MARKEL CORP
Form 424B5
August 09, 2004
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The information in this preliminary prospectus is not complete and may be changed. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed pursuant to Rule 424(b)(5)

Registration No. 333-71952

Subject to Completion, Dated August 9, 2004

PROSPECTUS SUPPLEMENT

(To prospectus dated October 31, 2001)

$175,000,000

% Senior Notes due 2034

We will pay interest on the notes on February 15 and August 15 of each year, beginning February 15, 2005. The notes will mature on August 15, 2034. We may not redeem the notes before maturity.

The notes will be unsecured obligations and rank equally with our unsecured senior indebtedness. The notes will be issued in registered form in denominations of $1,000.

Investing in the notes involves risks that are described in the Risk Factors section beginning on page S-6 of this prospectus supplement.

	Per Note	Total

Public offering price(1)	%	$
Underwriting discount	%	$
Proceeds, before expenses, to Markel	%	$

(1) Plus accrued interest from August , 2004, if settlement occurs after that date

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through The Depositary Trust Company on or about August , 2004.

Sole Book-Running Manager

Wachovia Securities

The date of this prospectus supplement is August , 2004.

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Prospectus Supplement

Prospectus

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the notes we are offering and certain other matters relating to us and our financial condition. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which does not apply to the notes we are offering. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent the description of the notes in this prospectus supplement differs from the description in the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in this document or to which this document refers you. We have not, and the underwriter has not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should

not rely on it. We are not, and the underwriter is not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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NOTE ON FORWARD-LOOKING AND CAUTIONARY STATEMENTS

This prospectus contains or incorporates by reference forward-looking statements. It also contains or incorporates general cautionary statements regarding our business, estimates and management assumptions. Future actual results may materially differ from these statements because of many factors. Among other things:

- The impact of the events of September 11, 2001 will depend on the number of insureds and reinsureds affected by the events, the amount and timing of losses incurred and reported and questions of how coverage applies;
- The occurrence of additional terrorist activities could have a material impact on us and the insurance industry;
- Our anticipated premium growth is based on current knowledge and assumes no significant man-made or natural catastrophes, no significant changes in products or personnel and no adverse changes in market conditions;
- We are legally required to offer terrorism insurance and have attempted to manage our exposure; however, in the event of a covered terrorist attack, we could sustain material losses;
- Changing legal and social trends and inherent uncertainties (including but not limited to those uncertainties associated with our asbestos and environmental reserves) in the loss estimation process can adversely impact the adequacy of loss reserves and the allowance for reinsurance recoverables;
- Industry and economic conditions can affect the ability and/or willingness of reinsurers to pay balances due;
- We continue to closely monitor discontinued lines and related reinsurance programs and exposures. Adverse experience in these areas could lead to additional charges;
- Regulatory actions can impede our ability to charge adequate rates and efficiently allocate capital; and
- Economic conditions, interest rates and foreign exchange rate volatility can have a significant impact on the market value of fixed maturity and equity investments as well as the carrying value of other assets and liabilities.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed or incorporated by reference in this prospectus supplement might not occur. Readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as at their dates.

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SUMMARY

This summary highlights selected information from this prospectus supplement and the accompanying prospectus to help you understand us and the notes. The Description of Notes section of this prospectus supplement and the Description of Debt Securities section of the accompanying prospectus contain more detailed information regarding the terms and conditions of the notes. You should carefully read this prospectus supplement and the accompanying prospectus to fully understand the terms of the notes and the other considerations that are important to you in making a decision about whether to invest in the notes.

Unless otherwise indicated, references in this prospectus supplement to Markel , we , us and our are to Markel Corporation and its subsidiaries.

Markel Corporation

We sell specialty insurance products and programs to a variety of niche markets and believe that our specialty product focus and niche market strategy enable us to develop expertise and specialized market knowledge. We seek to differentiate ourselves from competitors by reason of our expertise, service, continuity and other value-based considerations. We compete in three segments of the specialty insurance marketplace:

- the excess and surplus lines market;
- the specialty admitted market; and
- the London insurance market.

Our financial goals are to earn consistent underwriting profits and superior investment returns to build shareholder value. We are a Virginia corporation headquartered at 4521 Highwoods Parkway, Glen Allen, Virginia 23060-6148, telephone number (804) 747-0136.

Ratio of Earnings to Fixed Charges

The results below include Markel International (Terra Nova (Bermuda) Holdings Ltd.) since its acquisition by us on March 24, 2000. The following table sets forth our ratio of earnings to fixed charges for each of the last five fiscal years and for the six month period ended June 30, 2004.

	Year Ended December 31,				
Six Months Ended June 30, 2004	2003	2002	2001	2000	1999

6.4	4.3	3.7	*	*	3.0

* For 2001 and 2000, our earnings were insufficient to cover fixed charges by $182.2 million and $51.8 million, respectively.

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The Offering

Issuer	Markel Corporation
Notes offered	$175,000,000 aggregate principal amount of % Senior Notes due 2034.
Maturity	August 15, 2034
Interest payment dates	February 15 and August 15, beginning February 15, 2005.
Redemption	The notes are not redeemable at any time, in whole or in part.
Sinking fund	None.
Ranking	The notes will be our direct, unsecured and unsubordinated obligations, ranking equally in right of payment with all of our existing and future unsecured and unsubordinated indebtedness. The notes will be effectively junior in right of payment to any secured indebtedness to the extent of the value of the assets securing such indebtedness. The notes will also be effectively junior in right of payment to all of the liabilities of our subsidiaries. As of June 30, 2004, after giving pro forma effect to this offering and to our use of the net proceeds as described under Use of Proceeds, we would have had approximately $680 million of unsubordinated indebtedness outstanding. In addition, we have outstanding $150 million of subordinated obligations relating to trust preferred securities. We currently have no secured debt, and our subsidiaries have no outstanding indebtedness for borrowed money.
Covenants	The supplemental indenture for the notes contains limitations on our ability to incur certain liens securing debt. See Description of Notes Limitation on Liens. The indenture also contains, among other things, restrictions on our ability to enter into some consolidations, mergers or transfers of all or substantially all of our assets.
Use of proceeds	We intend to use the net proceeds from the sale of the notes to repay outstanding indebtedness and for general corporate purposes. See Use of Proceeds on page S-8.
Risk factors	You should carefully consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus and, in particular, should carefully read the section entitled Risk Factors before purchasing any of the notes.
Clearance and Settlement	The notes will be cleared through The Depository Trust Company.

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RISK FACTORS

An investment in the notes involves risks. In addition to the matters addressed in Note on Forward- Looking and Cautionary Statements and other information included or incorporated in this prospectus supplement and the accompanying prospectus, you should consider the following risk factors in determining whether to purchase the notes.

Our holding company structure results in structural subordination which may affect our ability to make payments on the notes.

The notes are obligations exclusively of Markel Corporation. We are a holding company and, accordingly, substantially all of our operations are conducted through our subsidiaries. As a result, our cash flow and our ability to service our debt, including the notes, is dependent upon the earnings of our subsidiaries and on the distribution of earnings, loans or other payments by our subsidiaries to us. In addition, payment of dividends by our insurance subsidiaries may require prior regulatory notice or approval. The notes will be structurally subordinated to all obligations of our subsidiaries, which means that holders of obligations of our subsidiaries have claims on the assets of those subsidiaries that have priority to claims of holders of the notes. Our debt agreements do not limit the amount of debt that we or any of our subsidiaries may incur.

Our results may be affected because actual insured losses differ from our loss reserves.

Significant periods of time often elapse between the occurrence of an insured loss, the reporting of the loss to us and our payment of that loss. To recognize liabilities for unpaid losses, we establish reserves as balance sheet liabilities representing estimates of amounts needed to pay reported and unreported losses and the related loss adjustment expenses. The process of estimating loss reserves is a difficult and complex exercise involving many variables and subjective judgments. As part of the reserving process, we review historical data and consider the impact of various factors such as:

- trends in claim frequency and severity,
- changes in operations,
- emerging economic and social trends,
- uncertainties relating to asbestos and environmental exposures,
- inflation, and
- changes in the regulatory and litigation environments.

This process assumes that past experience, adjusted for the effects of current developments and anticipated trends, is an appropriate basis for predicting future events. There is no precise method, however, for evaluating the impact of any specific factor on the adequacy of reserves, and actual results will differ from original estimates. As part of the reserving process, we regularly review our loss reserves and make adjustments as

necessary. Future increases in reserves could result in additional charges.

We may experience losses from catastrophes.

Because we are a property and casualty insurance company, we frequently experience losses from man-made or natural catastrophes. Catastrophes may have a material adverse effect on operations. Catastrophes include windstorms, hurricanes, earthquakes, tornadoes, hail, severe winter weather and fires and may include terrorist events such as the attacks on the World Trade Center and the Pentagon on September 11, 2001. We are legally required to offer terrorism insurance and could sustain material losses in the event of a covered terrorist attack.

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In addition, we cannot predict how severe a particular catastrophe may be until after it occurs. The extent of losses from catastrophes is a function of the total amount of losses incurred, the number of insureds affected, the frequency of the events and the severity of the particular catastrophe. Most catastrophes occur in small geographic areas. However, some catastrophes may produce significant damage in large, heavily populated areas.

We are subject to regulation by insurance regulatory authorities that may affect our ability to implement our business objectives.

Our insurance subsidiaries are subject to supervision and regulation by the insurance regulatory authorities in the various jurisdictions in which they conduct business. Regulation is intended for the benefit of policyholders rather than shareholders or holders of debt securities. Insurance regulatory authorities have broad regulatory, supervisory and administrative powers relating to solvency standards, licensing, policy rates and forms and the form and content of financial reports. Regulatory actions may affect our ability to implement our business objectives. Also, payment of dividends by our insurance subsidiaries may require prior regulatory notice or approval.

Our investment results may be impacted by changes in interest rates, government monetary policies and general economic conditions.

We receive premiums from customers for insuring their risks. We invest these funds until they are needed to pay policyholder claims or until they are recognized as profits. Many of the policies we issue are denominated in foreign currencies. Fluctuations in the value of our investment portfolio can occur as a result of changes in interest rates, government monetary policies and general economic conditions. Our investment results may be impacted by these factors.

Because we rely on reinsurance, we bear collection risk if the reinsurer fails to meet its obligations under the reinsurance agreement.

We purchase reinsurance in order to reduce our retention on individual risks and to have the ability to underwrite policies with sufficient limits to meet policyholder needs. The ceding of insurance does not legally discharge us from our primary liability for the full amount of the policies.

Such reliance on reinsurance may create credit risk as a result of the reinsurer s inability or unwillingness to pay reinsurance claims when due. Deterioration in the credit quality of existing reinsurers or disputes over the terms of reinsurance could result in additional charges, which may adversely impact our profitability.

A ratings decline could adversely affect the value of the notes.

Any of the agencies that rate our debt have the ability to lower the ratings currently assigned to our debt at any time, as a result of their views about our current or future business, financial condition or results of operations. Any ratings decline could adversely affect the value of the notes.

A public market does not currently exist for the notes and a market may not develop or be sustained.

We do not plan to list the notes on any securities exchange or to include them in any automated quotation system. The notes will represent new securities for which no market currently exists. Although a market exists for our currently outstanding debt securities, there can be no assurance that an active trading market for the notes will develop or, if a market develops, that it will be liquid or sustainable.

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USE OF PROCEEDS

We estimate that the net proceeds of the offering, after deducting the underwriting discount, will be approximately $ million. We intend to use approximately $110 million of the net proceeds of the offering to repay outstanding indebtedness under our existing credit facility and the remainder for general corporate purposes. At June 30, 2004, this credit facility, which expires December 31, 2006, bore interest at a weighted average rate of 2.4%. The repayment of amounts under this credit facility will not reduce the lenders commitments under it.

RATIO OF EARNINGS TO FIXED CHARGES

The results below include Markel International (Terra Nova (Bermuda) Holdings Ltd.) since its acquisition by us on March 24, 2000. The following table sets forth the ratio of earnings to fixed charges for each of the last five fiscal years and for the six month period ended June 30, 2004.

	Year Ended December 31,				
Six Months Ended June 30, 2004	2003	2002	2001	2000	1999
6.4	4.3	3.7	*	*	3.0

The ratio of earnings to fixed charges is computed by dividing pretax income from continuing operations before fixed charges by fixed charges. Fixed charges consist of interest charges and amortization of debt expense and discount or premium related to indebtedness, whether expensed or capitalized, and that portion of rental expense we believe to be representative of interest.

* For 2001 and 2000, our earnings were insufficient to cover fixed charges by $182.2 million and $51.8 million, respectively.

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DESCRIPTION OF NOTES

Set forth below is a description of the specific terms of the notes. This description supplements, and should be read together with, the description of the general terms and provisions of the Senior Debt Securities set forth in the accompanying prospectus under the caption Description of Debt Securities and, to the extent it is inconsistent with the accompanying prospectus, replaces the description in the accompanying prospectus. The notes will be issued under an indenture dated as of June 5, 2001, between Markel and JPMorgan Chase Bank (formerly known as The Chase Manhattan Bank), as indenture trustee, as supplemented and amended by a third supplemental indenture, dated as of August , 2004 (as amended, the Indenture). The following description is not complete in every detail and is subject to, and is qualified in its entirety by reference to, the description of the notes in the accompanying prospectus and the Indenture. Capitalized terms used in this Description of Notes that are not defined in this prospectus supplement have the meanings given to them in the accompanying prospectus or the Indenture.

As used in this section Description of Notes and in the accompanying prospectus under the caption Description of Debt Securities, any references to the Company , us , we , our or Markel are to Markel Corporation, excluding its subsidiaries.

General

The notes will initially be limited in aggregate principal amount to $175,000,000. We may, without the consent of the existing holders of notes, issue additional notes having the same ranking and the same interest rate, maturity and other terms as the notes. Any additional notes having such similar terms, together with the notes, will constitute a single series of notes under the Indenture.

The entire principal amount of the notes will mature and become due and payable, together with any accrued and unpaid interest, on August 15, 2034. The notes are not subject to any sinking fund provision. The notes will be issued only in registered form in denominations of $1,000 and integral multiples of $1,000.

Ranking

The notes will be our direct, unsecured and unsubordinated obligations ranking equally in right of payment with all of our existing and future unsecured and unsubordinated indebtedness. The notes will be effectively junior in right of payment to any secured indebtedness to the extent of the value of the assets securing such indebtedness. We currently have no secured debt. As of June 30, 2004, after giving pro forma effect to this offering and to our use of the net proceeds as described under Use of Proceeds, we would have had approximately $680 million of unsubordinated indebtedness outstanding. In addition, we have outstanding $150 million of subordinated obligations relating to trust preferred securities.

The notes will also be effectively junior in right of payment to all of the liabilities of our subsidiaries. Because we are a holding company and conduct all of our operations through our subsidiaries, our ability to meet our obligations under the notes is dependent on the earnings and cash flows of those subsidiaries and the ability of those subsidiaries to pay dividends or to advance or repay funds to us. Holders of notes will generally have a junior position to claims of creditors of our subsidiaries, including insureds, trade creditors, debtholders, secured creditors, taxing authorities, guarantee holders and any preferred stockholders. Our subsidiaries currently have no outstanding indebtedness for borrowed money.

Unless otherwise described below under Limitation on Liens or in the accompanying prospectus under Description of Debt Securities Consolidation, Merger and Sale of Assets, the Indenture does not contain any provisions that would limit our ability or the ability of our subsidiaries to incur indebtedness or that would afford holders of the notes protection in the event of a sudden and significant decline in our credit quality or a takeover, recapitalization or highly leveraged similar transaction involving our company.

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Accordingly, we could in the future enter into transactions that could increase the amount of our or our subsidiaries indebtedness outstanding at that time or otherwise affect our capital structure or credit rating.

Interest

Each note will bear interest at the rate of % per year from August , 2004.

Interest is payable semi-annually in arrears on February 15 and August 15 of each year (each, an Interest Payment Date). The initial Interest Payment Date is February 15, 2005. The amount of interest payable will be computed on the basis of a 360-day year of twelve 30-day months. If any date on which interest is payable on the notes is not a business day, then payment of the interest payable on that date will be made on the next succeeding day which is a business day (and without any interest or other payment in respect of any delay), with the same force and effect as if made on such date.

So long as the notes remain in book-entry form, the record date for each Interest Payment Date will be the close of business on the business day before the applicable Interest Payment Date. If the notes are not in book-entry form, the record date for each Interest Payment Date will be the close of business on the fifteenth calendar day before the applicable Interest Payment Date (whether or not a business day).

Limitation on Liens

While any of the notes are outstanding, neither we nor our Material Subsidiaries will issue, assume, incur or guarantee any indebtedness for borrowed money secured by a mortgage, pledge, lien or other encumbrance, directly or indirectly, upon any shares of the voting stock of a Material Subsidiary without providing that the notes will be secured equally and ratably with, or prior to, that secured indebtedness so long as the indebtedness remains outstanding. These restrictions, however, do not apply to liens upon shares of voting stock of any corporation that exist at the time that corporation becomes a Material Subsidiary and extensions, renewals or replacements of these pre-existing liens. The term Material Subsidiary means each of our subsidiaries whose total assets (as determined in accordance with GAAP) represent at least 20% of our total assets on a consolidated basis.

Events of Default

The following are events of default for the notes:

(1) default in payment of the principal amount at maturity;

(2) default in payment of interest, which default continues for 30 days;

(3) our failure to comply with any of our other agreements in the notes or the Indenture upon our receipt of notice of such default from the trustee or from holders of not less than 25% in aggregate principal amount of the notes then outstanding, and our failure to cure (or obtain a waiver of) such default within 60 days after we receive such notice; or

(4) (a) our failure to make any payment by the end of any applicable grace period after maturity of indebtedness, which term as used in the Indenture means our obligations (other than nonrecourse obligations) for borrowed money or evidenced by bonds, debentures, notes or similar instruments in an aggregate principal amount in excess of $50,000,000 (Indebtedness) and continuance of such failure, or (b) the acceleration of Indebtedness because of a default with respect to such Indebtedness without such Indebtedness having been discharged or such acceleration having been cured, waived, rescinded or annulled, in each case, for a period of 10 days after written notice to us by the trustee or to us and the trustee by the holders of not less than 25% in aggregate principal amount of the notes then

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outstanding; however, if any such failure or acceleration referred to in (a) or (b) above ceases or is cured, waived, rescinded or annulled, then the event of default by reason thereof will be deemed not to have occurred; or

(5) certain events of bankruptcy or insolvency affecting us.

If an event of default (other than as specified in clause (5) above) occurs and is continuing, the trustee, by notice to us, or the holders of at least 25% in aggregate principal amount of the notes then outstanding, by notice to the trustee and us, may declare the principal of, and accrued interest on, all of the outstanding notes due and payable immediately, upon which declaration all amounts payable in respect of the notes will be immediately due and payable. If an event of default specified in clause (5) above occurs and is continuing, then the principal of, and accrued interest on, all of the outstanding notes will become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder of notes.

After a declaration of acceleration under the Indenture, but before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of a majority in aggregate principal amount of the outstanding notes, by written notice to us and the trustee, may rescind such declaration if (a) we have paid or deposited with the trustee a sum sufficient to pay (i) all sums paid or advanced by the trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the trustee, its agents and counsel, (ii) all overdue interest on all notes, (iii) the principal of any notes which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the notes, and (iv) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the notes which has become due otherwise than by such declaration of acceleration; (b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and (c) all events of default, other than the nonpayment of principal of, and interest on, the notes that has become due solely by such declaration of acceleration, have been cured or waived.

The holders of not less than a majority in aggregate principal amount of the outstanding notes may on behalf of the holders of all the notes waive any past defaults under the Indenture, except a default in the payment of the principal of, or interest on, any notes, or in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the holder of each note outstanding.

No holder of any of the notes has any right to institute any proceeding with respect to the Indenture or any remedy thereunder, unless the holders of at least a majority in aggregate principal amount of the outstanding notes have made written request, and offered reasonable indemnity, to the trustee to institute such proceeding as trustee under the notes and the Indenture, the trustee has failed to institute such proceeding within 60 days after receipt of such notice and the trustee, within such 60-day period, has not received directions inconsistent with such written request by holders of a majority in aggregate principal amount of the outstanding notes. Such limitations do not apply, however, to a suit instituted by a holder of a note for the enforcement of the payment of the principal of, or interest on, such note on or after the respective due dates expressed in such note.

Defeasance

Under the Indenture, we may exercise rights of defeasance (either as to all our obligations or as to certain covenants, which we call covenant defeasance) as described in the accompanying prospectus under Description of Debt Securities - Defeasance. In addition to the conditions described in the accompanying prospectus, we must, as a condition to exercising rights of defeasance or covenant defeasance with respect to the notes, deliver to the trustee an opinion of counsel to the effect that the holders of the then outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of the defeasance or covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the defeasance or covenant defeasance had not occurred. In

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the case of a defeasance (but not a covenant defeasance), the opinion must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable federal income tax laws.

Redemption

The notes are not redeemable, in whole or in part, at any time.

The Trustee

The trustee under the Indenture is JPMorgan Chase Bank, which currently administers its corporate trust business at 4 New York Plaza, New York, New York 10004 (Attn: Institutional Trust Services). In the ordinary course of business, we may borrow money from, and maintain other banking relationships with, the trustee and its affiliates. JPMorgan Chase Bank also serves as trustee under other indentures under which our securities are outstanding.

Book-Entry Procedures and Settlement

Upon issuance, the notes will be represented by one or more fully registered global certificates. Each global certificate will be deposited with DTC or its custodian and will be registered in the name of DTC or a nominee of DTC. DTC will thus be the only registered holder of these securities.

The following is based on information furnished to us by DTC:

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants (Direct Participants) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by The New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). The rules applicable to DTC and its Direct and Indirect Participants are on file with the SEC.

Purchases of securities under the DTC system must be made by or through Direct Participants, who will receive a credit for the securities on DTC s records. The ownership interest of each actual purchaser of each security (Beneficial Owner) is in turn to be recorded on the Direct and Indirect Participants records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are

expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities, except in the event that use of the book-entry system for the securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of

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Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities; DTC s records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the securities. Under its usual procedures, DTC mails an omnibus proxy to the Company as soon as possible after the record date. The omnibus proxy assigns Cede & Co. s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC s practice is to credit Direct Participants accounts, upon DTC s receipt of funds and corresponding detail information from the Company or its agent on the payable date in accordance with their respective holdings shown on DTC s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such Participant and not of DTC, the Company or the Trustee subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Company or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the notes at any time by giving reasonable notice to the Company. Under such circumstances, if a successor securities depository is not obtained, security certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, security certificates will be printed and delivered.

The information in this section concerning DTC and DTC s book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

We have no responsibility for the performance by DTC or its Participants of their respective obligations as described in this prospectus supplement or under the rules and procedures governing their respective operations.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational reporting requirements of the Securities Exchange Act of 1934. You may read and copy any document that we file at the Public Reference Room of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. You may also inspect our annual, quarterly and special reports, any proxy statements and other information over the Internet at the SEC s home page at http://www.sec.gov. Our common shares are listed on the New York Stock Exchange under the symbol MKL. Our filings may also be read and copied at the New York Stock Exchange at 20 Broad Street, New York, NY 10005.

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This prospectus is part of a registration statement we have filed with the SEC relating to the notes. The SEC allows us to incorporate by reference the information filed with them, which means that we can disclose important information to you by referring you to those documents. The information we incorporate by reference is an important part of this prospectus, and later information filed with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until all the offered securities are sold. The documents incorporated by reference are:

Annual Report on Form 10-K for the year ended December 31, 2003.

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2004 and June 30, 2004.

You may request a copy of these filings, which will be provided at no cost, by writing or telephoning us at: 4521 Highwoods Parkway, Glen Allen, Virginia 23060-6148, telephone number (804) 747-0136.

UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement, and the related pricing agreement, each dated August , 2004, between Markel and Wachovia Capital Markets, LLC, the underwriter, we have agreed to sell and the underwriter has agreed to purchase from us $175,000,000 aggregate principal amount of notes at a purchase price equal to the initial public offering price set forth on the front cover of this prospectus supplement, less a discount of $ per $1,000 principal amount of notes.

The underwriter has agreed to purchase all of the notes sold pursuant to the underwriting agreement if any of the notes are purchased.

We have agreed to indemnify the underwriter against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriter may be required to make in respect of those liabilities.

The underwriter is offering the notes, subject to prior sale, when, as and if issued to and accepted by it, subject to approval of legal matters by its counsel, including the validity of the notes, and other conditions contained in the underwriting agreement, such as the receipt by the underwriter of officer s certificates and legal opinions. The underwriter reserves the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The underwriter has advised us that it proposes initially to offer the notes to the public at the public offering price on the cover page of this prospectus supplement, and to dealers at that price less a concession not in excess of % of the principal amount of the notes. The underwriter may allow, and the dealers may reallow, a discount not in excess of % of the principal amount of the notes to other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The expenses of the offering, not including the underwriting discount, are estimated to be approximately $150,000 and are payable by us.

New Issue of Notes

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for quotation of the notes on any automated dealer quotation system. We have been advised by the underwriter that it presently intends to make a market

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in the notes after completion of the offering. However, the underwriter is under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

Price Stabilization and Short Positions

In connection with the offering, the underwriter is permitted to engage in transactions that stabilize the market price of the notes. Such transactions consist of bids or purchases to peg, fix or maintain the price of the notes. If the underwriter creates a short position in the notes in connection with the offering, i.e., if it sells more notes than are on the cover page of this prospectus supplement, the underwriter may reduce that short position by purchasing notes in the open market. Purchases of a security to stabilize the price or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases.

Neither we nor the underwriter makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor the underwriter makes any representation that the underwriter will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

The underwriter and its affiliates have engaged in, and may in the future engage in, banking, investment banking and other commercial dealings in the ordinary course of business with us. They have received customary fees and commissions for these transactions. We intend to use a portion of the net proceeds from the sale of the notes to repay outstanding indebtedness under our existing credit facility. An affiliate of the underwriter is a lender under that credit facility. See Use of Proceeds.

Since more than 10% of the net offering proceeds, not including underwriting compensation, may be received by entities who are affiliated with National Association of Securities Dealers, Inc. members who are participating in this offering, the offering will be conducted in compliance with the NASD Conduct Rule 2710(h). Under that rule, the appointment of a qualified independent underwriter is not necessary because the class of securities being offered under this prospectus has an investment-grade rating.

VALIDITY OF NOTES

Certain legal matters in connection with the notes will be passed upon for us by McGuireWoods LLP, Richmond, Virginia. Leslie A. Grandis, a partner in McGuireWoods LLP, is Secretary and a member of the Board of Directors of Markel. As of June 30, 2004, partners of McGuireWoods LLP owned less than 1% of our common shares outstanding on that date. The underwriter for the offering was represented by Shearman & Sterling LLP, New York, New York.

EXPERTS

The consolidated financial statements of Markel Corporation and subsidiaries as of December 31, 2003 and 2002 and for each of the years in the three-year period ended December 31, 2003 have been incorporated in this prospectus supplement by reference to our Annual Report on Form 10-K for the year ended December 31, 2003 in reliance upon the report of KPMG LLP, independent accountants, incorporated by reference herein, and upon the authority of that firm as experts in accounting and auditing.

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PROSPECTUS

$650,000,000

Markel Corporation

Common Shares, Preferred Shares, Warrants, Debt Securities, Trust Preferred Securities and Related Guarantee and Agreement as to Expenses and Liabilities, Share Purchase Contracts and Share Purchase Units

From time to time, we and Markel Capital Trust II may offer and sell:

- common shares,
- preferred shares,
- warrants,
- debt securities,
- trust preferred securities and related guarantee and agreement as to expenses and liabilities,
- share purchase contracts and
- share purchase units.

We will provide specific terms of these securities in supplements to this prospectus. The terms of the securities will include the initial offering price, aggregate amount of the offering, listing on any securities exchange or quotation system, investment considerations and the agents, dealers or underwriters, if any, to be used in connection with the sale of these securities. You should read this prospectus and any supplement carefully

before you invest.

In addition, up to 235,000 of our common shares may be offered by selling security holders.

Our common shares are traded on the New York Stock Exchange under the symbol MKL.

Investing in our securities involves risks. See Risk Factors beginning on page 6.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is October 31, 2001.

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MARKEL CORPORATION

General

We market and underwrite specialty insurance products and programs to a variety of niche markets. In each of these markets, we seek to provide quality products and excellent customer service so that we can be a market leader. Our financial goals are to earn consistent underwriting profits and superior investment returns to build shareholder value.

Markel North America includes the excess and surplus lines segment which is comprised of four underwriting units and the specialty admitted segment which consists of two underwriting units. The excess and surplus lines segment writes property and casualty insurance for nonstandard and hard-to-place risks. The specialty admitted segment writes risks that are unique and hard to place in the standard market but must remain with an admitted insurance company for marketing and regulatory reasons. These underwriting units write specialty program insurance for well-defined niche markets and personal and commercial property and liability coverages.

Markel International includes two segments: the London Company Market and the Lloyd s Market. The London Company Market consists of the operations of Terra Nova Insurance Company Limited. The Lloyd s Market includes Markel Capital Limited, which is the corporate capital provider for Lloyd s syndicates managed by Markel Syndicate Management Limited. Markel International s operating units write specialty property, casualty, marine and aviation insurance and reinsurance on a worldwide basis. The majority of Markel International s business comes from the United Kingdom and the United States.

We are a Virginia corporation headquartered at 4521 Highwoods Parkway, Glen Allen, Virginia 23060-6148, telephone number (804) 747-0136.

THE CAPITAL TRUST

Markel Capital Trust II is a statutory business trust newly formed under Delaware law by us, as sponsor for the Capital Trust, and The Chase Manhattan Bank USA, National Association, as trustee. The trust agreement for the Capital Trust will be amended and restated substantially in the form filed as an exhibit to the registration statement, effective when securities of the Capital Trust are initially issued. The amended trust agreement will be qualified as an indenture under the Trust Indenture Act of 1939.

The Capital Trust exists for the exclusive purposes of

- issuing two classes of trust securities, trust preferred securities and trust common securities, which together represent undivided beneficial interests in the assets of the Capital Trust;
- investing the gross proceeds of the trust securities in our junior subordinated debt securities;
- making distributions; and

engaging in only those other activities necessary, advisable or incidental to the purposes listed above.

The junior subordinated debt securities will be the sole assets of the Capital Trust, and our payments under the junior subordinated debt securities and the agreement as to expenses and liabilities will be the sole revenue of the Capital Trust.

No separate financial statements of the Capital Trust are included in this prospectus. We consider that these financial statements would not be material to holders of the trust preferred securities because the Capital Trust has no independent operations and the purposes of the Capital Trust are as described above. We do not expect that the Capital Trust will be filing annual, quarterly or special reports with the SEC.

The principal place of business of the Capital Trust will be c/o Markel Corporation, 4521 Highwoods Parkway, Glen Allen, Virginia 23060.

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Unaudited Pro Forma Condensed Financial Information