MARKEL CORP
Form DEF 14A
March 26, 2007

OMB APPROVAL

OMB Number:	3235-0059
Expires:	January 31, 2008
Estimated average burden hours per response	14

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

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

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):

x 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 the transaction applies:

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

(3) Per unit price or other underlying value of the 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 the 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:

Notice of Annual Meeting of Shareholders

To the Shareholders of Markel Corporation:

Notice is hereby given that the 2007 Annual Meeting of Shareholders of Markel Corporation (the Company) will be held at The Jefferson Hotel, Franklin & Adams Streets, Richmond, Virginia, on Monday, May 14, 2007, starting at 4:30 p.m.

The purposes for which the meeting is being held are:

1. To elect a Board of Directors consisting of nine persons to serve until the next annual meeting of shareholders;

2. 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, 2007;

3. To approve the Company s amended Employee Stock Purchase and Bonus Plan (the Stock Purchase Plan); and

4. To transact such other business as may properly come before the meeting.

It is important that your shares be represented and voted. Shareholders, whether or not they expect to attend the meeting in person, are requested to date, sign and return the accompanying 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, 2006 is being mailed to you with this Notice and the Proxy Statement.

You are cordially invited to attend the meeting.

By Order of the Board of Directors

D. Michael Jones
Secretary

March 26, 2007

4521 Highwoods Parkway

Glen Allen, Virginia 23060

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 14, 2007

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 14, 2007, or any adjournments of the meeting, for the purposes set forth in this Proxy Statement and the attached Notice of Annual Meeting of Shareholders. This Proxy Statement and the related form of proxy are first being mailed to the shareholders of the Company on or about March 26, 2007.

Record Date

The Board of Directors has fixed the close of business on March 8, 2007, 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, 9,954,665 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

In the election of directors, the nine nominees receiving the greatest number of votes will be elected even if they do not receive a majority. The ratification of appointment of the Company s independent registered public accounting firm and the approval of the Stock Purchase Plan each require more votes in favor than votes against. Abstentions and broker non-votes will not be counted as a vote in favor or against and therefore will not affect the outcome.

ELECTION OF DIRECTORS

Nominees

A board of nine 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 Company s Board of Directors currently consists of nine directors. Eight of the directors were elected by the shareholders at the 2006 Annual Meeting, and Lemuel E. Lewis was elected by the Board of Directors on February 22, 2007. All Board members are expected to attend the Company s annual meeting absent unusual circumstances. Each of the nominees named below, except for Mr. Lewis, attended the 2006 Annual Meeting.

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 nine 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.

Name, Age, Positions with the Company or Principal Occupation For Past Five Years, and Other Information	Director Since
ALAN I. KIRSHNER, 71	1978
Chairman of the Board of Directors and Chief Executive Officer since September 1986.	
ANTHONY F. MARKEL, 65	1978
President and Chief Operating Officer since March 1992. Director, Hilb Rogal & Hobbs Company.	
STEVEN A. MARKEL, 58	1978
Vice Chairman since March 1992. Director, S&K Famous Brands, Inc.	
J. ALFRED BROADDUS, JR., 67	2004
Private Investor; President, Federal Reserve Bank of Richmond, 1993-2004. Director, Albemarle Corporation, Owens & Minor, Inc. and T. Rowe Price Group Inc.	
DOUGLAS C. EBY, 47	2001
Chairman and Chief Executive Officer, TimePartners LLC, an investment advisory firm, since November 2006 and President, Torray LLC, an independent money management firm, since 1992, each of which is located in Bethesda, Maryland. Director, CBRE Realty Finance, Inc.	
LESLIE A. GRANDIS, 62	1987
Partner, McGuireWoods LLP, Richmond, Virginia, attorneys-at-law, since 1974.	
STEWART M. KASEN, 67	1987

President, Chief Executive Officer and Director, S&K Famous Brands, Inc., a clothing retailer headquartered in Richmond, Virginia, since April 2002. President, Schwarzschild Jewelers, Richmond, Virginia, September 2001-April 2002. Director, Lenox Group, Inc.

LEMUEL E. LEWIS, 60	2007

Retired; Executive Vice President and Chief Financial Officer, Landmark Communications, Inc., a privately held media company, January 2000-July 2006; Director, Federal Reserve Bank of Richmond, Landmark Communications, Inc. and Pelmorex, Inc.

JAY M. WEINBERG, 74	2003

Chairman Emeritus, Hirschler Fleischer, a professional corporation, attorneys-at-law; member of firm since 1959. Director, First Capital Bank.

Family Relationships

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

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 or rejection by the shareholders. Representatives of KPMG LLP are expected to be present at the 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 2006 and 2005 were $4,100,020 and $4,677,277, respectively. Further details are set forth below.

Audit Fees

The aggregate fees billed to the Company by KPMG LLP for audit services for 2006 and 2005 were $3,913,227 and $4,511,147, respectively. Approximately $1.1 million and $1.5 million of the 2006 and 2005 audit fees, respectively, relate to KPMG s audit of internal control over financial reporting.

Audit-Related Fees

The aggregate fees billed to the Company by KPMG LLP for audit-related services for 2006 and 2005 and not otherwise reported in the preceding paragraph, primarily for employee benefit plan audits, were $59,585 and $52,865, respectively.

Tax Fees

The aggregate fees billed to the Company by KPMG LLP for tax services for 2006 and 2005, primarily for tax planning, tax compliance and expatriate tax services, were $73,751 and $75,520, respectively.

All Other Fees

The aggregate fees billed to the Company by KPMG LLP for all other services for 2006 and 2005, primarily for actuarial certifications, were $53,457 and $37,745, respectively.

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.

APPROVAL OF STOCK PURCHASE PLAN

The Stock Purchase Plan provides a method for employees and 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.

Background

The Stock Purchase Plan has not previously been approved by shareholders. The Board of Directors authorized 100,000 shares for acquisition by participants under the Stock Purchase Plan in 2000. The shares under that authorization have been substantially used up, and the Board has authorized 100,000 additional shares for acquisition by participants under the plan. Under rules of the New York Stock Exchange (NYSE) adopted since 2000 that are applicable to any new authorization of shares, shareholder approval of the Stock Purchase Plan is required. The Board of Directors believes the Stock Purchase Plan serves an important purpose in encouraging and assisting share ownership by the Company s employees and recommends a vote FOR approval of the 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 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 (including any incentive payments under the loan program described below); 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

Once eligible employees have specified the amounts to be invested, the Company will regularly deduct the specified amount from their pay. 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 Stock Purchase Plan includes a loan program component (the Loan Program) that was initially available to all employees and non-employee directors. The Loan Program is designed to facilitate the purchase of shares of the Company s Common Stock. As required by the Sarbanes-Oxley Act, effective July 30, 2002, new loans under the Loan Program are no longer available to directors and executive officers. Existing loans to directors and executive officers continue in accordance with their terms in effect on July 30, 2002.

The Loan Program includes an incentive payment if the Company s growth in book value goals are met. The incentive payment feature applicable to the grandfathered loans for executive officers and directors is described under Corporate Governance Certain Transactions. The incentive payment for other 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 11%	0%
11%	1.25%
12%	1.50%
13%	2.00%
14%	2.50%
15%	3.00%
16%	3.75%
17%	4.50%
18%	5.00%
19%	5.50%
20%	6.25%
21%	7.25%
22%	8.50%
23%	10.00%
24%	12.50%
Over 24%	Discretionary

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 (other than grandfathered 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, or if a non-employee director ceases to be a director. 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 Stock Purchase Plan at any time. The Board will seek shareholder approval of amendments to the Stock Purchase Plan to the extent required by law or, if applicable, by the rules of the NYSE.

Benefits under the Plan

Benefits to executive officers and directors under the Stock Purchase Plan are a function of stock purchases from time to time and cannot be predicted in advance. Benefits under the plan in 2006 to executive officers and directors are described under Executive Compensation Summary Compensation Table and Corporate Governance Compensation of Non-employee Directors.

PRINCIPAL SHAREHOLDERS

The following table and footnotes set forth information with respect to beneficial ownership of equity securities of the Company as of February 23, 2007, except as otherwise noted, by (i) each director; (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. 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.

AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP

Name	Direct Ownership[a]	Other Ownership	Total Beneficial Ownership	Percent
Alan I. Kirshner	60,300	246 b	60,546	*
Anthony F. Markel	209,060	78,491 c	287,551	2.89%
Steven A. Markel	246,527	169,055 d	415,582	4.17%
Thomas S. Gayner	23,954 e	2,447 f	26,401	*
Paul W. Springman	18,503 e	4,200 b	22,703	*
Richard R. Whitt, III	3,432 g		3,432	*
J. Alfred Broaddus, Jr.	109 h		109	*
Douglas C. Eby	3,676 i	j	3,676	*
Leslie A. Grandis	17,829 i	525 b	18,354	*

Stewart M. Kasen	10,817 [i]		10,817	*
Lemuel E. Lewis	[k]			*
Jay M. Weinberg	1,254[i]		1,254	*
All directors and executive officers as a group	595,461	254,964	850,425	8.54%
Ariel Capital Management LLC 200 E. Randolph Drive, Suite 2900 Chicago, IL 60601	1,099,203[l]			11.03%

* Less than 1% of class

[a] Includes the following shares subject to pledges: (i) 37,500 shares pledged by Mr. Kirshner to secure delivery obligations under variable prepaid forward contracts and 12,609 shares pledged by him as collateral for loans; (ii) 138,509 shares pledged by Anthony F. Markel as collateral for loans; (iii) 30,000 shares pledged by Steven A. Markel as collateral for loans; and (iv) 250 shares held by Mr. Whitt in a brokerage margin account with respect to which there are currently no outstanding loans.

[b] Owned by spouse as to which beneficial ownership is disclaimed.

[c] Includes 60,000 shares held in Grantor Retained Annuity Trusts for which Anthony F. Markel is trustee and partial beneficiary. Includes 2,443 shares held in trust for his children and for which Mr. Markel is trustee and partial beneficiary. Includes 8,177 shares held as trustee for the benefit of Mr. Markel s children as to which he disclaims beneficial ownership. Includes 6,000 shares held by Mr. Markel s wife as to which he disclaims beneficial ownership. Includes 1,871 shares held by Mr. Markel s wife as trustee for the benefit of a child as to which he disclaims beneficial ownership.

[d] Includes 21,859 shares held in a Grantor Retained Annuity Trust for which Steven A. Markel is trustee and partial beneficiary. Includes 4,375 shares held as trustee and partial beneficiary of a testamentary trust, 3,300 shares in a charitable remainder trust for which he is a co-trustee and in which he retains a partial interest, 81,726 shares held as co-trustee for the benefit of the Lewis C. Markel Residuary Trust, 21,950 shares held as co-trustee for the benefit of Mr. Kirshner s children, 23,845 shares held as co-trustee for the benefit of Anthony F. Markel s children, and 12,000 shares held as trustee under a trust for non-employee directors under the Company s 1989 Stock Option Plan, as to all of which shares Mr. Markel disclaims beneficial ownership.

[e] Excludes 4,293 Restricted Stock Units subject to vesting requirements.

[f] Includes 447 shares held as trustee for the benefit of his wife and 2,000 shares held by Mr. Gayner s wife as to all of which shares Mr. Gayner disclaims beneficial ownership.

[g] Excludes 1,946 Restricted Stock Units subject to vesting requirements.

[h] Excludes 1,000 Restricted Stock Units granted to Mr. Broaddus which vest ratably over a five-year period from the date of grant (August 2004) but will not be issued until 2009.

[i] Excludes 1,000 Restricted Stock Units which vest ratably over a five-year period from the date of grant (May 2003) but will not be issued until 2008.

[j] Based upon a Form 13F filed on February 14, 2007, Torray LLC has voting and investment power with respect to 131,705 shares of Common Stock. In accordance with written procedures adopted by Torray LLC, of which he is President, Mr. Eby exercises no voting or investment control over these shares and accordingly claims no beneficial ownership of these shares.

[k] Excludes 250 Restricted Stock Units granted to Mr. Lewis that will vest in May 2008, if he remains on the Board until that time.

[l] Based upon an Amended Schedule 13G/A filed on February 14, 2007. According to this filing, Ariel Capital Management, LLC has sole voting power over 882,094 of these shares and sole investment power over 1,098,649 of these shares.

CORPORATE GOVERNANCE

Committees of the Board of Directors; Director Independence

The Board of Directors has adopted Corporate Governance Guidelines and written charters for the Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee. Current copies of the Corporate Governance Guidelines and the written charters for each of these committees are available to security holders on the Company s website, www.markelcorp.com. Shareholders may also obtain printed copies of the Guidelines and the committee charters by writing Bruce Kay, Vice President of Investor Relations, at 4521 Highwoods Parkway, Glen Allen, Virginia, 23060, or by calling (800) 446-6671.

The Board of Directors held four meetings in 2006. Each director attended at least 75% of the meetings of the Board and all committees on which he served during 2006.

The following table reflects the current membership and the chair of the Audit, Compensation and Nominating/Corporate Governance Committees. Lemuel E. Lewis has not yet been named to any committees.

	Audit	Compensation	Nominating/Corporate Governance
J. Alfred Broaddus, Jr.	Member		Member
Douglas C. Eby	Member	Member	Member
Leslie A. Grandis		Chair	Member
Stewart M. Kasen	Chair		Member
Jay M. Weinberg	Member	Member	Chair

The Board has determined that each of Messrs. Broaddus, Eby, Grandis, Kasen, Lewis and Weinberg is independent of management under applicable NYSE rules and categorical standards for determining independence adopted by the Nominating/Corporate Governance Committee. In addition to the applicable NYSE rules and the categorical standards, the Board took into account the various transactions described under Certain Transactions and the fact that Steven A. Markel is a director of S&K Corporation, at which Mr. Kasen is employed; otherwise, the independent directors had no other relationships with the Company. The Board has also determined that each member of the Audit, Compensation and Nominating/Corporate Governance Committees meets applicable NYSE independence standards for service on those committees.

Under the categorical standards, a director is considered independent without further Board determination if the director meets NYSE standards, unless:

- The director or a member of his or her immediate family is or has been an employee of the Company within the past three years. Employment as an interim Chairman or Chief Executive Officer does not disqualify a director from being independent following that employment.

- The director or a member of his or her immediate family has received, in any 12 month period within the past three years, more than $100,000 in direct compensation from the Company other than director and committee fees and pension or other forms of deferred compensation.

The director or a member of his or her immediate family is, or within the past three years has been, affiliated with, or employed in a professional capacity by, a present or former internal or external auditor of the Company.

The director or a member of his or her immediate family is, or within the past three years has been, employed as an executive officer of another company where any of the Company s present executive officers serve or served at the same time on that company s compensation committee.

The director is an employee, or a member of his or her immediate family is an executive officer, of a company that made payments to or received payments from the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1,000,000 or 2% of such other company s consolidated gross revenues.

The director is a director or trustee, or the director or a member of his or her immediate family is an executive officer, of a tax exempt organization which in any single fiscal year receives contributions from the Company in an amount greater than $1,000,000.

The director or a member of his or her immediate family receives discounted goods or services from the Company if the value of such discount exceeds $10,000 in any single fiscal year.

For these purposes immediate family means a person s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares the person s home.

Executive Sessions; Communications with Directors

The non-management directors meet in executive session without management at each scheduled Board meeting and at such other times as the non-management directors deem appropriate. At each meeting of non-management directors one of the non-management directors serves as the chair or presiding director for that meeting. This role is rotated among non-management directors in alphabetical order. Any security holder or other interested party wishing to communicate with the Board of Directors as a whole, the non-management directors or an individual director should write to Board of Directors, Non-Management Directors or the individual director in care of the Company Secretary at 4521 Highwoods Parkway, Glen Allen, Virginia, 23060. Communications from security holders or other interested parties addressed in this fashion will be sent directly to the Board of Directors, the non-management directors or the individual director, as applicable.

Compensation of Non-employee Directors

The following table sets forth compensation for the Company s non-employee directors for 2006:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	All Other Compensation ($)	Total ($)
J. Alfred Broaddus, Jr.	$ 30,000	$ 57,000	$ 3,850	$ 90,850
Douglas C. Eby	$ 30,000	$ 49,748	$ 51,238	$ 130,986
Leslie A. Grandis	$ 30,000	$ 49,748	$ 20,583	$ 100,331
Stewart M. Kasen	$ 30,000	$ 49,748	$ 20,226	$ 99,974
Jay M. Weinberg	$ 30,000	$ 49,748	$ 9,213	$ 88,961

Each non-employee director is paid an annual fee of $30,000 and reimbursement of expenses incurred in connection with attending meetings.

Each of the non-employee directors in the table has been awarded 1,000 Restricted Stock Units under the Markel Corporation Omnibus Incentive Plan. Each unit represents the right to receive one share of Common Stock. The units vest ratably over five years with no shares to be issued until the end of five years. Messrs. Eby, Grandis, Kasen and Weinberg received grants in 2003 and Mr. Broaddus in 2004. The amounts shown in the table are the dollar amounts recognized by the Company for financial reporting purposes for 2006 in accordance with FAS 123R. Differences in reported amounts are due to differences in the dates of the awards. When Lemuel E. Lewis joined the Board in February 2007, he was granted an award of 250 Restricted Stock Units vesting in May 2008, so that he would be on the same cycle with the majority of the Board members on a going forward basis.

The Company matches up to $5,000 per year in charitable contributions made by each non-employee director. All Other Compensation includes $3,850 for Mr. Broaddus, $3,250 for Mr. Grandis and $5,000 each for Messrs. Eby, Kasen and Weinberg representing matching gifts.

Non-employee directors are also eligible to participate in the Stock Purchase Plan. Participating directors receive Stock Bonus Awards in accordance with the terms of that plan equal to 10% of the net increase in shares purchased under the plan in a calendar year. Mr. Grandis and Mr. Weinberg received bonus shares under the Stock Purchase Plan for 2006 worth $2,107 and $4,213, respectively.

Messrs. Kasen, Grandis and Eby have grandfathered loans under the Stock Purchase Plan Loan Program. All Other Compensation includes $5,226, $5,226 and $26,238, respectively, for Messrs. Kasen, Grandis and Eby representing the difference between the interest rate charged on loans made to them under the Loan Program and 120% of the applicable federal long-term rate at the time the loans were made. In addition, based on the Company s achievement of growth in book value goals for 2006, Messrs. Kasen, Grandis and Eby received incentive payments under the Loan Program of $10,000, $10,000 and $20,000, respectively, for 2006, which is reflected in All Other Compensation. See Certain Transactions.

In 1989, the Company established a Stock Option Plan for Non-Employee Directors (the Directors Plan) which provided for one-time awards to non-employee directors of options to purchase 6,000 shares of the Company s Common Stock. This plan permitted participants to defer receipt of shares of Common Stock upon exercise of options. Messrs. Grandis and Kasen have each deferred receipt of 6,000 shares each under the Directors Plan.

Audit Committee

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to (i) the integrity of the Company s financial statements; (ii) the Company s compliance with legal and regulatory requirements; (iii) the independent auditors qualifications and independence; and (iv) the performance of the independent auditors and the performance of the Company s internal audit function. In addition, the Committee provides an avenue for communication between internal audit, the independent auditors, financial management and the Board.