

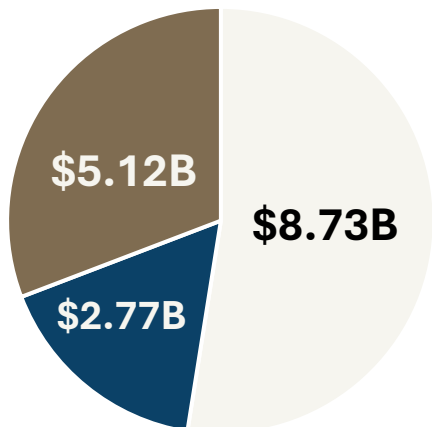
Analysts: Hayden Kuhn, Gavin Stoos
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Date	November 18, 2025
Ticker	MKL
Exchange	Nasdaq
Industry	Financial Services
Sector	Property and Casualty Insurance
Current Price	\$2052.66
Target Price	\$2546.98
Upside	20%
Recommendation	BUY

SNAPSHOT

52 Week High:	\$2109.91
52 Week Low:	\$1621.89
Beta:	0.66
Cost of Equity:	7.67%
DCF/EP:	\$2546.96
WACC:	8.74%
P/E ('25):	9.8
Share Repurchases YTD	\$344 M
Market Cap:	\$25.88 B
Shares Outs.	12,600 M
Revenue ('25):	\$17.83 B
EPS ('25):	\$210.28
Combined Ratio ('24):	95.2%
P/B ('24):	1.61
Loss Ratio ('24):	59.9%

Markel Group 2024 Revenue by Segment



■ Insurance ■ Investment ■ Ventures

Company Overview

Markel Group is a financial holding company of independent businesses that operate across a wide range of industries. They are primarily known as a global specialty insurer but are also heavily involved in venture activity and investments. Its core business involves underwriting a variety of insurance products, with general and professional liability being the largest in premium gross volume. Markel Group is different than other P&C insurance companies because they offer insurance of niche, specialty products that are very hard to underwrite such as expensive art, dance studios, and in-home daycares. About 30% of Markel Group's 2024 operating revenue comes from its venture activity, with their strategy being acquiring controlling stakes in private, niche companies across a variety of sectors. Their investment portfolio is built on highly-rated fixed income products and equities of companies with high return on capital and low debt.

Investment Thesis

We recommend a **BUY** rating for Markel Group. (MKL) as of November 18th, 2025, with our model predicting a 20% increase in share value.

Thesis Drivers:

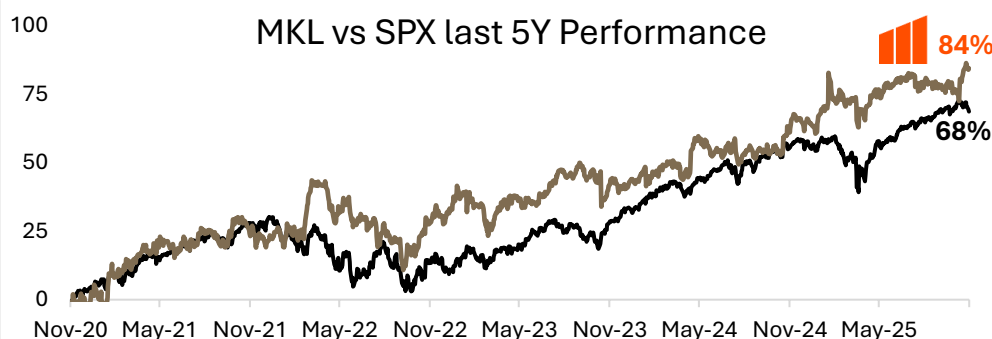
Construction Costs and Liability Claims: Higher loss costs from inflation in construction has hit Markel Group hard. Markel Ventures involved in the construction industry have struggled with immigration reducing labor supply and general material costs. Social Inflation has increased liability claim costs due to larger jury verdicts, litigation financing fueling more and larger claims, and expanding liability theories. These are causing Markel Group to pay out larger loss costs and is part of the reason the combined ratio has rose recently.

Niche Insurance Coverages: With Markel Group's main revenue stream being insurance, they are increasing their emphasis on being able to underwrite weird, niche coverages. They currently have 175 total specialty insurance coverage options. This brings on the risk of difficult underwriting, and we believe the combined ratio will continue to rise as they keep offering niche coverages.

Multiple Investment Vehicles: Markel Ventures gives Markel Group a Berkshire-like advantage by providing long-term cash-producing businesses that creates another vehicle for investing insurance premiums. It strengthens Markel's ability to compound capital over decades while maintaining their traditional insurance income.

Combined Ratio Trend: Despite recent underwriting trouble the last three years, the eight-year combined ratio average for Markel Group is 90.80%. We believe recent trends and the addition to of niche coverages has added to this downturn, but optimizing underwriting results and coverage options can flip this combined ratio very quickly.

MKL vs SPX last 5Y Performance

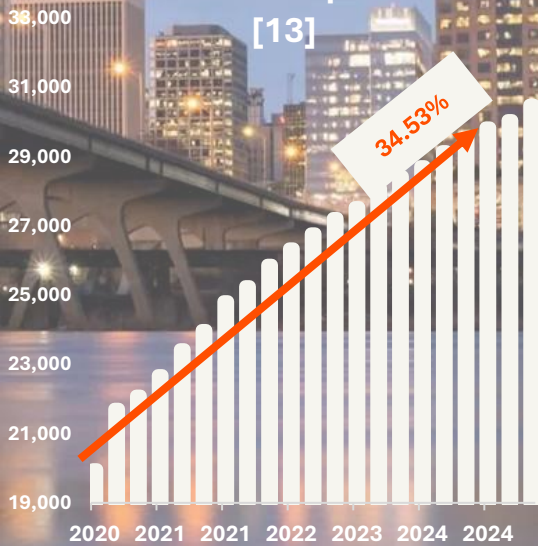


Breakdown of \$1.7 Trillion Insurance Industry [10]

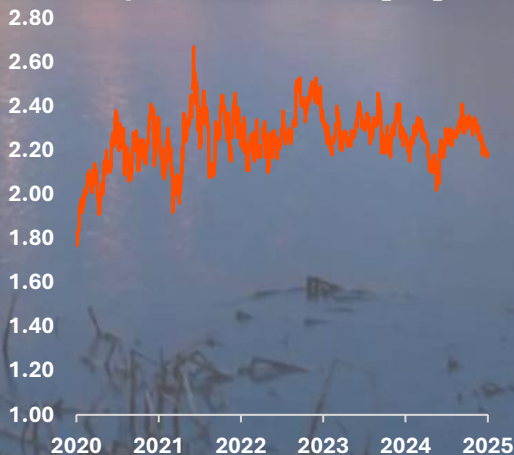
UNH: \$473 BB



GDP Growth prev. 5Y [13]



5Y, 5Y Forward Inflation Expectation Rate [14]



Executive Summary

Market Group’s diversified, long-term approach throughout their business model will continue to drive stock price up.

Liability coverages are the workhorse product for Market Group, but specialty coverage demand is increasing and Market Group is paving the way. Keeping the combined ratio down and retaining experienced, talented underwriters will ultimately be the driver in specialty lines performance, and we are confident Market Group can deliver upon that. The insurance industry is so competitive among peers, so being able to offer products that your competitors can’t through innovation and talented underwriting is what sets MKL apart from its competitors in the insurance space.

Another way Market differentiates from its peers through its Market Ventures. This reduces dependency on the insurance underwriting cycle (catastrophes, price swings) and provides steady earnings from operating businesses. It gives MKL a Berkshire-Hathaway style “third engine” along with investment and insurance revenues, and creates long-duration capital and reinvestment opportunities. Investing in private companies can also earn a higher internal rate of return and stronger cash yields compared to bonds and public equities. Market Ventures is simply another vehicle to invest earned premiums past just traditional fixed-income products and equity securities.

Regarding their investment portfolio, Market’s core philosophy is long-term, value-oriented. They invest with three principles : high-quality, mostly investment-grade, with duration matched to insurance liabilities. These ensure Market can always pay claims regardless of market conditions. Market believes equities are essential for long-term returns, and owns a larger but controlled amount of equities in relation to fixed-income products compared to most other insurers.

Economic Analysis

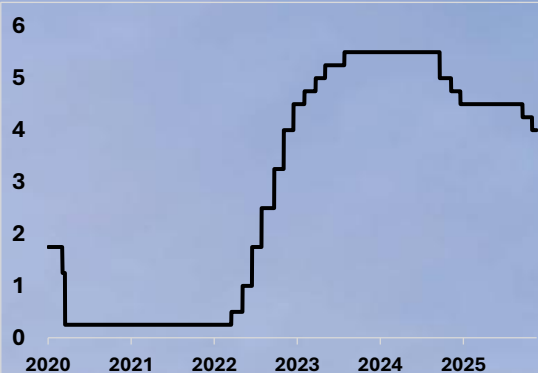
Real GDP growth:

U.S. Real Gross Domestic Product (GDP) is a key measure of economic health, and it has a significant impact on both Market Group and the greater insurance industry. Real GDP reflects the growth of all goods and services produced in the U.S. adjusted for inflation. Real GDP calculation includes consumer spending, private investment, net exports, and government spending. Real GDP growth was positive and steady in 2025, with real GDP rising by 3.8% annualized in Q2 of 2025 and -0.5% in Q1 [1]. These GDP trends in Q2 2025 have been mainly driven by a drop in imports from tariffs, strong consumer spending, and a rising price environment. We expect short-term 6 months Real GDP Growth to stay stable at 3.8% with presumed rising unemployment rates and the increasing belief that the Fed won’t cut rates again in December. A short-term prediction is tough considering how volatile the Trump Administration has been. We expect Long Term 2-3 years Real GDP Growth to grow to around 4% with companies slowly bringing manufacturing back to the US and tariffs slowly going down.

Inflation:

Inflation, measured by the consumer price index (CPI), tracks the changes in the cost of a basket of goods and services over time and is a key indicator of economic health. The latest Bureau of Labor Statistics showed the CPI increased by 3.0% over the 12 months ending September 2025, similar to core inflation as well [9]. This is above the Fed’s target of around 2%, but much lower than the 5-10% we saw in 2021-2022.

Federal Funds Target Range



Federal Funds Rate:

The Federal Funds Rate has a major impact and influence over the financial services sector, as it is a benchmark used to gauge interest rates over a short period of time. After remaining close to 0% in 2021, the rate climbed rapidly through 2022 and 2023 as the Federal Reserve raised borrowing costs to control inflation, eventually peaking at around 5.5%. Throughout 2024 and into 2025, the rate remained elevated, with only gradual cuts beginning as inflation softened and economic momentum cooled. This higher-rate environment supported stronger yields on new investments for insurers, while also increasing funding costs across the broader economy.

We expect short-term 6-month federal funds rate movements to trend lower by around .25%-.50% as unemployment rises and policymakers face stronger pressure to ease monetary policy. We also anticipate the federal funds rate settling in the 3.25–3.75% range as inflation trends toward target and economic growth normalizes in the next 2-3 years. A more moderate federal funds rate would benefit the property and casualty insurance industry by supporting stable investment returns and improving overall financial conditions for households and businesses.

Interest Rates:

Interest rates remain a major economic factor for Market Group and the broader insurance industry, as they directly influence investment income and the valuation of fixed-income securities. The 10-year U.S. Treasury yield fluctuated significantly between 2021 and 2025, peaking above 4.9% in 2023, but generally holding between 4-4.5% in the following years. Elevated long-term rates have supported stronger reinvestment yields for insurers, though they have also created short-term unrealized losses on existing bond portfolios. Looking ahead, we expect short-term 6-month interest rates to decline by 0.25-0.5% as unemployment trends higher and policymakers face increased pressure to ease monetary conditions. Over the longer 2–3-year horizon, interest rates are expected to settle near 3.5% as inflation stabilizes and economic growth moderates. A more normalized rate environment would benefit the property and casualty insurance sector by improving investment income and reducing volatility in bond valuations.

Industry Analysis

Market Group operates in the North American Property & Casualty Insurance industry. Current product lines for these companies are written premiums for auto, commercial property, homeowners, liability, workers compensation, commercial auto, and surety insurance. These are the main revenue streams, along with investment income for companies in this industry. All companies have a different mix of business, with some having a higher percentage of premiums coming from catastrophe and weather-related claims, auto related claims, etc. Firms in this industry can be differentiated most by market cap, operating expenses, and business mix. The insurance industry is extremely capital driven, so market cap is extremely important in how powerful a company is. The insurance industry is built on betting against catastrophes, accidents, etc. so a big natural disaster can bankrupt a regional insurance firm with a low market cap. In terms of metrics, combined ratio and underwriting profitability are major metrics that can be compared between companies. Customer satisfaction is also a major factor in competing firms because of the ease of switching insurance providers from a consumer perspective. The main expense for insurance companies are written losses, which can differentiate depending on a company's business mix. An across-the-board solid underwriting year for the personal auto insurance industry may be great for a P&C insurance company with a large part of premiums coming from personal auto premiums, but a P&C company with a large chunk of premiums coming from a weather-related space may struggle if a major natural catastrophe hits.

Industry Developments and Trends

Home Ownership Falling

Other than Q3 2020 when home ownership rates jumped due to the Fed cutting rates, ownership rates have remained low since the 08-09 recession. With the Leading Economic Index trending downward indicating a possible recession soon, we could see home ownership continue to fall. This lagging home ownership rate can be attributed to high interest rates, partially from the Fed refusing the cut rates (apart from recently) since hiking them up post COVID. Along with this, homeowner underwriting profitability has been pressured by poor performance in the last few years from a multitude of reasons, an increase of natural disasters being a major one.

Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity



Top stakeholders in Market Group

Vanguard® BLACKROCK

Principal Eaton Vance

Davis
FUNDS

Top Competitors in Insurance Industry

PROGRESSIVE  Allstate

TRAVELERS 

 CHUBB

 AIG

Producer Price Index:
P&C Insurance last 25Y



Artificial Intelligence:

AI continues to grow rapidly in 2025 and is becoming more and more prevalent in the P&C industry. AI can lower operational expenses by being able to do underwriting, which can eliminate entry-level underwriter positions. It can also enhance the underwriting process by doing everything an underwriter can do, at lightning speed. Training and protocols are needed from senior managements in regard to current desired risk, data, etc. but the correct guidelines set for AI should streamline the underwriting process. National Association of Insurance Commissioners, or NAIC's 2025 goal is to develop tools to assess insurers risk associated with the use of AI in operations, which they view as more of guiding principles opposed to formal laws. To sum it up in a few sentences, the guiding principles look for AI to minimize risks to consumers and follow all necessary governing laws. Senior management should oversee the development and implementation of AI to ensure it is following all standards of control. [5]

Private Auto:

Private auto underwriting results are improving as a direct result of consumers more consistent driving patterns and several years of corrective rate actions by insurance companies. Private auto is the largest segment in P&C industry in terms of net written premiums, and it was the industry most affected by COVID due to altered driving patterns from a major increase in work-from-home policies of companies around the world. In 2022, underwriting tanked and claims skyrocketed from people returning to the roads after hardly driving for two years, hiking auto accidents and claims. This shot the overall combined ratio for auto insurers up to around 110%. This trend of elevated claims has continued since 2022.

Porter's Five Forces

Competitive Rivalry: High

Specialty insurance is highly competitive, with many A-rated carriers such as Berkshire Hathaway, Chubb, and Travelers. Rivalry is so intense in insurance because pricing cycles cause aggressive competition in soft markets, and capital flows into insurance quickly during profitable periods. Most of Market Groups competitors have comparable ratings, distribution networks, and capital strength, which limits pricing flexibility. Market Group must continue to innovate and adapt to reduce the number of commoditized lines.

Threat of New Entrants: Low to Moderate

The threat of new entrants is relatively low due to regulatory barriers, scale and reputation, and expertise barriers. Insurance requires heavy state-by-state licensing, capital requirements, and rating-agency scrutiny. Specialty insurance buyers also prefer well-established carriers with a solid claims-paying track record. Specialty lines also require deep underwriting niches for areas like excess casualty, marine, etc. Expertise is built over years of experienced underwriting. New entrants, like Insurtech's and MGAs can enter quickly with technology or distribution advantages.

Bargaining Power of Suppliers: Moderate

In Insurance, suppliers are capital providers, distribution channels like brokers and agents, and talent like underwriters and operators. While reinsurers, brokers, and underwriting talent all have meaningful influence over a company's cost structure, none of them possess enough leverage to dictate terms. Overall, suppliers matter and impact margins, but companies with strong balance sheets allow them to retain more risk.

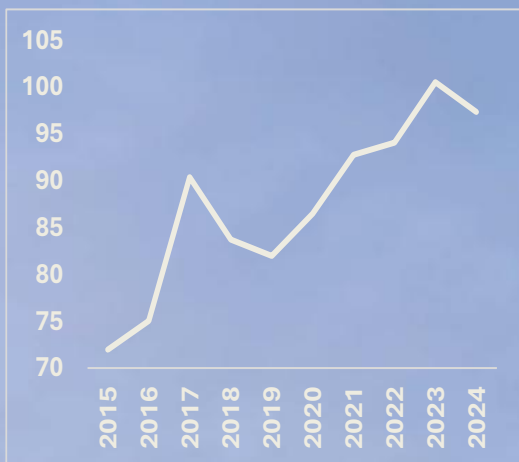
Bargaining Power of Buyers: Moderate to High

Buyer power varies by line, but in general it is moderate to high. Many specialty insurance buyers use brokers who can negotiate heavily on price and coverage terms. Some lines can be highly price-sensitive due to only a few key buyers being involved, along with larger corporate clients having leverage by being able to shop policies across multiple carriers. In certain areas like specialty lines, expertise matters more than price. In super-niche areas that Market Group covers, buyers have very few alternatives.

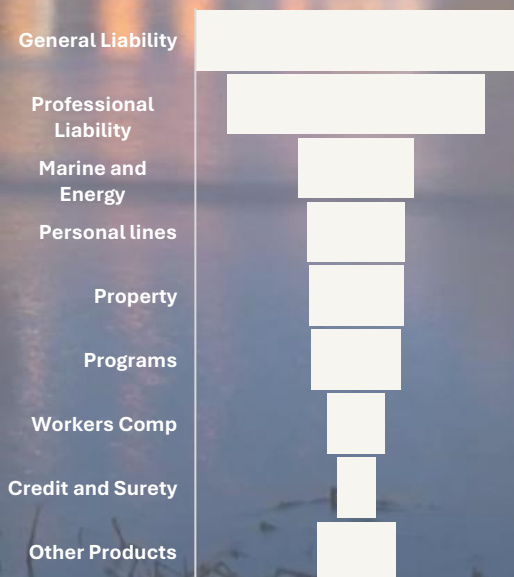
Threat of Substitutes: Low to Moderate

Large corporates can self-insure or form captives, while Cat bonds, parametric insurance, and ILS can replace traditional insurance. Along with those, programs like NFIP and state workers' comp funds can reduce the need for private insurance. Although these threats exist, there are some major blockades to substitutes. Most specialty risks are complex and require an underwriter, and corporate risk departments often lack the expertise to fully self-insure. Art markets are growing but are still a small slice relative to traditional specialty insurance.

Markel Group Combined Ratio



Markel Group Earned Premiums by Segment



Market Group Analysis

Insurance Coverage Options:

Even though Markel Group specializes in General and Professional Liability Insurance coverages, they differentiate from their peers by offering weird, niche coverages in hard-to-price markets. They currently offer 175 insurance coverage options, anywhere from water marina protection to transportation pollution liability. Within these niche coverages, there is hardly any competition and gives Markel strong pricing power. This also paves the way for customer loyalty and long-term relationships to form if Markel can meet customers specific needs. These niche lines not only give Markel diversification benefits but also paints the brand as “Specialty Experts”. With these specialty coverages, expertise-based underwriting is necessary to turn a profit. We are confident that with MKL’s combined ratio history and recent moves to focus on core insurance business activities, these niche insurance coverage offerings will continue to be an advantage over peers.

Q3 Earnings Analysis:

[3] Markel Group reported 2025 Q3 results on October 29th, 2025, and they were very positive. For the quarter, operating revenues increased by 4% year to date. Taking into account movements in their equity portfolio, operating income decreased 23% year to date. If you take equity portfolio movements out of the picture, operating income increased 7% year to date and 23% from the last quarter. The combined ratio improved by 4 points from the last quarter to 93%. The yearly combined ratio remains consistent at 95% so far. Shares repurchases were \$344 million for the year, which we priced into the model with \$500 million in share repurchases total for 2025. Despite Markel’s emphasis on share repurchases, they haven’t released a formal plan on how much they will spend to buyback shares, so we grew the share repurchase expense at 2%/year after 2025. Markel Group has maintained a focus to repurchase shares with excess cash [4]. Comprehensive income to shareholders was over \$2 million year-to-date. Q3 results heading in the right direction gives us confidence in our investment recommendation.

Recent Trends :

Construction materials have experienced significant inflation over recent years, due to supply chain issues and labor shortages. Construction related businesses take up 30% of our venture companies, and this affects them. We anticipate this trend to continue with the current administration’s stance on immigration, causing a large amount of cheap foreign labor to leave the country. Tariffs are also causing material costs to rise. This is extremely hard to predict, with Trump using tariffs as negotiating power. We priced this into our model with our Venture segment growing at a much lower rate than our five-year average, despite the recent Fed cuts. According to the Insurance Information Institute [7], P&C replacement cost growth slowed recently, below overall inflation. If that trend continues or even just stabilizes, we could see the problem easing for insurers. In its most recent 10k [6], Markel talks about how social inflation has been a driver for increased losses in its two biggest lines, General and Professional liability. Litigations are taking longer to resolve partly because of court backlogs, which can mostly be attributed to COVID. Increased use of litigation financing is contributing to social inflation. If there is meaningful reform against these “nuclear verdicts” we could see lower jury awards and slow down plaintiff-friendly behavior that’s fueling this social inflation. Normalization of court activity may reduce distortion across the board. As this social inflation continues, we see most insurers raising premiums and tightening terms to offset this social inflation pressure and provide some cushion for their combined ratio going forward.

Global Reinsurance Rights :

[2] In 2024, Reinsurance took up only 11% of total insurance segment revenue. Markel Group has stated that intense competition in the global reinsurance industry has made it tough for them, especially bigger firms having more access to “big data” that allows them to assess risk better than Markel Group can. On August 18th, 2025, it was announced Markel Group had sold their Global Reinsurance business to Nationwide. This means all international reinsurance policies will now renew with Nationwide, with runoff premiums flowing into Markel Group for the next two-three years. Markel Group still retains all their US reinsurance rights. Markel Group does not release how their reinsurance revenue is split up globally vs nationally. This selloff is “part of Markel’s broader strategy to simplify operations and focus on the distinct needs of its core specialty insurance markets. “ [2]

Revenue Analysis & Breakdown:

Premium Growth:

In terms of our earned premium growth, we kept everything within appropriate parameters. Given a 5-year growth average of 12%, we grew our earned premiums anywhere from 7.5% to 12% before returning our CV value to 5% growth. We believe earned premiums will continue rising as inflation keeps rising, along with the recent news of Markel focusing more on core underwriting operations, and even with Markel continuing to add coverages.

Investing:

For our investing segment, we grew our fixed maturity securities at the current 10-year Treasury Yield of 4.146%. We grew our Equity Securities account using the 20-year S&P return of 8.40%. We grew our short-term investments from 4.50% down to 3.50% from recent trends with that account, and down to 2.28% for CV year which is the 5-year average for that account. We grew Net Investment Income at 12%, which is driven by recurring income from the investment portfolio and has grown at a five-year average of 18%. We grew Net Investment Gains (losses) by 4% per year, driven by changes in our market-driven portfolio. Over a 5-year average, it has grown by 39% per year but is extremely volatile. We decided to grow this just under the 10-year Treasury Yield, because this is extremely hard to predict.

Markel Ventures:

For our Markel Ventures account, we wanted to price in current events. Currently, our construction ventures are experiencing higher than normal supply and labor costs, and we think this will continue throughout the current administration. Despite this, Markel has maintained they are committed to adding to their ventures as another vehicle to invest earned premiums. With the recent Fed activity, we believe Markel Ventures should continue to expand as borrowing money becomes cheaper and their ability to buy businesses increases. Despite a 5-year average revenue growth of 17%, we grew our venture account at 10% until 2028, 15% in 2029, and back down to 8% for our CV year. We view Markel Group’s number one strategy of investing in themselves as a major advantage when it comes to expanding their Markel Venture segment.

Reinsurance :

Despite Reinsurance only carrying about 15% weight in the total insurance segment revenue, its still a major part of Markel Groups operations, for now. As described above, Markel Group sold its Global Reinsurance business to Nationwide. Given this information, we grew the reinsurance segment at -15% from 2025-2027 as runoff premiums stream in slowly but no global reinsurance policies are renewed with Markel. We view as our 2028 reinsurance amount as the revenue being brought in by domestic reinsurance policies, and we grow that number at 2% to our CV year of 2030.

Combined Ratio :

Our losses and loss adjustment expenses have a 5-year average of 59% of earned premiums, with 2023 being the highest year at 64% accompanied by a combined ratio of 100% that year. We anticipate Markel Group's combined ratio to continue dropping down to the 92% area with them selling off their global reinsurance rights [2] to focus more on core insurance operations. Given this information, we slowly dropped our percentage of losses from earned premiums from 60% in 2025 to 57.75% in CV year 2030. Markel Group Q3 Combined Ratio being 93% [3] gives us even more confidence in our decision.

Cost of Equity:

Markel Group is a financial service company, so cost of equity is used in our equity valuation models. Markel Group's cost of equity was calculated using the risk-free rate of 4.146%, Beta of 0.66, and Equity Risk Premium. The risk-free rate is using the 10-year Treasury Yield as of (11/18/2025). The Beta was calculated using Bloomberg, using the average of the 1, 2, 3, 4, 5, and 10 year weekly betas. The equity risk premium was valued at 4.65% using the historical Geometric Average Premium from 1928-2016 per recommendation of the fund manager.

Valuation

DCF and Economic Profit:

Estimated Share Price: **\$2420.65**

Our DCF and economic profit models give us a good projection of the true value of Markel Group. Because Markel Group lacks competitors with similar revenue streams in the same market cap area, we believe this is an effective way to value the company by capturing the value of all future cash flows. Our models projected a higher price of around \$2420.65. The model is highly sensitive to the Cost of Equity, The Equity Risk Premium, and the combined ratio affecting the losses as a percentage of earned premiums.

Dividend Discount Model

Markel Group only pays a preferred dividend, and just started doing so in 2020. Since 2021, the dividend payout has remained the same at 36 million and MKL has maintained it won't change in the near future. We believe the Dividend Discount Model isn't an accurate model of the intrinsic value of our stock.

Relative Peer Valuation:

Estimated Share Price: **\$2205**

Model is based on forward-looking P/E and P/B multiples

Comparable Companies: PGR, CB, TRV, ALL, AIG, FFH, HIG, CAN

We are putting a smaller emphasis on the relative peer valuation as opposed to the Discounted Cash Flow analysis because Markel Group's peers aren't involved in Venture activities. It's main peer, Berkshire Hathaway is enormous compared to MKL, along with Venture businesses have much less earning power for MKL compared to Berkshire. Because of this, we chose to compare MKL to companies that were of similar size and mostly similar industry. The peers we chose are dominating companies in the P&C Insurance Industry, with some specializing in specialty lines like Markel.

Sensitivity Analysis

Beta vs. Equity Risk Premium

		Beta							
		0.51	0.56	0.61	0.66	0.71	0.76	0.81	
Equity Risk Premium	2,546.98	4.99%	2,826.01	2,687.17	2,559.29	2,441.15	2,331.70	2,230.04	2,135.39
	4.99%	5.14%	2,782.19	2,642.96	2,514.89	2,396.73	2,287.40	2,185.97	2,091.62
	5.14%	5.29%	2,739.50	2,599.94	2,471.75	2,353.63	2,244.46	2,143.28	2,049.29
	5.29%	5.44%	2,697.88	2,558.06	2,429.81	2,311.77	2,202.81	2,101.94	2,008.31
	5.44%	5.59%	2,657.30	2,517.29	2,389.02	2,271.12	2,162.40	2,061.86	1,968.63
	5.59%	5.74%	2,617.72	2,477.57	2,349.34	2,231.61	2,123.17	2,023.00	1,930.20
	5.74%	5.89%	2,579.11	2,438.87	2,310.73	2,193.21	2,085.09	1,985.30	1,892.94
	5.89%								

Beta reflects how sensitive Market is to broad market movements, while the equity risk premium represents the additional return investors expect over risk-free rates. When either variable increases, the cost of equity rises, and the valuation moves lower. In this table, raising beta by 0.05 leads to a drop of about 5–6%, showing how changes in perceived market risk affect the discount rate. A 0.15% increase in the equity risk premium lowers the valuation by roughly 2–3%, as investors require a higher return to compensate for equity market risk. Even small adjustments to these inputs produce clear shifts in the estimated price because both directly feed into the cost of equity.

Beta vs. Risk-Free Rate

		Beta							
		0.51	0.56	0.61	0.66	0.71	0.76	0.81	
Risk-Free Rate	2,546.98	3.60%	3,301.93	3,134.19	2,980.35	2,838.77	2,708.06	2,587.06	2,474.73
	3.60%	3.85%	3,122.15	2,969.28	2,828.57	2,698.63	2,578.31	2,466.60	2,362.62
	3.85%	4.00%	3,022.06	2,877.20	2,743.58	2,619.97	2,505.31	2,398.68	2,299.29
	4.00%	4.15%	2,927.24	2,789.79	2,662.76	2,545.03	2,435.65	2,333.77	2,238.67
	4.15%	4.30%	2,837.31	2,706.71	2,585.80	2,473.56	2,369.11	2,271.68	2,180.61
	4.30%	4.45%	2,751.89	2,627.66	2,512.46	2,405.33	2,305.49	2,212.24	2,124.95
	4.45%	4.60%	2,670.66	2,552.37	2,442.47	2,340.13	2,244.61	2,155.28	2,071.55
	4.60%								

The risk-free rate is a core component of the discount rate, so even small movements shift Market's valuation. Higher risk-free rates raise the required return on equity, which lowers the present value of future cash flows. In this table, increasing the risk-free rate by 0.15% reduces the valuation by roughly 3–4%, showing how sensitive the model is to changes in Treasury yields. Beta influences the valuation through a different channel, capturing how much Market moves relative to the market. A 0.05 increase in beta lowers the valuation by about 5–6% as the firm is treated as riskier. When both inputs rise together, the valuation declines more sharply because each pushes the discount rate higher.

CV Growth vs. Cost of Equity

		CV Growth							
		0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%	
Cost of Equity	2,546.98	7.07%	2,586.08	2,596.85	2,607.95	2,619.41	2,631.22	2,643.42	2,656.02
	7.07%	7.12%	2,561.93	2,572.31	2,583.01	2,594.04	2,605.42	2,617.16	2,629.29
	7.12%	7.17%	2,538.15	2,548.14	2,558.45	2,569.07	2,580.02	2,591.33	2,603.00
	7.17%	7.22%	2,514.72	2,524.35	2,534.27	2,544.50	2,555.04	2,565.92	2,577.14
	7.22%	7.27%	2,491.65	2,500.92	2,510.47	2,520.31	2,530.45	2,540.91	2,551.71
	7.27%	7.32%	2,468.92	2,477.85	2,487.03	2,496.50	2,506.25	2,516.31	2,526.69
	7.32%	7.37%	2,446.53	2,455.12	2,463.95	2,473.06	2,482.43	2,492.10	2,502.08
	7.37%								

CV growth reflects Market's long-term earnings expansion, so higher growth assumptions lead to higher valuations. Around the 2.50% level, increasing CV growth by 0.10% raises the valuation by around 1%, showing its gradual influence on long-run cash flows. The cost of equity works in the opposite direction. A 0.15% increase lowers the valuation by roughly 1% because higher required returns reduce the present value of future earnings. When both variables shift, stronger growth helps soften the effect of a higher discount rate but does not fully offset it. The pattern in the table shows that the valuation reacts more noticeably to changes in the cost of equity, while CV growth adjustments create steadier, narrower movements.

CV Growth vs. Effective Tax Rate

Effective Tax Rate	CV Growth							
	2,546.98	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%
22.00%	2,864.28	2,878.56	2,893.27	2,908.43	2,924.06	2,940.19	2,956.84	
23.00%	2,753.21	2,766.01	2,779.21	2,792.80	2,806.82	2,821.29	2,836.22	
24.00%	2,637.52	2,648.78	2,660.39	2,672.36	2,684.70	2,697.43	2,710.57	
25.00%	2,517.05	2,526.71	2,536.67	2,546.94	2,557.52	2,568.44	2,579.71	
26.00%	2,391.65	2,399.65	2,407.88	2,416.37	2,425.13	2,434.16	2,443.48	
27.00%	2,261.17	2,267.42	2,273.86	2,280.50	2,287.34	2,294.41	2,301.70	
28.00%	2,125.43	2,129.87	2,134.44	2,139.15	2,144.00	2,149.01	2,154.19	

The effective tax rate determines how much of Markel's operating income is retained, so higher tax levels pull the valuation down quickly. Around the 25.00% range, increasing the tax rate by 1% lowers the valuation by about 5–7% as after-tax earnings are reduced across the forecast period. CV growth moves the valuation in the opposite direction but more gradually. A 0.10% increase in CV growth raises the valuation by roughly 1%, reflecting its steadier long-term influence. When both variables shift at the same time, stronger growth helps cushion the effect of higher taxes, though it does not fully offset it. The table shows that tax rate changes produce the wider swings in valuation, while CV growth adjustments stay within a tighter range.

Interest Expense % of LT Debt vs Markel Ventures Growth

CV MKL Ventures Growth	Interest Expense % of LT Debt							
	2,546.98	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.30%
7.70%	2,557.87	2,553.09	2,548.30	2,543.52	2,538.73	2,533.94	2,529.16	
7.80%	2,559.03	2,554.24	2,549.46	2,544.67	2,539.89	2,535.10	2,530.32	
7.90%	2,560.19	2,555.40	2,550.61	2,545.83	2,541.04	2,536.26	2,531.47	
8.00%	2,561.34	2,556.56	2,551.77	2,546.98	2,542.20	2,537.41	2,532.63	
8.10%	2,562.50	2,557.71	2,552.93	2,548.14	2,543.36	2,538.57	2,533.78	
8.20%	2,563.65	2,558.87	2,554.08	2,549.30	2,544.51	2,539.73	2,534.94	
8.30%	2,564.81	2,560.02	2,555.24	2,550.45	2,545.67	2,540.88	2,536.10	

CV MKL Ventures growth reflects the expansion of Markel's operating subsidiaries, so higher growth expectations lift valuation as long-term earnings improve. Around the 8.00% level, increasing Ventures growth by 0.10% has only a small effect, raising the valuation by less than 1% because the changes occur deep in the forecast horizon. The interest expense percentage of long-term debt has a more direct influence. Raising the interest cost from 5.00% to 5.10% lowers the valuation by roughly 0.2–0.3% as higher financing costs reduce free cash flow. Even when both assumptions move at the same time, the shifts stay narrow because Markel's debt load is not large enough for small rate changes to create big valuation swings. Overall, this pairing produces some of the tightest ranges in the sensitivity analysis, with neither variable causing major movement unless shifted substantially beyond the levels tested.



Important Disclaimer

This report was created by students enrolled in the Applied Equity Valuation class at the University of Iowa. The report was originally created to offer an internal investment recommendation for the University of Iowa Krause Fund and its advisory board. The report also provides potential employers and other interested parties an example of the student's skills, knowledge, and abilities. Members of the Krause Fund are not registered investment advisors, brokers, or officially licensed financial professionals. The investment advice contained in this report does not represent an offer or solicitation to buy or sell any of the securities mentioned. Unless otherwise noted, facts and figures included in this report are from publicly available sources. This report is not a complete compilation of data, and its accuracy is not guaranteed. From time to time, the University of Iowa, its faculty, staff, students, or the Krause Fund may hold financial interest in the companies mentioned in this report.

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MARKEL GROUP

Revenue Decomposition

Fiscal Years Ending Dec. 31

	Historical						2025E	2026E	2027E	2028E	2029E	2030E
	2019	2020	2021	2022	2023	2024						
Insurance operating revenue	5,049,793	5,612,205	6,849,474	8,085,356	8,577,130	8,727,717	9,328,845	10,190,881	11,008,161	11,796,911	12,643,543	13,262,322
Investment Segment	2,053,610	989,809	2,353,124	(1,167,548)	2,241,419	2,772,950	2,902,603	3,100,555	3,316,246	3,551,566	3,808,619	4,089,752
Market Venture Operation Revenue	2,422,788	3,133,052	3,643,827	4,757,527	4,985,081	5,120,096	5,632,106	6,195,316	6,814,848	7,496,333	8,620,782	9,310,445
Total operating revenue	9,526,191	9,735,066	12,846,425	11,675,335	15,803,630	16,620,763	17,863,554	19,486,752	21,139,255	22,844,810	25,072,944	26,662,519
	14%											
Insurance Earned Premiums	4,144,073	4,688,448	5,465,284	6,528,263	7,282,705	7,407,643	8,148,407	9,126,216	10,038,838	10,791,751	11,601,132	12,181,189
Reinsurance Segment	903,587	929,348	1,042,048	1,063,347	1,014,294	1,028,201	873,971	742,875	631,444	650,387	669,899	689,996
Other underwriting	581	(170)					0	0	0	0	0	0
Other insurance operations	1,552	(5,421)	342,142	493,746	280,131	291,873	306,467	321,790	337,879	354,773	372,512	391,138
Total Insurance Segment	5,049,793	5,612,205	6,849,474	8,085,356	8,577,130	8,727,717	9,328,845	10,190,881	11,008,161	11,796,911	12,643,543	13,262,322
Net Investment income	451,888	371,830	367,406	445,846	729,219	913,478	1,023,095	1,145,867	1,283,371	1,437,375	1,609,860	1,803,044
Net investment gains (losses)	1,601,722	617,979	1,978,534	(1,595,733)	1,524,054	1,807,219	1,879,508	1,954,688	2,032,876	2,114,191	2,198,758	2,286,709
Other			7,184	(17,661)	(11,854)	52,253	0	0	0	0	0	0
Investing segment	2,053,610	989,809	2,353,124	(1,167,548)	2,241,419	2,772,950	2,902,603	3,100,555	3,316,246	3,551,566	3,808,619	4,089,752
Products Revenue	1,609,586	1,439,515										
Services and other revenues	813,202	1,693,537										
Market Ventures Segment	2,422,788	3,133,052	3,643,827	4,757,527	4,985,081	5,120,096	5,632,106	6,195,316	6,814,847.78	7,496,332.55	8,620,782.44	9,310,445.03
Growth Rate		29.32%	16.30%	30.56%	4.78%	8.00%	10%	10%	10%	10%	15%	8%
Total Operating Revenues	9,526,191	9,735,066	12,846,425	11,675,335	15,803,630	16,620,763	17,863,554	19,486,752	21,139,255	22,844,810	25,072,944	26,662,519
Investments Assets												
Fixed maturity securities, available-for-sale	9,970,909	10,681,734	12,587,305	11,856,835	14,372,732	15,745,539	16,398,349	17,078,225	17,786,288	18,523,707	19,291,700	20,091,534
Equity securities	7,590,755	6,994,110	9,023,927	7,671,912	9,577,871	11,784,521	12,774,421	13,847,472	15,010,660	16,271,555	17,638,366	19,119,989
Short-term investments, available-for-sale (estimated fair value cost)	1,196,248	2,034,099	1,799,988	2,669,262	2,571,382	2,524,910	2,638,531	2,744,072	2,840,115	2,904,869	2,971,100	3,038,841

MARKEL GROUP

Income Statement

In \$thousands

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
OPERATING REVENUES												
Earned premiums (total insurance segment)	5,049,793	5,612,205	6,503,029	7,587,792	8,295,479	8,432,412	9,328,845	10,190,881	11,008,161	11,796,911	12,643,543	13,262,322
Net investment income	451,888	371,830	374,601	446,755	734,532	920,496	1,023,095	1,145,867	1,283,371	1,437,375	1,609,860	1,803,044
Net investment gains (losses)	1,601,722	617,979	1,978,534	(1,595,733)	1,524,054	1,807,219	1,879,508	1,954,688	2,032,876	2,114,191	2,198,758	2,286,709
Products revenues (total venture revenues for 2025 beyond)	1,609,586	1,439,515	1,712,120	2,427,096	2,545,053	2,635,659	5,632,106	6,195,316	6,814,848	7,496,333	8,620,782	9,310,445
Services and other revenues	813,202	1,693,537	2,278,141	2,809,425	2,704,512	2,824,977	0	0	0	0	0	0
Total Operating Revenues	9,526,191	9,735,066	12,846,425	11,675,335	15,803,630	16,620,763	17,863,554	19,486,752	21,139,255	22,844,810	25,072,944	26,662,519
OPERATING EXPENSES												
Losses and loss adjustment expenses	2,891,190	3,466,961	3,581,205	4,445,589	5,322,009	5,052,749	5,597,307	6,063,574	6,549,856	6,960,178	7,459,690	7,658,991
Underwriting, acquisition and insurance expenses	1,878,093	2,017,627	2,293,739	2,515,583	2,840,734	2,977,389	3,265,096	3,566,808	3,852,856	4,128,919	4,425,240	4,641,813
Products expenses	1,455,245	1,256,159	1,544,506	2,241,736	2,220,676	2,272,219	4,787,290	5,266,019	5,792,621	6,371,883	7,327,665	7,913,878
Services and other expenses	675,679	1,561,120	2,022,935	2,306,985	2,310,769	2,424,372	0	0	0	0	0	0
Amortization of acquired intangible assets	148,638	159,315	160,539	178,778	180,614	181,472	172,700	165,500	154,900	146,100	142,000	90,400
Impairment of goodwill	-	-	-	80,000	-	0	0	0	0	0	0	0
Total Operating Expenses	7,048,845	8,461,182	9,602,924	11,768,671	12,874,802	12,908,201	13,822,392	15,061,902	16,350,233	17,607,079	19,354,595	20,305,082
Operating Income (Loss)	2,477,346	1,273,884	3,243,501	(93,336)	2,928,828	3,712,562	4,041,161	4,424,851	4,789,022	5,237,730	5,718,349	6,357,437
Interest expense	(171,687)	(177,582)	(183,579)	(196,062)	(185,077)	(204,300)	(218,609)	(220,704)	(243,623)	(244,459)	(260,218)	(275,978)
Net foreign exchange gains (losses)	(2,265)	(95,853)	72,271	137,832	(90,045)	129,438	0	0	0	0	0	0
Loss on early extinguishment of debt	(17,586)	-	-	-	-	-	0	0	0	0	0	0
Income (Loss) Before Income Taxes	2,285,808	1,000,449	3,132,193	(151,566)	2,653,706	3,637,700	3,822,552	4,204,146	4,545,399	4,993,271	5,458,130	6,081,460
Income tax (expense) benefit	(486,346)	(168,682)	(684,458)	48,209	(552,616)	(790,294)	(987,868)	(1,234,834)	(1,543,543)	(1,929,429)	(2,411,786)	(3,014,732)
Net Income (Loss)	1,799,462	831,767	2,447,735	(103,357)	2,101,090	2,847,406	2,834,685	2,969,312	3,001,856	3,063,842	3,046,344	3,066,727
Net income attributable to noncontrolling interests	(8,996)	(15,737)	(22,732)	(112,920)	(105,030)	(100,384)	(100,384)	(100,384)	(100,384)	(100,384)	(100,384)	(100,384)
Net Income (Loss) to Shareholders	1,790,466	816,030	2,425,003	(216,277)	1,996,060	2,747,022	2,734,301	2,868,928	2,901,472	2,963,458	2,945,960	2,966,343
Preferred stock dividends	0	(18,400)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)
Net Income (Loss) to Common Shareholders	1,790,466	797,630	2,389,003	(252,277)	1,960,060	2,711,022	2,698,301	2,832,928	2,865,472	2,927,458	2,909,960	2,930,343
Growth Rate		-55.45%	199.51%	-110.56%	-876.95%	38.31%	-0.47%	4.99%	1.15%	2.16%	-0.60%	0.70%
NET INCOME (LOSS) PER COMMON SHARE												
Earnings per share, Basic	129	56	177	(24)	147	200	210	222	228	237	240	245
Total Shares Outstanding (basic, in thousands)	13,794	13,783	13,632	13,423	13,132	12,790	12,874	12,654	12,446	12,248	12,049	11,859
Weighted Average Shared Outstanding (basic, in thousands)	13,861	13,811	13,768	13,580	13,347	13,017	12,832	12,764	12,550	12,347	12,148	11,954
Annual Dividends per share (in \$thousands)	0.00	1.33	2.64	2.68	2.74	2.81	2.80	2.84	2.89	2.94	2.99	3.04

MARKEL GROUP

Balance Sheet

In \$thousands

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
ASSETS												
Investments, at estimated fair value:												
Fixed maturity securities, available-for-sale	9,970,909	10,681,734	12,587,305	11,856,835	14,372,732	15,745,539	16,398,349	17,078,225	17,786,288	18,523,707	19,291,700	20,091,534
Equity securities	7,590,755	6,994,110	9,023,927	7,671,912	9,577,871	11,784,521	12,774,421	13,847,472	15,010,660	16,271,555	17,638,366	19,119,989
Short-term investments, available-for-sale (estimated)	1,196,248	2,034,099	1,799,988	2,669,262	2,571,382	2,524,910	2,638,531	2,744,072	2,840,115	2,904,869	2,971,100	3,038,841
Total Investments	18,757,912	19,709,943	23,411,220	22,198,009	26,521,985	30,054,970	31,811,301	33,669,769	35,637,062	37,700,132	39,901,166	42,250,364
Growth Rate		5.08%	18.78%	-5.18%	19.48%	13.32%	5.84%	5.84%	5.84%	5.79%	5.84%	5.89%
Cash and cash equivalents	3,072,807	4,341,736	3,978,490	4,137,432	3,747,060	3,692,667	3,688,386	3,293,156	3,294,347	2,665,818	1,933,480	865,328
Restricted cash and cash equivalents	427,546	874,913	902,457	1,084,081	584,974	499,581	499,581	499,581	499,581	499,581	499,581	499,581
Receivables	1,847,802	1,930,211	2,413,938	2,961,056	3,455,306	3,626,799	7,217,427	11,150,115	15,427,637	20,058,015	25,161,453	30,578,917
Reinsurance recoverables	5,432,712	5,989,337	7,293,555	8,446,745	9,235,501	11,604,844	12,688,568	13,609,733	14,392,724	15,199,204	16,029,878	16,885,473
Deferred policy acquisition costs	566,042	630,794	794,145	925,483	931,344	875,710	963,281	1,059,609	1,165,570	1,282,127	1,410,340	1,551,374
Prepaid reinsurance premiums	1,415,857	1,451,858	1,798,571	2,066,114	2,365,243	2,947,213	2,705,365	2,955,356	3,192,367	3,421,104	3,666,627	3,846,073
Goodwill	2,308,548	2,604,624	2,899,140	2,638,838	2,624,749	2,735,867	2,735,867	2,735,867	2,735,867	2,735,867	2,735,867	2,735,867
Intangible assets	1,738,474	1,782,718	1,822,486	1,747,464	1,588,684	1,459,620	1,286,920	1,121,420	966,520	820,420	678,420	588,020
Other assets	1,906,115	2,393,920	3,163,094	3,586,037	3,990,864	4,400,711	4,583,164	4,773,182	4,971,079	5,177,180	5,391,825	5,615,370
Total Assets	37,473,815	41,710,054	48,477,096	49,791,259	55,045,710	61,897,982	68,179,860	74,867,788	82,282,753	89,559,448	97,408,639	105,416,369
LIABILITIES AND EQUITY												
Unpaid losses and loss adjustment expenses	14,728,676	16,222,376	18,178,894	20,947,898	23,483,321	26,633,094	29,151,882	31,880,491	34,827,926	37,960,006	41,316,866	44,763,412
Life and annuity benefits	985,729	1,069,986	902,980	759,025	649,054	583,273	583,273	583,273	583,273	583,273	583,273	583,273
Unearned premiums	4,057,727	4,433,245	5,383,619	6,220,748	6,642,426	7,063,956	7,623,687	8,235,140	8,895,629	9,603,444	10,362,056	11,157,796
Payables to insurance and reinsurance companies	406,720	493,470	616,665	669,742	1,037,722	1,434,901	1,714,766	2,017,945	2,345,438	2,693,447	3,066,431	3,449,381
Senior long-term debt and other debt	3,534,183	3,484,023	4,361,266	4,103,629	3,779,796	4,330,341	4,372,184	4,414,086	4,872,462	4,889,186	5,204,368	5,519,550
Lease liabilities	262,139	565,249	571,337	554,394	657,217	723,924	854,867	971,191	1,072,118	1,160,591	1,237,797	1,315,003
Other liabilities	2,242,663	2,381,382	3,260,747	2,884,344	3,270,281	3,659,520	3,659,520	3,659,520	3,659,520	3,659,520	3,659,520	3,659,520
Total Liabilities	26,217,837	28,649,731	33,275,508	36,139,780	39,519,817	44,429,009	47,960,179	51,761,645	56,256,366	60,549,466	65,430,312	70,447,935
Redeemable noncontrolling interests	177,562	245,642	461,378	523,154	469,685	540,034	550,034	560,034	570,034	580,034	590,034	600,034
Shareholders' equity:												
Preferred stock	-	591,891	591,891	591,891	591,891	591,891	591,891	591,891	591,891	591,891	591,891	591,891
Common stock	3,404,919	3,428,340	3,441,079	3,493,893	3,517,146	3,560,633	3,591,776	3,622,919	3,654,062	3,685,205	3,716,348	3,747,491
Retained earnings	7,457,176	8,195,182	10,446,763	9,836,827	11,353,101	13,380,456	16,078,757	18,911,685	21,777,157	24,704,615	27,614,576	30,544,919
Accumulated other comprehensive loss	208,772	584,376	237,617	(857,077)	(478,210)	(617,082)	(617,082)	(617,082)	(617,082)	(617,082)	(617,082)	(617,082)
Total Shareholders' Equity	11,070,867	12,799,789	14,717,350	13,065,534	14,983,928	16,915,898	19,645,342	22,509,413	25,406,028	28,364,629	31,305,733	34,267,219
Noncontrolling interests	7,549	14,892	22,860	62,791	72,280	13,041	24,305	36,696	50,326	65,318	82,560	101,181
Total Equity	11,078,416	12,814,681	14,740,210	13,128,325	15,056,208	16,928,939	19,669,647	22,546,108	25,456,354	28,429,948	31,388,292	34,368,400
Total Liabilities and Equity	37,473,815	41,710,054	48,477,096	49,791,259	55,045,710	61,897,982	68,179,860	74,867,788	82,282,753	89,559,448	97,408,639	105,416,369

MARKEL GROUP

Historical Cash Flow Statement
in \$thousands

Fiscal Years Ending Dec. 31

	2019	2020	2021	2022	2023	2024
Operating Activities						
Net income (loss)	1,799,462	831,767	2,447,735	(103,357)	2,101,090	2,847,406
Adjustments to reconcile net income (loss) to net cash provided by op. activities						
Deferred income tax expense (benefit) - change in deferred taxes	323,385	(2,733)	453,905	(282,325)	233,798	394,560
Depreciation and amortization expense	269,239	307,069	336,393	309,448	319,734	342,359
Net amortization of investment premium or discount				57,506	(59,810)	(123,522)
Net investment losses (gains)	(1,601,722)	(617,979)	(1,978,534)	1,595,733	(1,524,054)	(1,807,219)
Net foreign exchange losses (gains)	2,265	95,853	(72,271)	(137,832)	90,045	(129,438)
Gain on sale of businesses, net				(225,832)	(18,965)	-
Impairment of goodwill				80,000	-	-
Increase in receivables	(103,982)	(28,174)	(372,491)	(653,261)	(486,305)	(158,546)
Increase in reinsurance recoverables	(209,971)	(549,654)	(1,312,258)	(1,168,483)	(767,509)	(2,386,745)
Decrease (increase) in deferred policy acquisition costs	(93,015)	(61,569)	(139,609)	(140,630)	(1,602)	50,102
Increase in prepaid reinsurance premiums	(84,835)	(34,480)	(347,982)	(271,292)	(298,049)	(584,475)
Increase in unpaid losses and loss adjustment expenses	436,234	1,383,430	2,042,486	2,383,268	2,443,178	3,250,607
Decrease in life and annuity benefits	(52,159)	(44,651)	(54,591)	(44,693)	(48,327)	(38,981)
Increase in unearned premiums	438,951	354,679	970,246	886,393	400,017	448,238
Increase in payables to insurance and reinsurance companies	65,460	76,586	131,559	210,810	365,378	398,360
Increase (decrease) in income taxes payable	36,938	(70,277)	24,582			
Other	47,870	97,720	144,897	213,989	38,188	91,300
Net Cash Provided By Operating Activities	1,274,120	1,737,587	2,274,067	2,709,442	2,786,807	2,594,006
INVESTING ACTIVITIES						
Proceeds from sales, maturities, calls and prepayments of fixed maturity securities	772,336	642,135	683,961	1,152,335	2,126,586	2,068,755
Cost of fixed maturity securities purchased	(955,970)	(1,322,218)	(3,420,759)	(2,112,066)	(4,302,864)	(3,588,989)
Proceeds from sales of equity securities	353,918	1,580,288	224,720	242,010	298,582	177,254
Cost of equity securities purchased	(257,663)	(5,066)	(41,860)	(442,991)	(638,306)	(571,096)
Net change in short-term investments	(95,867)	(829,457)	228,955	(846,019)	202,930	151,972
Cost of other investments purchased	0	0	0	(20,051)	(192,715)	(205,937)
Additions to property and equipment	(123,376)	(101,301)	(145,249)	(254,712)	(258,619)	(254,991)
Acquisitions, net of cash acquired	(245,332)	(554,127)	(517,439)	(79,000)	(3,584)	(207,753)
Consolidation of Markel CATCo Re, net				629,955	-	-
Distributions to Markel CATCo Re noncontrolling interests for buy-out transaction				(169,380)	-	-
Proceeds from sale of businesses, net				201,370	41,302	-
Other	16,795	77,998	49,869	28,345	23,081	32,167
Net Cash Used By Investing Activities	(535,159)	(511,748)	(2,937,802)	(1,670,204)	(2,703,607)	(2,398,618)
FINANCING ACTIVITIES						
Additions to senior long-term debt and other debt	1,645,182	223,183	1,198,505	1,034,052	624,972	1,434,205
Repayment of senior long-term debt and other debt	(1,103,674)	(275,996)	(486,730)	(1,255,005)	(949,636)	(896,749)
Premiums and fees related to early extinguishment of debt	(27,073)					
Repurchases of common stock	(116,307)	(26,832)	(206,518)	(290,796)	(445,479)	(572,728)
Issuance of preferred stock, net		591,891				
Dividends paid on preferred stock		(18,400)	(36,000)	(36,000)	(36,000)	(36,000)
Purchase of noncontrolling interests				(30)	(63,371)	(46,483)
Distributions to noncontrolling interests				(15,225)	(28,978)	(54,010)
Redemption of Markel CATCo Re noncontrolling interests					(88,997)	(117,227)
Other	(38,811)	(59,290)	(99,490)	(32,307)	(12,227)	(8,886)
Net Cash Used By Financing Activities	359,317	434,556	369,767	(595,311)	(999,716)	(297,878)
Effect of foreign currency rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	5,643	55,901	(41,734)	(103,361)	27,037	(37,296)
Increase (decrease) in cash, cash equivalents, restricted cash/cash equivalents	1,103,921	1,716,296	(335,702)	340,566	(889,479)	(139,786)
Cash/cash equivalents/restricted cash/restricted cash equivalents at beginning of year	2,396,432	3,500,353	5,216,649	4,880,947	5,221,513	4,332,034
CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS AT END OF YEAR	3,500,353	5,216,649	4,880,947	5,221,513	4,332,034	4,192,248

MARKEL GROUP

Forecasted Cashflow Statement

in \$thousands

Operating Activities

Net Income	2,734,301	2,868,928	2,901,472	2,963,458	2,945,960	2,966,343
Depreciation and Amortization	172,700	165,500	154,900	146,100	142,000	90,400
Change in Recievables	(3,590,628)	(3,932,687)	(4,277,522)	(4,630,379)	(5,103,438)	(5,417,464)
Change in Resinsurance Recoverables	(1,083,724)	(921,165)	(782,990)	(806,480)	(830,675)	(855,595)
Change in Deferred Policy Acquisition Costs	(87,571)	(96,328)	(105,961)	(116,557)	(128,213)	(141,034)
Change in Prepaid Reinsurance Premiums	241,848	(249,991)	(237,011)	(228,738)	(245,523)	(179,446)
Change in Unpaid Losses and Loss Adjustment Expenses	2,518,788	2,728,608	2,947,435	3,132,080	3,356,861	3,446,546
Change in Life and Annuity Benefits	0	0	0	0	0	0
Change in Unearned Premiums	559,731	611,453	660,490	707,815	758,613	795,739
Change in Payables to Insurance and Reinsurance Companies	279,865	303,179	327,493	348,009	372,985	382,950
Change in Other Liabilities	0	0	0	0	0	0
Net Cash Provided by Operating Activiities	1,745,310	1,477,497	1,588,305	1,515,309	1,268,569	1,088,439

Investing Activities

Change in Fixed Maturity Securities	(652,810)	(679,876)	(708,063)	(737,419)	(767,993)	(799,834)
Change in Equity Securities	(989,900)	(1,073,051)	(1,163,188)	(1,260,895)	(1,366,811)	(1,481,623)
Change in Short-Term Investments	(113,621)	(105,541)	(96,043)	(64,755)	(66,231)	(67,741)
Change in Other Assets	(182,453)	(190,018)	(197,896)	(206,101)	(214,646)	(223,545)
CapEx	(246,856)	(270,372)	(294,080)	(318,339)	(350,861)	(372,451)
Net Cash Used for Investing Activiites	(1,938,784)	(2,048,486)	(2,165,190)	(2,269,170)	(2,415,680)	(2,572,743)

Financing Activities

Preferred Dividends	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)
Common Dividends	0	0	0	0	0	0
Change in Senior Long-Term Debt	41,843	41,902	458,376	16,724	315,182	315,182
Change in Lease Liabilities	130,943	116,324	100,927	88,473	77,206	77,206
Change in Common Stock	31,143	31,143	31,143	31,143	31,143	31,143
Change in Redeemable Noncontrolling Interests	21,264	22,391	23,630	24,993	27,242	28,621
Net Cash Provided by Financing Activites	189,193	175,760	578,076	125,333	414,773	416,152

Net (Decrease) Increase in Cash

Net (Decrease) Increase in Cash	(4,281)	(395,230)	1,191	(628,529)	(732,338)	(1,068,152)
Cash and Cash Equivalents at Beginning of Year	3,692,667	3,688,386	3,293,156	3,294,347	2,665,818	1,933,480
Cash and Cash Equivalents at End of Year	3,688,386	3,293,156	3,294,347	2,665,818	1,933,480	865,328

Markel Group
Common Size Income Statement

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
OPERATING REVENUES												
Earned premiums	13.48%	13.46%	13.41%	15.24%	15.07%	13.62%	14.05%	14.14%	14.26%	14.40%	14.26%	14.12%
Net investment income	1.21%	0.89%	0.77%	0.90%	1.33%	1.49%	1.10%	1.08%	1.11%	1.17%	1.21%	1.19%
Net investment gains (losses)	4.27%	1.48%	4.08%	-3.20%	2.77%	2.92%	2.05%	1.68%	1.72%	1.32%	2.08%	1.96%
Products revenues	4.30%	3.45%	3.53%	4.87%	4.62%	4.26%	4.17%	4.15%	4.27%	4.39%	4.31%	4.26%
Services and other revenues	2.17%	4.06%	4.70%	5.64%	4.91%	4.56%	4.34%	4.70%	4.81%	4.83%	4.69%	4.66%
Total Operating Revenues	25.42%	23.34%	26.50%	23.45%	28.71%	26.85%	25.71%	25.76%	26.16%	26.11%	26.55%	26.19%
OPERATING EXPENSES												
Losses and loss adjustment expenses	7.72%	8.31%	7.39%	8.93%	9.67%	8.16%	8.36%	8.47%	8.50%	8.68%	8.64%	8.47%
Underwriting, acquisition and insurance expenses	5.01%	4.84%	4.73%	5.05%	5.16%	4.81%	4.93%	4.92%	4.93%	4.97%	4.95%	4.92%
Products expenses	3.88%	3.01%	3.19%	4.50%	4.03%	3.67%	3.71%	3.69%	3.80%	3.90%	3.80%	3.76%
Services and other expenses	1.80%	3.74%	4.17%	4.63%	4.20%	3.92%	3.74%	4.07%	4.12%	4.11%	4.03%	4.00%
Amortization of acquired intangible assets	0.40%	0.38%	0.33%	0.36%	0.33%	0.29%	0.35%	0.34%	0.33%	0.33%	0.33%	0.33%
Impairment of goodwill	-	-	-	0.16%	-	-	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%
Total Operating Expenses	18.81%	20.29%	19.81%	23.64%	23.39%	20.85%	21.13%	21.52%	21.72%	22.04%	21.78%	21.51%
Operating Income (Loss)	6.61%	3.05%	6.69%	-0.19%	5.32%	6.00%	4.58%	4.24%	4.44%	4.07%	4.77%	4.68%
Interest expense	-0.46%	-0.43%	-0.38%	-0.39%	-0.34%	-0.33%	-0.39%	-0.38%	-0.37%	-0.36%	-0.36%	-0.36%
Net foreign exchange gains (losses)	-0.01%	-0.23%	0.15%	0.28%	-0.16%	0.21%	0.04%	0.05%	0.09%	0.08%	0.05%	0.09%
Loss on early extinguishment of debt	-0.05%	-	-	-	-	-	-0.05%	-0.05%	-0.05%	-0.05%	-0.05%	-0.05%
Income (Loss) Before Income Taxes	6.10%	2.40%	6.46%	-0.30%	4.82%	5.88%	4.23%	3.91%	4.17%	3.78%	4.46%	4.40%
Income tax (expense) benefit	-1.30%	-0.40%	-1.41%	0.10%	-1.00%	-1.28%	-0.88%	-0.81%	-0.88%	-0.79%	-0.94%	-0.93%
Net Income (Loss)	4.80%	1.99%	5.05%	-0.21%	3.82%	4.60%	3.34%	3.10%	3.28%	2.99%	3.52%	3.47%
Net income attributable to noncontrolling interests	-0.02%	-0.04%	-0.05%	-0.23%	-0.19%	-0.16%	-0.11%	-0.13%	-0.15%	-0.16%	-0.15%	-0.14%
Net Income (Loss) to Shareholders	4.78%	1.96%	5.00%	-0.43%	3.63%	4.44%	3.23%	2.97%	3.14%	2.83%	3.37%	3.33%
Preferred stock dividends	-	-0.04%	-0.07%	-0.07%	-0.07%	-0.06%	-0.06%	-0.06%	-0.07%	-0.06%	-0.06%	-0.06%
Net Income (Loss) to Common Shareholders	4.78%	1.91%	4.93%	-0.51%	3.56%	4.38%	3.18%	2.91%	3.07%	2.77%	3.31%	3.27%

Markel Group
Value Driver Estimation

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Net Income (NI):	1,799,462	831,767	2,447,735	(103,357)	2,101,090	2,847,406	2,834,685	2,969,312	3,001,856	3,063,842	3,046,344	3,066,727
Total Stockholders' Equity (TSE):	11,255,978	13,060,323	15,201,588	13,651,479	15,525,893	17,468,973	20,219,681	23,106,142	26,026,388	29,009,982	31,978,326	34,968,434
Free Cash Flow Equity (FCFE):												
NI	1,799,462	831,767	2,447,735	(103,357)	2,101,090	2,847,406	2,834,685	2,969,312	3,001,856	3,063,842	3,046,344	3,066,727
LESS Change in TA	4,167,552	4,236,239	6,767,042	1,314,163	5,254,451	6,852,272	6,281,878	6,687,928	7,414,966	7,276,695	7,849,191	8,007,730
PLUS Change in TL	2,185,938	2,431,894	4,625,777	2,864,272	3,380,037	4,909,192	3,531,170	3,801,466	4,494,721	4,293,101	4,880,846	5,017,623
FCFE	(182,152)	(972,578)	306,470	1,446,752	226,676	904,326	83,977	82,850	81,611	80,248	77,999	76,620
Return on Equity (ROE):												
NI	1,799,462	831,767	2,447,735	(103,357)	2,101,090	2,847,406	2,834,685	2,969,312	3,001,856	3,063,842	3,046,344	3,066,727
Beginning TSE	9,080,653	11,255,978	13,060,323	15,201,588	13,651,479	15,525,893	17,468,973	20,219,681	23,106,142	26,026,388	29,009,982	31,978,326
ROE	19.82%	7.39%	18.74%	-0.68%	15.39%	18.34%	16.23%	14.69%	12.99%	11.77%	10.50%	9.59%
Equity Economic Profit (EEP):												
Beginning TSE	9,080,653	11,255,978	13,060,323	15,201,588	13,651,479	15,525,893	17,468,973	20,219,681	23,106,142	26,026,388	29,009,982	31,978,326
x (ROE - RE)	12.60%	0.17%	11.53%	-7.89%	8.18%	11.12%	9.01%	7.47%	5.78%	4.56%	3.29%	2.38%
EEP	1,144,293	19,648	1,505,433	(1,200,152)	1,116,136	1,727,213	1,574,298	1,510,462	1,334,748	1,186,039	953,274	759,491

Markel Group

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:

Risk-Free Rate	4.15%
Beta	0.66
Equity Risk Premium	4.65%
Cost of Equity	7.22%

Markel Group*Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models*

Key Inputs:

CV Growth of Net Income	0.70%
CV Year ROE	9.59%
Cost of Equity	7.22%

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E
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DCF Model:

Free Cash Flow (FCFE)	83,976.79	82,850.37	81,611.30	80,248.33	77,999.44	76,620.11
Continuing Value (CV)						43,636,730.51
PV of FCFE	78,325.60	72,074.78	66,219.16	60,731.48	55,057.15	30,801,683.50

Value of Operating Assets:	31,134,091.66
Non-Operating Adjustments	
Non controlling interest	13,041.00 +
ESOP	(278,594.09)
Value of Equity	30,868,538.57
Shares Outstanding	12,873.57
Intrinsic Value of Last FYE	2,397.82
Implied Price as of Today	2,546.96

EEP Model:

Economic Profit (EEP)	1,574,298.10	1,510,462.14	1,334,748.20	1,186,038.63	953,274.07	759,491.16
Continuing Value (CV)						11,658,404.03
PV of EEP	1,468,356.20	1,314,010.22	1,083,010.57	897,587.17	672,883.74	8,229,270.77

Total PV of EP	13,665,118.66
Invested Capital (last FYE)	17,468,973.00
Value of Operating Assets:	31,134,091.66
Non-Operating Adjustments	
Non controlling interest	13,401.00 +
ESOP	(278,594.09)
Value of Equity	30,868,898.57
Shares Outstanding	12,873.57
Intrinsic Value of Last FYE	2,397.85
Implied Price as of Today	2,546.98

Markel Group

Relative Valuation Models

Ticker	Company	Price	EPS	EPS	P/E 25	P/E 26	Est. 5yr			BV	Tangible	Tangible	
			2025E	2026E			EPS gr.	PEG 25	PEG 26	Equity	BV Equity	P/B	P/B
PGR	Progressive	\$201.69	\$18.58	\$16.55	10.86	12.19	2.1	5.17	5.80	43.67	46.10	4.62	4.38
CB	Chubb	\$277.05	\$23.91	\$25.72	11.59	10.77	7.2	1.61	1.50	159.77	181.34	1.73	1.53
TRV	Travelers	\$267.32	\$24.69	\$26.01	10.83	10.28	9.3	1.16	1.10	122.97	144.89	2.17	1.84
ALL	Allstate	\$190.98	\$24.96	\$23.72	7.65	8.05	5.0	1.53	1.61	73.36	76.72	2.60	2.49
AIG	American International	\$78.85	\$6.69	\$7.80	11.79	10.11	1.6	7.60	6.52	70.15	81.86	1.12	0.96
FFH	Fairfax Financial	\$2,232.00	\$274.98	\$261.08	8.12	8.55	90.1	0.09	0.09	1523.91	1615.77	1.46	1.38
HIG	Hartford Insurance	\$123.94	\$12.03	\$12.98	10.30	9.55	5.0	2.06	1.91	56.03	66.07	2.21	1.88
CAN	CNA Financial Corp	\$44.11	\$4.59	\$4.80	9.61	9.19	2.3	4.18	4.00	38.82	46.17	1.14	0.96
			Average		10.83	9.74		2.63	2.65			1.78	1.58
MKL	Markel Group	\$2,054.02	\$210.28	\$221.95	9.8	9.3	(0.6)	(17.5)	(16.5)	1276.30	1324.55	1.61	1.55

Implied Relative Value:

P/E (EPS25)	\$ 2,276.95
P/E (EPS26)	\$ 2,162.00
PEG (EPS25)	\$ (309.82)
PEG (EPS26)	\$ (329.47)
P/B	\$ 2,269.67
P/Tangible BV	\$ 2,088.62
Average	\$ 2,199.31

Markel Group

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending	2025E	2026E	2027E	2028E	2029E	2030E
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EPS	\$ 210.28	\$ 221.95	\$ 228.33	\$ 237.10	\$ 239.54	\$ 245.14
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Key Assumptions

CV growth of EPS	2.50%
CV Year ROE	9.59%
Cost of Equity	7.22%

Future Cash Flows

P/E Multiple (CV Year)						15.68
EPS (CV Year)						\$ 245.14
Future Stock Price						\$ 3,843.78
Dividends Per Share	2.80	2.84	2.89	2.94	2.99	
Discounted Cash Flows	2.61	2.47	2.35	2.22	2.11	2,713.19

Intrinsic Value as of Last FYE \$ 2,724.96

Implied Price as of Today **\$ 2,897.68**

Markel Group*Present Value of Operating Lease Obligations*

Fiscal Years Ending Dec. 31	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Year 1	300.0	310.0	320.0	330.0	340.0	350.0	360.0	370.0	380.0	390.0	400.0
Year 2	250.0	260.0	270.0	280.0	290.0	300.0	310.0	320.0	330.0	340.0	350.0
Year 3	225.0	230.0	235.0	240.0	245.0	250.0	255.0	260.0	265.0	270.0	275.0
Year 4	175.0	180.0	185.0	190.0	195.0	200.0	205.0	210.0	215.0	220.0	225.0
Year 5	100.0	104.0	108.0	112.0	116.0	120.0	124.0	128.0	132.0	136.0	140.0
Thereafter	290.0	300.0	310.0	320.0	330.0	340.0	350.0	360.0	370.0	380.0	390.0
Total Minimum Payments	1340.0	1384.0	1428.0	1472.0	1516.0	1560.0	1604.0	1648.0	1692.0	1736.0	1780.0
Less: Cumulative Interest	221.6	228.8	236.0	243.2	250.4	257.6	264.8	272.0	279.2	286.4	293.6
PV of Minimum Payments	1118.4	1155.2	1192.0	1228.8	1265.6	1302.4	1339.2	1376.0	1412.8	1449.6	1486.4
Implied Interest in Year 1 Payment		61.5	63.5	65.6	67.6	69.6	71.6	73.7	75.7	77.7	79.7
Pre-Tax Cost of Debt	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Years Implied by Year 6 Payment	2.9	2.9	2.9	2.9	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Expected Obligation in Year 6 & Beyond	100	104	108	112	116	120	124	128	132	136	140
Present Value of Lease Payments											
PV of Year 1	284.4	293.8	303.3	312.8	322.3	331.8	341.2	350.7	360.2	369.7	379.1
PV of Year 2	224.6	233.6	242.6	251.6	260.6	269.5	278.5	287.5	296.5	305.5	314.5
PV of Year 3	191.6	195.9	200.1	204.4	208.6	212.9	217.2	221.4	225.7	229.9	234.2
PV of Year 4	141.3	145.3	149.3	153.4	157.4	161.4	165.5	169.5	173.6	177.6	181.6
PV of Year 5	76.5	79.6	82.6	85.7	88.8	91.8	94.9	97.9	101.0	104.1	107.1
PV of 6 & beyond	200.1	207.0	214.0	221.0	228.0	235.0	241.9	248.9	255.9	262.9	269.9
Capitalized PV of Payments	1118.4	1155.2	1192.0	1228.8	1265.6	1302.4	1339.2	1376.0	1412.8	1449.6	1486.4

Markel Group
Sensitivity Tables

		Beta							
		2,546.98	0.51	0.56	0.61	0.66	0.71	0.76	0.81
Equity Risk Premium	4.99%	2,826.01	2,687.17	2,559.29	2,441.15	2,331.70	2,230.04	2,135.39	
	5.14%	2,782.19	2,642.96	2,514.89	2,396.73	2,287.40	2,185.97	2,091.62	
	5.29%	2,739.50	2,599.94	2,471.75	2,353.63	2,244.46	2,143.28	2,049.29	
	5.44%	2,697.88	2,558.06	2,429.81	2,311.77	2,202.81	2,101.94	2,008.31	
	5.59%	2,657.30	2,517.29	2,389.02	2,271.12	2,162.40	2,061.86	1,968.63	
	5.74%	2,617.72	2,477.57	2,349.34	2,231.61	2,123.17	2,023.00	1,930.20	
	5.89%	2,579.11	2,438.87	2,310.73	2,193.21	2,085.09	1,985.30	1,892.94	

		Beta							
		2,546.98	0.51	0.56	0.61	0.66	0.71	0.76	0.81
Risk-Free Rate	3.60%	3,301.93	3,134.19	2,980.35	2,838.77	2,708.06	2,587.06	2,474.73	
	3.85%	3,122.15	2,969.28	2,828.57	2,698.63	2,578.31	2,466.60	2,362.62	
	4.00%	3,022.06	2,877.20	2,743.58	2,619.97	2,505.31	2,398.68	2,299.29	
	4.15%	2,927.24	2,789.79	2,662.76	2,545.03	2,435.65	2,333.77	2,238.67	
	4.30%	2,837.31	2,706.71	2,585.80	2,473.56	2,369.11	2,271.68	2,180.61	
	4.45%	2,751.89	2,627.66	2,512.46	2,405.33	2,305.49	2,212.24	2,124.95	
	4.60%	2,670.66	2,552.37	2,442.47	2,340.13	2,244.61	2,155.28	2,071.55	

		CV Growth							
		2,546.98	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%
Cost of Equity	7.07%	2,586.08	2,596.85	2,607.95	2,619.41	2,631.22	2,643.42	2,656.02	
	7.12%	2,561.93	2,572.31	2,583.01	2,594.04	2,605.42	2,617.16	2,629.29	
	7.17%	2,538.15	2,548.14	2,558.45	2,569.07	2,580.02	2,591.33	2,603.00	
	7.22%	2,514.72	2,524.35	2,534.27	2,544.50	2,555.04	2,565.92	2,577.14	
	7.27%	2,491.65	2,500.92	2,510.47	2,520.31	2,530.45	2,540.91	2,551.71	
	7.32%	2,468.92	2,477.85	2,487.03	2,496.50	2,506.25	2,516.31	2,526.69	
	7.37%	2,446.53	2,455.12	2,463.95	2,473.06	2,482.43	2,492.10	2,502.08	

		CV Growth							
		2,546.98	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%
Effective Tax Rate	22.00%	2,864.28	2,878.56	2,893.27	2,908.43	2,924.06	2,940.19	2,956.84	
	23.00%	2,753.21	2,766.01	2,779.21	2,792.80	2,806.82	2,821.29	2,836.22	
	24.00%	2,637.52	2,648.78	2,660.39	2,672.36	2,684.70	2,697.43	2,710.57	
	25.00%	2,517.05	2,526.71	2,536.67	2,546.94	2,557.52	2,568.44	2,579.71	
	26.00%	2,391.65	2,399.65	2,407.88	2,416.37	2,425.13	2,434.16	2,443.48	
	27.00%	2,261.17	2,267.42	2,273.86	2,280.50	2,287.34	2,294.41	2,301.70	
	28.00%	2,125.43	2,129.87	2,134.44	2,139.15	2,144.00	2,149.01	2,154.19	

		Interest Expense % of LT Debt							
		2,546.98	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.30%
CV MKL Ventures Growth	7.70%	2,557.87	2,553.09	2,548.30	2,543.52	2,538.73	2,533.94	2,529.16	
	7.80%	2,559.03	2,554.24	2,549.46	2,544.67	2,539.89	2,535.10	2,530.32	
	7.90%	2,560.19	2,555.40	2,550.61	2,545.83	2,541.04	2,536.26	2,531.47	
	8.00%	2,561.34	2,556.56	2,551.77	2,546.98	2,542.20	2,537.41	2,532.63	
	8.10%	2,562.50	2,557.71	2,552.93	2,548.14	2,543.36	2,538.57	2,533.78	
	8.20%	2,563.65	2,558.87	2,554.08	2,549.30	2,544.51	2,539.73	2,534.94	
	8.30%	2,564.81	2,560.02	2,555.24	2,550.45	2,545.67	2,540.88	2,536.10	

Markel Group*Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding*

in thousands

Number of Options Outstanding (shares):	100
Average Time to Maturity (years):	<u>0.00</u>
Expected Annual Number of Options Exercised:	12

Current Average Strike Price:	\$ -
Cost of Equity:	7.22%
Current Stock Price:	\$2,054.02

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Increase in Shares Outstanding:	100	12	12	12						
Average Strike Price:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase in Common Stock Account:	-	-	-	-	-	-	-	-	-	-
Share Repurchases (\$) in thousands	500,000	510,000	520,200	530,604	541,216	552,040	563,081	574,343	585,830	597,546
Expected Price of Repurchased Shares:	\$2,054.02	\$ 2,202.22	\$ 2,361.11	\$ 2,531.46	\$ 2,714.11	\$ 2,909.93	\$ 3,119.88	\$ 3,344.98	\$ 3,586.32	\$ 3,845.07
Number of Shares Repurchased: in thousands	243	232	220	210	199	190	180	172	163	155
Shares Outstanding (beginning of the year)	13,017	12,874	12,654	12,446	12,248	12,049	11,859	11,678	11,507	11,343
Plus: Shares Issued Through ESOP	100	12	12	12	0	0	0	0	0	0
Less: Shares Repurchased in Treasury	243	232	220	210	199	190	180	172	163	155
Shares Outstanding (end of the year)	12,874	12,654	12,446	12,248	12,049	11,859	11,678	11,507	11,343	11,188

Market Group

Valuation of Options Granted under ESOP

Current Stock Price	\$2,054.02
Risk Free Rate	4.15%
Current Dividend Yield	0.00%
Annualized St. Dev. of Stock Returns	40.00%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	100,000	5.00	2.24	\$ 2,049.46	\$ 204,946,344
Range 2	12,000	9.00	5.40	\$ 2,046.83	\$ 24,561,904
Range 3	12,000	10.00	4.35	\$ 2,045.67	\$ 24,548,043
Range 4	12,000	12.00	6.40	\$ 2,044.82	\$ 24,537,800
Range 5				\$	-
Range 6				\$	-
Range 7				\$	-
Range 8				\$	-
Range 9				\$	-
Total	136,000	\$ 6.41	3.07	\$ 2,048.38	\$ 278,594,091