

Markel Risk Solutions



April 2007

800-431-1270

www.markelrisksolutions.com

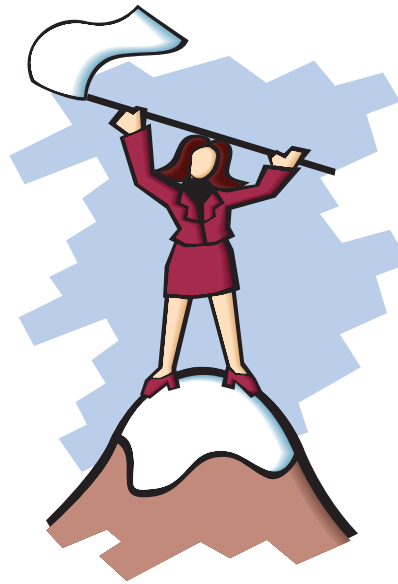
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Our Focus is on You! Come Grow with Us in 2007!

2006 was a banner year for MRS due to the overwhelming support of our retail agency partners. We significantly increased our written premium production in 2006 with solid underwriting results. We are currently represented by over 200 agencies in 36 states. Our long-term objective is to establish 300 to 400 retail agency relationships across the U.S.

We are very excited about our opportunities for partnering with you for continued profitable production in 2007. We realize 2007 will present its share of challenges, but our highly focused underwriting team is ready to work with you, delivering solutions for your agency's problematic accounts.

We have made significant additions to our highly experienced underwriting staff to complement our future growth/profit expectations. Furthermore, we offer an unrivaled underwriting "team" approach to respond efficiently to our agency plant's service needs. Two underwriters and one associate underwriter will be assigned to each MRS agent. A Production Underwriter will make frequent agency visits to develop submission activity and coordinate the rating/quoting for account development. An Account Executive Underwriter will assume responsibility for coordinating the issuance of the account including such activities as file documentation, completing inspection requirements, MVRs, and account renewal activity.



The Associate Underwriter will support both underwriters in the necessary administrative activities.

You can be assured that our underwriting and management teams will be highly visible within your agency, getting to know your marketing directors and producers. We believe this team approach will create a unique opportunity to provide our agency partners with a combined production, technical, and service support system that will lead to significant relationship enhancement for the long term.

Working together with you, our agency partner, we anticipate a highly successful 2007.

We sincerely appreciate your partnership and your business in 2006 and look forward to an outstanding 2007!

MRS Million Dollar Club!

We express our sincere appreciation to the following agency partners who helped make 2006 a great year for MRS:



- Arthur J. Gallagher of Mississippi
- BB&T—Asura
- Brown and Brown of Daytona, Florida
- Hibbs Hallmark
- HRH of Arizona
- Hylant Group
- M-J Insurance
- United Insurance
- USI of Virginia
- Watson Insurance Agency
- Wells Fargo of Illinois

Congratulations, and thank you for your business!

On The Move!

Congratulations to Shane Duke on her recent promotion from Underwriter to Senior Underwriter. Shane will be responsible for production and profitability of the Tourist Cave HBB and manage a large renewal book for our MRS agents in the western territory.



Markel Risk Solutions wants to write your HBB in 2007!

Are you currently writing or prospecting a group of accounts that you could write a significant volume of business with if you could just find a dedicated carrier to listen? Here's your chance! MRS is very interested in writing Homogeneous Blocks of Business or HBBs consisting of individual accounts within a given industry segment that, in the aggregate, will develop a minimum premium level of \$1 million within a 12-month period. Each member of the HBB is underwritten individually, based on the characteristics of the account.

2006 was an outstanding year for business development within our HBB portfolio, which now includes:

- Tourist caves
- Hotels
- Scrap metal dealers
- Franchise restaurants
- Apartment building owners
- Temporary staffing
- Water bottlers
- Rural housing



We expect 2007 to be our best year ever for HBB business development as we continue to grow our current portfolio of HBBs and add new HBB opportunities currently under consideration. Additionally, our dedicated Underwriting Team is geared up and ready to handle HBB business only, insuring that our agency partners will receive top quality service on each and every underwriting transaction.

There are a number of characteristics that illustrate a good HBB opportunity:

- Agency expertise in underwriting exposure and analysis
- Well-defined marketing platform to access risk population
- A group of accounts that present a unique or unusual exposure
- A reasonable number of accounts (30 to 100+), depending on average account premium
- Average account premium of \$25,000 or greater within the HBB
- \$1 million in premium development within a 12-month period
- Agency-controlled book of business

Take advantage of our penchant to write HBBs for your agency today. Call Dean Kemp at 800-431-1270, ext. 7586 to discuss your HBB in more detail.

New Faces in MRS

Brenda Clapper, *Senior Underwriter*

Brenda brings over 19 years of P&C experience to MRS. She has worked in various disciplines within the insurance field including underwriting, technical claims handling, and management. She was employed by Liberty Mutual for the majority of her career. Brenda is a graduate of Frostburg State University where she majored in Business Administration. Brenda received her AIM designation in December, 1999.

Scott Stevens, *Senior Underwriter*

Scott brings over 6 years of multi-line underwriting experience to MRS. Scott has worked for several national and regional carriers including Atlantic Mutual, Harleysville, Utica Mutual, and most recently Berkley Mid Atlantic Group. Scott is a graduate of Virginia Tech., where he earned a degree in History.

Kenneth Taylor, *Senior Underwriter*

Ken brings over 29 years of multi-line P&C experience to MRS. Ken spent the majority of his career working at The Hartford. He is a graduate of Virginia State University, where he majored in Business Administration.

Susan Harbin, *Underwriter*

Susan brings over 20 years of experience to MRS. She spent the majority of her career with Agents Insurance Markets, a Managing General Agency where she performed underwriting duties for various lines of insurance. She most recently worked at Tabb, Brockenbrough & Ragland, a large retail insurance agency in Richmond. Susan achieved her Associates Degree in Business from J. Sargeant Reynolds Community College in Richmond.

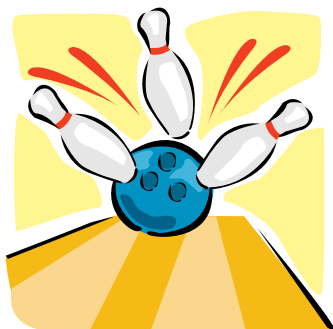
Markel Risk Solutions—New Business Accounts Recently Written

Manufacturing

Potato Chips	\$101,569
Wooden Pallets	\$26,713
Furniture (GL Only)	\$67,367
Food Products	\$60,640
Electronic Components	\$64,570
Wood Truss	\$34,272
Asphalt Roofing Material	\$70,541
Countertops, Sinks, Tubs	\$179,874
Foam Insulation	\$67,109

Wholesale/Mercantile

Seafood Distributor	\$106,223
Party Supply Store	\$45,494
Electrical Supplies	\$405,704
Building Material Dealer	\$42,800
Furniture Stores	\$47,021
Bowling Center	\$26,660
Industrial Tools and Supplies	\$51,968



Commercial Contracting

Landscaping Contractor	\$59,120
Concrete/Paving Contractor	\$237,381
Sheet Metal Contractor	\$50,798
Roofing Contractor	\$49,439
Demolition Contractor	\$82,028
Water Main Contractor	\$136,629
Drywall Contractor	\$99,775
Electrical Contractor	\$99,983
Excavating Contractor	\$100,563

Property Management/Habitational

Apartments	\$372,993
Offices and Retail	\$457,200
Condominiums	\$53,697
Shopping Centers	\$776,195
Rural Housing	\$130,000
Property Management Firm	\$119,340

Recycling/Eco Business

Cellulose Insulation Contractor	\$123,941
Scrap Metal Dealer	\$68,174
Plastics Recycling	\$148,745
Aluminum/Paper Recycler	\$38,036
Auto Parts Recycler	\$48,000
Debris Removal/Cleanup	\$260,441
Bio Fuel Blending	\$110,883
Water Softener/Bottler	\$125,985



Hospitality

Seafood Restaurant	\$48,006
Dinner Theater	\$93,868
Hotel	\$44,000
Casino	\$113,698
Barbecue Restaurant	\$131,489
Travel Center	\$91,900
Event Planner	\$541,408

Business Services

Convention Center	\$37,534
Temporary Staffing	\$54,753
Janitorial Service	\$70,043
Land Surveyor	\$25,269
Tree Pruning Service	\$26,517
Forestry Service	\$114,762
Institutional Food Service	\$61,379
Parking Lot Striping	\$124,762

New Faces (continued)

Michelle Orton,

Associate Underwriter

Michelle is a recent graduate of Markel University where she participated in a vigorous training program covering all facets of the Markel organization. Michelle is a 2006 graduate of Randolph-Macon College in Ashland, Virginia, where she earned her degree in Business, Economics, and International Relations.

Mark Schauss,

Associate Underwriter

Mark is a recent graduate of Markel University where he also participated

in a challenging training program covering a diverse number of topics at various business units within Markel Corporation. Mark is a 2006 graduate of the College of William and Mary with a degree in Finance.

Nick Harpster,

Underwriting Assistant

Nick interned with MRS over the past three summers before settling in with his full-time responsibilities in October 2006. Nick is in the general studies program at J. Sargeant Reynolds Community College in Richmond.



Underwriting Contacts

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Markel Launches Outbreak Extra Expense Cover

Our MRS agency partners may have heard about a unique coverage offer through various Markel Corporation surplus lines companies. Outbreak Extra Expense is an "extra expense" cover that provides a per diem limit of coverage for closure of a business premises by a public health official due to contagion, workplace violence event, or mold.

There are numerous recent examples of closures that, based on reported facts, would have triggered coverage under Outbreak Extra Expense. These include the E. coli outbreak that closed several Taco Bell locations in New Jersey, the norovirus outbreak that closed a hotel in Virginia, and the meningitis outbreak that prompted the closure of a number of schools in late December, 2006.

The policy provides a per-day limit of coverage from \$1,000 up to a

maximum of \$50,000 per day. Each location receives its own limit and aggregate, i.e. location aggregate = 30 days X per day limit. A policy aggregate of \$5 million applies, regardless of the number of locations. For the perils of contagion and mold, the suspension must be initiated by a "public health official" at the "operational premises." For the workplace violence peril, coverage must be triggered by public officials, including public health, fire, police, etc. There is a 5 day sublimit that applies to closures due to workplace violence.

The coverage is available for a wide variety of industry segments including food service, manufacturing, habitational, private schools and many more. For risks in the food service industry the policy is endorsed to include a three-day waiting period for three perils only: E. coli, salmonella, and infestation of

vermin or pests. This endorsement is only used for the food service industry and is designed to ensure a proper level of incentive to maintain good housekeeping practices.

The policy responds to closures due to mold for up to five days for one event in the policy period, as long as there is a manifestation of illness that triggers the suspension.

Outbreak Extra Expense is priced to be an affordable add-on to almost any insurance program. For example, for a simple single location risk, a \$5,000 per day limit/\$150,000 location aggregate is about \$1,500. Rates vary based upon occupancies and risk profiles.

To learn more about this unique coverage, please call Evans Nash, 804-273-1491, or Connie Masella, 804-273-1483, at Essex Insurance Company today.

Markel Risk Solutions Expands Products Liability Appetite

MRS is excited to announce that we are expanding our products liability appetite to include a wide variety of light manufacturing, wholesale, and retail segments. Our appetite runs the gamut and crosses all categories of business enterprises. Additionally, we have empowered our underwriters with expanded authority and decision making control, creating an environment that will enhance business development opportunities for you and MRS.

The following list is a representative sample of accounts that we have already written and industry segments from which we will eagerly entertain new accounts (subject to individual account underwriting and pricing, as always). The list is NOT all inclusive, but it should give you a general flavor of where our appetite lies and where we have achieved success.

- Appliances and accessories
- Building materials
- Clay products
- Clothing
- Drums or containers
- Eco-Business
- Electronic components
- Electroplating/Galvanizing

- Food products
- Furniture
- Insulation material
- Machinery and machinery parts
- Metalworking
- Paper goods
- Pet food
- Plastics or rubber goods
- Pumps or compressors
- Telecommunications
- Tools (hand and powered)
- Wire goods
- Wood products

Call your MRS underwriter to discuss your next account opportunity today.