

OLD REPUBLIC INTERNATIONAL CORP

Form 10-K/A

May 06, 2003

As in effect
3/1/61

FORM 10K/A

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

AMENDMENT TO APPLICATION OR REPORT
Filed Pursuant to Sections 12, 13, or 15 (d) of
THE SECURITIES EXCHANGE ACT OF 1934

OLD REPUBLIC INTERNATIONAL CORPORATION

(Exact name of registrant as specified in charter)

AMENDMENT NO. 5

The undersigned registrant hereby amends the following items, financial statements, exhibits or other portions of its ANNUAL REPORT FOR 2002 on Form ----- 10-K as set forth in the pages attached hereto: (List all such items, financial ----- statements, exhibits or other portions amended)

FORM 11-K

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

OLD REPUBLIC INTERNATIONAL CORPORATION

(Registrant)

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Date: May 5, 2003

By: /s/ John S. Adams

(Signature)
John S. Adams
Senior Vice President and
Chief Financial Officer

Total Pages: 14

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 Fiscal Year Ended December 31, 2002

REPUBLIC MORTGAGE INSURANCE COMPANY AND AFFILIATED COMPANIES
PROFIT SHARING PLAN

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

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.

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THE REPUBLIC MORTGAGE INSURANCE COMPANY AND
AFFILIATED COMPANIES PROFIT SHARING PLAN

(Registrant)

By: /s/ John Gerke

John E. Gerke, Member of the Administration Committee

By: /s/ Donna W. Ball

Donna Ball, Member of the Administration Committee

Date: May 1, 2003

The Republic Mortgage Insurance Company
and Affiliated Companies
Profit Sharing Plan
Financial Statements and Supplemental Schedule
December 31, 2002

Tax Identification Number: 56-1031043

The Republic Mortgage Insurance Company and Affiliated Companies
Profit Sharing Plan
Financial Statements and Supplemental Schedule
December 31, 2002

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Schedule H, line 4i - Schedule of Assets (Held at End of Year)

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Report of Independent Accountants

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

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of The Republic Mortgage Insurance Company and Affiliated Companies Profit Sharing Plan (the "Plan") at December 31, 2002 and 2001, and the changes in net assets available for benefits for the year ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. 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 of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Schedule H, line 4i - Schedule of Assets (Held at End of Year) 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 audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

April 25, 2003
Charlotte, North Carolina

The Republic Mortgage Insurance Company and Affiliated Companies
Profit Sharing Plan

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Statements of Net Assets Available for Benefits
December 31, 2002 and 2001

	2002	2001
Assets		
Investments, at fair value:		
Insurance separate accounts:		
Domestic equity	\$ 5,680,843	\$ 6,348,640
Asset allocation	1,700,224	1,891,330
Fixed income	1,354,546	1,012,654
International equity	475,249	477,044
Flexible equity	138,852	191,905
	-----	-----
	9,349,714	9,921,573
ORI common stock pooled account	3,902,478	4,722,627
Participant loans	602,882	490,166
Insurance company guaranteed interest fund, at contract value	17,924,476	14,194,942
	-----	-----
Total investments	31,779,551	29,329,308
Employer contributions receivable	3,757,895	3,330,842
	-----	-----
Total assets	35,537,446	32,660,150
Liabilities		
Refund of excess participant contributions	162,700	132,589
	-----	-----
Net assets available for benefits	\$ 35,374,746	\$ 32,527,561
	=====	=====

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, 2002

Additions to net assets attributed to:	
Investment income:	
Net depreciation in fair value of investments	\$ (1,631,803)
Interest - guaranteed interest fund	1,009,723
Interest - participant loans	34,713

Investment income	(587,367)

Contributions:	
Employer	3,757,895
Participants	990,542

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	4,748,437

Total additions	4,161,070

Deductions from net assets attributed to:	
Benefits and withdrawals	1,305,272
Administrative expenses	8,613

Total deductions	1,313,885

Net increase	2,847,185
Net assets available for benefits:	
Beginning of year	32,527,561

End of year	\$ 35,374,746
	=====

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
Notes to Financial Statements
December 31, 2002

1. Description of Plan

The following description of The Republic Mortgage Insurance Company and Affiliated Companies Profit Sharing Plan (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 for coverage 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).

See the Summary Plan Description for additional information regarding the Plan.

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. Participants may contribute up to 25% of their compensation pre-tax and 25% after-tax for a combined maximum of 50% of compensation any Plan year. Contributions are subject to certain limitations as prescribed by ERISA. Excess contributions to be returned to participants based on qualification testing totaled \$162,700 and \$132,589 for the years ended December 31, 2002 and 2001, respectively.

Vesting

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Participant's account balances provided by Sponsor contributions and related allocated earnings become 40% vested after one year of service. Vesting percentages increase by 10% for each additional year, with full vesting after seven years of service.

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 and allocations of Sponsor contributions, Plan earnings, and forfeitures of terminated participants' nonvested accounts. Allocations of Plan earnings are based on participants' daily account balances. Sponsor contributions and forfeitures are allocated based on annual compensation of participants. Unallocated forfeitures totalled \$407,636 at December 31, 2002.

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 their voluntary contributions at anytime.

Participants may elect to take early withdrawals of employer contributions if they have participated in the Plan for at least five years. Such early withdrawals will not result in suspension of allocations of Sponsor contributions.

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The Republic Mortgage Insurance Company and Affiliated Companies
Profit Sharing Plan
Notes to Financial Statements
December 31, 2002

Participant Loans

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 secured by the vested balance in the participant's account.

2. Summary of Significant Accounting Policies

General

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

Investment Valuation and Income Recognition

The Plan's guaranteed interest account is valued at contract value. Insurance separate accounts are reported by Massachusetts Mutual Life Insurance Company (the "Trustee") at the fair value of the underlying investments. The pooled account invests solely in the common stock of Old Republic International ("ORI"), the ultimate parent of the Sponsor. The value of the pooled ORI common stock account is based on the underlying quoted market value of the ORI common stock. Participant loans are valued at principal balance, which approximates fair value. Net appreciation (depreciation) in fair value of investments includes unrealized and realized gains and losses. Interest income is recorded on the accrual basis.

Benefits and Withdrawals

Benefits and withdrawals are recorded when paid. At December 31, 2002 and 2001, there were no significant amounts owed to participants.

Income Tax Status

The Plan obtained its latest determination letter on April 3, 1995, 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.

Use of Estimates

The presentation 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 assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

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The Republic Mortgage Insurance Company and Affiliated Companies
Profit Sharing Plan
Notes to Financial Statements
December 31, 2002

3. Investments

The Plan is invested in a group annuity contract with the Trustee. The contract allows for a participant-directed investment program in commingled subaccounts sponsored by the Trustee. Investment options include fixed income, asset allocation, domestic equity, flexible equity, international equity subaccount option and a guaranteed interest fund. In addition to the investment options offered through the Trustee, participants may also invest in a pooled account that invests solely in common stock of the Sponsor's parent, Old Republic International.

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	2002	2001
Insurance company separate accounts at fair value:		
Domestic equity subaccounts:		
Large cap value	\$ 1,808,112	\$ 2,167,184 *
Small cap equity	1,596,662	2,005,208 *
Indexed equity	1,453,749 *	1,628,715 *
Small cap growth	585,710	547,533
Mid cap value	152,922	-
Large cap growth	83,687	-
	-----	-----
	5,680,843	6,348,640
	-----	-----
Asset allocation subaccounts:		
Balanced	1,700,224	-
Destiny moderate	-	1,400,325
Destiny aggressive	-	491,005
	-----	-----
	1,700,224	1,891,330
Fixed income subaccount:		
Core bond	1,354,546	1,012,654
Flexible equity subaccount:		
Growth and income	138,852	191,905
International equity subaccount		
	475,249	477,044
ORI common stock pooled account	3,902,478 *	4,722,627 *
Participant loans	602,882	490,166
	-----	-----
	\$ 13,855,075	\$ 15,134,366
	=====	=====
Investment at contract value:		
Guaranteed interest fund	\$ 17,924,476 *	\$ 14,194,942 *
	=====	=====

*Exceeds 5% of Plan assets at December 31, 2002 and 2001.

The net depreciation in fair value of the Plan's investments for the year ended December 31, 2002, was \$1,631,803.

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The Republic Mortgage Insurance Company and Affiliated Companies
Profit Sharing Plan
Notes to Financial Statements
December 31, 2002

4. Guaranteed Interest Fund

The Plan holds an investment contract with Massachusetts Mutual Life Insurance Company. Massachusetts Mutual Life Insurance Company maintains the contributions in a pooled account. The account is credited with

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earnings on the underlying investments, charges for Plan withdrawals, and administrative expense charges by Massachusetts Mutual Life Insurance Company. The contract is included in the financial statements at contract value, (which represents contributions made under the contract, plus earnings, less withdrawals and administrative expenses) because it is considered fully benefit-responsive. For example, participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. There are no reserves against contract value for credit risk of the contract issuer or otherwise. The contract value of the investment contract at December 31, 2002 and 2001 was \$17,924,476 and \$14,194,942, respectively. The average yield and crediting rates ranged from 6.00% and 6.75% for 2002 and 2001. The crediting rate is based on an agreed-upon formula with the issuer, but cannot be less than five percent.

5. Related Party Transactions

Certain Plan investments are insurance separate accounts sponsored by Massachusetts Mutual Life Insurance Company. Massachusetts Mutual Life Insurance Company is the Trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Sponsor on behalf of the Plan for the investment management services amounted to \$61,554 for the year ended December 31, 2002. Expenses incurred in the administration of the Plan are also paid by the Sponsor.

6. Plan Termination

Although it has not expressed any intent to do so, the Sponsor 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 would become 100% vested in their employer contributions.

7. Reconciliation to Form 5500

There are no reconciling items from these financial statements to the Plan's Form 5500 for the year ended December 31, 2002.

Supplemental Schedule

Republic Mortgage Insurance Company and Affiliated Companies
Profit Sharing Plan
Supplemental Schedule H, line 4i - Schedule of Assets (Held at End of Year)
December 31, 2002

	Number of Units	Value
Insurance separate accounts:		

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Domestic equity subaccounts:		
Large cap value	16,727	\$ 1,808,112
Small cap equity	2,501	1,596,662
Indexed equity	6,542	1,453,749
Small cap growth	6,339	585,710
Mid cap value	1,214	152,922
Large cap growth	794	83,687

		5,680,843
Asset allocation subaccounts:		
Balanced	18,977	1,700,224
Fixed income subaccount:		
Core bond	1,092	1,354,546
Flexible equity subaccount:		
Growth and income	3,210	138,852
International equity subaccount	2,607	475,249
ORI common stock pooled account	187,528	3,902,478
Guaranteed interest fund	194,432	17,924,476
Participants loans		602,882

		\$ 31,779,551
		=====