UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2014**

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

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

Virginia	**54-1959284**
(State or other jurisdiction of incorporation or organization)	**(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)

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 30, 2014: 13,969,287

Markel Corporation
Form 10-Q
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MARKEL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets
(dollars in thousands)

	March 31, 2014 (unaudited)	December 31, 2013
ASSETS		
Investments, available-for-sale, at estimated fair value:		
Fixed maturities (amortized cost of $10,074,531 in 2014 and $10,129,141 in 2013)	**$ 10,236,737**	$ 10,142,536
Equity securities (cost of $1,647,953 in 2014 and $1,566,553 in 2013)	**3,399,651**	3,251,798
Short-term investments (estimated fair value approximates cost)	**1,348,231**	1,452,288
Total Investments	**14,984,619**	14,846,622
Cash and cash equivalents	**2,151,420**	1,978,526
Restricted cash and cash equivalents	**634,029**	786,926
Receivables	**1,403,644**	1,141,773
Reinsurance recoverable on unpaid losses	**1,869,403**	1,854,414
Reinsurance recoverable on paid losses	**78,741**	102,002
Deferred policy acquisition costs	**334,593**	260,967
Prepaid reinsurance premiums	**379,621**	383,559
Goodwill	**1,019,770**	967,717
Intangible assets	**687,982**	565,083
Other assets	**909,170**	1,067,922
Total Assets	**$ 24,452,992**	$ 23,955,511
LIABILITIES AND EQUITY		
Unpaid losses and loss adjustment expenses	**$ 10,369,020**	$ 10,262,056
Life and annuity benefits	**1,483,606**	1,486,574
Unearned premiums	**2,364,784**	2,127,115
Payables to insurance and reinsurance companies	**355,032**	295,496
Senior long-term debt and other debt (estimated fair value of $2,428,000 in 2014 and $2,372,000 in 2013)	**2,255,824**	2,256,227
Other liabilities	**663,625**	777,850
Total Liabilities	**17,491,891**	17,205,318
Redeemable noncontrolling interests	**52,915**	72,183
Commitments and contingencies		
Shareholders' equity:		
Common stock	**3,302,301**	3,288,863
Retained earnings	**2,365,469**	2,294,909
Accumulated other comprehensive income	**1,232,362**	1,089,805
Total Shareholders' Equity	**6,900,132**	6,673,577
Noncontrolling interests	**8,054**	4,433
Total Equity	**6,908,186**	6,678,010
Total Liabilities and Equity	**$ 24,452,992**	$ 23,955,511

See accompanying notes to consolidated financial statements.

MARKEL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Income and Comprehensive Income
(Unaudited)

	Three Months Ended March 31,	
	2014	2013
	(dollars in thousands, except per share data)	
OPERATING REVENUES		
Earned premiums	**$ 949,375**	$ 564,587
Net investment income	**86,715**	64,617
Net realized investment gains	**17,394**	17,917
Other revenues	**186,171**	172,743
Total Operating Revenues	**1,239,655**	819,864
OPERATING EXPENSES		
Losses and loss adjustment expenses	**542,303**	287,896
Underwriting, acquisition and insurance expenses	**355,505**	228,673
Amortization of intangible assets	**13,999**	9,615
Other expenses	**182,168**	152,317
Total Operating Expenses	**1,093,975**	678,501
Operating Income	**145,680**	141,363
Interest expense	**29,699**	23,574
Income Before Income Taxes	**115,981**	117,789
Income tax expense	**28,480**	28,526
Net Income	**87,501**	89,263
Net income (loss) attributable to noncontrolling interests	**(215)**	361
Net Income to Shareholders	**$ 87,716**	$ 88,902
OTHER COMPREHENSIVE INCOME		
Change in net unrealized gains on investments, net of taxes:		
Net holding gains arising during the period	**$ 147,296**	$ 181,599
Change in unrealized other-than-temporary impairment losses on fixed maturities arising during the period	**(20)**	249
Reclassification adjustments for net gains included in net income	**(5,944)**	(12,255)
Change in net unrealized gains on investments, net of taxes	**141,332**	169,593
Change in foreign currency translation adjustments, net of taxes	**913**	(1,181)
Change in net actuarial pension loss, net of taxes	**319**	370
Total Other Comprehensive Income	**142,564**	168,782
Comprehensive Income	**230,065**	258,045
Comprehensive income (loss) attributable to noncontrolling interests	**(208)**	361
Comprehensive Income to Shareholders	**$ 230,273**	$ 257,684
NET INCOME PER SHARE		
Basic	**$ 6.28**	$ 9.53
Diluted	**$ 6.25**	$ 9.50

See accompanying notes to consolidated financial statements.

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MARKEL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
(Unaudited)

(dollars in thousands)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests
December 31, 2012	$ 908,980	$ 2,068,340	$ 911,337	$ 3,888,657	$ 360	$ 3,889,017	$ 86,225
Net income (loss)		88,902	—	88,902	(448)	88,454	809
Other comprehensive income		—	168,782	168,782	—	168,782	—
Comprehensive Income (Loss)				257,684	(448)	257,236	809
Issuance of common stock	19	—	—	19	—	19	—
Restricted stock units expensed	2,583	—	—	2,583	—	2,583	—
Adjustment of redeemable noncontrolling interests	—	2,886	—	2,886	—	2,886	(2,886)
Purchase of noncontrolling interest	(283)	—	—	(283)	—	(283)	(8,157)
Other	31	(68)	—	(37)	5,000	4,963	(1,490)
March 31, 2013	$ 911,330	$ 2,160,060	$ 1,080,119	$ 4,151,509	$ 4,912	$ 4,156,421	$ 74,501
December 31, 2013	$ 3,288,863	$ 2,294,909	$ 1,089,805	$ 6,673,577	$ 4,433	$ 6,678,010	$ 72,183
Net income (loss)		**87,716**	**—**	**87,716**	**(324)**	**87,392**	**109**
Other comprehensive income		**—**	**142,557**	**142,557**	**—**	**142,557**	**7**
Comprehensive Income (Loss)				**230,273**	**(324)**	**229,949**	**116**
Issuance of common stock	**4,363**	**—**	**—**	**4,363**	**—**	**4,363**	**—**
Repurchase of common stock	**—**	**(17,282)**	**—**	**(17,282)**	**—**	**(17,282)**	**—**
Restricted stock units expensed	**8,421**	**—**	**—**	**8,421**	**—**	**8,421**	**—**
Adjustment of redeemable noncontrolling interests	**—**	**117**	**—**	**117**	**—**	**117**	**(117)**
Purchase of noncontrolling interest	**647**	**—**	**—**	**647**	**—**	**647**	**(18,405)**
Other	**7**	**9**	**—**	**16**	**3,945**	**3,961**	**(862)**
March 31, 2014	**$ 3,302,301**	**$ 2,365,469**	**$ 1,232,362**	**$ 6,900,132**	**$ 8,054**	**$ 6,908,186**	**$ 52,915**

See accompanying notes to consolidated financial statements.

MARKEL CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	2014	2013
	(dollars in thousands)	
OPERATING ACTIVITIES		
Net income	**$ 87,501**	$ 89,263
Adjustments to reconcile net income to net cash provided by operating activities	**(65,084)**	(33,709)
Net Cash Provided By Operating Activities	**22,417**	55,554
INVESTING ACTIVITIES		
Proceeds from sales of fixed maturities and equity securities	**660,447**	52,834
Proceeds from maturities, calls and prepayments of fixed maturities	**440,891**	120,711
Cost of fixed maturities and equity securities purchased	**(1,114,736)**	(62,775)
Net change in short-term investments	**130,557**	(410,662)
Proceeds from sales of equity method investments	**82,518**	—
Cost of equity method investments	**(8,050)**	—
Change in restricted cash and cash equivalents	**152,897**	12,317
Additions to property and equipment	**(10,725)**	(14,442)
Acquisitions, net of cash acquired	**(153,735)**	(36,531)
Other	**384**	(2,438)
Net Cash Provided (Used) By Investing Activities	**180,448**	(340,986)
FINANCING ACTIVITIES		
Additions to senior long-term debt and other debt	**10,120**	507,969
Repayment and retirement of senior long-term debt and other debt	**(8,608)**	(268,522)
Repurchases of common stock	**(17,282)**	(169)
Issuance of common stock	**4,363**	19
Purchase of redeemable noncontrolling interests	**(17,758)**	(8,440)
Distributions to noncontrolling interests	**(1,168)**	(2,032)
Other	**(609)**	2,364
Net Cash Provided (Used) By Financing Activities	**(30,942)**	231,189
Effect of foreign currency rate changes on cash and cash equivalents	**971**	(7,546)
Increase (decrease) in cash and cash equivalents	**172,894**	(61,789)
Cash and cash equivalents at beginning of period	**1,978,526**	863,766
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 2,151,420**	$ 801,977

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

Markel Corporation is a diverse financial holding company serving a variety of niche markets. Markel Corporation's principal business markets and underwrites specialty insurance products and programs. Through its wholly-owned subsidiary, Markel Ventures, Inc. (Markel Ventures), Markel Corporation also owns interests in various industrial and service businesses that operate outside of the specialty insurance marketplace.

On May 1, 2013 (the Acquisition Date), Markel Corporation completed the acquisition of 100% of the issued and outstanding common stock of Alterra Capital Holdings Limited (Alterra) pursuant to an agreement dated December 18, 2012 (the Merger Agreement) which provided for the merger of Alterra with one of Markel Corporation's subsidiaries. Total purchase consideration was $3.3 billion. Alterra was a Bermuda-headquartered global enterprise providing diversified specialty insurance and reinsurance products to corporations, public entities and other property and casualty insurers.

The consolidated balance sheet as of March 31, 2014 and the related consolidated statements of income and comprehensive income, changes in equity and cash flows for the three months ended March 31, 2014 and 2013 are unaudited. In the opinion of management, all adjustments necessary for fair presentation of such consolidated financial statements have been included. Such adjustments consist only of normal, recurring items. Interim results are not necessarily indicative of results of operations for the entire year. The consolidated balance sheet as of December 31, 2013 was derived from Markel Corporation's audited annual consolidated financial statements.

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and include the accounts of Markel Corporation and its subsidiaries (the Company). All significant intercompany balances and transactions have been eliminated in consolidation. The consolidated financial statements include the results of operations and cash flows of Alterra from the Acquisition Date. The Company consolidates the results of its Markel Ventures subsidiaries on a one-month lag. Certain prior year amounts have been reclassified to conform to the current presentation.

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results may differ materially from the estimates and assumptions used in preparing the consolidated financial statements.

The consolidated financial statements and notes are presented as permitted by Form 10-Q and do not contain certain information included in the Company's annual consolidated financial statements and notes. Readers are urged to review the Company's 2013 Annual Report on Form 10-K for a more complete description of the Company's business and accounting policies.

2. Recent Accounting Pronouncements

Effective January 1, 2014, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists.* ASU No. 2013-11 requires that a liability related to an unrecognized tax benefit be offset against a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed. In that case, the liability associated with the unrecognized tax benefit is presented in the financial statements as a reduction to the related deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward. Otherwise, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The adoption of this guidance did not have an impact on the Company's financial position, results of operations or cash flows.

3. Acquisitions

Acquisition of Alterra

a) Overview. On May 1, 2013, the Company completed the acquisition of 100% of the issued and outstanding common stock of Alterra. Results attributable to Alterra's property and casualty insurance and reinsurance business are included in each of the Company's underwriting segments, which were redefined during the first quarter of 2014. See note 6. Previously, Alterra also offered life and annuity reinsurance products. In 2010, Alterra ceased writing life and annuity reinsurance contracts and placed this business into run-off. Results attributable to the run-off of Alterra's life and annuity reinsurance business are included in the Company's Other Insurance (Discontinued Lines) segment. See note 6 for further discussion of the Company's reportable segments.

Pursuant to the terms of the Merger Agreement, on the Acquisition Date, equity holders of Alterra received, in exchange for each share of Alterra common stock held (other than restricted shares that did not vest in connection with the transaction), (1) 0.04315 shares of the Company's common stock and (2) $10.00 in cash. Equity holders of Alterra received total consideration of $3.3 billion, consisting of cash consideration of $964.3 million and stock consideration of 4.3 million shares of the Company's common stock.

b) Fair Value of Net Assets Acquired and Liabilities Assumed. The purchase price was allocated to the acquired assets and liabilities of Alterra based on estimated fair values at the Acquisition Date. The Company recognized goodwill of $295.7 million, of which $107.8 million is included in the U.S. Insurance segment, $89.8 million is included in the International Insurance segment and $98.1 million is included in the Reinsurance segment. None of the goodwill that was recorded is deductible for income tax purposes. The Company also recognized indefinite lived intangible assets of $37.5 million and other intangible assets of $170.0 million, which are being amortized over a weighted average period of 17 years.

As part of the purchase price allocation, the Company adjusted the historical carrying value of the acquired assets and liabilities based on estimated fair values at the Acquisition Date. An explanation of the significant adjustments for fair value that are being amortized to net income is as follows:

- *Investments* - Fixed maturity investments acquired include a net increase of $223.1 million to adjust the historical carrying amount of Alterra's investments to their estimated fair value as of the Acquisition Date. The difference in the historical amortized cost of the fixed maturity investments acquired and their estimated fair value as of the Acquisition Date, $495.5 million, represents incremental premium that is being amortized to net investment income over the term of the underlying securities. The amount of the unamortized incremental premium as of March 31, 2014 was $299.9 million. The decrease in the unamortized incremental premium since the Acquisition Date is due to amortization expense of $76.7 million, including $18.4 million recorded during the first quarter of 2014, and sales of securities.
- *Unpaid losses and loss adjustment expenses* - Unpaid losses and loss adjustment expenses acquired include an increase of $120.8 million to adjust the carrying value of Alterra's historical unpaid losses and loss adjustment expenses, net of related reinsurance recoverable, to fair value as of the Acquisition Date. The estimated fair value consists of the present value of the expected net loss and loss adjustment expense payments plus a risk premium. This adjustment, plus the $26.5 million unamortized fair value adjustment included in Alterra's historical unpaid losses and loss adjustment expenses, is being amortized to losses and loss adjustment expenses over a weighted average period of approximately five years, based on the estimated payout pattern of net reserves as of the Acquisition Date. As of March 31, 2014, the unamortized fair value adjustment included in unpaid losses and loss adjustment expenses was $131.0 million.
- *Senior long-term debt* - Senior long-term debt acquired includes an increase of $71.9 million to adjust the carrying value of Alterra's senior long-term debt to its estimated fair value based on prevailing interest rates and other factors as of the Acquisition Date. This adjustment is being amortized to interest expense over the term of the notes. As of March 31, 2014, the unamortized premium on the acquired senior long-term debt was $63.9 million.

Acquisition of Abbey Protection

On January 17, 2014, the Company completed its acquisition of 100% of the share capital of Abbey Protection plc (Abbey), an integrated specialty insurance and consultancy group headquartered in London. Abbey's business is focused on the underwriting and sale of insurance products to small and medium-sized enterprises and affinity groups in the United Kingdom providing protection against legal expenses and professional fees incurred as a result of legal actions or investigations by tax authorities, as well as providing a range of complementary legal and professional consulting services. Premiums associated with Abbey's insurance operations for 2013 were in excess of $60 million. Results attributable to Abbey's insurance operations are included in the International Insurance segment. Results attributable to Abbey's consultancy operations are reported with the Company's non-insurance operations, which are not included in a reportable segment.

Total consideration for this acquisition was $190.7 million, all of which was cash consideration. The purchase price was allocated to the acquired assets and liabilities based on estimated fair values on January 17, 2014. The Company recognized goodwill of $52.8 million, of which $37.5 million was allocated to the International Insurance segment and $15.3 million was allocated to the Company's non-insurance operations. None of the goodwill recognized is expected to be deductible for income tax purposes. The goodwill is primarily attributable to Abbey's assembled workforce and synergies that are expected to result upon integration of Abbey into the Company's insurance operations. The Company also recognized other intangible assets of $130.6 million, including $119.9 million of customer relationships and $10.7 million of trade names. These intangible assets are expected to be amortized over 20 years and 14 years, respectively.

4. Investments

a) The following tables summarize the Company's available-for-sale investments.

	March 31, 2014				
(dollars in thousands)	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Unrealized Other-Than-Temporary Impairment Losses	Estimated Fair Value
Fixed maturities:					
U.S. Treasury securities and obligations of U.S. government agencies	$ 780,801	$ 8,446	$ (15,434)	$ —	$ 773,813
Obligations of states, municipalities and political subdivisions	3,509,045	154,545	(14,683)	—	3,648,907
Foreign governments	1,548,401	40,642	(19,458)	—	1,569,585
Commercial mortgage-backed securities	354,194	1,010	(4,143)	—	351,061
Residential mortgage-backed securities	963,494	13,272	(15,181)	(2,258)	959,327
Asset-backed securities	184,342	385	(1,383)	—	183,344
Corporate bonds	2,734,254	50,409	(31,903)	(2,060)	2,750,700
Total fixed maturities	10,074,531	268,709	(102,185)	(4,318)	10,236,737
Equity securities:					
Insurance, banks and other financial institutions	443,079	621,467	(17)	—	1,064,529
Industrial, consumer and all other	1,204,874	1,131,301	(1,053)	—	2,335,122
Total equity securities	1,647,953	1,752,768	(1,070)	—	3,399,651
Short-term investments	1,348,212	19	—	—	1,348,231
Investments, available-for-sale	$ 13,070,696	$ 2,021,496	$ (103,255)	$ (4,318)	$ 14,984,619

(dollars in thousands)	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Unrealized Other-Than-Temporary Impairment Losses	Estimated Fair Value
	December 31, 2013				
Fixed maturities:					
U.S. Treasury securities and obligations of U.S. government agencies	$ 1,215,522	$ 9,051	$ (30,342)	$ —	$ 1,194,231
Obligations of states, municipalities and political subdivisions	2,986,758	116,341	(27,384)	—	3,075,715
Foreign governments	1,484,818	30,647	(54,411)	—	1,461,054
Commercial mortgage-backed securities	379,555	62	(11,796)	—	367,821
Residential mortgage-backed securities	875,902	13,046	(16,442)	(2,258)	870,248
Asset-backed securities	189,646	257	(1,614)	—	188,289
Corporate bonds	2,996,940	54,777	(61,650)	(4,889)	2,985,178
Total fixed maturities	10,129,141	224,181	(203,639)	(7,147)	10,142,536
Equity securities:					
Insurance, banks and other financial institutions	422,975	592,112	(4)	—	1,015,083
Industrial, consumer and all other	1,143,578	1,094,251	(1,114)	—	2,236,715
Total equity securities	1,566,553	1,686,363	(1,118)	—	3,251,798
Short-term investments	1,452,270	18	—	—	1,452,288
Investments, available-for-sale	$ 13,147,964	$ 1,910,562	$ (204,757)	$ (7,147)	$ 14,846,622

b) The following tables summarize gross unrealized investment losses by the length of time that securities have continuously been in an unrealized loss position.

	March 31, 2014					
	Less than 12 months		12 months or longer		Total	
(dollars in thousands)	Estimated Fair Value	Gross Unrealized Holding and Other-Than-Temporary Impairment Losses	Estimated Fair Value	Gross Unrealized Holding and Other-Than-Temporary Impairment Losses	Estimated Fair Value	Gross Unrealized Holding and Other-Than-Temporary Impairment Losses
Fixed maturities:						
U.S. Treasury securities and obligations of U.S. government agencies	$ **342,593**	$ **(15,422)**	$ **4,337**	$ **(12)**	$ **346,930**	$ **(15,434)**
Obligations of states, municipalities and political subdivisions	**439,805**	**(14,526)**	**4,582**	**(157)**	**444,387**	**(14,683)**
Foreign governments	**734,180**	**(19,458)**	**—**	**—**	**734,180**	**(19,458)**
Commercial mortgage-backed securities	**206,242**	**(4,143)**	**—**	**—**	**206,242**	**(4,143)**
Residential mortgage-backed securities	**508,762**	**(17,439)**	**—**	**—**	**508,762**	**(17,439)**
Asset-backed securities	**85,100**	**(1,383)**	**—**	**—**	**85,100**	**(1,383)**
Corporate bonds	**1,234,155**	**(33,963)**	**—**	**—**	**1,234,155**	**(33,963)**
Total fixed maturities	**3,550,837**	**(106,334)**	**8,919**	**(169)**	**3,559,756**	**(106,503)**
Equity securities:						
Insurance, banks and other financial institutions	**781**	**(17)**	**—**	**—**	**781**	**(17)**
Industrial, consumer and all other	**32,639**	**(1,053)**	**—**	**—**	**32,639**	**(1,053)**
Total equity securities	**33,420**	**(1,070)**	**—**	**—**	**33,420**	**(1,070)**
Total	$ **3,584,257**	$ **(107,404)**	$ **8,919**	$ **(169)**	$ **3,593,176**	$ **(107,573)**

At March 31, 2014, the Company held 1,058 securities with a total estimated fair value of $3.6 billion and gross unrealized losses of $107.6 million. Of these 1,058 securities, 11 securities had been in a continuous unrealized loss position for one year or longer and had a total estimated fair value of $8.9 million and gross unrealized losses of $0.2 million. All 11 securities were fixed maturities. The Company does not intend to sell or believe it will be required to sell these fixed maturities before recovery of their amortized cost.

(dollars in thousands)	December 31, 2013 Less than 12 months Estimated Fair Value	Less than 12 months Gross Unrealized Holding and Other-Than-Temporary Impairment Losses	12 months or longer Estimated Fair Value	12 months or longer Gross Unrealized Holding and Other-Than-Temporary Impairment Losses	Total Estimated Fair Value	Total Gross Unrealized Holding and Other-Than-Temporary Impairment Losses
Fixed maturities:						
U.S. Treasury securities and obligations of U.S. government agencies	$ 587,929	$ (30,342)	$ —	$ —	$ 587,929	$ (30,342)
Obligations of states, municipalities and political subdivisions	513,608	(27,238)	3,512	(146)	517,120	(27,384)
Foreign governments	950,040	(54,411)	—	—	950,040	(54,411)
Commercial mortgage-backed securities	357,737	(11,796)	—	—	357,737	(11,796)
Residential mortgage-backed securities	437,675	(18,700)	—	—	437,675	(18,700)
Asset-backed securities	142,011	(1,614)	—	—	142,011	(1,614)
Corporate bonds	1,817,737	(66,539)	—	—	1,817,737	(66,539)
Total fixed maturities	4,806,737	(210,640)	3,512	(146)	4,810,249	(210,786)
Equity securities:						
Insurance, banks and other financial institutions	144	(4)	—	—	144	(4)
Industrial, consumer and all other	20,943	(714)	27,735	(400)	48,678	(1,114)
Total equity securities	21,087	(718)	27,735	(400)	48,822	(1,118)
Total	$ 4,827,824	$ (211,358)	$ 31,247	$ (546)	$ 4,859,071	$ (211,904)

At December 31, 2013, the Company held 1,364 securities with a total estimated fair value of $4.9 billion and gross unrealized losses of $211.9 million. Of these 1,364 securities, nine securities had been in a continuous unrealized loss position for one year or longer and had a total estimated fair value of $31.2 million and gross unrealized losses of $0.5 million. Of these securities, eight securities were fixed maturities and one was an equity security.

The Company completes a detailed analysis each quarter to assess whether the decline in the fair value of any investment below its cost basis is deemed other-than-temporary. All securities with unrealized losses are reviewed. The Company considers many factors in completing its quarterly review of securities with unrealized losses for other-than-temporary impairment, including the length of time and the extent to which fair value has been below cost and the financial condition and near-term prospects of the issuer. For equity securities, the ability and intent to hold the security for a period of time sufficient to allow for anticipated recovery is considered. For fixed maturities, the Company considers whether it intends to sell the security or if it is more likely than not that it will be required to sell the security before recovery, the implied yield-to-maturity, the credit quality of the issuer and the ability to recover all amounts outstanding when contractually due.

For equity securities, a decline in fair value that is considered to be other-than-temporary is recognized in net income based on the fair value of the security at the time of assessment, resulting in a new cost basis for the security. For fixed maturities where the Company intends to sell the security or it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost, a decline in fair value is considered to be other-than-temporary and is recognized in net income based on the fair value of the security at the time of assessment, resulting in a new cost basis for the security. If the decline in fair value of a fixed maturity below its amortized cost is considered to be other-than-temporary based upon other considerations, the Company compares the estimated present value of the cash flows expected to be collected to the amortized cost of the security. The extent to which the estimated present value of the cash flows expected to be collected is less than the amortized cost of the security represents the credit-related portion of the other-than-temporary impairment, which is recognized in net income, resulting in a new cost basis for the security. Any remaining decline in fair value represents the non-credit portion of the other-than-temporary impairment, which is recognized in other comprehensive income. The discount rate used to calculate the estimated present value of the cash flows expected to be collected is the effective interest rate implicit for the security at the date of purchase.

When assessing whether it intends to sell a fixed maturity or if it is likely to be required to sell a fixed maturity before recovery of its amortized cost, the Company evaluates facts and circumstances including decisions to reposition the investment portfolio, potential sales of investments to meet cash flow needs and, ultimately, current market prices.

c) The amortized cost and estimated fair value of fixed maturities at March 31, 2014 are shown below by contractual maturity.

(dollars in thousands)	Amortized Cost	Estimated Fair Value
Due in one year or less	**$ 783,252**	**$ 790,476**
Due after one year through five years	**2,404,376**	**2,460,982**
Due after five years through ten years	**2,167,719**	**2,236,464**
Due after ten years	**3,217,154**	**3,255,083**
	8,572,501	**8,743,005**
Commercial mortgage-backed securities	**354,194**	**351,061**
Residential mortgage-backed securities	**963,494**	**959,327**
Asset-backed securities	**184,342**	**183,344**
Total fixed maturities	**$ 10,074,531**	**$ 10,236,737**

d) The following table presents the components of net investment income.

	Three Months Ended March 31,	
(dollars in thousands)	**2014**	2013
Interest:		
Municipal bonds (tax-exempt)	**$ 23,104**	$ 21,448
Municipal bonds (taxable)	**8,996**	5,703
Other taxable bonds	**35,744**	21,332
Short-term investments, including overnight deposits	**1,474**	670
Dividends on equity securities	**16,856**	12,781
Change in fair value of credit default swap	**1,160**	3,290
Income from equity method investments	**3,583**	1,990
Other	**19**	62
	90,936	67,276
Investment expenses	**(4,221)**	(2,659)
Net investment income	**$ 86,715**	$ 64,617

e) The following table summarizes the activity for credit losses recognized in net income on fixed maturities where other-than-temporary impairment was identified and a portion of the other-than-temporary impairment was included in other comprehensive income.

(dollars in thousands)	Three Months Ended March 31, 2014	2013
Cumulative credit loss, beginning balance	**$ 12,748**	$ 21,370
Additions:		
Other-than-temporary impairment losses not previously recognized	**—**	—
Increases related to other-than-temporary impairment losses previously recognized	**—**	—
Total additions	**—**	—
Reductions:		
Sales or maturities of fixed maturities on which credit losses were recognized	**(13)**	—
Cumulative credit loss, ending balance	**$ 12,735**	$ 21,370

f) The following table presents net realized investment gains and the change in net unrealized gains on investments.

(dollars in thousands)	Three Months Ended March 31, 2014	2013
Realized gains:		
Sales of fixed maturities	**$ 4,583**	$ 287
Sales of equity securities	**12,145**	17,921
Other	**9,955**	—
Total realized gains	**26,683**	18,208
Realized losses:		
Sales of fixed maturities	**(8,484)**	(138)
Sales of equity securities	**(146)**	(153)
Other	**(659)**	—
Total realized losses	**(9,289)**	(291)
Net realized investment gains	**$ 17,394**	$ 17,917
Change in net unrealized gains on investments:		
Fixed maturities	**$ 148,811**	$ (31,348)
Equity securities	**66,453**	280,895
Short-term investments	**1**	5
Net increase	**$ 215,265**	$ 249,552

g) There were no writedowns for other-than-temporary declines in the estimated fair value of investments for the three months ended March 31, 2014 and 2013.

5. Fair Value Measurements

FASB ASC 820-10, *Fair Value Measurements and Disclosures,* establishes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability.

Classification of assets and liabilities within the hierarchy considers the markets in which the assets and liabilities are traded and the reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy are defined as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3 – Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

In accordance with FASB ASC 820, the Company determines fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods, including the market, income and cost approaches. The Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The following section describes the valuation methodologies used by the Company to measure assets and liabilities at fair value, including an indication of the level within the fair value hierarchy in which each asset or liability is generally classified.

Investments available-for-sale. Investments available-for-sale are recorded at fair value on a recurring basis and include fixed maturities, equity securities and short-term investments. Short-term investments include certificates of deposit, commercial paper, discount notes and treasury bills with original maturities of one year or less. Fair value for investments available-for-sale is determined by the Company after considering various sources of information, including information provided by a third party pricing service. The pricing service provides prices for substantially all of the Company's fixed maturities and equity securities. In determining fair value, the Company generally does not adjust the prices obtained from the pricing service. The Company obtains an understanding of the pricing service's valuation methodologies and related inputs, which include, but are not limited to, reported trades, benchmark yields, issuer spreads, bids, offers, duration, credit ratings, estimated cash flows and prepayment speeds. The Company validates prices provided by the pricing service by reviewing prices from other pricing sources and analyzing pricing data in certain instances.

The Company has evaluated the various types of securities in its investment portfolio to determine an appropriate fair value hierarchy level based upon trading activity and the observability of market inputs. Level 1 investments include those traded on an active exchange, such as the New York Stock Exchange. Level 2 investments include U.S. Treasury securities and obligations of U.S. government agencies, municipal bonds, foreign government bonds, commercial mortgage-backed securities, residential mortgage-backed securities, asset-backed securities and corporate debt securities.

Fair value for investments available-for-sale is measured based upon quoted prices in active markets, if available. Due to variations in trading volumes and the lack of quoted market prices, fixed maturities are classified as Level 2 investments. The fair value of fixed maturities is normally derived through recent reported trades for identical or similar securities, making adjustments through the reporting date based upon available market observable data described above. If there are no recent reported trades, the fair value of fixed maturities may be derived through the use of matrix pricing or model processes, where future cash flow expectations are developed based upon collateral performance and discounted at an estimated market rate. Significant inputs used to determine the fair value of obligations of states, municipalities and political subdivisions, corporate bonds and obligations of foreign governments include reported trades, benchmark yields, issuer spreads, bids, offers, credit information and estimated cash flows. Significant inputs used to determine the fair value of commercial mortgage-backed securities, residential mortgage-backed securities and asset-backed securities include the type of underlying assets, benchmark yields, prepayment speeds, collateral information, tranche type and volatility, estimated cash flows, credit information, default rates, recovery rates, issuer spreads and the year of issue.

Derivatives. The Company is a party to a credit default swap agreement, under which third party credit risk is transferred from a counterparty to the Company. At both March 31, 2014 and December 31, 2013, the notional amount of the credit default swap was $33.1 million, which represented the Company's aggregate exposure to losses if specified credit events involving third party reference entities occur. The credit default swap has a scheduled termination date of December 2014.

The fair value of the credit default swap is measured by the Company on a recurring basis using an external valuation model. Due to the significance of unobservable inputs required in measuring the fair value of the credit default swap, the credit default swap has been classified as Level 3 within the fair value hierarchy.

Senior long-term debt and other debt. Senior long-term debt and other debt is carried at amortized cost with the estimated fair value disclosed on the consolidated balance sheets. Senior long-term debt and other debt is classified as Level 2 within the fair value hierarchy due to variations in trading volumes and the lack of quoted market prices. Fair value for senior long-term debt and other debt is generally derived through recent reported trades for identical securities, making adjustments through the reporting date, if necessary, based upon available market observable data including U.S. Treasury securities and implied credit spreads. Significant inputs used to determine the fair value of senior long-term debt and other debt include reported trades, benchmark yields, issuer spreads, bids and offers.

The following tables present the balances of assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy.

	March 31, 2014			
(dollars in thousands)	Level 1	Level 2	Level 3	Total
Assets:				
Investments available-for-sale:				
Fixed maturities:				
U.S. Treasury securities and obligations of U.S. government agencies	$ —	$ 773,813	$ —	$ 773,813
Obligations of states, municipalities and political subdivisions	—	3,648,907	—	3,648,907
Foreign governments	—	1,569,585	—	1,569,585
Commercial mortgage-backed securities	—	351,061	—	351,061
Residential mortgage-backed securities	—	959,327	—	959,327
Asset-backed securities	—	183,344	—	183,344
Corporate bonds	—	2,750,700	—	2,750,700
Total fixed maturities	—	10,236,737	—	10,236,737
Equity securities:				
Insurance, banks and other financial institutions	1,064,529	—	—	1,064,529
Industrial, consumer and all other	2,335,122	—	—	2,335,122
Total equity securities	3,399,651	—	—	3,399,651
Short-term investments	1,209,462	138,769	—	1,348,231
Total investments available-for-sale	$ 4,609,113	$ 10,375,506	$ —	$ 14,984,619
Liabilities:				
Derivative contracts	$ —	$ —	$ 1,070	$ 1,070

(dollars in thousands)	December 31, 2013 Level 1	Level 2	Level 3	Total
Assets:				
Investments available-for-sale:				
Fixed maturities:				
U.S. Treasury securities and obligations of U.S. government agencies	$ —	$ 1,194,231	$ —	$ 1,194,231
Obligations of states, municipalities and political subdivisions	—	3,075,715	—	3,075,715
Foreign governments	—	1,461,054	—	1,461,054
Commercial mortgage-backed securities	—	367,821	—	367,821
Residential mortgage-backed securities	—	870,248	—	870,248
Asset-backed securities	—	188,289	—	188,289
Corporate bonds	—	2,985,178	—	2,985,178
Total fixed maturities	—	10,142,536	—	10,142,536
Equity securities:				
Insurance, banks and other financial institutions	1,015,083	—	—	1,015,083
Industrial, consumer and all other	2,236,715	—	—	2,236,715
Total equity securities	3,251,798	—	—	3,251,798
Short-term investments	1,312,561	139,727	—	1,452,288
Total investments available-for-sale	$ 4,564,359	$ 10,282,263	$ —	$ 14,846,622
Liabilities:				
Derivative contracts	$ —	$ —	$ 2,230	$ 2,230

The following table summarizes changes in Level 3 liabilities measured at fair value on a recurring basis.

(dollars in thousands)	Three Months Ended March 31, 2014	2013
Derivatives, beginning of period	**$ 2,230**	$ 12,690
Total gains included in:		
Net income	**(1,160)**	(3,290)
Other comprehensive income	**—**	—
Transfers into Level 3	**—**	—
Transfers out of Level 3	**—**	—
Derivatives, end of period	**$ 1,070**	$ 9,400
Net unrealized gains included in net income relating to liabilities held at March 31, 2014 and 2013 (1)	**$ 1,160**	$ 3,290

(1) Included in net investment income in the consolidated statements of income and comprehensive income.

There were no transfers into or out of Level 1 and Level 2 during the three months ended March 31, 2014 and 2013. Except as disclosed in note 3, the Company did not have any assets or liabilities measured at fair value on a non-recurring basis during the three months ended March 31, 2014 and 2013.

6. Segment Reporting Disclosures

In conjunction with the continued integration of Alterra into the Company's insurance operations, during the first quarter of 2014, the Company changed the way it aggregates and monitors its ongoing underwriting results. Effective January 1, 2014, the Company monitors and reports its ongoing underwriting operations in the following three segments: U.S. Insurance, International Insurance and Reinsurance. In determining how to aggregate and monitor its underwriting results, the Company considers many factors, including the geographic location and regulatory environment of the insurance entity underwriting the risk, the nature of the insurance product sold, the type of account written and the type of customer served. The U.S. Insurance segment includes all direct business and facultative placements written by the Company's insurance subsidiaries domiciled in the United States. The International Insurance segment includes all direct business and facultative placements written by the Company's insurance subsidiaries domiciled outside of the United States, including the Company's syndicate at Lloyd's of London. The Reinsurance segment includes all treaty reinsurance written across the Company. Results for lines of business discontinued prior to, or in conjunction with, acquisitions, including the results attributable to the run-off of life and annuity reinsurance business previously written by Alterra, will continue to be reported in the Other Insurance (Discontinued Lines) segment. All investing activities related to the Company's insurance operations are included in the Investing segment.

The Company's non-insurance operations include the Company's Markel Ventures operations, which primarily consist of controlling interests in various industrial and service businesses. The Company's non-insurance operations also include the results of the Company's legal and professional consulting services, which were acquired through the acquisition of Abbey in January 2014. For purposes of segment reporting, the Company's non-insurance operations are not considered to be a reportable segment.

Segment profit for the Investing segment is measured by net investment income and net realized investment gains or losses. Segment profit or loss for each of the Company's underwriting segments is measured by underwriting profit or loss. The property and casualty insurance industry commonly defines underwriting profit or loss as earned premiums net of losses and loss adjustment expenses and underwriting, acquisition and insurance expenses. Underwriting profit or loss does not replace operating income or net income computed in accordance with U.S. GAAP as a measure of profitability. Underwriting profit or loss provides a basis for management to evaluate the Company's underwriting performance. Segment profit or loss for the Company's underwriting segments also includes other revenues and other expenses, primarily related to the run-off of managing general agent operations that were discontinued in conjunction with acquisitions. Other revenues and other expenses in the Other Insurance (Discontinued Lines) segment are comprised of the results attributable to the run-off of life and annuity reinsurance business.

For management reporting purposes, the Company allocates assets to its underwriting, investing and non-insurance operations. Underwriting assets are all assets not specifically allocated to the Investing segment or to the Company's non-insurance operations. Underwriting and investing assets are not allocated to the U.S. Insurance, International Insurance, Reinsurance or Other Insurance (Discontinued Lines) segments since the Company does not manage its assets by underwriting segment. The Company does not allocate capital expenditures for long-lived assets to any of its underwriting segments for management reporting purposes.

a) The following tables summarize the Company's segment disclosures. The segment disclosures for the prior period have been revised to be consistent with the new segment structure.

	Three Months Ended March 31, 2014					
(dollars in thousands)	U.S. Insurance	International Insurance	Reinsurance	Other Insurance (Discontinued Lines)	Investing	Consolidated
Gross premium volume	**$ 575,233**	**$ 294,236**	**$ 489,961**	**$ 327**	**$ —**	**$ 1,359,757**
Net written premiums	**474,054**	**229,120**	**435,997**	**140**	**—**	**1,139,311**
Earned premiums	**483,735**	**222,147**	**243,315**	**178**	**—**	**949,375**
Losses and loss adjustment expenses:						
Current accident year	**(312,413)**	**(163,379)**	**(173,900)**	**—**	**—**	**(649,692)**
Prior accident years	**43,554**	**42,297**	**28,200**	**(6,662)**	**—**	**107,389**
Underwriting, acquisition and insurance expenses	**(193,529)**	**(80,009)**	**(81,972)**	**5**	**—**	**(355,505)**
Underwriting profit (loss)	**21,347**	**21,056**	**15,643**	**(6,479)**	**—**	**51,567**
Net investment income	**—**	**—**	**—**	**—**	**86,715**	**86,715**
Net realized investment gains	**—**	**—**	**—**	**—**	**17,394**	**17,394**
Other revenues (insurance)	**2,110**	**7,348**	**2,136**	**43**	**—**	**11,637**
Other expenses (insurance)	**(1,647)**	**(3,595)**	**—**	**(8,615)**	**—**	**(13,857)**
Segment profit (loss)	**$ 21,810**	**$ 24,809**	**$ 17,779**	**$ (15,051)**	**$ 104,109**	**$ 153,456**
Other revenues (non-insurance)						**174,534**
Other expenses (non-insurance)						**(168,311)**
Amortization of intangible assets						**(13,999)**
Interest expense						**(29,699)**
Income before income taxes						**$ 115,981**
U.S. GAAP combined ratio (1)	**96%**	**91%**	**94%**	**NM** (2)		**95%**

(1) The U.S. GAAP combined ratio is a measure of underwriting performance and represents the relationship of incurred losses, loss adjustment expenses and underwriting, acquisition and insurance expenses to earned premiums.

(2) NM – Ratio is not meaningful.

(dollars in thousands)	U.S. Insurance	International Insurance	Reinsurance	Other Insurance (Discontinued Lines)	Investing	Consolidated
	Three Months Ended March 31, 2013					
Gross premium volume	$ 445,264	$ 235,875	$ 62,140	$ 21	$ —	$ 743,300
Net written premiums	401,549	201,677	59,741	21	—	662,988
Earned premiums	355,141	178,192	31,233	21	—	564,587
Losses and loss adjustment expenses:						
Current accident year	(234,671)	(120,862)	(17,205)	—	—	(372,738)
Prior accident years	62,404	23,000	(979)	417	—	84,842
Underwriting, acquisition and insurance expenses	(150,783)	(69,774)	(8,204)	88	—	(228,673)
Underwriting profit (loss)	32,091	10,556	4,845	526	—	48,018
Net investment income	—	—	—	—	64,617	64,617
Net realized investment gains	—	—	—	—	17,917	17,917
Other revenues (insurance)	7,263	3,962	—	—	—	11,225
Other expenses (insurance)	(6,197)	(1,358)	—	—	—	(7,555)
Segment profit (loss)	$ 33,157	$ 13,160	$ 4,845	$ 526	$ 82,534	$ 134,222
Other revenues (non-insurance)						161,518
Other expenses (non-insurance)						(144,762)
Amortization of intangible assets						(9,615)
Interest expense						(23,574)
Income before income taxes						$ 117,789
U.S. GAAP combined ratio (1)	91%	94%	84%	NM (2)		91%

(1) The U.S. GAAP combined ratio is a measure of underwriting performance and represents the relationship of incurred losses, loss adjustment expenses and underwriting, acquisition and insurance expenses to earned premiums.

(2) NM – Ratio is not meaningful.

b) The following table reconciles segment assets to the Company's consolidated balance sheets.

(dollars in thousands)	**March 31, 2014**	December 31, 2013
Segment assets:		
Investing	**$ 17,709,901**	$ 17,550,332
Underwriting	**5,771,517**	5,468,731
Total segment assets	**23,481,418**	23,019,063
Non-insurance operations	**971,574**	936,448
Total assets	**$ 24,452,992**	$ 23,955,511

7. Goodwill

As described in note 6, effective January 1, 2014, the Company redefined its segments. As a result, goodwill was reallocated as of December 31, 2013 using a relative fair value allocation approach. The following table presents the components of goodwill by reportable segment.

(dollars in thousands)	U.S. Insurance	International Insurance	Reinsurance	Other(1)	Total
December 31, 2013	$ 280,579	$ 372,764	$ 122,745	$ 191,629	$ 967,717
Acquisitions	—	**37,530**	—	**15,258**	**52,788**
Foreign currency movements and other adjustments	—	**(835)**	—	**100**	**(735)**
March 31, 2014	**$ 280,579**	**$ 409,459**	**$ 122,745**	**$ 206,987**	**$ 1,019,770**

(1) Amounts included in Other are related to the Company's non-insurance operations, which are not included in a reportable segment.

8. Other Revenues and Other Expenses

The following table summarizes the components of other revenues and other expenses.

	Three Months Ended March 31,			
	2014		2013	
(dollars in thousands)	Other Revenues	Other Expenses	Other Revenues	Other Expenses
Insurance:				
Managing general agent operations	**$ 9,178**	**$ 4,881**	$ 10,937	$ 7,164
Life and annuity	**43**	**8,615**	—	—
Other	**2,416**	**361**	288	391
	11,637	**13,857**	11,225	7,555
Non-Insurance:				
Markel Ventures: Manufacturing	**100,611**	**95,889**	128,576	115,184
Markel Ventures: Non-Manufacturing	**70,595**	**65,511**	32,942	29,578
Abbey: Consulting services	**3,328**	**6,911**	—	—
	174,534	**168,311**	161,518	144,762
Total	**$ 186,171**	**$ 182,168**	$ 172,743	$ 152,317

The Company's Markel Ventures operations primarily consist of controlling interests in various industrial and service businesses and are viewed by management as separate and distinct from the Company's insurance operations. While each of the companies is operated independently from one another, management aggregates financial results into two industry groups: manufacturing and non-manufacturing.

The financial results of the companies in which the Company owns controlling interests have been consolidated in our financial statements. The financial results of those companies in which the Company owns a noncontrolling interest are accounted for under the equity method of accounting.

Effective January 17, 2014, the Company's non-insurance operations include the results of the legal and professional consulting services attributable to Abbey.

9. Reinsurance

The following table summarizes the effect of reinsurance and retrocessional reinsurance on premiums written and earned.

	Three Months Ended March 31,			
	2014		2013	
(dollars in thousands)	Written	Earned	Written	Earned
Direct	**$ 795,311**	**$ 828,292**	$ 597,419	$ 538,142
Assumed	**564,446**	**347,699**	145,881	102,127
Ceded	**(220,446)**	**(226,616)**	(80,312)	(75,682)
Net premiums	**$ 1,139,311**	**$ 949,375**	$ 662,988	$ 564,587

The percentage of ceded earned premiums to gross earned premiums was 19% and 12%, respectively, for the three months ended March 31, 2014 and 2013.

Incurred losses and loss adjustment expenses for the three months ended March 31, 2014 were net of reinsurance recoverables (ceded incurred losses and loss adjustment expenses) of $97.6 million.

10. Net Income per Share

Net income per share was determined by dividing adjusted net income to shareholders by the applicable weighted average shares outstanding. Diluted net income per share is computed by dividing adjusted net income to shareholders by the weighted average number of common shares and dilutive potential common shares outstanding during the period.

	Three Months Ended March 31,	
(in thousands, except per share amounts)	**2014**	2013
Net income to shareholders	**$ 87,716**	$ 88,902
Adjustment of redeemable noncontrolling interests	**117**	2,886
Adjusted net income to shareholders	**$ 87,833**	$ 91,788
Basic common shares outstanding	**13,995**	9,636
Dilutive potential common shares from conversion of options	**11**	3
Dilutive potential common shares from conversion of restricted stock	**52**	27
Diluted shares outstanding	**14,058**	9,666
Basic net income per share	**$ 6.28**	$ 9.53
Diluted net income per share	**$ 6.25**	$ 9.50

11. Other Comprehensive Income

Other comprehensive income includes net holding gains arising during the period, changes in unrealized other-than-temporary impairment losses on fixed maturities arising during the period and reclassification adjustments for net gains included in net income. Other comprehensive income also includes changes in foreign currency translation adjustments and changes in net actuarial pension loss.

The following table presents the change in accumulated other comprehensive income by component, net of taxes and noncontrolling interests, for the three months ended March 31, 2014 and 2013.

(dollars in thousands)	Unrealized Holding Gains on Available-for-Sale Securities	Foreign Currency	Net Actuarial Pension Loss	Total
December 31, 2012	$ 946,933	$ (1,075)	$ (34,521)	$ 911,337
Other comprehensive income (loss) before reclassifications	181,848	(1,181)	—	180,667
Amounts reclassified from accumulated other comprehensive income	(12,255)	—	370	(11,885)
Total other comprehensive income (loss)	169,593	(1,181)	370	168,782
March 31, 2013	$ 1,116,526	$ (2,256)	$ (34,151)	$ 1,080,119
December 31, 2013	$ 1,131,507	$ (11,246)	$ (30,456)	$ 1,089,805
Other comprehensive income before reclassifications	**147,276**	**906**	**—**	**148,182**
Amounts reclassified from accumulated other comprehensive income	**(5,944)**	**—**	**319**	**(5,625)**
Total other comprehensive income	**141,332**	**906**	**319**	**142,557**
March 31, 2014	**$ 1,272,839**	**$ (10,340)**	**$ (30,137)**	**$ 1,232,362**

The following table summarizes the tax expense associated with each component of other comprehensive income.

(dollars in thousands)	Three Months Ended March 31, 2014	2013
Change in net unrealized gains on investments:		
Net holding gains arising during the period	**$ 75,523**	$ 85,546
Change in unrealized other-than-temporary impairment losses on fixed maturities arising during the period	**564**	75
Reclassification adjustments for net gains included in net income	**(2,154)**	(5,662)
Change in net unrealized gains on investments	**73,933**	79,959
Change in foreign currency translation adjustments	**342**	38
Change in net actuarial pension loss	**80**	110
Total	**$ 74,355**	$ 80,107

The following table presents the details of amounts reclassified from accumulated other comprehensive income into income, by component.

(dollars in thousands)	Three Months Ended March 31, 2014	2013
Unrealized holding gains on available-for-sale securities:		
Net realized investment gains	**$ 8,098**	$ 17,917
Income taxes	**(2,154)**	(5,662)
Reclassification of unrealized holding gains, net of taxes	**$ 5,944**	$ 12,255
Net actuarial pension loss:		
Underwriting, acquisition and insurance expenses	**$ (399)**	$ (480)
Income taxes	**80**	110
Reclassification of net actuarial pension loss, net of taxes	**$ (319)**	$ (370)

12. Contingencies

Contingencies arise in the normal course of the Company's operations and are not expected to have a material impact on the Company's financial condition or results of operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The accompanying consolidated financial statements and related notes have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and include the accounts of Markel Corporation and its subsidiaries (the Company).

Critical Accounting Estimates

Critical accounting estimates are those estimates that both are important to the portrayal of our financial condition and results of operations and require us to exercise significant judgment. The preparation of financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of material contingent assets and liabilities, including litigation contingencies. These estimates, by necessity, are based on assumptions about numerous factors.

We review the following critical accounting estimates and assumptions quarterly: evaluating the adequacy of reserves for unpaid losses and loss adjustment expenses, life and annuity reinsurance benefit reserves, the reinsurance allowance for doubtful accounts and income tax liabilities, as well as analyzing the recoverability of deferred tax assets, estimating reinsurance premiums written and earned and evaluating the investment portfolio for other-than-temporary declines in estimated fair value. Critical accounting estimates and assumptions for goodwill and intangible assets are reviewed in conjunction with an acquisition and goodwill and indefinite-lived intangible assets are reassessed at least annually for impairment. Actual results may differ materially from the estimates and assumptions used in preparing the consolidated financial statements.

Readers are urged to review our 2013 Annual Report on Form 10-K for a more complete description of our critical accounting estimates.

Our Business

We are a diverse financial holding company serving a variety of niche markets. Our principal business markets and underwrites specialty insurance products. We believe that our specialty product focus and niche market strategy enable us to develop expertise and specialized market knowledge. We seek to differentiate ourselves from competitors by our expertise, service, continuity and other value-based considerations. We also own interests in various industrial and service businesses that operate outside of the specialty insurance marketplace. Our financial goals are to earn consistent underwriting and operating profits and superior investment returns to build shareholder value.

On May 1, 2013, we completed the acquisition of 100% of the issued and outstanding common stock of Alterra Capital Holdings Limited (Alterra), a Bermuda-headquartered global enterprise providing diversified specialty property and casualty insurance and reinsurance products to corporations, public entities and other property and casualty insurers. In conjunction with the continued integration of Alterra into our insurance operations, during the first quarter of 2014, we changed the way we aggregate and monitor our ongoing underwriting results. Effective January 1, 2014, we monitor and report our ongoing underwriting operations in the following three segments: U.S. Insurance, International Insurance and Reinsurance. In determining how to aggregate and monitor our underwriting results, management considers many factors, including the geographic location and regulatory environment of the insurance entity underwriting the risk, the nature of the insurance product sold, the type of account written and the type of customer served.

The U.S. Insurance segment includes all direct business and facultative placements written by our insurance subsidiaries domiciled in the United States. The International Insurance segment includes all direct business and facultative placements written by our insurance subsidiaries domiciled outside of the United States, including our syndicate at Lloyd's of London (Lloyd's). The Reinsurance segment includes all treaty reinsurance written across the Company. Results for lines of business discontinued prior to, or in conjunction with, acquisitions, will continue to be reported in the Other Insurance (Discontinued Lines) segment. Underwriting results attributable to Alterra, which were previously reported in our Alterra segment, are included in each of our underwriting segments effective May 1, 2013 (the Acquisition Date). All investing activities related to our insurance operations are included in the Investing segment.

Our U.S. Insurance segment includes both hard-to-place risks written outside of the standard market on an excess and surplus lines basis and unique and hard-to-place risks that must be written on an admitted basis due to marketing and regulatory reasons. The following products are included in this segment: catastrophe-exposed property, professional liability, products liability, general liability, commercial umbrella, marine, workers' compensation and other coverages tailored for unique exposures. Business in this segment is written through our Wholesale, Specialty and Global Insurance divisions. The Wholesale division writes commercial risks, primarily on an excess and surplus lines basis, using a network of wholesale brokers managed on a regional basis. The Specialty division writes program insurance and other specialty coverages for well-defined niche markets, primarily on an admitted basis. The Global Insurance division writes risks outside of the standard market on both an admitted and non-admitted basis and is comprised of business previously written by Alterra. Global Insurance division business written by our U.S. insurance subsidiaries is included in this segment.

Our International Insurance segment writes risks that are characterized by either the unique nature of the exposure or the high limits of insurance coverage required by the insured. Risks written in the International Insurance segment are written on either a direct basis or a subscription basis, the latter of which means that loss exposures brought into the market are typically insured by more than one insurance company or Lloyd's syndicate. When we write business in the subscription market, we prefer to participate as lead underwriter in order to control underwriting terms, policy conditions and claims handling. Products offered within our International Insurance segment include primary and excess of loss property, casualty, excess liability, professional liability, equine, marine, energy and trade credit insurance. Business included in this segment is produced through our Markel International and Global Insurance divisions. The Markel International division writes business worldwide from our London-based platform, including Markel Syndicate 3000, through which our Lloyd's operations are conducted. Global Insurance division business written by our non-U.S. insurance subsidiaries, which primarily targets Fortune 1000 accounts, is included in this segment.

Our Reinsurance segment includes property, casualty and specialty treaty reinsurance products offered to other insurance and reinsurance companies globally through the broker market. Our treaty reinsurance offerings include both quota share and excess of loss reinsurance and are typically written on a participation basis. Principal lines of business include: property (including catastrophe exposed property), auto, general casualty, credit, surety, workers' compensation, professional liability, and marine and energy. Our reinsurance product offerings are underwritten by our Global Reinsurance division, which is primarily comprised of business previously written by Alterra, and our Markel International division.

For purposes of segment reporting, the Other Insurance (Discontinued Lines) segment includes lines of business that have been discontinued prior to, or in conjunction with, acquisitions. Alterra previously offered life and annuity reinsurance products. In 2010, Alterra ceased writing life and annuity reinsurance contracts and placed this business into run-off. Results attributable to the run-off of Alterra's life and annuity reinsurance business are included in the Other Insurance (Discontinued Lines) segment. This segment also includes development on asbestos and environmental loss reserves, none of which are related to the acquisition of Alterra.

Through our wholly-owned subsidiary Markel Ventures, Inc. (Markel Ventures), we own interests in various industrial and service businesses that operate outside of the specialty insurance marketplace. These businesses are viewed by management as separate and distinct from our insurance operations and are comprised of a diverse portfolio of companies from different industries, including manufacturing, healthcare, consumer and business and financial services. Local management teams oversee the day-to-day operations of these companies, while strategic decisions are made in conjunction with members of our executive management team, principally our President and Chief Investment Officer. While each of these companies is operated independently, we aggregate their financial results into two industry groups: manufacturing and non-manufacturing. The financial results of those companies in which we own controlling interests have been consolidated in our financial statements. The financial results of those companies in which we hold a noncontrolling interest are accounted for under the equity method of accounting. Our strategy in making these private equity investments is similar to our strategy for purchasing equity securities. We seek to invest in profitable companies, with honest and talented management, that exhibit reinvestment opportunities and capital discipline, at reasonable prices. We intend to own the businesses acquired for a long period of time.

In January 2014, we completed the acquisition of 100% of the share capital of Abbey Protection plc (Abbey), an integrated specialty insurance and consultancy group headquartered in London. Abbey's business is focused on the underwriting and sale of insurance products to small and medium-sized enterprises and affinity groups in the United Kingdom providing protection against legal expenses and professional fees incurred as a result of legal actions or investigations by tax authorities, as well as providing a range of complementary legal and professional consulting services. Premiums associated with Abbey's insurance operations for 2013 were in excess of $60 million. Results attributable to Abbey's insurance operations are included in the International Insurance segment. Results attributable to Abbey's consultancy operations are reported with the Company's non-insurance operations, which are not included in a reportable segment.

In January 2013, we acquired Essentia Insurance Company, a company that underwrites insurance exclusively for Hagerty Insurance Agency and Hagerty Classic Marine Insurance Agency (collectively, Hagerty) throughout the United States. Hagerty offers insurance for classic cars, vintage boats, motorcycles and related automotive collectibles. Results attributable to Hagerty are included in the U.S. Insurance segment.

Key Performance Indicators

We measure financial success by our ability to compound growth in book value per share at a high rate of return over a long period of time. To mitigate the effects of short-term volatility, we measure ourselves over a five-year period. We believe that growth in book value per share is the most comprehensive measure of our success because it includes all underwriting and investing results. We measure underwriting results by our underwriting profit or loss and combined ratio. We measure investing results by our taxable equivalent total investment return. These measures are discussed below in greater detail under "Results of Operations."

Results of Operations

The following table presents the components of net income to shareholders.

	Three Months Ended March 31,	
(dollars in thousands)	**2014**	2013
Underwriting profit	**$ 51,567**	$ 48,018
Net investment income	**86,715**	64,617
Net realized investment gains	**17,394**	17,917
Other revenues	**186,171**	172,743
Amortization of intangible assets	**(13,999)**	(9,615)
Other expenses	**(182,168)**	(152,317)
Interest expense	**(29,699)**	(23,574)
Income tax expense	**(28,480)**	(28,526)
Net (income) loss attributable to noncontrolling interests	**215**	(361)
Net income to shareholders	**$ 87,716**	$ 88,902

The components of net income to shareholders are discussed in detail under "Underwriting Results," "Investing Results," "Other Revenues and Other Expenses" and "Interest Expense and Income Taxes."

Underwriting Results

Underwriting profits are a key component of our strategy to grow book value per share. We believe that the ability to achieve consistent underwriting profits demonstrates knowledge and expertise, commitment to superior customer service and the ability to manage insurance risk. The property and casualty insurance industry commonly defines underwriting profit or loss as earned premiums net of losses and loss adjustment expenses and underwriting, acquisition and insurance expenses. We use underwriting profit or loss as a basis for evaluating our underwriting performance.

Consolidated (as reported)

The following table presents selected data from our underwriting operations.

(dollars in thousands)	Three Months Ended March 31, 2014	2013
Gross premium volume	**$ 1,359,757**	$ 743,300
Net written premiums	**1,139,311**	662,988
Net retention	**84%**	89%
Earned premiums	**949,375**	564,587
Losses and loss adjustment expenses	**542,303**	287,896
Underwriting, acquisition and insurance expenses	**355,505**	228,673
Underwriting profit	**51,567**	48,018
U.S. GAAP Combined Ratios [(1)]		
U.S. Insurance	**96%**	91%
International Insurance	**91%**	94%
Reinsurance	**94%**	84%
Other Insurance (Discontinued Lines)	**NM** [(2)]	NM [(2)]
Markel Corporation (Consolidated)	**95%**	91%

(1) The U.S. GAAP combined ratio is a measure of underwriting performance and represents the relationship of incurred losses, loss adjustment expenses and underwriting, acquisition and insurance expenses to earned premiums. A combined ratio less than 100% indicates an underwriting profit, while a combined ratio greater than 100% reflects an underwriting loss.

(2) NM – Ratio is not meaningful.

Our combined ratio was 95% for the quarter ended March 31, 2014 compared to 91% for the same period of 2013. The increase in the combined ratio in 2014 was driven by a higher current accident year loss ratio and a less favorable prior accident years loss ratio, partially offset by a lower expense ratio.

The increase in the 2014 consolidated current accident year loss ratio is primarily due to a higher current accident year loss ratio in our International Insurance and Reinsurance segments, each of which have a higher portion of earnings attributable to legacy Alterra product offerings than our U.S. Insurance segment. During the first quarter of 2014, legacy Alterra product offerings carried a higher current accident year loss ratio than our other product offerings primarily due to higher attritional loss ratios and the impact of applying our more conservative loss reserving philosophy.

The consolidated combined ratio for the quarter ended March 31, 2014 included $107.4 million of favorable development on prior years' loss reserves compared to $84.8 million of favorable development for the same period in 2013. Favorable development on prior years' loss reserves for the quarter ended March 31, 2014 had less of an impact on the combined ratio, however, due to higher earned premium volume in 2014.

The decrease in the consolidated expense ratio for the quarter ended March 31, 2014 was primarily driven by higher earned premiums in our U.S. Insurance, International Insurance and Reinsurance segments compared to 2013. Additionally, as a result of the acquisition of Alterra, our first quarter 2014 results benefited from a higher proportion of earnings from reinsurance products which typically have a lower expense ratio than insurance products.

Consolidated (pro forma)

As a result of the acquisition of Alterra on May 1, 2013, the underwriting results for Alterra are included in our results for the first quarter 2014 and not in the same period for 2013. Therefore, a comparison of current and prior year periods has been included on a pro forma basis as if the acquisition of Alterra had occurred on January 1, 2013. The pro forma financial information is for informational purposes only and does not necessarily reflect the results that would have occurred had the acquisition taken place on January 1, 2013, nor is it necessarily indicative of future results. There were no material adjustments to the pro forma underwriting results for the quarters ended March 31, 2014 and 2013.

The following table presents the consolidated underwriting results on a pro forma basis for the quarters ended March 31, 2014 and 2013.

	Pro Forma Three Months Ended March 31,	
(dollars in thousands)	**2014**	2013
Gross premium volume	**$ 1,359,757**	$ 1,392,569
Net written premiums	**1,139,311**	1,122,050
Net retention	**84%**	81%
Earned premiums	**949,375**	909,848
Losses and loss adjustment expenses	**542,303**	491,207
Underwriting, acquisition and insurance expenses	**350,812**	343,278
Underwriting profit	**$ 56,260**	$ 75,363
U.S. GAAP combined ratio [1]	**94%**	92%

(1) The U.S. GAAP combined ratio is a measure of underwriting performance and represents the relationship of incurred losses, loss adjustment expenses and underwriting, acquisition and insurance expenses to earned premiums.

On a pro forma basis our combined ratio was 94% for the quarter ended March 31, 2014 compared to 92% for the same period of 2013. For the quarter ended March 31, 2014, the increase in the pro forma combined ratio was driven by a higher loss ratio, primarily as a result of applying our more conservative loss reserving philosophy to Alterra's long-tailed lines of business.

U.S. Insurance Segment

The combined ratio for the U.S. Insurance segment was 96% for the quarter ended March 31, 2014 compared to 91% for the same period of 2013. For the quarter ended March 31, 2014, less favorable development of prior accident years' loss reserves was partially offset by a lower expense ratio.

The U.S. Insurance segment's combined ratio for the quarter ended March 31, 2014 included $43.6 million of favorable development on prior years' loss reserves compared to $62.4 million of favorable development for the same period in 2013. The redundancies on prior years' loss reserves experienced within the U.S. Insurance segment during 2014 and 2013 were most significant on our casualty product lines across several accident years. In 2014, favorable development on our casualty product lines was partially offset by unfavorable development on our architects and engineers product line on the 2008 through 2012 accident years. This unfavorable development was driven by an increase in the frequency of high severity claims during the first quarter of 2014. Based on this experience, our actuaries increased their estimates of ultimate losses and management increased prior years' loss reserves accordingly. The quarter ended March 31, 2013 included $9.4 million of favorable development on Hurricane Sandy.

The improvement in the U.S. Insurance segment's expense ratio for the quarter ended March 31, 2014 was primarily due to higher earned premiums compared to the first quarter of 2013. The increase in earned premiums was driven by earned premiums attributable to the Alterra acquisition and higher earned premiums from our Hagerty classic car program.

The U.S. Insurance segment's current accident year loss ratio for the quarter ended March 31, 2014 was impacted by higher loss ratios within the Global Insurance division primarily on our marine and professional liability product lines, which generally have higher attritional loss ratios than other products in the U.S. Insurance segment. The current accident year loss ratios on our marine and professional liability product lines within the Global Insurance division were also impacted by applying our more conservative loss reserving philosophy in 2014. This unfavorable impact of the Global Insurance division was more than offset by a favorable impact from the Hagerty business which carries a lower loss ratio than other product lines included in the U.S. Insurance segment.

International Insurance Segment

The combined ratio for the International Insurance segment was 91% for the quarter ended March 31, 2014 compared to 94% for the same period of 2013. For the quarter ended March 31, 2014, more favorable development of prior accident years' loss reserves and a lower expense ratio were partially offset by a higher current accident year loss ratio.

The International Insurance segment's combined ratio for the quarter ended March 31, 2014 included $42.3 million of favorable development on prior years' loss reserves compared to $23.0 million of favorable development for the same period of 2013. The favorable development on prior years' loss reserves in 2014 was primarily in the Marine, Professional and Financial Risks and Elliott Special Risks units within the Markel International division, on the 2006 to 2011 accident years. The favorable development on prior years' loss reserves in 2013 was on the 2010 accident year and occurred primarily in the Marine, Specialty and Elliott Special Risks units.

The improvement in the International Insurance segment's expense ratio for the quarter ended March 31, 2014 was primarily due to a favorable impact of earnings from the Global Insurance division in 2014. The Global Insurance division uses higher levels of reinsurance than the rest of the International Insurance segment, and the related ceding commissions result in a lower overall commission rate.

The increase in the International Insurance segment's current accident year loss ratio in 2014 was driven by higher loss ratios within the Global Insurance division on our general and professional liability product lines, which generally have higher attritional loss ratios than other products in the International Insurance segment. The current accident year loss ratios on our professional and general liability product lines within the Global Insurance division were also impacted by applying our more conservative loss reserving philosophy in 2014.

Reinsurance Segment

The combined ratio for the Reinsurance segment was 94% for the quarter ended March 31, 2014 compared to 84% for the same period of 2013. For the quarter ended March 31, 2014, the increase in the combined ratio was due to a higher current accident year loss ratio and a higher expense ratio, partially offset by more favorable development on prior accident years' loss reserves compared to the same period of 2013.

The higher current accident year loss ratio in 2014 was due to including more casualty reinsurance business in the Reinsurance segment. For the quarter ended March 31, 2014, the Reinsurance segment primarily consisted of casualty reinsurance business, where for the same period in 2013 it was primarily property reinsurance. As a result of this change in mix of business and applying our more conservative loss reserving philosophy to the long-tailed lines of business, the Reinsurance segment's current accident year loss ratio increased during 2014.

The increase in the Reinsurance segment's expense ratio for the quarter ended March 31, 2014 was primarily due to the contribution of the casualty reinsurance product lines in 2014, which generally carry a higher commission rate than our property reinsurance business.

The Reinsurance segment's combined ratio for the quarter ended March 31, 2014 included $28.2 million of favorable development on prior years' loss reserves compared to $1.0 million of unfavorable development for the same period of 2013. The favorable development on prior years' loss reserves in 2014 was primarily on our property lines on the 2013 accident year.

Other Insurance (Discontinued Lines)

The Other Insurance (Discontinued Lines) segment produced an underwriting loss of $6.5 million for the three months ended March 31, 2014 compared to an underwriting profit of $0.5 million for the same period of 2013. The underwriting loss in 2014 was primarily due to unfavorable development related to discontinued lines of business previously written by Alterra.

Premiums and Net Retentions

The following tables summarize gross premium volume, net written premiums and earned premiums by segment.

Gross Premium Volume

	Three Months Ended March 31,	
(dollars in thousands)	**2014**	2013
U.S. Insurance	**$ 575,233**	$ 445,264
International Insurance	**294,236**	235,875
Reinsurance	**489,961**	62,140
Other Insurance (Discontinued Lines)	**327**	21
Total	**$ 1,359,757**	$ 743,300

Gross premium volume for the three months ended March 31, 2014 increased 83% compared to the same period of 2013. The increase in gross premium volume in the first quarter of 2014 was primarily due to the inclusion of premiums attributable to Alterra from May 1, 2013, which impacted all three of our ongoing underwriting segments in 2014. Also contributing to the increase in gross premium volume in 2014 were higher gross written premiums from the Hagerty business within the U.S. Insurance segment. Foreign currency exchange rate movements did not have a significant impact on gross premium volume for the first quarter of 2014.

During 2013, we saw mid-single digit favorable rate changes across much of our portfolio as market conditions improved and revenues, gross receipts and payrolls of our insureds were favorably impacted by improved economic conditi ons. We have continued to see modest price increases across many of our product lines during the first quarter of 2014 and will pursue price increases when possible. However, in the fourth quarter of 2013 and continuing into the first quarter of 2014 we have experienced softening prices on our international catastrophe exposed property product lines and in our reinsurance book. When we believe the prevailing market price will not support our underwriting profit targets, the business is not written. As a result of our underwriting discipline, gross premium volume may vary when we alter our product offerings to maintain or improve underwriting profitability.

On a pro forma basis, gross premiums written were $1,359.8 million in the first quarter of 2014 compared to $1,392.6 million in the same period for 2013. The decrease in pro forma gross premium volume in 2014 is due in part to lower reinsurance premiums, driven by several non-renewals and softening market conditions. This decrease was partially offset by an increase in gross written premiums from Hagerty.

Net Written Premiums

	Three Months Ended March 31,	
(dollars in thousands)	**2014**	2013
U.S. Insurance	**$ 474,054**	$ 401,549
International Insurance	**229,120**	201,677
Reinsurance	**435,997**	59,741
Other Insurance (Discontinued Lines)	**140**	21
Total	**$ 1,139,311**	$ 662,988

Net retention of gross premium volume for the three months ended March 31, 2014 was 84% compared to 89% for the same period of 2013. As part of our underwriting philosophy, we have historically sought to offer products with limits that did not require significant reinsurance. Following the acquisition of Alterra, we have certain insurance and reinsurance products that use higher levels of reinsurance. We purchase reinsurance and retrocessional reinsurance in order to manage our net retention on individual risks an d enable us to write policies with sufficient limits to meet policyholder needs.

On a pro forma basis, net retention of gross premium volume was 84% in the first quarter of 2014 compared to 81% in the same period of 2013. The increase in pro forma net retention in the first quarter of 2014 is primarily driven by higher retentions on certain of our reinsurance products.

Earned Premiums

(dollars in thousands)	Three Months Ended March 31, 2014	2013
U.S. Insurance	**$ 483,735**	$ 355,141
International Insurance	**222,147**	178,192
Reinsurance	**243,315**	31,233
Other Insurance (Discontinued Lines)	**178**	21
Total	**$ 949,375**	$ 564,587

Earned premiums for the three months ended March 31, 2014 increased 68% compared to the same period of 2013. The increase in earned premiums for the first quarter of 2014 was driven by the inclusion of a full quarter of earnings on the legacy Alterra product offerings in all three of our ongoing underwriting segments. Also contributing to the increase in earned premiums was higher earned premiums from the Hagerty business, which we began writing in the first quarter of 2013. The U.S. Insurance segment included $47.9 million and $4.0 million of earned premiums from Hagerty for the quarters ended March 31, 2014 and 2013, respectively. Foreign currency exchange rate movements did not have a significant impact on earned premiums for the first quarter of 2014.

On a pro forma basis, earned premiums were $949.4 million in the first quarter of 2014 compared to $909.8 million in the same period of 2013. The increase in earned premiums of $39.6 million is primarily due to higher earned premiums from Hagerty.

Investing Results

Net investment income for the three months ended March 31, 2014 was $86.7 million compared to $64.6 million for the same period of 2013. Net investment income for the three months ended March 31, 2014 was net of $18.4 million of amortization expense as a result of establishing a new amortized cost for Alterra's fixed maturity securities as of the Acquisition Date. The increase in net investment income for the quarter ended March 31, 2014 is primarily due to net investment income attributable to the investment portfolio acquired through the Alterra acquisition. See note 4(d) of the notes to consolidated financial statements for details regarding the components of net investment income.

Net realized investment gains for the first quarter of 2014 were $17.4 million compared to $17.9 million for the first quarter of 2013. There were no write downs for other-than-temporary declines in the estimated fair value of investments for the quarters ended March 31, 2014 and 2013.

We complete a detailed analysis each quarter to assess whether the decline in the fair value of any investment below its cost basis is deemed other-than-temporary. At March 31, 2014, we held securities with gross unrealized losses of $107.6 million, or less than 1% of invested assets. All securities with unrealized losses were reviewed, and we believe that there were no securities with indications of declines in estimated fair value that were other-than-temporary at March 31, 2014. However, given the volatility in the debt and equity markets, we caution readers that further declines in fair value could be significant and may result in additional other-than-temporary impairment charges in future periods. Variability in the timing of realized and unrealized gains and losses is to be expected.

Other Revenues and Other Expenses

Markel Ventures Operations

Operating revenues and expenses associated with our Markel Ventures operations are included in other revenues and other expenses in the consolidated statements of income and comprehensive income. We consolidate our Markel Ventures operations on a one-month lag. The following table summarizes the operating revenues, net income to shareholders and earnings before interest, income taxes, depreciation and amortization (EBITDA) from our Markel Ventures operations.

	Three Months Ended March 31,	
(dollars in thousands)	**2014**	2013
Operating revenues	**$ 171,206**	$ 161,518
Net income to shareholders	**$ 1,067**	$ 3,644
EBITDA	**$ 14,111**	$ 19,360

Revenues from our Markel Ventures operations increased $9.7 million for the three months ended March 31, 2014 compared to the same period of 2013 primarily due to our acquisition of Eagle Construction of VA LLC (Eagle) in August 2013, partially offset by a decrease in revenues from our Markel Ventures manufacturing operations as a result of fewer shipments and orders in the first quarter of 2014 compared to 2013. Net income to shareholders and EBITDA from our Markel Ventures operations decreased for the three months ended March 31, 2014 compared to the same period of 2013 primarily due to less favorable results in our Markel Ventures manufacturing operations, partially offset by a favorable impact from our acquisition of Eagle.

Markel Ventures EBITDA is a non-GAAP financial measure. We use Markel Ventures EBITDA as an operating performance measure in conjunction with U.S. GAAP measures, including revenues and net income, to monitor and evaluate the performance of our Markel Ventures operations. Because EBITDA excludes interest, income taxes, depreciation and amortization, it provides an indicator of economic performance that is useful to both management and investors in evaluating our Markel Ventures businesses as it is not affected by levels of debt, interest rates, effective tax rates or levels of depreciation and amortization resulting from purchase accounting. The following table reconciles EBITDA of Markel Ventures, net of noncontrolling interests, to consolidated net income to shareholders.

	Three Months Ended March 31,	
(dollars in thousands)	**2014**	2013
Markel Ventures EBITDA - Manufacturing	**$ 7,408**	$ 15,488
Markel Ventures EBITDA - Non-Manufacturing	**6,703**	3,872
Markel Ventures EBITDA - Total	**14,111**	19,360
Interest expense [1]	**(2,381)**	(2,482)
Income tax expense	**(486)**	(4,297)
Depreciation expense	**(5,229)**	(4,678)
Amortization of intangible assets	**(4,948)**	(4,259)
Markel Ventures net income to shareholders	**1,067**	3,644
Net income from other Markel operations	**86,649**	85,258
Net income to shareholders	**$ 87,716**	$ 88,902

(1) Interest expense for the three months ended March 31, 2014 and 2013 includes intercompany interest expense of $1.6 million.

Life and Annuity Benefits

The Other Insurance (Discontinued Lines) segment included other expenses of $8.6 million for the three months ended March 31, 2014 related to the life and annuity reinsurance business which was assumed through the acquisition of Alterra on May 1, 2013. This business is in run-off and we are not writing any new life and annuity reinsurance contracts. The life and annuity benefit reserves are recorded on a discounted present value basis using assumptions that were determined at the Acquisition Date. The accretion of this discount is recognized in the statement of income and comprehensive income as other expenses. Other revenues attributable to the life and annuity business included in the Other Insurance (Discontinued Lines) segment represent ongoing premium adjustments on existing contracts.

Interest Expense and Income Taxes

Interest expense was $29.7 million and $23.6 million for the quarters ended March 31, 2014 and 2013, respectively. The increase in interest expense for 2014 is due in part to $3.4 million and $1.3 million, respectively, of interest expense associated with our 6.25% unsecured senior notes and 7.20% unsecured senior notes which were assumed in connection with the acquisition of Alterra. Interest expense for the quarter ended March 31, 2014 also increased due to the March 2013 issuance of our 3.625% unsecured senior notes and 5.0% unsecured senior notes, partially offset by the repayment of our 6.80% unsecured notes in February 2013.

The effective tax rate was 25% and 24% for the three months ended March 31, 2014 and 2013, respectively. For both periods, the effective tax rate differs from the U.S. statutory tax rate of 35% primarily as a result of tax-exempt investment income. The increase in the effective tax rate in 2014 was driven by higher estimated earnings taxed at a 35% tax rate.

Comprehensive Income to Shareholders

Comprehensive income to shareholders was $230.3 million for the three months ended March 31, 2014 compared to $257.7 million for the same period of 2013. Comprehensive income to shareholders for the first quarter of 2014 included an increase in net unrealized gains on investments, net of taxes, of $141.3 million and net income to shareholders of $87.7 million. Comprehensive income to shareholders for the first quarter of 2013 included an increase in net unrealized gains on investments, net of taxes, of $169.6 million and net income to shareholders of $88.9 million.

Financial Condition

Investments, cash and cash equivalents and restricted cash and cash equivalents (invested assets) were $17.8 billion at March 31, 2014 compared to $17.6 billion at December 31, 2013. Net unrealized gains on investments, net of taxes, were $1.3 billion at March 31, 2014 compared to $1.1 billion at December 31, 2013. Equity securities were $3.4 billion, or 19% of invested assets, at March 31, 2014 compared to $3.3 billion, or 18% of invested assets, at December 31, 2013.

Net cash provided by operating activities was $22.4 million for the three months ended March 31, 2014 compared to $55.6 million for the same period of 2013. The decrease in net cash provided by operating activities was due to higher payments for income taxes, employee profit sharing and agent incentive compensation in 2014 compared to 2013. These payments were partially offset by higher cash flows from investing activities during the first quarter of 2014, primarily as a result of investment income attributable to the investment portfolio acquired through the Alterra acquisition.

Net cash provided by investing activities was $180.4 million for the three months ended March 31, 2014 compared to net cash used by investing activities of $341.0 million for the same period of 2013. The increase in cash provided by investing activities was due in part to a return of capital from our investment in New Point V Limited, a Bermuda-domiciled reinsurance company that offered fully-collateralized retrocessional reinsurance to the property catastrophe reinsurance market. The decrease in restricted cash of $152.9 million for the quarter ended March 31, 2014 was primarily due to net cash paid out of escrow to acquire Abbey. Cash flow from investing activities is affected by various factors such as anticipated payment of claims, financing activity, acquisition opportunities and individual buy and sell decisions made in the normal course of our investment portfolio management.

Net cash used by financing activities was $30.9 million for the three months ended March 31, 2014 compared to net cash provided by financing activities of $231.2 million for the same period of 2013. On March 8, 2013, we issued $250 million of 3.625% unsecured senior notes due March 30, 2023 and $250 million of 5.0% unsecured senior notes due March 30, 2043. Net proceeds were approximately $491.2 million. On February 15, 2013, we repaid our 6.80% unsecured senior notes, which had an outstanding principal balance of $246.7 million. Cash of $17.3 million was used to repurchase shares of our common stock during the first three months of 2014.

We seek to maintain prudent levels of liquidity and financial leverage for the protection of our policyholders, creditors and shareholders. Our target capital structure includes approximately 30% debt. Our debt to capital ratio was 25% at both March 31, 2014 and December 31, 2013. From time to time, our debt to capital ratio may increase due to business opportunities that may be financed in the short term with debt. Alternatively, our debt to capital ratio may fall below our target capital structure, which provides us with additional borrowing capacity to respond when future opportunities arise.

We have access to various capital sources, including dividends from certain of our insurance subsidiaries, holding company invested assets, undrawn capacity under our revolving and senior credit facilities and access to the debt and equity capital markets. We believe that we have sufficient liquidity to meet our capital needs.

Our holding company had $1.1 billion and $1.3 billion of invested assets at March 31, 2014 and December 31, 2013, respectively. The decrease in invested assets is primarily due to the timing of intercompany settlements.

Shareholders' equity was $6.9 billion at March 31, 2014 and $6.7 billion at December 31, 2013. Book value per share increased to $493.96 at March 31, 2014 from $477.16 at December 31, 2013 primarily due to $230.3 million of comprehensive income to shareholders for the three months ended March 31, 2014.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk Disclosures

Market risk is the risk of economic losses due to adverse changes in the estimated fair value of a financial instrument as the result of changes in equity prices, interest rates, foreign currency exchange rates and commodity prices. Our consolidated balance sheets include assets and liabilities with estimated fair values that are subject to market risk. Our primary market risks have been equity price risk associated with investments in equity securities, interest rate risk associated with investments in fixed maturities and foreign currency exchange rate risk associated with our international operations. Various companies within our Markel Ventures operations are subject to commodity risk; however, this risk is not material to the Company.

During the three months ended March 31, 2014, there were no material changes to the market risk components described in our Annual Report on Form 10-K for the year ended December 31, 2013.

Credit risk is the potential loss resulting from adverse changes in an issuer's ability to repay its debt obligations. General concern exists about the number of municipalities experiencing financial difficulties in light of the adverse economic conditions experienced over the past several years. We manage the exposure to credit risk in our municipal bond portfolio by investing in high quality securities and by diversifying our holdings, which are typically either general obligation or revenue bonds related to essential products and services.

We monitor our investment portfolio to ensure that credit risk does not exceed prudent levels. We have consistently invested in high credit quality, investment grade securities. Our fixed maturity portfolio has an average rating of "AA," with approximately 97% rated "A" or better by at least one nationally recognized rating organization. Our policy is to invest in investment grade securities and to minimize investments in fixed maturities that are unrated or rated below investment grade. At March 31, 2014, less than 1% of our fixed maturity portfolio was unrated or rated below investment grade. Our fixed maturity portfolio includes securities issued with financial guaranty insurance. We purchase fixed maturities based on our assessment of the credit quality of the underlying assets without regard to insurance.

Our fixed maturity portfolio includes securities issued by foreign governments. General concern exists about the financial difficulties facing certain European countries in light of the adverse economic conditions experienced over the past several years. We monitor developments in foreign countries, currencies and issuers that could pose risks to our fixed maturity portfolio, including ratings downgrades, political and financial changes and the widening of credit spreads. We believe that our fixed maturity portfolio is highly diversified and is comprised of high quality securities. During the three months ended March 31, 2014, there were no material changes in the foreign exposures included in our fixed maturity portfolio.

The estimated fair value of our investment portfolio at March 31, 2014 was $17.8 billion, 81% of which was invested in fixed maturities, short-term investments, cash and cash equivalents and restricted cash and cash equivalents and 19% of which was invested in equity securities. At December 31, 2013, the estimated fair value of our investment portfolio was $17.6 billion, 82% of which was invested in fixed maturities, short-term investments, cash and cash equivalents and restricted cash and cash equivalents and 18% of which was invested in equity securities.

Our fixed maturities, equity securities and short-term investments are recorded at fair value, which is measured based upon quoted prices in active markets, if available. We determine fair value for these investments after considering various sources of information, including information provided by a third party pricing service. The pricing service provides prices for substantially all of our fixed maturities and equity securities. In determining fair value, we generally do not adjust the prices obtained from the pricing service. We obtain an understanding of the pricing service's valuation methodologies and related inputs, which include, but are not limited to, reported trades, benchmark yields, issuer spreads, bids, offers, duration, credit ratings, estimated cash flows and prepayment speeds. We validate prices provided by the pricing service by reviewing prices from other pricing sources and analyzing pricing data in certain instances.

Item 4. Controls and Procedures

As of the end of the period covered by this quarterly report, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Securities Exchange Act Rule 13a-15 (Disclosure Controls). This evaluation was conducted under the supervision and with the participation of our management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO).

Our management, including the CEO and CFO, does not expect that our Disclosure Controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based upon our controls evaluation, the CEO and CFO concluded that effective Disclosure Controls were in place to ensure that the information required to be disclosed in reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

During the first quarter of 2014, we completed the transition of the investment portfolio acquired through the Alterra acquisition to our investment accounting system which allows for additional financial reporting functionality and efficiency within the Investing segment. We also completed a redesign of our general ledger accounting system that allows for new segment and divisional financial reporting functionality.

There were no other changes in our internal control over financial reporting during the first quarter of 2014 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Safe Harbor and Cautionary Statement

This report contains statements concerning or incorporating our expectations, assumptions, plans, objectives, future financial or operating performance and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may use words such as "anticipate," "believe," "estimate," "expect," "intend," "predict," "project" and similar expressions as they relate to us or our management.

There are risks and uncertainties that may cause actual results to differ materially from predicted results in forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Additional factors that could cause actual results to differ from those predicted are set forth under "Risk Factors" and "Safe Harbor and Cautionary Statement" in our 2013 Annual Report on Form 10-K or are included in the items listed below:

- our anticipated premium volume is based on current knowledge and assumes no significant man-made or natural catastrophes, no significant changes in products or personnel and no adverse changes in market conditions;
- the effect of cyclical trends, including demand and pricing in the insurance and reinsurance markets;
- actions by competitors, including consolidation, and the effect of competition on market trends and pricing;
- we offer insurance and reinsurance coverage against terrorist acts in connection with some of our programs, and in other instances we are legally required to offer terrorism insurance; in both circumstances, we actively manage our exposure, but if there is a covered terrorist attack, we could sustain material losses;
- the frequency and severity of man-made and natural catastrophes (including earthquakes and weather-related catastrophes) may exceed expectations, are unpredictable and, in the case of weather-related catastrophes, may be exacerbated if, as many forecast, conditions in the oceans and atmosphere result in increased hurricane or other adverse weather-related activity;
- emerging claim and coverage issues, changing legal and social trends, and inherent uncertainties (including but not limited to those uncertainties associated with our asbestos and environmental reserves) in the loss estimation process can adversely impact the adequacy of loss reserves and the allowance for reinsurance recoverables;
- in connection with our annual detailed review of our liability for unpaid losses and loss adjustment expenses for asbestos and environmental claims (which we expect to occur in the second quarter of 2014), we may increase our reserves if, for example, we increase our estimates of the number of claims that will ultimately be closed with an indemnity payment or our expectations of the severity of known claims increases;
- reinsurance reserves are subject to greater uncertainty than insurance reserves primarily because of reliance upon the original underwriting decisions made by ceding companies and the longer lapse of time from the occurrence of loss events to their reporting to the reinsurer for ultimate resolution;
- changes in the assumptions and estimates used in establishing reserves for our life and annuity reinsurance book (which is in runoff), for example, mortality, longevity, morbidity and interest rates, could result in material increases in our estimated loss reserves for such business;
- adverse developments in insurance coverage litigation or other legal or administrative proceedings could result in material increases in our estimates of loss reserves;
- the failure of any loss limitation methods employed;
- changes in the availability, costs and quality of reinsurance coverage which may impact our ability to write certain lines of business;
- industry and economic conditions can affect the ability or willingness of reinsurers to pay balances due;
- after the commutation of ceded reinsurance contracts, any subsequent adverse development in the re-assumed loss reserves will result in a charge to earnings;
- regulatory actions can impede our ability to charge adequate rates and efficiently allocate capital;
- economic conditions, actual or potential defaults in sovereign debt obligations, volatility in interest and foreign currency exchange rates and changes in market value of concentrated investments can have a significant impact on the fair value of fixed maturities and equity securities, as well as the carrying value of other assets and liabilities, and this impact may be heightened by market volatility;

- economic conditions; changes in government support for education, healthcare and infrastructure projects; changes in capital spending levels; changes in the housing market; and volatility in interest and foreign currency exchange rates, among other factors, may adversely affect the markets served by our Markel Ventures operations and negatively impact their revenues and profitability;
- economic conditions may adversely affect access to capital and credit markets;
- we have substantial investments in municipal bonds (approximately $3.6 billion at March 31, 2014) and, although no more than 10% of our municipal bond portfolio is tied to any one state, widespread defaults could adversely affect our results of operations and financial condition;
- we cannot predict the extent and duration of the current period of slow economic growth; the continuing effects of government intervention into the markets to address the financial crisis of 2008 and 2009 (including, among other things, the effects of the Dodd-Frank Wall Street Reform and Consumer Protection Act and regulations adopted thereunder); the outcome of economic and currency concerns in the Eurozone; material changes to the monetary policies of the U.S. Federal Reserve; and their combined impact on our industry, business and investment portfolio;
- we cannot predict the impacts that the political and civil unrest in Ukraine and related sanctions imposed on Russia by the U.S. and other Western European governments may have on our businesses and the markets they serve or that any disruption in European or worldwide economic conditions generally arising from this situation may have on our business, industry or investment portfolio;
- we cannot predict the impact of the implementation of U.S. health care reform legislation and regulations under that legislation on our business;
- our business is dependent upon the successful functioning and security of our computer systems; if our information technology systems fail or suffer a security breach, our business or reputation could be adversely impacted;
- we have recently completed a number of acquisitions, the most significant of which was our 2013 acquisition of Alterra, and may engage in additional acquisition activity in the future, which may increase operational and control risks for a period of time;
- the amount of the costs and charges related to our acquisition and integration of Alterra and related restructuring may exceed our expectations;
- we may not realize the contemplated benefits, including cost savings and synergies, of our acquisitions, including those anticipated from the acquisition of Alterra and related restructuring;
- any determination requiring the write-off of a significant portion of our goodwill and intangible assets, including $295.7 million and $207.5 million, respectively, recorded in connection with the acquisition of Alterra;
- loss of services of any executive officers or other key personnel could impact our operations;
- our expanding international operations expose us to increased investment, political and economic risks, including foreign currency and credit risk; and
- adverse changes in our assigned financial strength or debt ratings could impact our ability to attract and retain business or obtain capital.

Our premium volume, underwriting and investment results and results from our non-insurance operations have been and will continue to be potentially materially affected by these factors. By making forward-looking statements, we do not intend to become obligated to publicly update or revise any such statements whether as a result of new information, future events or other changes. Readers are cautioned not to place undue reliance on any forward-looking statements which speak only as at their dates.

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PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table summarizes our common stock repurchases for the quarter ended March 31, 2014.

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in thousands)
January 1, 2014 through January 31, 2014	—	—	—	$ 300,000
February 1, 2014 through February 28, 2014	180	$ 552.21	180	$ 299,901
March 1, 2014 through March 31, 2014	21,005	$ 572.91	21,005	$ 287,867
Total	21,185	$ 572.73	21,185	$ 287,867

(1) The Board of Directors approved the repurchase of up to $300 million of our common stock pursuant to a share repurchase program publicly announced on November 21, 2013 (the Program). Under the Program, we may repurchase outstanding shares of our common stock from time to time, primarily through open-market transactions. The Program has no expiration date but may be terminated by the Board of Directors at any time.

Item 6. Exhibits

See Exhibit Index for a list of exhibits filed as part of this report.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, this 7th day of May 2014.

Markel Corporation

By: /s/ Alan I. Kirshner
Alan I. Kirshner
Chairman and Chief Executive Officer

By: /s/ Anne G. Waleski
Anne G. Waleski
Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit Index

Number	Description
2.1	Agreement and Plan of Merger, dated as of December 18, 2012, by and among Alterra Capital Holdings Limited, Markel Corporation and Commonwealth Merger Subsidiary Limited (2.1) [a]
3(i)	Amended and Restated Articles of Incorporation (3.1) [b]
3(ii)	Bylaws, as amended (3.1) [c]
4.1	Form of Amended and Restated Credit Agreement dated as of September 23, 2011 among Markel Corporation, the lenders party thereto and SunTrust Bank, as Administrative Agent (4.1)[d]
4.2	Form of Consent dated as of June 25, 2012 regarding Amended and Restated Credit Agreement dated as of September 23, 2011 among Markel Corporation, the lenders party thereto and SunTrust Bank, as Administrative Agent (4.2) [e]
4.3	Form of First Amendment to the Amended and Restated Credit Agreement dated as of February 28, 2013 among Markel Corporation, the lenders party thereto and SunTrust Bank, as Administrative Agent (4.3) [f]
4.4	Form of Second Amendment to the Amended and Restated Credit Agreement dated as of July 12, 2013 among Markel Corporation, the lenders party thereto and SunTrust Bank, as Administrative Agent (10.2) [g]
4.5	Credit Agreement, dated as of December 16, 2011, among Alterra Capital Holdings Limited, Alterra Bermuda Limited (n/k/a Markel Bermuda Limited), the lenders parties thereto and Bank of America, N.A., as Administrative Agent (4.5) [h]
4.6	First Amendment and Consent dated as of February 7, 2013, to the Credit Agreement among Alterra Capital Holdings Limited, Alterra Bermuda Limited (n/k/a Markel Bermuda Limited), the lenders parties thereto and Bank of America, N.A., as Administrative Agent (4.6) [h]
4.7	Form of Second Amendment dated as of March 14, 2014, to the Credit Agreement among Alterra Capital Holdings Limited, Alterra Bermuda Limited (n/k/a Markel Bermuda Limited), the lenders party thereto and Bank of America, N.A., as Administrative Agent*
4.8	Form of Guaranty Agreement by Markel Corporation dated March 14, 2014*
4.9	Indenture dated as of June 5, 2001, between Markel Corporation and The Chase Manhattan Bank, as Trustee (4.1) [i]
4.10	Form of Third Supplemental Indenture dated as of August 13, 2004 between Markel Corporation and JPMorgan Chase Bank (formerly known as The Chase Manhattan Bank), as Trustee, including form of the securities as Exhibit A (4.2) [j]
4.11	Form of Fifth Supplemental Indenture dated as of September 22, 2009 between Markel Corporation and The Bank of New York Mellon (as successor to The Chase Manhattan Bank), as Trustee, including form of the securities as Exhibit A (4.2) [k]
4.12	Form of Sixth Supplemental Indenture dated as of June 1, 2011 between Markel Corporation and The Bank of New York Mellon (as successor to The Chase Manhattan Bank), as Trustee, including form of the securities as Exhibit A (4.2) [l]
4.13	Form of Seventh Supplemental Indenture dated as of July 2, 2012 between Markel Corporation and The Bank of New York Mellon (as successor to The Chase Manhattan Bank), as Trustee, including form of the securities as Exhibit A (4.2) [m]
4.14	Form of Eighth Supplemental Indenture dated as of March 8, 2013 between Markel Corporation and The Bank of New York Mellon (as successor to The Chase Manhattan Bank), as Trustee, including form of the securities as Exhibit A (4.2) [n]
4.15	Form of Ninth Supplemental Indenture dated as of March 8, 2013 between Markel Corporation and The Bank of New York Mellon (as successor to The Chase Manhattan Bank), as Trustee, including form of the securities as Exhibit A (4.3) [n]
4.16	Indenture dated as of September 1, 2010, among Alterra Finance LLC, Alterra Capital Holdings Limited and The Bank of New York Mellon, as Trustee (4.14)[h]
4.17	Form of First Supplemental Indenture, dated as of September 27, 2010 between Alterra Finance LLC, Alterra Capital Holdings Limited and The Bank of New York Mellon, as Trustee, including the form of the securities as Exhibit A (4.15)[h]

The registrant hereby agrees to furnish to the Securities and Exchange Commission a copy of all instruments defining the rights of holders of long-term debt of the registrant's subsidiaries shown on the Consolidated Balance Sheet of the registrant at March 31, 2014 and the respective Notes thereto, included in this Quarterly Report on Form 10-Q.

10.1	Description of Awards Under Executive Bonus Plan and 2012 Equity Compensation Plan for 2014*
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a)*
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a)*
32.1	Certification of Principal Executive Officer furnished Pursuant to 18 U.S.C. Section 1350*
32.2	Certification of Principal Financial Officer furnished Pursuant to 18 U.S.C. Section 1350*
101	The following consolidated financial statements from Markel Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, filed on May 7, 2014, formatted in XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income and Comprehensive Income, (iii) Consolidated Statements of Changes in Equity, (iv) Condensed Consolidated Statements of Cash Flows and (v) Notes to Consolidated Financial Statements.*

a. Incorporated by reference from the Exhibit shown in parentheses filed with the Commission in the Registrant's report on Form 8-K filed on December 19, 2012.
b. Incorporated by reference from the Exhibit shown in parentheses filed with the Commission in the Registrant's report on Form 8-K filed on May 13, 2011.
c. Incorporated by reference from the Exhibit shown in parentheses filed with the Commission in the Registrant's report on Form 8-K filed on November 18, 2011.
d. Incorporated by reference from the Exhibit shown in parentheses filed with the Commission in the Registrant's report on Form 10-Q for the quarter ended September 30, 2011.
e. Incorporated by reference from the Exhibit shown in parentheses filed with the Commission in the Registrant's report on Form 10-Q for the quarter ended June 30, 2012.
f. Incorporated by reference from the Exhibit shown in parentheses filed with the Commission in the Registrant's report on Form 10-Q for the quarter ended March 31, 2013.
g. Incorporated by reference from the Exhibit shown in parentheses filed with the Commission in the Registrant's report on Form 8-K filed on July 15, 2013.
h. Incorporated by reference from the Exhibit shown in parentheses filed with the Commission in the Registrant's report on Form 10-Q for the quarter ended June 30, 2013.
i. Incorporated by reference from the Exhibit shown in parentheses filed with the Commission in the Registrant's report on Form 8-K filed on June 5, 2001.
j. Incorporated by reference from the Exhibit shown in parentheses filed with the Commission in the Registrant's report on Form 8-K filed on August 11, 2004.
k. Incorporated by reference from the Exhibit shown in parentheses filed with the Commission in the Registrant's report on Form 8-K filed on September 21, 2009.
l. Incorporated by reference from the Exhibit shown in parentheses filed with the Commission in the Registrant's report on Form 8-K filed on May 31, 2011.
m. Incorporated by reference from the Exhibit shown in parentheses filed with the Commission in the Registrant's report on Form 8-K filed on June 29, 2012.
n. Incorporated by reference from the Exhibit shown in parentheses filed with the Commission in the Registrant's report on Form 8-K filed on March 7, 2013.
* Filed with this report.

Exhibit 4.7

FORM OF SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT, dated as of March 14, 2014 (this "Amendment"), is entered into by and among Alterra Capital Holdings Limited, a Bermuda company ("Alterra Capital"), Markel Bermuda Limited, a Bermuda company (f/k/a Alterra Bermuda Limited, "Markel Bermuda"), Alterra Reinsurance USA Inc., a Connecticut corporation ("Alterra Reinsurance USA" and together with Alterra Capital and Markel Bermuda, the "Borrowers"), various lenders party hereto (the "Lenders"), and Bank of America, N.A., as Administrative Agent (in such capacity, the "Administrative Agent"), Fronting Bank and L/C Administrator.

RECITALS

A. The Borrowers, the Lenders and the Administrative Agent are parties to the Credit Agreement, dated as of December 16, 2011 (as amended and in effect on the date hereof, the "Existing Credit Agreement"). Capitalized terms used herein without definition shall have the meanings given to them in the Existing Credit Agreement.

B. The Borrowers desire to provide a guaranty from Markel and in connection therewith make certain amendments to the Existing Credit Agreement, and the Administrative Agent and the Required Lenders have agreed to make such amendments on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

AMENDMENTS TO CREDIT AGREEMENT

1.1 On the Amendment Effective Date, the Existing Credit Agreement will be amended as follows:

(a) Amendments to Section 1.01. Section 1.01 is amended by:

(i) deleting the definition of "Alterra Bermuda";

(ii) amending and restating clause (d) of the definition of "Change of Control" to read as follows:

"Markel fails to own, directly or indirectly, free and clear of all Liens, 100% of the Equity Interests of Markel Bermuda or Alterra Reinsurance USA (so long as Alterra Reinsurance USA remains a Designated Borrower) without regard to any voting limitations set forth in the Organization Documents of such Subsidiary".

(iii) amending and restating the definition of "Designated Borrower" to read as follows:

"Designated Borrower" means Alterra Reinsurance USA until such time as Alterra Capital has provided notice pursuant to Section 2.14(e). From and after the Second Amendment Effective Date, Alterra Capital shall not have the right to add any Subsidiary as a Designated Borrower.

(iv) amending the definitions of "Fronted Letters of Credit", "Issuer Documents" , "L/C Applicant" and "Letter of Credit" by deleting the words "Insurance Subsidiary of Alterra Capital" and inserting the words "Insurance Affiliate" therefor.

(v) amending and restating the definition of "Guarantee" to read as follows:

"Guarantee" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the primary obligor) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); provided, that (i) obligations of Markel Bermuda or any other Insurance Affiliate (including without limitation any guarantee by Alterra Capital or any of its Subsidiaries of any Insurance Affiliate's obligations thereunder) under Primary Policies and Reinsurance Agreements (including security posted to secure obligations thereunder), (ii) obligations of Alterra Capital or any of its Subsidiaries to guarantee payment of any real property lease for office premises entered into by a direct or indirect Subsidiary of such Person in the ordinary course of business, (iii) obligations of Alterra Capital or any of its Subsidiaries arising in the ordinary course of business pursuant to letters to certain insurers, reinsurers and insurance brokers to contribute or cause to be contributed sufficient capital surplus to any Insurance Affiliate in the event that such Insurance Affiliate is unable or unwilling in whole or in part for financial reasons to make payment of any of its claims, losses or expenses pursuant to Primary Policies or Reinsurance Agreements issued to clients of the addressees of such letters and (iv) agreements by Markel Bermuda or any other Insurance Subsidiary in favor of any Insurance Affiliate to maintain the capital of such Insurance Affiliate at 150% of the required regulatory level (collectively, the "Permitted Transactions") shall not be deemed to be Guarantees or constitute Indebtedness of such Person for the purposes of this Agreement. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith, provided, that the amount of any Guarantee described in clause (b) of the immediately preceding sentence shall be the lesser of (x) the fair market value of such assets at such date of determination (determined in good faith by Alterra Capital) and (y) the amount of such Indebtedness or other obligation of such other Person. The term Guarantee as a verb has a corresponding meaning.

(vi) amending the definition of "Loan Documents" by (i) replacing the word "and" with a comma and (ii) inserting the words "and the Markel Guaranty" at the end thereof.

(vii) amending and restating the definition of "Material Adverse Effect" to read as follows:

"Material Adverse Effect" means a material adverse effect upon (a) the business, assets, properties, results of operations or condition (financial or otherwise) of Markel and its Subsidiaries, taken as a whole, (b) the ability of Markel or any Borrower to perform its payment or other material obligations under this Agreement or any of the other Loan Documents to which it is a party or (c) the legality, validity or enforceability of this Agreement or any of the other Loan Documents against Markel or any Borrower party hereto or thereto or the rights and remedies of the Administrative Agent and the Lenders hereunder and thereunder.

(viii) amending the definitions of "Primary Policies", "Reinsurance Agreements" and "Retrocession Agreements" by (x) deleting the words "Insurance Subsidiary" each time they appear and inserting the words "Insurance Affiliate" therefor and (y) deleting the words "Insurance Subsidiaries" each time they appear and inserting the words "Insurance Affiliates" therefor.

(ix) adding the following definitions in proper alphabetical order:

"Insurance Affiliate" means each Insurance Subsidiary and each other Subsidiary of Markel which is licensed by any Governmental Authority to issue insurance and/or reinsurance policies.

"Markel Guaranty" means the guaranty of the Obligations executed by Markel pursuant to the Second Amendment.

"Second Amendment" means the Second Amendment to Credit Agreement dated as of March 14, 2014 by and among the Borrowers, the Lenders party thereto and the Administrative Agent.

"Second Amendment Effective Date" has the meaning set forth in the Second Amendment.

(b) Amendment to Section 2.01. Section 2.01 of the Credit Agreement is amended by deleting the words "any Insurance Subsidiary of Alterra Capital" each time they appear and inserting the words "any Insurance Affiliate" therefor.

(c) Amendment to Section 2.03. The last sentence of Section 2.03(a)(i) of the Credit Agreement is amended by deleting the words "any of Alterra Capital's Insurance Subsidiaries" and inserting "any Insurance Affiliate" therefor.

(d) Amendment to Article VI. The introductory paragraph to Article VI of the Credit Agreement is amended and restated to read as follows:

So long as any Lender shall have any Commitment hereunder, any L/C Obligation, Loan or other Obligation hereunder (other than any contingent indemnification liability that is not then payable) shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, Alterra Capital and each other Borrower shall, and shall to the extent required pursuant to the applicable provisions of this Article VI, cause Markel, as applicable, and each of their respective Subsidiaries to (provided that each Borrower covenants solely with respect to itself and its respective Subsidiaries):

(e) Amendment to Section 6.01. Section 6.01of the Credit Agreement is amended as follows:

(i) Section 6.01(a) is amended and restated to read as follows:

"(a) GAAP Financial Statements:

(i) Within 45 days after the close of each of the first three fiscal quarters of each fiscal year beginning with the fiscal quarter ending after the Second Amendment Effective Date (A) of Markel Bermuda, a copy of the unaudited consolidated balance sheets of Markel Bermuda and its Subsidiaries, as of the close of such quarter and the related statements of income and cash flows for that portion of the fiscal year ending as of the close of such fiscal quarter, all prepared in accordance with GAAP (subject to normal year-end adjustments and the absence of footnotes) and accompanied by the certification of a Responsible Officer of Markel Bermuda that all such financial statements are complete and correct and present fairly, in all material respects, in accordance with GAAP (subject to normal year-end adjustments and the absence of footnotes) the financial position and consolidated results of operations and cash flows of Markel Bermuda as at the end of such fiscal quarter and for the period then ended, (B) of Alterra Capital, a copy of the unaudited consolidated balance sheets of Alterra Capital, as of the close of such quarter and the related consolidated statements of income and cash flows for that portion of the fiscal year ending as of the close of such fiscal quarter, all prepared in accordance with GAAP (subject to normal year-end adjustments and the absence of footnotes) and accompanied by the certification of a Responsible Officer of Alterra Capital that all such financial statements are complete and correct and present fairly, in all material respects, in accordance with GAAP (subject to normal year-end adjustments and the absence of footnotes) the financial position and consolidated results of operations and cash flows of Alterra Capital as at the end of such fiscal quarter and for the period then ended and (C) of Markel, a copy of the unaudited consolidated balance sheets of Markel, as of the close of such quarter and the related consolidated statements of income and cash flows for that portion of the fiscal year ending as of the close of such fiscal quarter, all prepared in accordance with GAAP (subject to normal year-end adjustments and the absence of footnotes) and accompanied by the certification of a Responsible Officer of Markel that all such financial statements are complete and correct and present fairly, in all material respects, in accordance with GAAP (subject to normal year-end adjustments and the absence of footnotes) the financial position and consolidated results of operations and cash flows of

Markel as at the end of such fiscal quarter and for the period then ended.

(ii) Beginning with the fiscal year ended 2013, (A) within 120 days after the close of each fiscal year of Markel Bermuda, a copy of the annual audited consolidated financial statements of Markel Bermuda and its Subsidiaries consisting of balance sheets and statements of income and retained earnings and cash flows, setting forth in comparative form in each case the figures for the previous fiscal year, which financial statements shall be prepared in accordance with GAAP, certified without material qualification by KPMG or any other firm of independent certified public accountants of recognized national standing selected by Alterra Capital that all such financial statements are complete and correct and present fairly, in all material respects, in accordance with GAAP the financial position and the consolidated results of operations and cash flows of Markel Bermuda as at the end of such year and for the period then ended, (B) within 120 days after the close of each fiscal year of Alterra Capital, a copy of the annual unaudited financial statements of Alterra Capital consisting of consolidated and consolidating balance sheets and consolidated and consolidating statements of income and retained earnings and cash flows, setting forth in comparative form in each case the figures for the previous fiscal year, which financial statements shall be prepared in accordance with GAAP and accompanied by the certification of a Responsible Officer of Alterra Capital that all such financial statements are complete and correct and present fairly, in all material respects, in accordance with GAAP the financial position and consolidated results of operations and cash flows of Alterra Capital as at the end of such fiscal year and for the period then ended and (C) within 90 days after the close of each fiscal year of Markel, a copy of the annual audited financial statements of Markel consisting of consolidated and consolidating balance sheets and consolidated and consolidating statements of income and retained earnings and cash flows, setting forth in comparative form in each case the figures for the previous fiscal year, which financial statements shall be prepared in accordance with GAAP, certified without material qualification by KPMG or any other firm of independent certified public accountants of recognized national standing selected by Markel that all such financial statements are complete and correct and present fairly, in all material respects, in accordance with GAAP the financial position and the consolidated results of operations and cash flows of Markel as at the end of such year and for the period then ended.

(ii) Section 6.01(d) is amended and restated to read as follows:

(d) **SEC Filings, etc.** Promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of Markel (except any stockholder reports prepared internally for Subsidiaries (and not for the use of or distribution to third parties)), and copies of all annual, regular, periodic and special reports and registration statements which Markel may file or be required to file with the SEC under Section 13 or 15 of the Securities Exchange Act of 1934, and not otherwise required to be delivered to the Administrative Agent pursuant hereto.

(iii) Section 6.01(g)(v) is amended and restated to read as follows:

(v) Notice of any material change in accounting policies or financial reporting practices by Markel, Alterra Capital or any other Borrower except as required or permitted by GAAP or SAP, as applicable.

(iv) Section 6.01(j) is amended and restated to read as follows:

(j) **Other Information**. From time to time such other information concerning Markel or Alterra Capital and its Subsidiaries as the Administrative Agent or any Lender through the Administrative Agent may reasonably request.

(v) The last two paragraphs of Section 6.01 of the Credit Agreement are amended and restated to read as follows:

Documents required to be delivered pursuant to Section 6.01(a) or Section 6.01(d) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrowers or Markel post such documents, or provide a link thereto on Alterra Capital's, Markel Bermuda's or Markel's respective website on the Internet at the respective website address listed on Schedule 11.02; or (ii) on which such documents are posted on the Borrowers' or Markel's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) the Borrowers and Markel shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests such Person to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) the Borrowers and Markel shall notify the Administrative Agent and each Lender (by facsimile or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (*i.e.*, soft copies) of such documents. The Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrowers or Markel with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

The Borrowers hereby acknowledge that (a) the Administrative Agent and/or the Arrangers will make available to the Lenders, the L/C Administrator and the Fronting Bank materials and/or information provided by or on behalf of the Borrowers or Markel hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks, Syndtrak or another similar electronic system (the " Platform") and (b) certain of the Lenders may be "public-side" Lenders (*i.e.,* Lenders that do not wish to receive material non-public information with respect to any Borrower or Markel or its securities) (each, a " Public Lender"). The Borrowers hereby agree that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Borrowers shall be deemed to have authorized the Administrative Agent, the Arrangers, the L/C Administrator, the Fronting Bank and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to such Borrower or its securities for purposes of United States Federal and state securities laws (provided, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 11.07); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor"; and (z) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor."

(f) Amendment to Section 6.02. Section 6.02 of the Credit Agreement is amended by inserting "Markel," before the words "each Borrower" in each place where they occur therein.

(g) Amendment to Section 6.03. Section 6.03 of the Credit Agreement is amended and restated to read as follows:

6.03 Books, Records and Inspections. (a) Maintain proper books of record and account, in which materially complete, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of Markel, Alterra Capital or such Material Party, as the case may be; (b) maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over Markel, Alterra Capital or such Material Party, as the case may be; and (c) permit designated representatives of the Administrative Agent to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants (provided that Markel or the Borrowers, as the case may be, shall be given the opportunity to participate in any discussion or meeting with such independent accountants so long as no Event of Default then exists), all at the expense of the Administrative Agent and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to Markel or the Borrowers, as the case may be; provided, that during the continuance of an Event of Default, the Administrative Agent (or any of its designated representatives) may do any of the foregoing at the expense of Markel and the Borrowers at any time during normal business hours and without advance notice.

(h) Amendment to Section 7.03. Section 7.03(d) of the Credit Agreement is amended by deleting the words "or any of its Subsidiaries" and inserting "or any Subsidiary of Markel" therefor.

(i) Amendment to Section 7.04. Section 7.04 of the Credit Agreement is amended and restated to read as follows:

7.04 Mergers, Consolidations and Dispositions. Merge, dissolve, liquidate, amalgamate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default or Event of Default exists or would result therefrom:

(a) any Subsidiary of Alterra Capital (other than Markel Bermuda) may merge, amalgamate or consolidate with Alterra Capital or any Subsidiary of Markel so long as (i) if either such Subsidiary is a Wholly Owned Subsidiary, the surviving Person shall (or, in the case of an amalgamation, the amalgamated entity shall), after giving effect to such merger, amalgamation or consolidation, be Alterra Capital or a Wholly Owned Subsidiary of Markel, as the case may be; and (ii) if a Borrower is a party thereto, (A) a Borrower is the surviving entity (or, if an amalgamation, the amalgamated entity shall be liable for such Borrower's obligations), and (B) the Administrative Agent shall have received such documents, certificates and opinions in connection with such merger, amalgamation or consolidation affirming the effectiveness of this Agreement and the other Loan Documents and the liability of such Borrower (including, in the case of an amalgamation, the amalgamated entity) for the Obligations as it shall have reasonably requested;

(b) any Subsidiary (other than Markel Bermuda) may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to Alterra Capital or to any Subsidiary of Markel; and any Subsidiary of Alterra Capital (other than a Material Party) may dissolve or Dispose of its assets; and

(c) any Subsidiary of Alterra Capital (other than Markel Bermuda) may merge, consolidate or amalgamate with any Person who is not a Subsidiary of Markel provided (i) in the case of a merger, consolidation or amalgamation, a Subsidiary shall be the continuing or surviving Person and, if any Wholly Owned Subsidiary is merging, consolidating or amalgamating with another Person, such Subsidiary (or, in the case of an amalgamation, the amalgamated entity), shall continue to be Wholly Owned after such merger, consolidation or amalgamation, and (ii) if a Borrower is involved, the Administrative Agent shall have received such documents, certificates and opinions in connection with such merger, amalgamation or consolidation affirming the effectiveness of this Agreement and the other Loan Documents.

(j) Amendments to Section 8.01. Section 8.01 of the Credit Agreement is amended as follows:

(i) Section 8.01(c) is amended by inserting the words "or Markel" following the words "Material Party" each time they appear

(ii) Section 8.01(d) is amended by inserting the words "or Markel" following the words "Material Party" each time they appear.

(iii) Section 8.01(g) is amended by inserting the words "or Markel" following the words "a Borrower".

(iv) Section 8.01(h) is amended and restated to read as follows:

(h) **Warranties and Representations**. Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of any Borrower or Markel herein, in any other Loan Document, or in any document delivered by or on behalf of such Borrower or Markel in connection herewith or therewith shall be incorrect or misleading in any material respect when made or deemed made.

(v) Section 8.01(j) is amended by inserting the words "or Markel" following the words "any Borrower".

(k) Amendment to Section 11.01. Section 11.01(h) of the Credit Agreement is amended and restated as follows:

(h) release Alterra Capital from its obligations under Article X or Markel from its obligations under the Markel Guaranty without the written consent of each Lender;

(l) Amendment to Schedule 5.11. Schedule 5.11 (Subsidiaries) of the Credit Agreement is amended by substituting Schedule 5.11 attached hereto therefor.

(m) Amendment to Schedule 11.02. Schedule 11.02 (Notices) of the Credit Agreement is amended by substituting Schedule 11.02 attached hereto therefor.

(n) Amendment to all Loan Documents. The Credit Agreement and each other Loan Document is amended by replacing the words "Alterra Bermuda" with "Markel Bermuda".

ARTICLE II

CONDITIONS OF EFFECTIVENESS

2.1 This Amendment shall become effective as of the date hereof (the " Second Amendment Effective Date") when, and only when, each of the following conditions precedent shall have been satisfied:

(a) The Administrative Agent shall have received a counterpart of this Amendment executed and delivered by the Borrowers, the Administrative Agent and the Required Lenders.

(b) The Administrative Agent shall have received the Markel Guaranty executed by Markel.

(c) The representations and warranties of the Borrowers contained in Article V of the Existing Credit Agreement and in the other Loan Documents and the representations of Markel in the Markel Guaranty are true and correct in all material respects as of the Second Amendment Effective Date, with the same effect as though made on such date (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

(d) No Default has occurred and is continuing or will result from the execution and delivery or effectiveness of this Amendment.

(e) The Administrative Agent shall have received (i) a certificate of the Secretary or Assistant Secretary of Markel as to the Organization Documents, resolutions or other action and incumbency as the Administrative Agent may reasonably require evidencing the identity, authority and capacity of its Responsible Officer thereof authorized to act as a Responsible Officer in connection with the Markel Guaranty and evidencing that Markel is duly organized or formed, validly existing, in good standing (to the extent such concept is applicable) and qualified to engage in business in the jurisdiction in which it is organized; and (ii) a favorable opinion from McGuireWoods LLP, counsel to Markel in New York and Virginia, addressed to the Administrative Agent, the Fronting Bank and each Lender and in form and substance reasonably acceptable to the Administrative Agent.

(f) The Borrowers shall have paid (i) all fees owing to the Lenders as agreed between the Borrowers and the Lenders and (ii) all expenses then due and owing under the Loan Documents (including any reasonable legal fees and related out-of-pocket expenses to the extent invoiced prior to the date of the effectiveness hereof).

ARTICLE III

CONFIRMATION OF REPRESENTATIONS AND WARRANTIES

Each Borrower hereby represents and warrants, on and as of the Second Amendment Effective Date, that (i) the representations and warranties applicable to such Borrower contained in Article V of the Existing Credit Agreement and in the other Loan Documents are true and correct in all material respects as of the Second Amendment Effective Date, with the same effect as though made on such date (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date), (ii) this Amendment has been duly authorized, executed and delivered by such Borrower and constitutes the legal, valid and binding obligation of such Borrower enforceable against it in accordance with its terms, subject to general principles of equity (regardless of whether considered in a proceeding in equity or at law) and to applicable bankruptcy, insolvency, and similar laws affecting the enforcement of creditors' rights generally, and (iii) no Default shall have occurred and be continuing, both immediately before and after giving effect to the applicable provisions of this Amendment.

ARTICLE IV

MISCELLANEOUS

4.1 Governing Law. This Amendment shall be governed by and construed and enforced in accordance with the laws of the State of New York.

4.2 Full Force and Effect. On the Second Amendment Effective Date, the Existing Credit Agreement and the other Loan Documents as amended pursuant to Article I hereof shall continue in full force and effect and any reference to the Existing Credit Agreement or any of the other Loan Documents herein or in any Loan Document shall refer to the Credit Agreement and the other Loan Documents as amended pursuant to Article I hereof. This Amendment is limited as specified and shall not constitute or be deemed to constitute an amendment, modification or waiver of any provision of the Existing Credit Agreement except as expressly set forth herein. This Amendment shall constitute a Loan Document under the terms of the Credit Agreement.

4.3 Expenses. All reasonable fees and expenses of counsel to the Administrative Agent, and all reasonable out-of-pocket costs and expenses of the Administrative Agent, in each case, in connection with the preparation, negotiation, execution and delivery of this Amendment and the other Loan Documents delivered in connection herewith shall be paid prior to the Second Amendment Effective Date to the extent invoiced prior to the Second Amendment Effective Date.

4.4 Severability. To the extent any provision of this Amendment is prohibited by or invalid under the applicable law of any jurisdiction, such provision shall be ineffective only to the extent of such prohibition or invalidity and only in any such jurisdiction, without prohibiting or invalidating such provision in any other jurisdiction or the remaining provisions of this Amendment in any jurisdiction.

4.5 Successors and Assigns. This Amendment shall be binding upon, inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties hereto.

4.6 Construction. The headings of the various sections and subsections of this Amendment have been inserted for convenience only and shall not in any way affect the meaning or construction of any of the provisions hereof.

4.7 Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Delivery of an executed signature page of this Amendment by facsimile transmission or electronic ".pdf" file shall be effective as delivery of a manually executed counterpart hereof.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized officers as of the date first above written.

ALTERRA CAPITAL HOLDINGS LIMITED

By: ____________________
Name: Anne G. Waleski
Title: Chief Financial Officer

MARKEL BERMUDA LIMITED

By: ____________________
Name: Anne G. Waleski
Title: Chief Financial Officer

ALTERRA REINSURANCE USA INC.

By: ____________________
Name: Anne G. Waleski
Title: Chief Financial Officer

BANK OF AMERICA, N.A., as
Administrative Agent, Fronting Bank, L/C
Administrator and Lender

By: ______________________________
Name: Tiffany Burgess
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: ________________________________
Name:
Title:

CITIBANK, N.A.

By: ______________________________
Name: ______________________________
Title: ______________________________

ING BANK N.V., LONDON BRANCH

By: ______________________________
Name: ______________________________
Title: ______________________________

By: ______________________________
Name: ______________________________
Title: ______________________________

THE BANK OF NEW YORK MELLON

By: ____________________________
Name: ____________________________
Title: ____________________________

LLOYDS TSB BANK PLC

By: ______________________
Name: ______________________
Title: ______________________

By: ______________________
Name: ______________________
Title: ______________________

COMMERZBANK AKTIENGESELLSCHAFT,
FILIALE LUXEMBURG

By: ______________________________
Name: ______________________________
Title: ______________________________

U.S. BANK NATIONAL ASSOCIATION

By: ____________________________
Name: ____________________________
Title: ____________________________

BARCLAYS BANK PLC

By: ____________________________
Name: ____________________________
Title: ____________________________

DEUTSCHE BANK AG NEW YORK
BRANCH

By: ____________________________
Name: ____________________________
Title: ____________________________

By: ____________________________
Name: ____________________________
Title: ____________________________

NORDEA BANK FINLAND PLC, NEW YORK BRANCH

By: ______________________________

Name: ______________________________

Title: ______________________________

COMERICA BANK

By: ____________________
Name: ____________________
Title: ____________________

Exhibit 4.8

FORM OF GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, dated as of the 14th day of March 2014 (this "Guaranty"), is made by Markel Corporation, a Virginia corporation (the "Guarantor"), in favor of the Guaranteed Parties (as hereinafter defined). Capitalized terms used herein without definition shall have the meanings given to them in the Credit Agreement referred to below.

RECITALS

A. Alterra Capital Holdings Limited, a Bermuda company ("Alterra Capital"), Markel Bermuda Limited, a Bermuda company (f/k/a Alterra Bermuda Limited, "Markel Bermuda"), Alterra Reinsurance USA Inc., a Connecticut corporation (" Alterra Reinsurance USA" and together with Alterra Capital and Markel Bermuda, the "Borrowers"), various lenders party thereto (the "Lenders"), and Bank of America, N.A., as Administrative Agent (in such capacity, the "Administrative Agent"), Fronting Bank and L/C Administrator, are parties to the Credit Agreement, dated as of December 16, 2011 (as amended, restated, supplemented or otherwise modified from time to time, " Credit Agreement"), providing for the availability of certain credit facilities to the Borrowers upon the terms and conditions set forth therein.

B. As a condition to the effectiveness of the Second Amendment and further extensions of credit to the Borrowers under the Credit Agreement, the Guarantor is required to execute and deliver this Guaranty, to guarantee to the Guaranteed Parties the payment in full of the Guaranteed Obligations (as hereinafter defined). The Guaranteed Parties are relying on this Guaranty in their decision to consent to the Second Amendment and extend further credit to the Borrowers under the Credit Agreement, and would not do so without this Guaranty.

C. The Borrowers are direct or indirect Wholly Owned Subsidiaries of the Guarantor, and the Guarantor will benefit from the extension of credit to the Borrowers under the Credit Agreement, which benefits are hereby acknowledged, and accordingly desires to execute and deliver this Guaranty.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, to induce the Lenders, the Administrative Agent, and the Fronting Bank (collectively, the " Guaranteed Parties") to consent to the Second Amendment and to induce the Lenders and the Fronting Bank to extend credit to the Borrowers under the Credit Agreement and in recognition of the direct benefits to be received by the Guarantor from the proceeds of the Loans and the issuance of the Letters of Credit the Guarantor hereby agrees as follows:

1. **Unconditional Guarantee**. For valuable consideration, receipt whereof is hereby acknowledged, and to induce the Fronting Bank and each Lender to make Loans to and Issue Letters of Credit (or purchase participations therein) for the account of each Borrower and to induce the Administrative Agent to act under the Loan Documents, the Guarantor hereby absolutely, unconditionally and irrevocably guarantees to each Guaranteed Party the punctual

payment when due, whether at stated maturity, by acceleration or otherwise, of all Obligations of the Borrowers, whether for principal, interest, fees, expenses, indemnification or otherwise, whether direct or indirect, absolute or contingent or now existing or hereafter arising (such Obligations being the " Guaranteed Obligations"). Without limiting the generality of the foregoing, the Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by each Borrower to any Guaranteed Party but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving any Borrower or its Affiliates. This is a guarantee of payment and not of collection merely.

2. **Guarantee Absolute**. The Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Credit Agreement, regardless of any law or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Guaranteed Party with respect thereto. The obligations of the Guarantor under this Guaranty are independent of the Guaranteed Obligations, and a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guaranty, irrespective of whether any action is brought against any Borrower or whether any Borrower is joined in any such action or actions. The liability of the Guarantor under this guarantee shall be irrevocable, absolute and unconditional irrespective of, and the Guarantor hereby irrevocably waives any defense it may now or hereafter have in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of the Credit Agreement, any other Loan Document or any other agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from the Credit Agreement;

(c) any taking, exchange, release or non-perfection of any collateral or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Guaranteed Obligations;

(d) any change, restructuring or termination of the corporate structure or existence of any Borrower or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Borrower or any of its assets or any resulting release or discharge of any obligation of any Borrower under this Guaranty; or

(e) any other circumstance (including, without limitation, any statute of limitations to the fullest extent permitted by applicable Law) which might otherwise constitute a defense available to, or a legal or equitable discharge of, the Guarantor or any Borrower (other than a discharge arising from the payment in full of the Guaranteed Obligations).

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by any Guaranteed Party upon the insolvency, bankruptcy or reorganization of the Guarantor or otherwise, all as though such payment had not been made.

3. **Waivers**. The Guarantor hereby expressly waives promptness, diligence, notice of acceptance, presentment, demand for payment, protest, any requirement that any right or power be exhausted or any action be taken against any of the Borrowers or against any other guarantor of all or any portion of the Guaranteed Obligations, and all other notices and demands whatsoever.

(a) The Guarantor hereby waives any right to revoke this Guaranty, and acknowledges that this Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future and regardless of whether Guaranteed Obligations are reduced to zero at any time or from time to time (other than a reduction to zero due to the payment in full in cash of the Guaranteed Obligations concurrently with or after the termination of all Commitments).

(b) The Guarantor acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated under the Loan Documents and that the waivers set forth in this Guaranty are knowingly made in contemplation of such benefits.

4. **Subrogation**. The Guarantor will not exercise any rights that it may now or hereafter acquire against any of the Borrowers or any other insider guarantor that arise from the existence, payment, performance or enforcement of the Guaranteed Obligations under this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of any Guaranteed Party against any of the Borrowers or any other insider guarantor or any collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any of the Borrowers or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations shall have been paid in full in cash, and the Commitments shall have terminated. If any amount shall be paid to the Guarantor in violation of the preceding sentence at any time prior to the later of the payment in full in cash of the Guaranteed Obligations and the termination of the Commitments, such amount shall be held in trust for the benefit of the Guaranteed Parties, shall be segregated from the other property and funds of the Guarantor and shall forthwith be paid to the Administrative Agent to be credited and applied to the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of this Guaranty, or to be held as collateral for any Guaranteed Obligations thereafter arising.

5. **Survival**. This Guaranty is a continuing guarantee and shall (a) remain in full force and effect until payment in full in cash of the Guaranteed Obligations and the termination of the Commitments and the expiration or cancellation of all Letters of Credit, (b) be binding upon the Guarantor and its successors and assigns (provided, however, that the Guarantor may not sell, assign or transfer any of its rights, interests, duties or obligations hereunder without the prior written consent of the Lenders), (c) inure to the benefit of and be enforceable by each Guaranteed Party (including each assignee Lender pursuant to Section 11.06 of the Credit Agreement) and their respective successors, transferees and assigns and (d) shall be reinstated if at any time any payment to a Guaranteed Party hereunder is required to be restored by such Guaranteed Party. Without limiting the generality of the foregoing clause (c), any transferee of

any interest in any Loan or Commitment of a Lender pursuant to Section 11.06 of the Credit Agreement shall become vested with all the rights in respect thereof granted to such Lender herein or otherwise.

6. **Severability**. Notwithstanding any other provision of this Guaranty to the contrary, in the event that any action is brought seeking to invalidate the Guarantor's obligations under this Guaranty under any fraudulent conveyance or fraudulent transfer theory, the Guarantor shall be liable under this Guaranty only for an amount equal to the maximum amount of liability that could have been incurred under applicable Law by the Guarantor under any guarantee of the Obligations of the Borrowers (or any portion thereof) at the time of the execution and delivery of this Guaranty (or, if such date is determined not to be the appropriate date for determining the enforceability of the Guarantor's obligations under this Guaranty for fraudulent conveyance or transfer purposes, on the date determined to be so appropriate) without rendering such a hypothetical guarantee voidable under applicable Law relating to fraudulent conveyance or fraudulent transfer (the "Maximum Guaranteed Obligations") and not for any greater amount, as if the stated amount of the Guaranteed Obligations had instead been the Maximum Guaranteed Obligations. To the extent any provision of this Guaranty is prohibited by or invalid under the applicable law of any jurisdiction, such provision shall be ineffective only to the extent of such prohibition or invalidity and only in such jurisdiction, without prohibiting or invalidating such provision in any other jurisdiction or the remaining provisions of this Guaranty in any jurisdiction.

7. **Representations and Warranties of the Guarantor**. The Guarantor represents and warrants to the Guaranteed Parties that:

(a) It (a) is duly organized or formed, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party and (c) is duly qualified and is licensed and in good standing under the Laws of each jurisdiction where its ownership of its assets or the conduct of its business requires such qualification or license; except in each case referred to in clause (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) The execution, delivery and performance by the Guarantor of this Guaranty, have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of its Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien (other than any Lien arising under any Loan Document) under, or require any payment to be made under (i) any material Contractual Obligation that is binding on the Guarantor or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Guarantor or its property is subject; or (c) violate any Law to which the Guarantor is subject.

(c) No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person that has not been obtained or made is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Guarantor of this Guaranty or any other Loan Document.

(d) This Guaranty has been duly executed and delivered by the Guarantor. This Guaranty constitutes a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms, subject to general principles of equity (regardless of whether considered in a proceeding in equity or at law) and to applicable bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights generally.

(e) No written report, financial statement, certificate or other written information furnished by or on behalf of the Guarantor to the Guaranteed Parties in connection with the transactions contemplated hereby and the negotiation of this Guaranty or delivered hereunder or under any other Loan Document (in each case taken as a whole as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, (taken as a whole with other such statements theretofore or contemporaneously furnished) in light of the circumstances under which they were made, not materially misleading; provided that, with respect to projected financial information, the Guarantor represents only that such information was prepared in good faith based upon assumptions that the Guarantor believed were reasonable at the time of preparation thereof, it being understood by the Guaranteed Parties that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by such projections may differ from the projected results.

8. **Covenants of the Guarantor**. So long as this Guaranty remains in effect (a) the Guarantor shall comply with the requirements applicable to it set forth in Sections 6.01(a), (d), and (j), 6.02, and 6.03 of the Credit Agreement and shall comply with the provisions of Section 6.11 of the Credit Agreement and (b) the Guarantor shall engage primarily in the insurance and reinsurance business.

9. **Stay of Acceleration**. If acceleration of the time for payment of any amount payable by any Borrower under any of the Loan Documents is stayed upon the insolvency, bankruptcy or reorganization of such Borrower, all such Obligations otherwise subject to acceleration under the terms of the Credit Agreement shall nonetheless be payable by the Guarantor under this Guaranty forthwith on demand by the Administrative Agent.

10. **Payments; Application; Set-Off**.

(a) All payments made by the Guarantor hereunder will be made in Dollars to the Administrative Agent, without set-off, counterclaim or other defense and, in accordance with the Credit Agreement, free and clear of and without deduction for any Taxes, the Guarantor hereby agreeing to comply with and be bound by the provisions of the Credit Agreement in respect of all payments made by it hereunder.

(b) All payments made hereunder shall be applied in accordance with the provisions of the Credit Agreement.

(c) Upon failure of the Guarantor to make any payment required hereunder, each Guaranteed Party and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Guaranteed Party or any such Affiliate to or for the credit or the account of the Guarantor against any and all of the obligations of the Guarantor now or hereafter existing under this Guaranty or any other Loan Document to such Guaranteed Party, irrespective of whether or not such Guaranteed Party shall have made any demand under this Guaranty or any other Loan Document and although such obligations of the Guarantor may be contingent or unmatured or are owed to a branch or office of such Guaranteed Party different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Guaranteed Party and their respective Affiliates under this subsection are in addition to other rights and remedies (including other rights of set-off) that such Guaranteed Parties or their respective Affiliates may have. Each Guaranteed Party agrees to notify the Guarantor and the Administrative Agent promptly after any such set-off and application; provided that the failure to give such notice shall not affect the validity of such set-off and application.

11. **No Waiver**. The rights and remedies of the Guaranteed Parties expressly set forth in this Guaranty and the other Loan Documents are cumulative and in addition to, and not exclusive of, all other rights, remedies, powers and privileges available at law, in equity or otherwise. No failure or delay on the part of any Guaranteed Party in exercising any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege or be construed to be a waiver of any Default. No course of dealing between the Guarantor and the Guaranteed Parties or their agents or employees shall be effective to amend, modify or discharge any provision of this Guaranty or any other Loan Document or to constitute a waiver of any Default. No notice to or demand upon the Guarantor in any case shall entitle the Guarantor to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of any Guaranteed Party to exercise any right or remedy or take any other or further action in any circumstances without notice or demand.

12. **Enforcement**. The Guaranteed Parties agree that this Guaranty may be enforced only by the Administrative Agent, acting upon the instructions or with the consent of the Required Lenders as provided for in the Credit Agreement, and that no Guaranteed Party shall have any right individually to enforce or seek to enforce this Guaranty or to realize upon any Collateral or other security given to secure the payment and performance of the Guarantor's obligations hereunder.

13. **Amendments, Waivers, etc**. No amendment, modification, waiver, discharge or termination of, or consent to any departure by the Guarantor from, any provision of this Guaranty, shall be effective unless in a writing signed by the Administrative Agent and such of the Lenders as may be required under the provisions of the Credit Agreement to concur in the action then being taken, and then the same shall be effective only in the specific instance and for the specific purpose for which given.

14. **Governing Law; Consent to Jurisdiction; Process Agent** .

(a) THIS GUARANTY AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

(b) THE GUARANTOR IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE ADMINISTRATIVE AGENT, ANY LENDER, THE FRONTING BANK, OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK CITY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS GUARANTY OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, ANY LENDER OR THE FRONTING BANK MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT AGAINST THE GUARANTOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) THE GUARANTOR IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) The Guarantor hereby irrevocably designates, appoints and empowers Markel Service Incorporated (the "Service of Process Agent"), with offices at c/o Markel Corporation, 1185 Avenue of the Americas 16^{th} Floor, New York, NY 10036, Attention: H. Matthew Crusey, as its designee, appointee and agent to receive, accept and acknowledge for and on its behalf, and in respect of its property, service of any and all legal process, summons, notices and documents which may be served in any such action or proceeding. If for any reason such designee, appointee and agent shall cease to be available to act as such, the Guarantor agrees to designate a new designee, appointee and agent in New York City on the terms and for the purposes of this provision reasonably satisfactory to the Administrative Agent under this Guaranty.

15. **Waiver of Jury Trial**. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISIN OUT OF OR RELATING TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NC REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCI OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTY AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

16. **Notices**. All notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows: (a) if to the Guarantor, at the address for notices set forth below its signature hereto, and (b) if to any Guaranteed Party, at its address for notices set forth in the Credit Agreement; in each case, as such addresses may be changed from time to time pursuant to the Credit Agreement, and with copies to such other Persons as may be specified under the provisions of the Credit Agreement. Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in the Credit Agreement shall be effective as provided therein.

17. **Construction**. The provisions of Section 1.02 of the Credit Agreement are incorporated herein by reference as if fully set forth herein, *mutatis mutandis*.

18. **Counterparts; Effectiveness**. This Guaranty may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. This Guaranty shall become effective upon the execution and delivery by the Guarantor of a counterpart hereof.

19. **Judgment Currency**. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other

currency on the Business Day preceding that on which final judgment is given. The obligation of the Guarantor in respect of any such sum due from it to the Guaranteed Parties hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Guaranty (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent from the Guarantor in the Agreement Currency, the Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or the Person to whom such obligation was owing against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent in such currency, the Administrative Agent agrees to return the amount of any excess to the Guarantor (or to any other Person who may be entitled thereto under applicable Law).

20. **Fees and Expenses**. The Guarantor agrees to pay all reasonable and documented expenses (including reasonable and documented attorneys' fees and disbursements) of the Guaranteed Parties in connection with the enforcement of their rights under this Guaranty, whether or not suit is initiated.

21. **Acknowledgement**. The Guarantor hereby acknowledges that (a) the Administrative Agent and/or the Arrangers will make available to the Lenders, the L/C Administrator and the Fronting Bank materials and/or information provided by or on behalf of the Guarantor or the Borrowers hereunder and under the Credit Agreement (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks, Syndtrak or another similar electronic system (the "Platform") and (b) certain of the Lenders may be "public-side" Lenders (*i.e.,* Lenders that do not wish to receive material non-public information with respect to any Borrower or the Guarantor or its securities) (each, a "Public Lender"). The Guarantor hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Guarantor shall be deemed to have authorized the Administrative Agent, the Arrangers, the L/C Administrator, the Fronting Bank and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Guarantor or its securities for purposes of United States Federal and state securities laws (provided, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 11.07 of the Credit Agreement); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor"; and (z) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor."

22. **Loan Document**. This Guaranty is a Loan Document.

[Signatures follow]

IN WITNESS WHEREOF, the parties have caused this Guaranty to be executed under seal by their duly authorized officers as of the date first above written.

MARKEL CORPORATION

By: ____________________________

Name: Anne G. Waleski

Title: Chief Financial Officer

Address for Notices:

Markel Corporation
4521 Highwoods Parkway
Glen Allen, VA 23060
Attention: Anne Waleski

With copies to:

Markel Corporation
4521 Highwoods Parkway
Glen Allen, VA 23060
Attention: Richard Grinnan

Accepted and agreed to:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: ____________________________
Name: Tiffany Burgess
Title: Vice President

Exhibit 10.1

Description of Awards under Executive Bonus Plan and
2012 Equity Incentive Compensation Plan for 2014

Markel Corporation (the "Company") has an incentive compensation program for executive officers that generally consists of two elements-cash incentive compensation paid under the Executive Bonus Plan and restricted stock units issued under the 2012 Equity Incentive Compensation Plan. All executive officers (Alan I. Kirshner, Anthony F. Markel, Steven A. Markel, F. Michael Crowley, Thomas S. Gayner, Richard R. Whitt, III, Gerard Albanese, Jr., Bradley J. Kiscaden, Britton L. Glisson, and Anne G. Waleski) participate in the Executive Bonus Plan. All executive officers except for Anthony F. Markel and Steven A. Markel participate in the 2012 Equity Incentive Compensation Plan.

Awards are subject to the achievement of pre-established performance goals and are administered to comply with the requirements of Section 162(m) of the Internal Revenue Code. Performance goals for 2014 relate to growth in book value and, in the case of Mr. Albanese, also include underwriting combined ratio and premium growth. For all executive officers, the measurement period for the growth in book value goal is five years.

The Compensation Committee of the Company's Board of Directors sets the amounts payable under each performance award. The employee receives the appropriate payment at the end of the performance period if the performance goals and other terms and conditions of the award are met. Awards under the Executive Bonus Plan are payable in cash and under the 2012 Equity Incentive Compensation Plan, in restricted stock units which will vest in December 2017 (i.e., three years after the end of the performance period). Any performance award must be made before the 90th day of the period for which the performance award relates and before the completion of 25% of such period.

In March 2014, the Compensation Committee approved modifications in the growth in book value targets for 2014 in recognition of the fact that declining interest rates and reduced investment leverage had made it more difficult over time to reach incentive targets. The revised grids for the payouts under the Executive Bonus Plan and the issuance of restricted stock units under the 2012 Equity Incentive Compensation Plan can be found below. As circumstances within the Company or broader economy warrant (for example, if interest rates turn upward), the measures to be used to evaluate performance will be subject to reassessment by the Compensation Committee.

In keeping with past practice, book value calculations are subject to adjustment to reflect changes in accounting principles, stock repurchases and capital or other transactions which impact reported book value per share, including transaction-related, non-recurring changes in book value arising from the Company's acquisition of Alterra Capital Holdings Limited that are recognized in 2014. In addition, the growth in book value goal will be measured based on the straight average annual growth in book value for the 2010-2014 years, as adjusted (15.55% for 2010; 8.32% for 2011; 14.22% for 2012; and 13.25% for 2013; together with the increase from a base of $477.16 per share for 2014) to eliminate the substantial accretion to book value per share resulting from the Alterra acquisition.

Growth in Book Value Per Share	Award As % of Base Salary
Under 6%	0%
6%*	40%
7%*	40%
8%*	40%
9%*	40%
10%	60%
11%	80%
12%	100%
13%	125%
14%	150%
15%	175%
16%	200%
17% or more**	Discretionary

*In the case of performance in this range, the Committee is expected to use discretion to determine whether the award should be reduced.

**In the case of performance at or above this level, the Award will be 200% of Base Salary and may, in the discretion of the Committee, be higher

Underwriting-based targets are based on a separate grid measuring underwriting performance and revenue growth for the business operations for which the executive officer has direct responsibility.

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, Alan I. Kirshner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Markel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 7, 2014

/s/ Alan I. Kirshner

Alan I. Kirshner
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, Anne G. Waleski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Markel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 7, 2014

/s/ Anne G. Waleski
Anne G. Waleski
Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
FURNISHED PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Markel Corporation (the "Company") on Form 10-Q for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alan I. Kirshner, Chairman and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Alan I. Kirshner

Alan I. Kirshner
Chairman and Chief Executive Officer
May 7, 2014

Exhibit 32.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
FURNISHED PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of Markel Corporation (the “Company”) on Form 10-Q for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Anne G. Waleski, Vice President and Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Anne G. Waleski

Anne G. Waleski
Vice President and Chief Financial Officer
May 7, 2014