

MARKEL CORP

Form DEF 14A

March 24, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material under § 240.14a-12

Markel Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

MARKEL CORPORATION

Notice of Annual Meeting of Shareholders

To the Shareholders of Markel Corporation:

Notice is hereby given that the 2016 Annual Meeting of Shareholders of Markel Corporation (the “Company”) will be held at Altria Theater, 6 North Laurel Street, Richmond, Virginia, on Monday, May 16, 2016, starting at 4:30 p.m.

The purposes for which the meeting is being held are:

1. To elect the members of the Board of Directors to serve until the next annual meeting of shareholders;
2. To approve the Company’s 2016 Equity Incentive Compensation Plan;
3. To approve the Company’s 2016 Employee Stock Purchase and Bonus Plan;
4. To ratify the selection of KPMG LLP by the Audit Committee of the Board of Directors as the Company’s independent registered public accounting firm for the year ending December 31, 2016; and
5. To transact such other business as may properly come before the meeting.

This year, we are again taking advantage of the Securities and Exchange Commission rule allowing shareholders to receive proxy materials over the Internet. We have mailed to most beneficial owners of our shares a notice of availability of proxy materials. Registered owners of our shares, owners of our shares through Company benefit plans and other shareholders who have requested paper copies of materials are receiving a copy of proxy materials by mail. In any case, it is important that your shares be represented and voted. Whether or not you expect to attend the meeting in person, you are requested to promptly vote and submit your proxy by phone, via the Internet, or, if you have received a printed copy of these proxy materials by mail, by signing, dating, and returning your proxy card in the envelope provided, on which no postage is needed if mailed in the United States.

A copy of the Company’s Annual Report to Shareholders for the year ended December 31, 2015 is being mailed with this Notice and the Proxy Statement to shareholders receiving paper copies.

You are cordially invited to attend the meeting. Directions to attend the meeting may be obtained by writing Bruce Kay, Investor Relations, at 4521 Highwoods Parkway, Glen Allen, Virginia, 23060, or by calling (800) 446-6671.

By Order of the Board of Directors

Richard R. Grinnan

Secretary

March 25, 2016

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
2016 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 16, 2016**

The Company’s Proxy Statement for the 2016 Annual Meeting of Shareholders and the Company’s Annual Report to Shareholders and Annual Report on Form 10-K for the fiscal year ended December 31, 2015 are available at www.markelcorp.com/proxymaterials.

MARKEL CORPORATION
4521 Highwoods Parkway
Glen Allen, Virginia 23060

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 16, 2016

The accompanying proxy is solicited by the Board of Directors of Markel Corporation for use at the Annual Meeting of Shareholders of the Company to be held May 16, 2016, or any adjournments of the meeting, for the purposes set forth in this Proxy Statement and the attached Notice of Annual Meeting of Shareholders. A Notice of Internet Availability of Proxy Materials (the "E-Proxy Notice"), containing instructions on how to access this Proxy Statement and our Annual Report online, was mailed to some of the Company's shareholders on or about March 25, 2016. On that date, we also began mailing a full set of proxy materials to other shareholders, including those shareholders who had previously requested paper copies of our proxy materials.

If you received the E-Proxy Notice by mail, you will not automatically receive a printed copy of the proxy materials or the Annual Report to Shareholders. Instead, the E-Proxy Notice instructs you how you may access and review all of the important information contained in the proxy materials, including the Company's Annual Report to Shareholders. The E-Proxy Notice also instructs you how you may submit your proxy. If you would like to receive a printed copy of our proxy materials, including our Annual Report to Shareholders, you should follow the instructions for requesting such materials included in the E-Proxy Notice.

Record Date

The Board of Directors has fixed the close of business on March 8, 2016, as the record date for the determination of shareholders entitled to notice of and to vote at the meeting and any adjournments. Each holder of record of the Company's Common Stock, no par value (the "Common Stock"), on the record date will be entitled to one vote for each share registered in his or her name with respect to each matter properly brought before the meeting. As of the close of business on the record date, 13,968,398 shares of Common Stock were outstanding and entitled to vote at the meeting. A majority of the outstanding shares on the record date constitutes a quorum for the meeting. Abstentions and broker non-votes are counted in determining a quorum.

Solicitation

If sufficient proxies are not returned in response to this solicitation, supplementary solicitations may also be made by mail, telephone, electronic communication or personal interview by directors, officers and employees of the Company, none of whom will receive additional compensation for these services. The Company may retain an outside proxy solicitation firm to assist in the solicitation of proxies, but at this time does not have plans to do so. Costs of solicitation of proxies will be borne by the Company, which will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in forwarding proxy materials to the beneficial owners of shares held by them.

Proxies

The shares represented by all properly executed proxies received by the Secretary of the Company will be voted as set forth in the proxy. Any proxy may be revoked at any time before the shares to which it relates are voted, either by written notice (which may be in the form of a substitute proxy bearing a later date delivered to the secretary of the meeting) or by attending the meeting and voting in person.

Votes Required

Directors will be elected by a majority of the votes cast, unless the election is contested. A majority of votes cast means that the number of shares voted for a director exceeds the number of votes cast against the director. In a contested election, where the number of nominees for director exceeds the number of directors to be elected, directors are elected by a plurality of the votes cast. If there are more persons properly nominated for election than the number of available Board positions, then the nominees receiving the most votes will be elected for the available positions. Approval of the 2016 Equity Incentive Compensation Plan and the 2016 Employee Stock Purchase and Bonus Plan requires the approval of a majority of the votes cast. The ratification of appointment of the Company's independent registered public accounting firm requires more votes in favor than votes against. Broker discretionary voting is permitted only for the proposed ratification of the selection of the Company's independent public registered accounting firm. Broker non-votes or abstentions will not be counted as a vote in favor or against any of the items presented.

ELECTION OF DIRECTORS

Nominees

Members of the Board of Directors will be elected at the meeting to serve until the next annual meeting of shareholders and the election and qualification of their successors. The Board of Directors currently consists of thirteen members.

All of the Company's current directors were elected by the shareholders at the 2015 Annual Meeting. All but one Board member was able to attend the 2015 Annual Meeting, and all are expected to attend the 2016 Annual Meeting, absent unusual circumstances.

Each of the nominees has consented to being named as a nominee in this Proxy Statement, has agreed to serve if elected, and has furnished to the Company the information set forth in the following table.

The Board of Directors recommends a vote FOR the election of the nominees named below. It is expected that each of the nominees will be able to serve, but if any nominee is unable to serve for any reason (which is not now anticipated), the Board of Directors will name a substitute nominee, and the proxies will vote for that person.

The Board of Directors believes that each nominee possesses integrity; leadership and policy making experience; the communication and interpersonal skills necessary to function effectively as a member of a decision-making body; and the ability to act in the best interests of the shareholders in order to serve the Company. In addition, the nominees collectively bring to the Board a combination of business and financial expertise, government or community service, and diversity of experience and of background to equip the Board to deal with the range of issues it must address.

Name, Age, Positions with the Company or Principal Occupation For Past Five Years, and Other Information	Director Since
---	-------------------

ALAN I. KIRSHNER, 80

Executive Chairman since January 2016; Chairman of the Board of Directors since 1986 and Chief Executive Officer from 1986-2015. Mr. Kirshner has been with the Company since 1960 and has been its Chairman of the Board since it became a public company in 1986 and its Chief Executive Officer from 1986-2015. Mr. Kirshner, Anthony Markel and Steven Markel have functioned collectively as the senior leadership team over that period as the Company grew from approximately \$60 million in total assets to approximately \$25 billion. Mr. Kirshner brings to the Board extensive executive management experience and in-depth knowledge of the Company and its operations.

1978

ANTHONY F. MARKEL, 74

Vice Chairman since May 2008; President and Chief Operating Officer March 1992-April 2008. Director, Hilb, Rogal & Hobbs Company, 1998-2008. Mr. Markel has been employed by the Company since 1964 and has been a member of its senior leadership team since it went public, with a focus on operations. He has held numerous leadership positions in the insurance industry (most recently as a member of the Board of Governors of the Property Casualty Insurance Association of America from 2002 to 2009) and has served as a director of Hilb, Rogal & Hobbs Company, another public company involved in the insurance

1978

business, before its acquisition by Willis Group Holdings PLC. Mr. Markel provides an exceptional breadth of industry-relevant experience to the Board and its deliberations.

Name, Age, Positions with the Company or Principal Occupation For Past Five Years, and Other Information	Director Since
---	-------------------

STEVEN A. MARKEL, 67

Vice Chairman since March 1992. Director, Union First Market Bankshares Corporation, 2010-2013; and Director, S&K Famous Brands, Inc., 1996-2009. Mr. Markel has been employed by the Company since 1975 and has been a member of its senior leadership team since it went public, with a focus on finance and investments. He has also served as a director of other public companies (Union First Market Bankshares Corporation and S&K Famous Brands). Mr. Markel's knowledge of the Company's financial operations and of the investment environment in which the Company operates contributes to the Board's oversight and understanding of the Company's financial position. 1978

J. ALFRED BROADDUS, JR., 76

Private Investor; President, Federal Reserve Bank of Richmond, 1993-2004. Director, Owens & Minor, Inc., 2004-2013; Director, T. Rowe Price Group Inc., 2004-2013; and Director, Albemarle Corporation 2004-2012. Mr. Broaddus has a Ph.D. in economics and was with the Federal Reserve Bank for over 34 years, including over a decade of service as President of the Federal Reserve Bank of Richmond. Since his retirement, he has served as a director of three other public companies. His insights on the economy are useful to the Board in its oversight of the Company's investment portfolio, and his work at other companies has provided additional experience and perspective on corporate governance matters. 2004

K. BRUCE CONNELL, 63

Retired; Executive Vice President and Group Underwriting Officer of XL Capital Ltd.; Chief Executive Officer of XL Financial Products and Services Ltd.; Executive Vice President and Chief Underwriting Officer of XL Re Ltd. (Bermuda); and Chief Underwriting Officer of XL Europe Ltd., 1990-2002. Director, Alterra Capital Holdings Limited and predecessors 2007-2013. From 1974 to 1990, Mr. Connell served in various underwriting positions at Royal Assurance Zurich, General Re Corporation and Trenwick Group, Ltd. Mr. Connell is a veteran insurance and reinsurance executive with over 30 years of experience in the industry. During this time, he held positions ranging from underwriter to chief executive officer. He has contributed his knowledge and understanding of complex and innovative industry issues as well as his insight into the recently acquired Alterra operations to the Board of Directors. 2013

DOUGLAS C. EBY, 56

Private Investor; Chairman and Chief Executive Officer, Realty Finance Corporation, May 2010 - June 2011; Chairman and Chief Executive Officer, TimePartners LLC, an investment advisory firm, November 2006 - March 2009; President, Torray LLC, an independent money management firm, 1992-October 2007. Director, Realty Finance Corporation, 2005-2011 and Director, Level 3 Communications, Inc., 2007-2011. Mr. Eby has over 20 years of experience in the securities business, with a focus on investment management and investment advisory services. His experience provides useful perspectives for the Board in its oversight of investment strategy and industry knowledge to assist the Board in comparing the Company's investment approach and management practices to those of other companies in the financial services industry. 2001

STEWART M. KASEN, 76

Retired; President and Chief Executive Officer, S&K Famous Brands, Inc., a clothing retailer headquartered in Richmond, Virginia, April 2002-May 2007. Director, Gordmans Stores, Inc. and Retail Holdings NV. In February 2009, almost two years after Mr. Kasen's retirement, S&K Famous Brands, Inc. filed a petition for voluntary relief under Chapter 11 of the U.S. Bankruptcy Code. Director, Lenox Group, Inc., 2000-2010 (Chairman of the Board, 2007-2009); Director, K2, Inc., 1997-2006. In November 2008, Lenox Group, Inc. filed a petition for voluntary relief under Chapter 11 of the U.S. Bankruptcy Code. Mr. Kasen has over 40 years of experience in retailing, having served as chief executive officer of four retail 1987

companies before his retirement in 2007. He has been a member of the Board since the Company initially went public and has participated in the oversight of the growth of the Company's operations during that period. He has both long experience with the Company and an extensive management and retailing background to assist in overseeing the Company's operations and strategy.

LEMUEL E. LEWIS, 69

Retired; Executive Vice President and Chief Financial Officer, Landmark Communications, Inc., a privately held media company, January 2000-July 2006. Director, Owens & Minor, Inc. and Dollar Tree Stores, Inc. Mr. Lewis' business career was primarily spent in the media business, where he had both operational and financial responsibilities and he brings insights from both areas of experience to Board deliberations. He has also served as chairman of the board and a member of the audit committee of the Federal Reserve Bank of Richmond and as a director of two other public companies. 2007

DARRELL D. MARTIN, 67

Retired; Executive Vice President May 2005-September 2009; Chief Financial Officer 1988-2005; Director, 1991-2004. Mr. Martin is a former partner at KPMG, in addition to his long service as the Company's Chief Financial Officer and as a Director. He acted in an advisory and consulting role for the Company after he stepped down as Chief Financial Officer, and now serves solely as a Board member. He brings financial and accounting expertise to the Board, in addition to his in-depth knowledge of the Company's operations. 2009

Name, Age, Positions with the Company or Principal Occupation For Past Five Years, and Other Information	Director Since
---	-------------------

MICHAEL O'REILLY, 72

Retired; Chairman of the Board of Alterra Capital Holdings Limited May 2010-May 2013. Mr. O'Reilly served as the Chairman of the Board of Harbor Point Limited, a predecessor of Alterra, from March 2010 until May 2010 and was its Deputy Chairman from December 2005 to March 2010. From December 2002 to December 2008, he was Vice Chairman of The Chubb Corporation and from October 2002 to November 2008, he was its Chief Financial Officer, having held various positions in the investment department of that company from 1969 until he assumed the position of Chief Investment Officer in 1986. With his experience, including serving as Vice Chairman and Chief Financial Officer of Chubb, one of the largest property and casualty insurance companies in the world, he is a significant contributor to the Board of Directors.

2013

MICHAEL J. SCHEWEL, 62

Partner, McGuireWoods, LLP a professional corporation, attorneys-at-law; member of firm 1979-2002, 2006-2011, January 2014 to present; Chief Executive Officer, Recast Energy, a biomass company, June 2011-December 2013. In 2002, he was appointed by then-Virginia Governor Mark Warner as the Commonwealth of Virginia's Secretary of Commerce and Trade, and he served from January 2002 to January 2006. In that role, Mr. Schewel was responsible for 16 state agencies with approximately 3,000 employees and a budget of over \$800 million. Mr. Schewel brings to the Board a sharp legal and business mind with expertise in governance and regulatory compliance as well as mergers and acquisitions. His managerial and governmental background also provides the Board with a valuable source of knowledge and experience in those arenas.

2015

JAY M. WEINBERG, 83

Retired Chairman Emeritus, Hirschler Fleischer, a professional corporation, attorneys-at-law; member of firm 1959-2009. Director, First Capital Bancorp, Inc., 1998-2010. Before his retirement in December 2009, Mr. Weinberg practiced law for over 50 years and, as president of his law firm for fifteen years, actively supervised the business and financial management of the firm. He has served on the audit committees of other public and private companies. His background as a lawyer, manager and business advisor provides extensive experience from which to draw as a member of the Board.

2003

DEBORA J. WILSON, 58

Retired; President and Chief Executive Officer of The Weather Channel 2004-2009. Director, ARRIS International plc and InterNAP Corporation. Ms. Wilson has 30 years of business experience in the media and telecom sectors, most recently as chief executive officer of The Weather Channel, which she helped build into a leading multimedia company. In addition to her general management and operations background, she has extensive marketing and product development experience which provides a useful perspective as the Board evaluates the Company's growth plans and strategies.

2009

Family Relationships

Anthony F. Markel and Steven A. Markel are first cousins.

Section 16(a) Beneficial Ownership Reporting Compliance

Five reports under Section 16(a) of the Securities Exchange Act of 1934 were not filed on a timely basis. The Company filed late Form 4s on (1) December 4, 2015 for Douglas C. Eby to reflect his disposition of 46 shares on December 1, 2015 due to inadvertent oversight, (2) and (3) January 15, 2016 for Thomas S. Gayner and Alan I. Kirshner due to administrative error relating to their receipt of Company anniversary awards in the form of 0.62 Company shares, each, on December 24, 2015, (4) February 9, 2016 for Anthony F. Markel to reflect a gift of 2,000 shares from a Grantor Retained Annuity Trust on November 29, 2013 due to inadvertent oversight, and (5) March 14, 2016 for Alan I. Kirshner to reflect his wife's acquisition of 15 shares on several different dates, due to inadvertent oversight.

APPROVAL OF THE 2016 EQUITY INCENTIVE COMPENSATION PLAN

The Company has provided equity incentives to increase shareholder value and to attract, motivate, and retain the highest qualified employees and non-employee directors under the Company's 2012 Equity Incentive Compensation Plan (the "2012 Plan"), which was adopted in 2012. The Board of Directors proposes to replace the 2012 Plan with the 2016 Equity Incentive Compensation Plan (the "Plan"), which would give the Board of Directors the continued ability to provide incentives through issuance of cash, stock, restricted stock, and other stock-based awards. As of the effective date of the Plan (April 1, 2016), no further awards may be granted under the 2012 Plan, but any existing awards under the 2012 Plan will continue in effect in accordance with their terms and the provisions of the 2012 Plan.

The following summary of the material aspects of the Plan is qualified in its entirety by reference to the full text of the Plan, a copy of which is set forth as Appendix A to this proxy statement. Unless otherwise specified, capitalized terms used in this discussion have the meanings assigned to them in the Plan.

General

The Plan provides for grants or awards of Restricted Stock, Restricted Stock Units, Performance Grants, and Other Stock Awards (collectively, "Incentive Awards"). The Plan does not authorize grants of stock options or stock appreciation rights. Present and future employees of the Company and its subsidiaries and the Company's outside directors are eligible to receive Incentive Awards under the Plan.

Stock Subject to Plan; Adjustments

The Board has reserved a total of 250,000 shares of Common Stock for use under the Plan. Shares necessary to satisfy awards under the Plan may be newly issued shares or shares acquired in open market or private transactions. If an Incentive Award expires, terminates without a delivery of shares (e.g., the award is settled in cash) or results in the forfeiture of shares back to the Company, the shares subject to such award will become available for further awards under the Plan. Shares exchanged by a Participant or retained by the Company in payment of withholding taxes will not be available for future Incentive Awards under the Plan. Shares issued under the Plan through the settlement, assumption, or substitution of outstanding awards or obligations to grant future awards as a condition of acquiring another entity will not reduce the maximum number of shares available under the Plan. In addition, the number of shares subject to the Plan (and the number of shares and terms of any Incentive Award) may be adjusted if there is any change in the outstanding Common Stock by reason of any stock dividend, spin-off, split-up, stock split, reverse stock split, recapitalization, reclassification, merger, consolidation, liquidation, business combination or exchange of shares or similar transaction.

Limitations on Incentive Awards

No more than 50,000 shares of Common Stock may be allocated to Incentive Awards granted or awarded to any individual Participant during any 36-month period.

The maximum cash payment that can be made for all Incentive Awards granted to any one individual under the Plan will be \$2,000,000 times the number of 12-month periods in any performance cycle for any single or combined performance goals. Any amount that is deferred by a Participant is subject to this limit in the year in which the deferral is made but not in any later year in which payment is made. No more than \$200,000 worth of Incentive Awards to non-employee directors (valued at the fair market value of the shares subject to the award as of the grant date) may be granted to any single non-employee director during any single calendar year.

Administration

The Compensation Committee of the Board of Directors, or a subcommittee of the Compensation Committee (the "Committee"), administers the Plan with respect to Incentive Awards to employees; and the Outside Directors of the Board administer the Plan with respect to Outside Directors. Each member of the Committee or its subcommittee, which must have at least two members, must meet the standards of independence necessary to be classified as an "outside director" for purposes of Section 162(m) of the Internal Revenue Code (the "Code") and a non-employee director for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended. Subject to the terms of the Plan, the Committee will have authority to determine the terms of Incentive Awards for employees and the Outside Directors will have authority to determine the terms of Incentive Awards for Outside Directors.

Restricted Stock Awards

The Plan authorizes the grant of Restricted Stock awards on terms and conditions established by the Committee or the Outside Directors, as applicable, (the “Applicable Administrator”), which may include performance conditions. The terms and conditions will include the designation of a Restriction Period during which the shares are not transferable and are subject to forfeiture. The minimum time-based vesting period for Restricted Stock and Restricted Stock Units is twelve consecutive months. For Restricted Stock and Restricted Stock Units that are subject to the attainment of performance goals, the minimum performance period is twelve consecutive months. Vesting may be accelerated upon death, Disability, Early Retirement, Retirement or a Change in Control.

Restricted Stock Units

Restricted Stock Units may be granted on the terms and conditions established by the Applicable Administrator including conditioning the lapse of restrictions on the achievement of one or more performance standards. No shares are issued at the time of grant of Restricted Stock Units. Rather, upon lapse of the restrictions, a Restricted Stock Unit entitles a Participant to receive a share of Common Stock or a cash amount equal to the fair market value of a share of Common Stock on the date the restrictions lapse.

Performance Grants

The Applicable Administrator may make Performance Grants to any Participant other than Outside Directors. Each Performance Grant will contain performance goals for the award established by the Committee, including the performance criteria to be used, the target and maximum amounts payable, and other terms and conditions. In the case of a Participant whom the Committee determines is or may become a “covered employee” within the meaning of Section 162(m) of the Code during the period of a Performance Grant, performance criteria will consist of one or more of the following as determined by the Committee: underwriting loss ratio; underwriting combined ratio; expense ratio; book value; comprehensive income; investment return; return on invested capital (ROIC); free cash flow; value added (ROIC less cost of capital multiplied by capital); total shareholder return; economic value added (net operating profit after tax less cost of capital); operating ratio; cost reduction (or limits on cost increases); debt to capitalization; debt to equity; earnings; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings per share (including or excluding nonrecurring items); earnings per share before extraordinary items; income from operations (including or excluding nonrecurring items); income from operations compared to capital spending; net income (including or excluding nonrecurring items, extraordinary items and/or the accumulative effect of accounting changes); net sales; price per share of Common Stock; return on assets; return on capital employed; return on equity; return on investment; return on sales; and sales volume. For a Participant who is not a covered employee, a performance goal may relate to subjective performance factors established by the Committee. Each Performance Grant to a covered employee will be granted and administered to comply with the requirements of Section 162(m) of the Code.

The Committee will make all determinations regarding the achievement of performance goals. The performance goals for any Performance Grant made to a covered employee may be increased, but not decreased, by the Committee during the related performance period. Actual payments to a Participant under a Performance Grant will be calculated by applying the achievement of the performance criteria or factors to the performance goal. Performance Grants will be payable in cash, shares of Common Stock or a combination of cash and shares of Common Stock. The Committee may not increase the amount payable upon achievement of the performance goals but may reduce or eliminate such payments except as otherwise provided in the terms of the Performance Grant.

Other Stock Awards

The Plan authorizes the making of Other Stock Awards under which the Participant will become entitled to receive shares of Common Stock upon the satisfaction of the terms and conditions of the award. The Applicable Administrator will establish the number of shares of Common Stock to be awarded and the terms and conditions applicable to each Other Stock Award, including any performance restrictions.

Change in Control

Unless otherwise provided in an Incentive Award, if, within twelve months after a Change in Control, a Participant is involuntarily terminated without Cause or terminates employment for Good Reason, or upon the occurrence of a Change in Control resulting in a complete liquidation or dissolution of the Company, (i) all restrictions on Restricted Stock will lapse, (ii) all Restricted Stock Units will be deemed fully vested, and (iii) all Performance Grants and Other

Stock Awards will be deemed to be fully earned and vested, and each will be immediately issued or paid as the case may be; provided, that the level

of attainment with respect to the Performance Awards will be based on the actual performance achieved through the date of the Change of Control.

Duration, Amendment and Termination

Unless sooner terminated by the Board of Directors, the Plan will terminate on March 31, 2026. No Incentive Awards may be made under the Plan after its termination.

The Board may amend the Plan as it deems advisable, except that no change may be made that increases the total number of shares of Common Stock reserved for issuance under Incentive Awards unless such change is authorized by the Company's shareholders (except as described above under "Stock Subject to Plan; Adjustments"). A termination or amendment of the Plan will not, without the consent of the Participant, adversely affect a Participant's rights under an Incentive Award previously granted.

Restrictions on Transfer; Deferral

Except as otherwise provided in the Incentive Award, Incentive Awards may not be transferred except by will or by the laws of descent and distribution. The Committee may permit Participants to elect to defer the issuance of Common Stock or the settlement of awards in cash under the Plan.

U.S. Federal Income Tax Treatment of Awards under the Plan

An employee or director will not incur federal income tax liabilities when granted any Incentive Award under the Plan, unless the employee or director makes an election under Section 83(b) of the Code for a Restricted Stock grant. Unless the employee or director has made a Section 83(b) election, upon lapse of restrictions on Restricted Stock or upon the issuance of stock or cash under a Restricted Stock Unit or the payment of a Performance Grant or Other Stock Award, the employee or director will have ordinary income equal to the fair market value of the Common Stock received.

The Company usually will be entitled to a business expense deduction at the time and in the amount that the recipient of an award recognizes ordinary income. A participant who is an employee must pay or make arrangements with the Company for a sufficient amount to cover withholding of any federal, state or local taxes required by law. The Committee may permit shares to be used to satisfy required tax withholding, valued at the fair market value as of the settlement date of the applicable award.

New Plan Benefits

Benefits under the Plan for 2016 are not determinable at this time. It is, however, anticipated that directors will receive Restricted Stock comparable to that described under "Corporate Governance-Compensation of Non-employee Directors" and that executive officers will be eligible for benefits comparable to those described under "Compensation Discussion and Analysis-Incentive Compensation-2012 Equity Incentive Compensation Plan." For 2015, all executive officers as a group received 8,627 Restricted Stock Units under the 2012 Plan and all employees other than executive officers received 13,062 Restricted Stock Units. As was the case with the 2012 Equity Incentive Compensation Plan, it is anticipated that Anthony F. Markel and Steven A. Markel will not participate in the Plan.

The Board of Directors recommends a vote FOR this proposal.

APPROVAL OF THE 2016 EMPLOYEE STOCK PURCHASE AND BONUS PLAN

The 2016 Employee Stock Purchase and Bonus Plan (the “2016 Stock Purchase Plan”) provides a method for employees and non-employee directors to purchase shares of the Company’s Common Stock and is consistent with the Company’s philosophy of encouraging ownership of the Company’s Common Stock by its employees.

The following summary of the material aspects of the 2016 Stock Purchase Plan is qualified in its entirety by reference to the full text of the Stock Purchase Plan, a copy of which is set forth as Appendix B to this proxy statement. Unless otherwise specified, capitalized terms used in this discussion have the meanings assigned to them in the Plan.

Background

The original Employee Stock Purchase and Bonus Plan (the “Prior Stock Purchase Plan”) was approved by shareholders in 2007. The Board of Directors authorized 100,000 shares for acquisition by participants under the Prior Stock Purchase Plan in 2007. The shares under that authorization have been substantially used up. The Board has therefore adopted the 2016 Stock Purchase Plan and authorized 125,000 shares for acquisition by participants under the plan. Under rules of the New York Stock Exchange (“NYSE”), shareholder approval of the 2016 Stock Purchase Plan is required. The Board of Directors believes the 2016 Stock Purchase Plan serves an important purpose in encouraging and assisting share ownership by the Company’s employees and non-employee directors. Upon approval of the 2016 Stock Purchase Plan, no additional shares will be issued under the Prior Stock Purchase Plan.

Eligibility

All full-time and part-time employees of the Company or designated subsidiaries who are at least 18 years old are eligible to participate in the 2016 Stock Purchase Plan. Non-employee directors may participate in the plan subject to the following conditions: (i) shares must be held at least six months before they may be withdrawn from the plan or otherwise sold or disposed of by the director; (ii) share purchases under the plan may not exceed the amount of annual fees paid to the director; and (iii) if a director ceases participation in the plan, he may not participate again for at least six months. Participation in the plan automatically terminates in the payroll period following the date an employee ceases to be a full-time or part-time employee or a non-employee director ceases serving as a director.

Purchase of Shares

Eligible employees and non-employee directors may purchase shares under the plan at the current market price at the time of purchase without any discount. Once eligible employees have specified the amounts to be invested, the Company will regularly deduct the specified amount from their pay on an after-tax basis. Employees may also elect to make lump sum purchases. Amounts specified by non-employee directors are withheld from the fees paid to them by the Company. Amounts contributed by all participants are combined and sent to one or more brokers selected by the Company to be used to purchase Common Stock at market prices. Purchases may be made on the open market or, at the Company’s option, directly from the Company. The investing broker opens and maintains an individual account for each participant and makes purchases of Common Stock for the participant’s account. Participants’ accounts are credited with amounts that would represent “fractional shares.” Under this feature, cash amounts that are not sufficient to purchase whole shares are credited to a participant’s account as fractional interests. Certificates for fractional shares are not, however, issued. Upon sale or distribution, a participant receives cash for the fractional interest based on the then current market price of the Common Stock as determined by the investing broker.

Fees and Expenses

The Company pays the investing broker’s fees for stock purchases. The Company also pays for the other costs of administering the plan. Fees and other charges in connection with sales are payable directly by participants.

Stock Bonus Awards

Participants receive a stock bonus of ten percent of the net increase in shares of Common Stock purchased under the plan during a given year (a “Stock Bonus Award”). Stock Bonus Awards are based on the net number of shares of Common Stock purchased from January 1 through December 31 of a given year and are issued to or on behalf of a participant not later than March 31 following the end of the year. An employee will not receive a Stock Bonus Award unless he or she is an eligible participant not on probation on the date the Stock Bonus Award is made. No Stock Bonus Award will be made for an increase in the number of shares of Common Stock held resulting solely from a subdivision or consolidation of shares, the payment of a stock dividend, a stock split or other change in capitalization. Stock Bonus Awards will be appropriately

adjusted to reflect the effects of such a change. Participants in the loan program described below receive a stock bonus of five percent of the number of shares of Common Stock purchased under the loan program. Stock bonuses under the loan program are not counted as an increase in the number of shares purchased by a participant during a calendar year.

Loan Program

The 2016 Stock Purchase Plan includes a loan program component (the “Loan Program”) that is available only to employees who are not executive officers. The Loan Program is designed to facilitate the purchase of shares of the Company’s Common Stock. As required by the Sarbanes-Oxley Act, loans under the Loan Program are not available to directors and executive officers.

The Loan Program includes a cash incentive payment if the Company’s growth in book value goals are met. The incentive payment for employee loans is based on the Company’s five-year compound annual growth in book value, subject to adjustment for certain transactions in Company securities, as follows:

5 year Compound Annual Growth in Book Value	Company Incentive Payment as % of Original Loan Balance
Under 10%	0%
10%	1.0%
11%	2.0%
12%	3.0%
13%	4.0%
14%	5.0%
15%	6.0%
16%	7.0%
17% or more	Discretionary

Half of the incentive payment is applied toward the outstanding loan balance and the remaining half (less applicable withholding taxes on the entire incentive payment) is paid to the employee in cash by March 31, provided the employee is still employed. The Board of Directors may amend the scale as well as the method used to calculate book value growth, and all such modifications will apply to all loans then outstanding under the Loan Program.

All loans made under the Loan Program bear interest at 3% and are generally due and payable within 10 years of the loan date. The loan may be prepaid at any time and must be repaid upon an employee’s termination of employment. The interest rate and payment terms are adjusted to terms comparable to market rates and terms if a participant sells or pledges the shares purchased under the Loan Program (including bonus shares awarded in connection with the Loan Program) without the Company’s prior consent.

Federal Income Tax Consequences

Stock Bonus Awards and incentive payments are taxed to participants as compensation. In addition, participants must recognize imputed income to the extent that loans under the Loan Program are at below-market interest rates. The Company usually will be entitled to a business expense deduction at the time and in the amount that the participant recognizes ordinary income in connection with a loan or upon the receipt of a Stock Bonus Award or incentive payment. In addition, any payments of loan interest by the participant to the Company would be taxable income to the Company. Generally, the Company is not taxed on a participant’s repayment of principal of a loan.

Amendments

The Board may amend, suspend or terminate the 2016 Stock Purchase Plan at any time, subject to shareholder approval of amendments to the 2016 Stock Purchase Plan to the extent required by the rules of the NYSE.

Benefits under the Plan

Benefits to executive officers and directors under the 2016 Stock Purchase Plan are a function of stock purchases from time to time and cannot be predicted in advance. Benefits under the plan in 2015 to executive officers and directors are described under “Executive Compensation-Summary Compensation Table” and “Corporate Governance-Compensation of Non-employee Directors.”

The Board of Directors recommends a vote FOR this proposal.

SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

KPMG LLP has been selected by the Audit Committee of the Board of Directors as the independent registered public accountants of the Company for the current fiscal year, subject to ratification by the shareholders. Representatives of KPMG LLP are expected to be present at the 2016 Annual Meeting, will have an opportunity to make a statement if they so desire and are expected to be available to respond to appropriate questions from shareholders. If the shareholders do not ratify the selection of KPMG LLP, the selection of another firm will be considered by the Audit Committee.

The Board of Directors recommends a vote FOR ratification of the selection of KPMG LLP as the Company's independent registered public accountants for the current fiscal year.

Total Payments

Total payments by the Company to KPMG LLP for 2015 and 2014 were \$8,785,161 and \$8,493,486, respectively. Further details are set forth below.

Audit Fees

The aggregate fees billed to the Company by KPMG LLP for audit services for 2015 and 2014 were \$6,686,685 and \$6,691,386, respectively.

Audit-Related Fees

The aggregate fees billed to the Company by KPMG LLP for audit-related services for 2015 and 2014 and not otherwise reported in the preceding paragraph, primarily for employee benefit plan and subsidiary audits and other attestation services, were \$1,002,050 and \$622,100, respectively.

Tax Fees

The aggregate fees billed to the Company by KPMG LLP for tax services for 2015 and 2014 were \$391,426 and \$958,412, respectively, primarily in both years for tax compliance, tax planning and tax consulting.

All Other Fees

The aggregate fees billed to the Company by KPMG LLP for all other services for 2015 and 2014 were \$705,000 and \$221,588, respectively. The nature of the services provided was primarily for due diligence and actuarial certifications and services in both years. The actuarial certifications and services provided by KPMG LLP consist primarily of providing actuarial opinions and summaries to regulatory authorities after the Company has determined the amount of reserves to be recorded in the financial statements.

Pre-approval of Services

The Audit Committee pre-approves all audit services and permitted non-audit services to be performed by KPMG LLP. The Audit Committee has delegated authority for pre-approval between meetings to one or more of its members, provided any decision to grant pre-approval is presented to the full committee at its next scheduled meeting.

PRINCIPAL SHAREHOLDERS

The following table and footnotes set forth information with respect to beneficial ownership of equity securities of the Company as of February 25, 2016 except as otherwise noted, by: (i) each director or nominee; (ii) each executive officer named in the Summary Compensation Table; (iii) each person known to the Company to be the beneficial owner of more than 5% of its outstanding Common Stock; and (iv) all directors and executive officers of the Company as a group (20 persons). For purposes of this table, “beneficial ownership” includes, as required by applicable regulations, shares over which a person has, or shares, voting or investment power. Except as otherwise indicated, each of the persons named below has sole voting and investment power with respect to the shares of Common Stock beneficially owned by that person. In addition, except as otherwise indicated, the address for each person named below is c/o 4521 Highwoods Parkway, Glen Allen, Virginia, 23060.