

The Markel Style

An Interview with Anthony F. Markel, Vice Chairman, Markel Corporation

EDITORS' NOTE Tony Markel began his career with the Markel organization in 1964 upon graduation from the University of Virginia McIntire School of Commerce with a major in Economics. He was promoted to Vice President in 1970 and assumed responsibility for the management of Markel's wholesale brokerage operation in 1975. Markel was named Executive Vice President of Markel Corporation in 1977 and named President and Chief Operating Officer in March 1992. In January of 2009, he was named Vice Chairman. He was a member of the Board of the National Association of Professional Surplus Lines Organization (NAPSLO now WSIA) from 1978 to 1983, serving as its President in the last year. He also served on the Board of the National Association of Independent Insurers (NAII now PCI) from 1988 to 1993, serving as Chairman of the Surplus Lines Committee in 1993. In 2004, he was honored as a recipient of the Ernst and Young Entrepreneur of the Year Award. In 2005, Markel was awarded the Charles A. McAlear Award by NAPSLO for long and outstanding service to the Surplus Lines Industry. In 2006, he was awarded the City of Hope Spirit of Life Award for his notable contributions to the insurance industry and his community, and in 2011 was awarded the Vince Donabue Lifetime Achievement Award by the American Association of Managing General Agents (AAMGA). In May 2014, Markel was inducted as a laureate into the Junior Achievement Richmond Business Hall of Fame, recognizing his success and leadership in the insurance industry and community. In 2016, he was named as one of the 30 most influential business leaders in Richmond over the last 30 years by the Richmond Times-Dispatch and in January 2017, Markel received the "2016 Insurance Leader of the Year" Award by St. John's University's School of Risk Management, part of the Peter J. Tobin College of Business. In September 2017, he received the Lifetime Achievement Award by Reactions Magazine. Although semi-retired, he stays active as a Director of the Company and accepts a variety of special assignments from Markel's current leadership. Continuing his family's history of philanthropy, Markel's



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noteworthy charitable causes have included Faison School for Autism; Alzheimer's Association; University of Virginia; American Heart Association; Cullather Brain Tumor & Quality of Life Center; Goochland Family Services; Special Olympics of Virginia; and, United Way of Greater Richmond Alexis de Tocqueville Society. In addition, he was the National Chairman of the \$1 Billion Centennial Power of Hope Campaign for City of Hope, an NCI-designated Comprehensive Cancer Center in Duarte, California, which successfully reached its goal in January 2014. His current projects include the Markel-Friedman Foundation for Ovarian/Peritoneal Cancer Research (at City of Hope); the Richmond SPCA's full-service veterinarian clinic (named for his departed wife); and, Operation Healing Forces, an initiative started by his brother, Gary, that provides therapeutic retreats for wounded Special Operation Forces and their spouses. Presently, he serves as a member of the three-person steering committee in the current Naples Community Hospital's \$350 million campaign.

COMPANY BRIEF Founded in 1930, Markel (markel.com) is comprised of the following major operating units: Markel Specialty, Markel International, Markel Global Reinsurance, State National, Nephila Capital, and Markel Ventures. Markel maintains 61 offices in 16 countries. The insurance operations employ approximately 5,000 employees (with another 15,900 employees at Markel Ventures companies) and underwrite approximately \$9.8 billion in gross premiums annually.

Will you highlight the history and heritage of Markel?

Given the fact that Markel is within seven years of celebrating our centennial anniversary, a review of our history would be time-consuming, and probably, boring. Touching the highlights over this 93-year period, however, can provide a little bit of insight into our history and heritage. Founded in 1930 by my grandfather, Sam, the first 25 years in business was as an insurer of hard-to-place transportation risks. We converted to a managing

general agency in roughly 1955, still specializing in the same class, and it wasn't until 1980 that we reinvented ourselves back to a risk-bearing insurance company, but with a much broader array of products, mostly commercial property, casualty, and professional liability. We were a private, family-owned business from 1930 to 1986 when we took the company public in order to provide liquidity for the growing number of family members who didn't work for, but had equity in the company, as well as provide us with a platform to raise capital for future expansion. We are the product of four generations of management, the first three being Markel family members, initially my grandfather, followed by my father and his three brothers, and ultimately, myself, my brother, and two cousins. We were succeeded by the first non-family members, Tom Gayner, Richie Whitt, and Mike Crowley, with Tom rising to CEO with the retirements of Mike and Richie. Insurance was our only business until 2000, when we acquired a bakery equipment company as part of our investment portfolio. This was the foundation of what is known now as Markel Ventures, an amalgamation of some 23 wholly owned, disparate companies, which now generate about one-third of our corporate revenue. Worthy of note is the fact that our operations, with one small exception in Canada, were limited exclusively to the United States until the early 2000s when we acquired a London-based insurer, Terranova, which provided a platform into the international marketplace, spreading our geographic footprint to the current 61 offices in 16 countries. The constant through all of this change and almost a century has been the focus on specialization and market leadership along with family values, and a commitment to the individual, be it employee, channel partner, or client.

How do you describe Markel's culture and values?

Very simply, The Markel Style. As I mentioned in the previous answer, the overriding focus at Markel is people and relationships. Back in 1980, recognizing that we had evolved into an organization with a unique culture, we set out to capture it in words, and the result from an original draft, written by Alan Kirshner, edited by Steve Markel, and me, was The Markel Style. It has been our

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The Markel Style, our long-standing statement of values, is as follows:

- Markel has a commitment to success. We believe in hard work and a zealous pursuit of excellence while keeping a sense of humor. Our creed is honesty and fairness in all our dealings.

- The Markel way is to seek to be a market leader in each of our pursuits. We seek to know our customers' needs and to provide our customers with quality products and service.

- Our pledge to our shareholders is that we will build the financial value of our company. We respect our relationship with our suppliers and have a commitment to our communities.

- We are encouraged to look for a better way to do things – to challenge management. We have the ability to make decisions or alter a course quickly. The Markel approach is one of spontaneity and flexibility. This requires a respect for authority, but a disdain of bureaucracy.

- At Markel, we hold the individual's right to self-determination in the highest light, providing an atmosphere in which people can reach their personal potential. Being results-oriented, we are willing to put aside individual concerns in the spirit of teamwork to achieve success.

- Above all, we enjoy what we are doing. There is excitement at Markel, one that comes from innovating, creating, striving for a better way, sharing success with others – winning.

What have been the keys to Markel's industry leadership and how do you describe the Markel difference?

Although I think our bead on specialized niches gives us the ability to serve our customers and channel partners better than some of our more generalized competitors, it's become more and more difficult to differentiate coverages and products. Our difference? I would have to, once again, highlight our people and their commitment to The Golden Rule, giving us a competitive advantage – oversimplistic, perhaps, but nonetheless, true. From The Markel Style, “Being results-oriented, we are willing to put aside individual concerns in the spirit of teamwork

to achieve success.” As it relates specifically to insurance, if I had to describe one operational standard that I think provides some differentiation, it would be our unwavering focus on underwriting profit that provides the foundation for an investment policy that is not risk-averse and enables us to produce superior returns for our shareholders.

Will you provide an overview of Markel's offerings and solutions?

From the insurance side, it is a classic array of commercial coverages – casualty, property, excess, inland marine, professional liability, etc. that make up typical excess and surplus lines solutions. The major addition to those offerings is our partnership with Hagerty on classic antique and collector cars and boats. As the world leader in that marketplace, the legacy of specialization at Markel continues. The major diversification, corporately, over the last couple of decades has been the growth of Markel Ventures, and the companies that currently make up that division, including bakery equipment manufacturing, mobile home parks, residential construction, technology systems integration consulting, ornamental plants, upscale women's handbags, and building supplies, just to name a few of the market sectors that we now participate in.

How important is it for Markel to build a diverse and inclusive workforce?

Just like any organization of size, it is critical to attract people with different backgrounds, perspectives, cultures, and viewpoints if you want to build a strong, resilient fabric. Given our family roots, I think we have always sensitively strived for diversity on all fronts. In an effort to even further strengthen our commitment in this regard, we have become even more aggressive in reaching out, proactively, to increase our pool of minority applicants with much broader advertising and promotion, highlighting our many attractive career paths. As a result, our current roster reflects even more DEI, and has fostered advocacy networks representing virtually every minority group. As I've said earlier, albeit trite, people are our strongest asset, and the diversity that we have always had, and continue to seek, further steels our performance.

What do you see as Markel's responsibility to be engaged in the communities it serves?

Corporate responsibility and philanthropy have always been a part of our makeup. The expectation of personal community involvement by the leaders at each of our locations is clearly part of their job description and responsibility. As we have continued to grow, becoming a major employer in each of our locations, this aspect of our commitment has become even more focused. The example that our leaders provide with regard to corporate philanthropy along with their personal involvement has fostered tremendous volunteerism by our entire employee base. I can tell you there are always some causes, some charities, some community service, that are being touted and supported by our associates. In addition to being personally gratifying, it enhances our image as a responsible, philanthropic employer, worthy of a “look-see” by potential candidates for employment. As The Markel Style iterates, “We respect our relationship with our suppliers and have a commitment to our communities.”

What has made the insurance industry so special for you?

First and foremost, you can tell by my size, it has provided me at least three-square meals a day. Beyond that, it's a wonderful industry that provides necessary financial security, inhabited by friendly competitors, and the potential to develop lifelong friends. Plus, the simplicity of the fundamentals of property and casualty insurance, coupled with my personal good fortune, shows it, obviously, doesn't take a rocket scientist to succeed. As the Markel Style says, all it takes is “hard work and a zealous pursuit of excellence, while keeping a sense of humor.”

What advice do you offer to young people interested in building a career in the industry?

Since it's a commodity that everyone needs for financial security, the key is to be able to differentiate yourself from your competitors. Quoting The Markel Style again, “we seek to know our customers' needs, and to provide our customers with quality products and service.” If you enjoy people and are willing to go the extra mile, the property and casualty insurance business will offer a wonderful career path. “At Markel, we hold the individual's right to self-determination in the highest light, providing an atmosphere in which people can reach their personal potential.” ●