

MARKEL CORP  
Form 10-Q  
April 30, 2013  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2013

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-15811

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MARKEL CORPORATION  
(Exact name of registrant as specified in its charter)

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Virginia  
(State or other jurisdiction of  
incorporation or organization)

54-1959284  
(I.R.S. Employer  
Identification No.)

4521 Highwoods Parkway, Glen Allen, Virginia 23060-6148  
(Address of principal executive offices)  
(Zip Code)  
(804) 747-0136  
(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares of the registrant's common stock outstanding at April 23, 2013: 9,630,095

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## MARKEL CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

(dollars in thousands)

|  | March 31,<br>2013<br>(unaudited) | December 31,<br>2012 |
|--|----------------------------------|----------------------|
| <b>ASSETS</b>  |                                  |                      |
| Investments, available-for-sale, at estimated fair value:  |                                  |                      |
| Fixed maturities (amortized cost of \$4,424,168 in 2013 and \$4,562,278 in 2012)                           | \$4,809,825                      | \$4,979,283          |
| Equity securities (cost of \$1,407,908 in 2013 and \$1,387,305 in 2012)                                    | 2,708,449                        | 2,406,951            |
| Short-term investments (estimated fair value approximates cost)  | 1,380,318                        | 973,330              |
| Total Investments  | 8,898,592                        | 8,359,564            |
| Cash and cash equivalents  | 899,075                          | 973,181              |
| Receivables  | 511,073                          | 413,883              |
| Reinsurance recoverable on unpaid losses   | 721,813                          | 778,774              |
| Reinsurance recoverable on paid losses   | 52,679                           | 51,145               |
| Deferred policy acquisition costs  | 178,682                          | 157,465              |
| Prepaid reinsurance premiums   | 114,175                          | 110,332              |
| Goodwill and intangible assets   | 1,074,925                        | 1,049,225            |
| Other assets   | 666,977                          | 663,019              |
| Total Assets   | \$13,117,991                     | \$12,556,588         |
| <b>LIABILITIES AND EQUITY</b>  |                                  |                      |
| Unpaid losses and loss adjustment expenses   | \$5,286,068                      | \$5,371,426          |
| Unearned premiums  | 1,094,312                        | 1,000,261            |
| Payables to insurance companies  | 134,405                          | 103,212              |
| Senior long-term debt and other debt (estimated fair value of \$1,968,000 in 2013 and \$1,688,000 in 2012) | 1,732,250                        | 1,492,550            |
| Other liabilities  | 640,034                          | 613,897              |
| Total Liabilities  | 8,887,069                        | 8,581,346            |
| Redeemable noncontrolling interests  | 74,501                           | 86,225               |
| Commitments and contingencies  |                                  |                      |
| Shareholders' equity:  |                                  |                      |
| Common stock   | 911,330                          | 908,980              |
| Retained earnings  | 2,160,060                        | 2,068,340            |
| Accumulated other comprehensive income   | 1,080,119                        | 911,337              |
| Total Shareholders' Equity   | 4,151,509                        | 3,888,657            |
| Noncontrolling interests   | 4,912                            | 360                  |
| Total Equity   | 4,156,421                        | 3,889,017            |
| Total Liabilities and Equity   | \$13,117,991                     | \$12,556,588         |
| See accompanying notes to consolidated financial statements.   |                                  |                      |

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MARKEL CORPORATION AND SUBSIDIARIES  
 Consolidated Statements of Income and Comprehensive Income  
 (Unaudited)

|   | Three Months Ended March<br>31,                  |           |
|---|--|-----------|
|   | 2013   | 2012      |
|   | (dollars in thousands,<br>except per share data) |           |
| <b>OPERATING REVENUES</b>   |  |           |
| Earned premiums   | \$564,587  | \$529,596 |
| Net investment income   | 64,617   | 79,794    |
| Net realized investment gains   | 17,917   | 11,909    |
| Other revenues  | 172,743  | 111,836   |
| Total Operating Revenues  | 819,864  | 733,135   |
| <b>OPERATING EXPENSES</b>   |  |           |
| Losses and loss adjustment expenses   | 287,896  | 288,521   |
| Underwriting, acquisition and insurance expenses  | 228,673  | 238,697   |
| Amortization of intangible assets   | 9,615  | 8,804     |
| Other expenses  | 152,317  | 100,404   |
| Total Operating Expenses  | 678,501  | 636,426   |
| Operating Income  | 141,363  | 96,709    |
| Interest expense  | 23,574   | 22,167    |
| Income Before Income Taxes  | 117,789  | 74,542    |
| Income tax expense  | 28,526   | 16,829    |
| Net Income  | 89,263   | 57,713    |
| Net income attributable to noncontrolling interests   | 361  | 460       |
| Net Income to Shareholders  | \$88,902   | \$57,253  |
| <b>OTHER COMPREHENSIVE INCOME</b>   |  |           |
| Change in net unrealized gains on investments, net of taxes:  |  |           |
| Net holding gains arising during the period   | \$181,599  | \$153,455 |
| Change in unrealized other-than-temporary impairment losses on fixed maturities arising during the period | 249  | (138 )    |
| Reclassification adjustments for net gains included in net income   | (12,255 )  | (7,931 )  |
| Change in net unrealized gains on investments, net of taxes   | 169,593  | 145,386   |
| Change in foreign currency translation adjustments, net of taxes  |  |           |