

OLD REPUBLIC INTERNATIONAL CORP
Form 11-K
June 25, 2010

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

Annual Report Pursuant
to Section 5(d) of the
Securities Exchange Act
or 1934
For the Fiscal Year
Ended December 31,
2009

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

BITUMINOUS 401(K) SAVINGS PLAN

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

Total Pages: 17

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Committee Members have duly caused this annual report to be signed on behalf of the undersigned, thereunto duly authorized.

BITUMINOUS 401(K) SAVINGS PLAN, Registrant

By /s/ Greg Ator
Greg Ator, Committee Member

By /s/ Janine Happ
Janine Happ, Committee Member

By /s/ Robert Rainey
Robert Rainey, Committee Member

Dated: June 25, 2010

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

For The Years Ended December 31, 2009 and 2008

BITUMINOUS 401(k) SAVINGS PLAN

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

BITUMINOUS 401(K) SAVINGS PLAN

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE

YEARS ENDED DECEMBER 31, 2009 and 2008

BITUMINOUS 401(k) SAVINGS PLAN
Index to Financial Statements

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Note

Supplemental schedules required by the Employee Retirement Income Security Act of 1974, as amended that have not been included herein are not applicable.

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of the
Bituminous 401(K) Savings Plan

We have audited the accompanying statements of net assets available for benefits of the Bituminous 401(K) Savings Plan (the "Plan") as of December 31, 2009 and 2008 and the related statements of changes in net assets available for benefits for the years ended December 31, 2009 and 2008. 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, 2009 and 2008, and the changes in net assets available for benefits for the years ended December 31, 2009 and 2008 in conformity with accounting principles generally accepted in the United States of America.

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, 2009 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 25, 2010

BITUMINOUS 401(K) SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2009 and 2008

| ASSETS | 2009 | 2008 |
|---|---------------|---------------|
| Investments, at fair value: | | |
| Pooled separate accounts | \$ 19,103,111 | \$ 15,395,964 |
| Old Republic International Corporation common stock account | 2,660,429 | 2,963,229 |
| Participant loans receivable | 497,682 | 504,047 |
| Net assets available for benefits | \$22,261,222 | \$18,863,240 |

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

BITUMINOUS 401(K) SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS

For the years ended December 31, 2009 and 2008

| | 2009 | 2008 |
|---|--------------|----------------|
| Additions (reductions): | | |
| Investment income (loss): | | |
| Net investment income(loss) from pooled separate accounts | \$ 2,819,967 | \$(4,873,327) |
| Net depreciation of Old Republic International common stock account | (446,496) | (774,019) |
| Dividends from Old Republic International Corporation common stock | 171,978 | 158,312 |
| Interest from participant loans | 34,676 | 47,132 |
| Total investment income (loss) | 2,580,125 | (5,441,902) |
| Contributions: | | |
| Employer | 269,727 | 277,595 |
| Employee | 1,437,013 | 1,493,283 |
| Rollover | 40,065 | 120,002 |
| Total contributions | 1,746,805 | 1,890,880 |
| Total additions (reductions) | 4,326,930 | (3,551,022) |
| Deductions: | | |
| Benefits paid to participants | 927,618 | 1,767,504 |
| Administrative expenses | 1,330 | 1,260 |
| Total deductions | 928,948 | 1,768,764 |
| Net increase (decrease) | 3,397,982 | (5,319,786) |
| Net assets available for benefits: | | |
| Beginning of year | 18,863,240 | 24,183,026 |
| End of year | \$22,261,222 | \$18,863,240 |

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

BITUMINOUS 401(K) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

1. Description of Plan

The following description of the Bituminous 401(k) Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

A. General

The Plan is a defined contribution plan covering substantially all of the employees of Bituminous Casualty Corporation (the "Company" or the "Plan Sponsor"). Employees are eligible to participate in the Plan on the last to occur: (A) date of hire or (B) the start of the payroll period in which the employee attains age twenty-one. Participation in the Plan is optional. If an employee does not elect to join the Plan on the first date he/she is eligible to do so, he/she may join the Plan at the start of any subsequent payroll period. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and Internal Revenue Code (IRC).

B. Contributions

Participants may contribute up to 12 percent of their annual eligible compensation on a before-tax basis subject to applicable IRS limitations. The Company provides a matching contribution equal to 25 percent of the participant's contribution on the first 6 percent of earnings. Participants may elect to have their voluntary contributions invested in any one or more of eleven Pooled Separate Accounts as well as the Old Republic International Corporation ("ORI") Common Stock Account. Company matching contributions are invested in the same manner as participants have elected for their contributions. Participants may also make rollover contributions into the plan. A rollover is a transfer to the plan of a qualified distribution in accordance with the provisions of the plan. Rollovers are not subject to company matching contributions. Employees who are age 50 and older at any time during the year may make catch-up contributions, subject to applicable IRS limitations. Catch-up contributions are not subject to company matching contributions. Participant and Company contributions to the Plan are limited to the maximum amount under the IRC. Contributions in excess of IRC limitations are returned to the participants or company when determined.

C. Participant Accounts

Each participant's account is credited with the participant's contributions, an allocation of the Company's contribution and Plan earnings or losses. Allocations are based on participant contributions or account balances as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Cash dividends received with respect to ORI common stock previously credited to participants shall be applied to purchase additional shares of ORI common stock in the ORI Common Stock Account. Such dividends and the additional shares (including fractional shares) subsequently purchased with the dividends shall be allocated and credited to the accounts of participants, pro rata, according to the shares (including fractional shares) credited to the accounts of participants on the applicable dividend record date. Any ORI common stock received as a stock split or stock dividend or as a result of a reorganization or recapitalization of ORI shall be allocated and credited to the accounts of participants in proportion to the ORI common stock previously credited to their account.

BITUMINOUS 401(K) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

1. Description of Plan (continued)

D. Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Participants are vested in the remainder of their accounts upon death, disability, attainment of normal retirement age or based on the participant's number of years of service using the following table:

| Years of Service | Vested Percentage |
|------------------|-------------------|
| Fewer than 1 | 0% |
| 1 | 10% |
| 2 | 20% |
| 3 | 40% |
| 4 | 60% |
| 5 | 80% |
| 6 or More | 100% |

E. Payment of Benefits

On termination of service, retirement, or death, a participant or his/her beneficiary may elect to leave funds in the Plan or receive either a single-sum payment or purchase of a single premium life annuity contract as defined in the Plan agreement. Net assets at December 31, 2009 and 2008, include funds totaling \$1,345,271 and \$1,734,724, respectively, which represent the account balance of retired and terminated participants who have elected to leave the funds in the Plan upon retirement or termination.

F. Forfeitures

If a participant terminates employment with the Plan Sponsor prior to becoming fully vested, the nonvested portion of the Plan sponsors contributions and allocated earnings thereon are forfeited. All forfeitures are segregated annually and used as an offset to the Company's matching contribution. There were unallocated assets of \$18 and \$9 at December 31, 2009 and 2008, respectively, related to these forfeitures.

G. Participant Loans

Participants may elect to borrow from their accounts a maximum amount equal to the lesser of \$50,000 or 50% of their vested account balance. Loan transactions are treated as a transfer to (from) the investment account from (to) the Participant Loans account. Loan terms shall not extend beyond five years. The loans are collateralized by the balance in the participant's account and bear interest at a rate which is based on the prevailing prime interest rate as published in The Wall Street Journal on the first business day of the month in which the loan is made plus one percentage point. Interest rates range from 4.25 percent to 9.25 percent with loans maturing at various dates through 2015. Principal and interest are paid ratably through periodic payroll deductions.

BITUMINOUS 401(K) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

1. Description of Plan (continued)

H. Administrative Expenses

Investment management fees and other fees related to investments of the Plan are paid from the earnings of the Plan's investments. Audit fees, legal fees, and other fees related to the administration of the Plan are paid by the Company. Expenses related to participant loans are paid by the Plan and charged to the respective participants account.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and disclosures of contingent assets and liabilities at the date of the financial statements and the changes in net assets available for benefits during the reporting period. Actual results may differ from those estimates.

C. Risks and Uncertainties

The Plan provides for various investment options in investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

D. Investments and Income Recognition

The Plan's investments are stated at fair value. The Plan has eleven pooled separate account investment funds under its group annuity contract with Prudential Retirement Insurance and Annuity Company (Prudential) available for participants to direct their investments therein. Investments in pooled separate accounts are valued on a per unit market value basis as determined by Prudential, which reflects the fair value of the investments comprising the separate pooled funds. In addition the Plan has an ORI common stock account, which is invested in ORI common stock, that is stated at fair value based on the quoted closing market value on the last business day of the year. Participant loans are valued at unpaid principal balance and related accrued interest, which approximates fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned on an accrual basis. Dividend income is recorded on the ex-dividend date.

The Plan presents in the Statement of Changes in Net Assets Available for Benefits the net increase (decrease) in value of its investments, which consist of realized gains and losses, unrealized appreciation (depreciation) and interest and dividend earnings on the investments.

BITUMINOUS 401(K) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

E. Benefit Payments

Benefit payments to participants are recorded upon distribution payment. At December 31, 2009 and 2008, there were no significant amounts due but unpaid to participants.

F. Fair Value Measurements

In April and September 2009, the Financial Accounting Standards Board (“FASB”) issued guidance which (i) provided additional guidance for estimating fair value when the volume and level of activity for the asset or liability have significantly decreased, (ii) provided guidance on identifying circumstances that indicate a transaction is not orderly, (iii) permitted, as a practical expedient, entities to measure the fair value of certain investments based on the net asset value per share and (iv) expanded the required disclosures about fair value measurements. The adoption of this guidance did not have a material effect on the Plan’s net assets available for benefits or the changes in net assets available for benefits.

G. Subsequent Events Policy

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

3. Investments

Assets Greater Than 5% of Plan Assets

A.

Investments that represent 5% or more of plan assets at December 31, 2009 and 2008, are as follows:

| | December 31, | |
|--|--------------|-------------|
| | 2009 | 2008 |
| Prudential Short-term Bond Fund | \$4,587,229 | \$4,830,730 |
| Old Republic International Corporation Common Stock Account | 2,660,429 | 2,963,229 |
| Dryden S&P 500 Index Fund | 2,512,154 | 1,914,971 |
| Prudential Balances I Fund / Wellington Management Co. Fund | 2,232,049 | 1,920,595 |
| Prudential Large Cap Value / Aronson & Johnson & Ortiz Fund | 2,149,074 | 1,663,664 |
| Prudential Mid Cap Growth / TimesSquare Fund | 1,653,082 | 1,072,120 |
| Prudential Small Cap Growth / TimesSquare Fund | 1,636,230 | 1,084,674 |
| T Rowe Price Growth Stock Fund | 1,395,969 | 835,039 |

BITUMINOUS 401(K) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

3. Investments (continued)

During 2009 and 2008, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

| | 2009 | 2008 |
|---|--------------|----------------|
| Prudential pooled separate accounts | \$ 2,819,967 | \$(4,873,327) |
| Old Republic International Corporation common stock account | (446,496) | (774,019) |
| | \$ 2,373,471 | \$(5,647,346) |

B. Fair Value Measurements

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefit. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (an exit price) at the measurement date. A fair value hierarchy is established that prioritizes the sources ("inputs") used to measure fair value into three broad levels: inputs based on quoted market prices in active markets (Level 1); observable inputs based on corroboration with available market data (Level 2); and unobservable inputs based on uncorroborated market data or a reporting entity's own assumptions (Level 3). There have been no changes in the methodologies used at December 31, 2009 and 2008.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

| | |
|---------|--|
| Level 1 | Investments include publicly traded common stocks. |
| Level 2 | Investments include pooled separate accounts. |
| Level 3 | Investments include participant loans. |

BITUMINOUS 401(K) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

3. Investments (continued)

B. Fair Value Measurements (continued)

The following table shows a summary of assets measured at fair value segregated among the various input levels:

| | Assets at Fair Value as of December 31, 2009 | | | |
|---|--|--------------|-----------|--------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Old Republic International Corporation common stock account | \$2,660,429 | | | \$2,660,429 |
| Prudential pooled separate accounts: | | | | |
| Fixed income funds | | \$5,631,355 | | |
| Growth funds | | 4,685,281 | | |
| Value funds | | 3,432,218 | | |
| Index funds | | 2,512,154 | | |
| Balanced funds | | 2,232,049 | | |
| Other funds | | 610,054 | | |
| Total Prudential pooled separate accounts | | 19,103,111 | | 19,103,111 |
| Participant loans | | | \$497,682 | 497,682 |
| Total assets at fair value | \$2,660,429 | \$19,103,111 | \$497,682 | \$22,261,222 |

| | Assets at Fair Value as of December 31, 2008 | | | |
|---|--|--------------|-----------|--------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Old Republic International Corporation common stock account | \$2,963,229 | | | \$2,963,229 |
| Prudential pooled separate accounts | | \$15,395,964 | | 15,395,964 |
| Participant loans | | | \$504,047 | 504,047 |
| Total assets at fair value | \$2,963,229 | \$15,395,964 | \$504,047 | \$18,863,240 |

BITUMINOUS 401(K) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

3. Investments (continued)

B. Fair Value Measurements (continued)

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Plan's level 3 assets for the year ended December 31, 2009.

| | Level 3 Assets Year Ended December 31 2009 |
|--|--|
| Participant loans | |
| Balance, beginning of year | \$504,047 |
| Issuances, repayments and settlements(net) | (6,365) |
| Balance, end of year | \$497,682 |

4. Tax Status

The Internal Revenue Service has issued a determination letter, dated May 29, 2002, stating that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan Sponsor believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC; therefore, no provision for income taxes has been included in the Plan Financial Statements.

5. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants shall become 100 percent vested in their accounts and are entitled to a distribution of their account balances.

6. Related-Party Transactions

The ORI common stock account is invested in common stock of Old Republic International Corporation, the parent of the Company.

Plan assets include investments in eleven pooled separate accounts. These funds are managed by related parties of Prudential, the Trustee record keeper and custodian of Plan assets, and a party in interest.

SUPPLEMENTAL SCHEDULE

BITUMINOUS 401(K) SAVINGS PLAN

SCHEDULE H, LINE 4I
 SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 December 31, 2009

EIN: 36-0810360 Plan Number: 003

| (a) | (b) | (c) | (d) | (e) |
|---|---|------|---------------|-----|
| Identity of issue | Description of investment including interest rate | Cost | Current value | |
| * Prudential Short-term Bond Fund | Pooled separate account | ** | \$ 4,587,352 | |
| * Prudential Balanced I Fund / Wellington Management Co. | Pooled separate account | ** | 2,232,049 | |
| * Dryden S&P 500 Index Fund | Pooled separate account | ** | 2,512,154 | |
| * Prudential Large Cap Value / Aronson & Johnson & Ortiz Fund | Pooled separate account | ** | 2,149,074 | |
| * Prudential Small Cap Growth / TimesSquare Fund | Pooled separate account | ** | 1,636,230 | |
| * Prudential Mid Cap Growth / TimesSquare Fund | Pooled separate account | ** | 1,653,082 | |
| * T Rowe Price Growth Stock Fund | Pooled separate account | ** | 1,395,969 | |
| * Prudential Small Cap Value / American Century Fund | Pooled separate account | ** | 1,089,591 | |
| * Prudential Core Bond / PIM Fund | Pooled separate account | ** | 1,044,003 | |
| * Prudential International Blend / Munder Capital Fund | Pooled separate account | ** | 610,054 | |
| * Prudential Mid Cap / CRM Fund | Pooled separate account | ** | 193,553 | |
| * Old Republic International Corporation Common Stock Account | Common stock | ** | 2,660,429 | |
| * Participant Loans | Participant loans, interest rates range from 4.25% to 9.25%, paid in a series of substantially equal payments over the term of the loan, maturing at various dates through 2015 | -0- | 497,682 | |
| Total | | | \$22,261,222 | |

*Party in interest

**Cost information is not applicable for participant directed investments