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MARKEL CORP
Form 11-K
June 22, 2001

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

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-15811

MARKEL CORPORATION RETIREMENT SAVINGS PLAN

MARKEL CORPORATION
A Virginia Corporation
IRS Employer Identification Number 54-1959284
4521 Highwoods Parkway
Glen Allen, Virginia 23060
Telephone (804) 747-0136

MARKEL CORPORATION RETIREMENT SAVINGS PLAN

Financial Statements
and Supplemental Schedules

December 31, 2000 and 1999

(With Independent Auditors' Report Thereon)

MARKEL CORPORATION RETIREMENT SAVINGS PLAN

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Independent Auditors' Report

The Board of Directors
Markel Corporation

The Administrative Committee
Markel Corporation Retirement Savings Plan:

We have audited the accompanying statements of assets available for benefits of the Markel Corporation Retirement Savings Plan (the Plan) as of December 31, 2000 and 1999, and the related statements of changes in assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets available for benefits of the Markel Corporation Retirement Savings Plan as of December 31, 2000 and 1999, and the changes in assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held for investment purposes at end of year (Schedule 1) and reportable transactions (Schedule 2) are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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KPMG LLP

Richmond, Virginia
June 8, 2001

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MARKEL CORPORATION RETIREMENT SAVINGS PLAN

Statements of Assets Available for Benefits

December 31, 2000 and 1999

	2000	1999
	-----	-----
Investments, at fair value (note 3):		
Mutual funds	\$ 57,125,624	57,011,606
Markel Corporation common stock	25,613,691	20,953,775
Loans receivable	1,332,919	1,487,744
	-----	-----
Total investments	84,072,234	79,453,125
	-----	-----
Receivables:		
Employer's contribution	386,713	359,250
Participants' contributions	322,292	278,773
	-----	-----
Total receivables	709,005	638,023
	-----	-----
Assets available for benefits	\$ 84,781,239	80,091,148
	=====	=====

See accompanying notes to financial statements.

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MARKEL CORPORATION RETIREMENT SAVINGS PLAN

Statements of Changes in Assets Available for Benefits

Years ended December 31, 2000 and 1999

	2000	1999
	-----	-----
Additions to (deductions from) assets attributed to:		
Investment income:		
Net depreciation in fair value of investments (note 3)	\$ (1,767,540)	(1,500,000)
Loan interest	122,138	122,138
Interest and dividends	4,510,127	4,510,127
	-----	-----
Total investment income	2,864,725	3,132,265
	-----	-----
Contributions (note 2):		
Employer	3,339,776	3,000,000
Participants	3,374,041	3,600,000
	-----	-----
Total contributions	6,713,817	6,600,000

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Total additions	9,578,542	9,7
Deductions from assets attributed to participant distributions and withdrawals	(6,263,726)	(4,2
Transfers from other qualified plans (note 6)	1,375,275	4,3
Net increase	4,690,091	9,9
Assets available for benefits:		
Beginning of year	80,091,148	70,1
End of year	\$ 84,781,239	80,0

See accompanying notes to financial statements.

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MARKEL CORPORATION RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2000 and 1999

(1) Summary of Significant Accounting Policies

The following are the significant accounting policies followed by the Markel Corporation Retirement Savings Plan (the Plan).

(a) Basis of Presentation

The accompanying financial statements, which present the assets of the Plan and changes in those assets, have been prepared on the accrual basis of accounting. Accordingly, contributions to the Plan and interest and dividend income are recognized as earned; plan benefits and withdrawals are recorded when paid and net appreciation and depreciation of investments are recognized as they occur. Loans receivable represent loans to participants made against their vested balances as permitted by the Plan.

(b) Use of Estimates

Accounting principles generally accepted in the United States of America require the Administrative Committee of the Plan to make estimates and assumptions when preparing financial statements. Actual results could differ from those estimates.

(c) Investments

The fair value of Markel Corporation common stock is based upon the quoted price of stock as of the end of each year.

Investments in mutual funds are valued according to net asset values of the funds on the basis of fair values of the assets and liabilities thereof. Loans receivable are valued at the principal amount outstanding which approximates fair value.

The change in the difference between the fair value and the cost of

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investments held at the beginning and end of each year, adjusted for realized gains or losses on investments sold during the year, is reflected in the statements of changes in assets available for benefits as appreciation or depreciation in the fair value of investments.

The cost of investments sold is determined on the basis of average cost. Purchases and sales of investments are recorded on a settlement date basis. The recording of these transactions on a trade date basis would not have had a material impact on the accompanying financial statements.

(d) Income Taxes

The Plan is in receipt of a favorable determination letter dated February 18, 1997, issued pursuant to Revenue Procedure 93-39, under Section 401(a) of the Internal Revenue Code, and the related trust is considered exempt from taxation under the provisions of Section 501(a). In addition, the plan administrator believes the Plan operated in compliance with the plan document and current law for the years under audit. Accordingly, participants have not been taxed on their salary reduction contributions or investment earnings related to these contributions when received by the trustee under the Plan. Ordinarily, participants are subject to tax on these amounts when they receive distributions from the Plan.

Under normal circumstances, the Plan will not be taxed on its dividend and interest income or any capital gains realized by it or any unrealized appreciation on investments.

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MARKEL CORPORATION RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2000 and 1999

(2) Summary of Significant Provisions of the Plan

The following description of the Plan provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution plan covering all employees of Markel Corporation and its wholly-owned domestic subsidiaries (the Company). Employees, age eighteen or older, are eligible for the Plan upon date of employment, with matching Company contributions commencing after one year of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by an Administrative Committee appointed by the Chief Executive Officer of the Company. The assets of the Plan are held in trust under an agreement with Fidelity Management Trust Company, with administrative services provided by Fidelity Institutional Retirement Services Company, a division of Fidelity Investment Institutional Services Company, Inc. (the Trustee).

(b) Contributions

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Each year, the Company is obligated to contribute to the Plan, subject to certain limitations, an amount equal to 6% of each participant's compensation. The Company also contributes under the matching provision of the Plan an amount equal to 100% of the first 2% and 50% of the next 2% of compensation contributed by a participant, not to exceed 3% of the participant's compensation for any such year. Participants may contribute, in whole percentage increments, up to 15% of their annual compensation, excluding bonuses, on a pre-tax basis. The allocation of both employer and participant contributions to the various funds is based upon the individual participant's election. However, one-third of the employer's contribution, representing up to 3% of a participant's annual compensation, will be allocated to a restricted Company Stock Fund.

Participant contributions, as shown in the accompanying statements of changes in assets available for benefits, include amounts rolled over into the Plan from other qualified plans totaling \$103,839 and \$741,807 for the years ended December 31, 2000 and 1999, respectively.

(c) Participant Accounts

Each participant's account is credited with the participant's and Company's contributions and earnings of the Plan. The posting of earnings is made on a quarterly or more frequent basis.

(d) Vesting and Plan Termination

Participants are immediately vested in their own contributions plus earnings thereon. Vesting in the Company's contributions is based on years of service as follows:

Years of vesting service -----	Vested percentage -----
Less than two years of service	0%
Two years of service	20%
Three years of service	50%
Four or more years of service	100%

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(Continued)

MARKEL CORPORATION RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2000 and 1999

In accordance with the provisions of the Plan, any portion of the Company's contributions that has not vested at the time of a participant's withdrawal shall be forfeited by the participant and applied to reduce future Company contributions. For the years ended December 31, 2000 and 1999, forfeited amounts totaled \$110,849 and \$130,669, respectively.

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

(e) Payment of Benefits

Upon termination of service, participants may receive a lump sum amount

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equal to the value of their vested account within 45 days of the quarter end in which termination occurred or their account will continue to be held in the trust fund until the participant reaches age 65 or dies, whichever occurs first.

(f) Participant Loans

The Plan contains a provision for loans to participants with the plan administrator's consent. Under the terms of the Plan, participants may borrow from their accounts a minimum of \$1,000 up to the lesser of \$30,000 or 30% of the vested value of the participant's account or under certain conditions up to a maximum of the lesser of \$50,000 or 50%. Loans bear interest and are repayable in accordance with terms established by the Plan.

(g) Investment Options

The Plan offers nine investment fund options - the Company Stock Fund, the Fidelity Magellan Fund, the Fidelity Intermediate Bond Fund, the Fidelity Equity Income Fund, the Fidelity Puritan Fund, the Fidelity Retirement Money Market Portfolio, the Fidelity Stock Selector Fund, the Fidelity Contrafund and the Fidelity Overseas Fund. Participants in the Plan are able to direct into which Fund contributions are invested as discussed in note 2(b). Participants are allowed to change investment options daily.

(h) Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

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(Continued)

MARKEL CORPORATION RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2000 and 1999

(3) Investments

The Plan's investments are held by a trustee-administered trust fund. The following tables present the fair values of investments at December 31, 2000 and 1999 representing five percent or more of the Plan's assets at the end of the respective years:

	December 31, 2000	
	Number of shares or units	Fair value
Markel Corporation common stock	141,512	\$ 25,613,691
Mutual funds:		
Fidelity Magellan Fund	147,592	17,607,691
Fidelity Equity Income Fund	157,698	8,425,826
Fidelity Puritan Fund	449,562	8,465,255
Fidelity Retirement Money Market Portfolio	6,455,234	6,455,234
Fidelity Stock Selector Fund	280,756	6,973,983

December 31, 1999

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	Number of shares or units	Fair value
Markel Corporation common stock	135,186	20,953,775
Mutual funds:		
Fidelity Magellan Fund	138,909	18,979,091
Fidelity Equity Income Fund	162,076	8,667,817
Fidelity Puritan Fund	436,159	8,300,106
Fidelity Retirement Money Market Portfolio	6,918,660	6,918,660
Fidelity Stock Selector Fund	217,561	6,961,962
7		(Continued)

MARKEL CORPORATION RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2000 and 1999

During 2000 and 1999, the Plan's investments (including investments bought, sold and held during the year) depreciated in fair value by \$1,767,540 and \$1,506,321, respectively, as follows:

	Year end December
	2000
Markel Corporation common stock	\$ 3,826,468
Mutual funds:	
Fidelity Magellan Fund	(2,553,499)
Fidelity Intermediate Bond Fund	100,901
Fidelity Equity Income Fund	(58,087)
Fidelity Puritan Fund	(99,387)
Fidelity Stock Selector Fund	(1,734,829)
Fidelity Contrafund	(728,412)
Fidelity Overseas Fund	(520,695)
Net change in fair value	\$ (1,767,540)

(4) Administrative Expenses

The administrative expenses of the Plan have been paid by the Company to the Trustee. Expenses paid by the Company totaled approximately \$39,895 and \$91,545 for the years ended December 31, 2000 and 1999, respectively.

(5) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of assets available for benefits per the financial statements to the Form 5500:

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	December
	----- 2000 -----
Assets available for benefits per the financial statements	\$ 84,781,239
Amounts allocated to withdrawing participants	(903,703)

Assets available for benefits per the Form 5500	\$ 83,877,536
	=====

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(Continued)

MARKEL CORPORATION RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2000 and 1999

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500:

	Year ended
	----- 2000 -----
Benefits paid to participants per the financial statements	\$ 6,263,726
Add amounts allocated to withdrawing participants at the end of the year	903,703
Less amounts allocated to withdrawing participants at the end of the prior year	1,029,580

Benefits paid to participants per the Form 5500	\$ 6,137,849
	=====

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31 but not yet paid as of that date.

(6) Transfers from Other Qualified Plans

In conjunction with the Company's acquisition of certain renewal rights acquired from Acceptance Insurance Companies, Inc. (Acceptance), the Company agreed to employ approximately 55 Acceptance employees. Former Acceptance employees became eligible to participate in the Plan effective March 1, 2000. Additionally, the Plan received assets valued at \$1,375,275 in a trustee-to-trustee transfer from the Acceptance Insurance Companies, Inc. Tax-Deferred Savings Plan. These assets were merged into the Plan effective July 1, 2000.

Effective January 15, 1999, Gryphon Holdings, Inc. (Gryphon) was acquired by the Company, becoming a wholly-owned subsidiary. As a result of the acquisition, all assets of the Gryphon Holdings, Inc. 401(k) and Savings Plan were merged into the Plan on December 31, 1999. Former Gryphon

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employees began contributing to the Plan on March 1, 1999.

(7) Nonparticipant-Directed Investments

Information about the assets available for benefits and the changes in assets available for benefits for the nonparticipant-directed investments as of and for the year ended December 31, 2000 is as follows:

Assets available for benefits - Markel Corporation common stock

Changes in assets:

Interest
Net appreciation in fair value of investments
Employer contributions
Distributions of benefits and withdrawal

Net increase in assets available for benefits

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(Continued)

MARKEL CORPORATION RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2000 and 1999

(8) Related Party Transactions

The Plan owned 141,512 shares of Markel Corporation common stock as of December 31, 2000, which had a cost basis of \$11,825,017 and a fair value of \$25,613,691. During the year, 20,257 shares of Markel Corporation common stock were purchased at a total cost of \$2,870,980 and 13,931 shares, with a cost basis of \$1,307,730, were sold for \$2,037,532.

Certain Plan investments are units of mutual funds managed by the Trustee, a party-in-interest.

(9) New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"). SFAS No. 133 requires that an entity recognize all derivatives and measure those instruments at fair value.

SFAS No. 133 is effective for fiscal years beginning after June 15, 2000. Pursuant to SFAS No. 137, the Plan is required to adopt SFAS No. 133 effective January 1, 2001. Management of the Plan has determined that SFAS No. 133 will have no impact on the Plan Financial statements.

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Schedule 1

MARKEL CORPORATION RETIREMENT SAVINGS PLAN

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Schedule of Assets Held for Investment Purposes at End of Year

December 31, 2000

Identity of issue, borrower, lessor or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	C
Markel Corporation*	141,512 shares of Markel Corporation common stock, cost of \$11,825,017	\$ 2
Mutual funds:		
Fidelity Investments*	147,592 shares of Fidelity Magellan Fund	1
Fidelity Investments*	374,046 shares of Fidelity Intermediate Bond Fund	
Fidelity Investments*	157,698 shares of Fidelity Equity Income Fund	
Fidelity Investments*	449,562 shares of Fidelity Puritan Fund	
Fidelity Investments*	6,455,234 shares of Fidelity Retirement Money Market Portfolio	
Fidelity Investments*	280,756 shares of Fidelity Stock Selector Fund	
Fidelity Investments*	79,251 shares of Fidelity Contrafund	
Fidelity Investments*	44,965 shares of Fidelity Overseas Fund	
Total mutual funds		5
Markel Corporation Retirement Savings Plan*	\$1,332,919 in loan receivables from participants with interest rates of prime + 1% or 2%	
Total investments		\$ 8

* Party-in-interest

See accompanying independent auditors' report.

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Schedule 2

MARKEL CORPORATION RETIREMENT SAVINGS PLAN

Schedule of Reportable Transactions

Year ended December 31, 2000

Expense
incurred

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Identity of party involved	Description of assets	Purchase price	Selling price	Lease rental	with transaction
-------------------------------	-----------------------	-------------------	------------------	-----------------	---------------------

*** No reportable transactions ***

See accompanying independent auditors' report.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the administrative committee members have duly caused this annual report to be signed on behalf by the undersigned hereunto duly authorized.

MARKEL CORPORATION RETIREMENT SAVINGS PLAN

By: /s/ Pamela J. Perrott

Administrative Committee Member

Date: June 22, 2001

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