock's yield is still strong even with its sluggish payout growth, so income investors will likely find it attractive. The special dividends make the total yield for the year close to 10%, but we note there was no special dividend in 2023. Management declared a $2 special dividend for January 2025 based on 2024's strong earnings.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	12.5	12.6	18.0	11.4	12.0	7.8	7.7	8.7	11.2	11.9	***11.1***	***11.5***
Avg. Yld.	4.6%	4.1%	3.8%	3.7%	3.6%	4.8%	3.7%	3.8%	3.3%	2.9%	***3.2%***	***3.4%***

Old Republic's price-to-earnings multiple has been volatile in recent years, but that has mostly been due to changes in earnings and not valuation resets from investors. Our estimate of fair value for Old Republic is 11.5 times earnings, which is higher than the current 11.1, and just below its average of ~12. We are therefore forecasting a small tailwind to annual total returns from the valuation over the coming years.

We see the yield staying strong. The wildcard is the recent special dividends the company paid in lieu of larger quarterly dividend increases, but we think Old Republic will continue to be a strong income stock for years to come.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	59%	51%	68%	42%	43%	38%	29%	33%	37%	35%	***36%***	***39%***

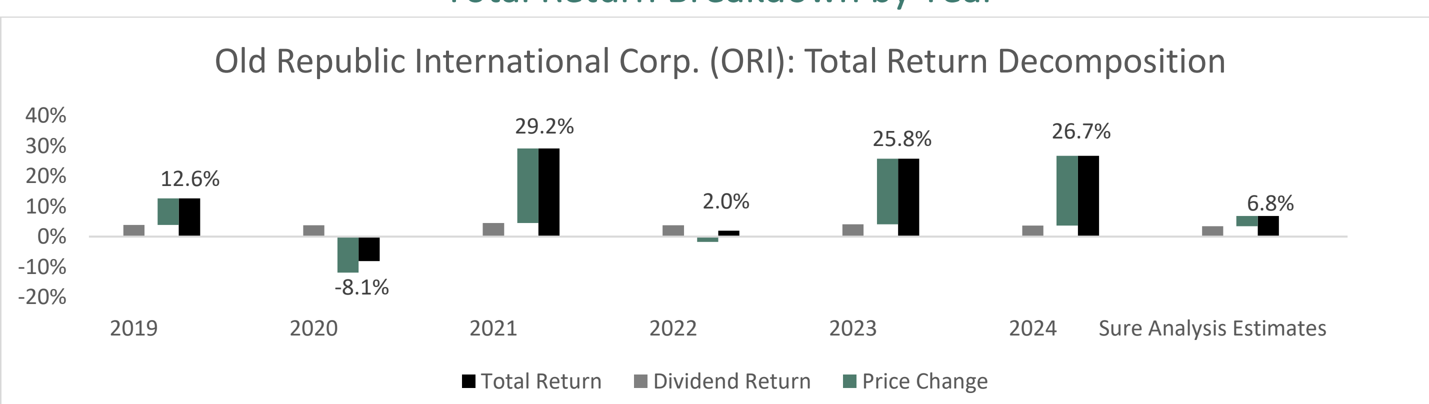
The payout ratio has fallen significantly in recent years. Given slow payout growth coupled with strong earnings, that trend could continue. Overall, Old Republic is in significantly better shape than it was a few years ago. We note the lack of earnings growth projected could see the payout ratio rise somewhat in the near future.

Old Republic operates in a tremendously competitive field, making advantages hard to come by. However, it sets itself apart with its strong premiums against claims, which is the product of prudent underwriting. We note that Old Republic is exposed to weak (or strong) real estate markets through its title insurance business.

Final Thoughts & Recommendation

Overall, Old Republic looks good from an income stock perspective if one can stomach the potential risk of owning an insurer. The stock is just below our fair value estimate and offers forecasted total annual returns of 6.8% in the coming years, consisting of the current 3.2% yield, 3% earnings-per-share growth, and a 0.8% tailwind from the potentially rising valuation. We reiterate the stock at a buy rating after first half results.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	5766	5900	6263	6022	7214	7166	9342	8084	7258	8231
Net Profit	422	467	561	371	1056	559	1534	686	599	853
Net Margin	7.3%	7.9%	8.9%	6.2%	14.6%	7.8%	16.4%	8.5%	8.2%	10.4%
Free Cash Flow	688	637	453	761	936	1185	1312	1171	880	1233
Income Tax	210	219	165	68	266	130	388	171	149	217

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	17,102	18,592	19,404	19,327	21,076	22,815	24,982	25,159	26,501	27,861
Cash & Equivalents	160	146	126	100	79	119	11,400	12,689	13,375	208
Acc. Receivable	4,494	4,622	4,842	4,984	5,291	5,957	6,712	7,516	8,153	9,397
Total Liabilities	13,221	14,131	14,670	14,181	15,076	16,629	18,089	18,993	20,091	22,242
Long-Term Debt	953	1,529	1,449	981	974	966	1,588	1,597	1,591	1,589
Total Equity	3,881	4,461	4,733	5,146	6,000	6,187	6,893	6,166	6,411	5,619
LTD/E Ratio	0.25	0.34	0.31	0.19	0.16	0.16	0.23	0.26	0.25	0.28

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	2.5%	2.6%	3.0%	1.9%	5.2%	2.5%	6.4%	2.7%	2.3%	3.1%
Return on Equity	10.8%	11.2%	12.2%	7.5%	19.0%	9.2%	23.5%	10.5%	9.5%	14.2%
ROIC	8.7%	8.6%	9.2%	6.0%	16.1%	7.9%	19.6%	8.5%	7.6%	11.2%
Shares Out.	261	262	263	269	303	303	303	304	285	263
Revenue/Share	19.47	19.91	20.92	20.79	24.77	23.97	30.75	26.62	25.46	31.28
FCF/Share	2.32	2.15	1.51	2.53	3.11	3.96	4.32	3.86	3.08	4.69

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.