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Research Update:

Markel Insurance Societas Europaea Assigned 'A' Ratings On Core Group Status

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Table Of Contents

Overview

Rating Action

Rationale

Outlook

Related Criteria

Related Research

Ratings List

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Overview

- Markel Insurance Societas Europaea (MISE), a newly created operating entity domiciled in Germany, provides Markel Corp. (MKL) continuity of access to European markets post-Brexit.
- We view MISE as a core subsidiary of MKL.
- As a result, we are assigning our 'A' financial strength and issuer credit ratings to MISE.
- The stable outlook on MISE reflects the outlook on MKL.

Rating Action

On Sept. 27, 2018, S&P Global Ratings assigned its 'A' financial strength and issuer credit ratings to Germany-based Markel Insurance Societas Europaea (MISE). The outlook is stable.

Rationale

We base the ratings on MISE on our assessment of MISE as a core entity of Markel Corp.'s (MKL) insurance operations. The establishment of MISE enables MKL to retain access to European markets and manage its existing business, thereby helping it mitigate risks associated with Brexit while supporting its expansion efforts in continental Europe at the same time. MISE will assume a portion of existing business (primarily sourced from Europe) currently underwritten by the U.K.-based Markel International Insurance Co. Ltd. (MIICL) on renewal over the next few years, in addition to writing new business from the region.

MISE is expected to benefit from a 90% quota share reinsurance arrangement with Markel Bermuda Ltd. (MBL), reflecting strong support from the group. Both, MIICL and MBL are core insurance subsidiaries of MKL. Furthermore, MISE is well integrated with the group, leveraging its management, underwriting, risk management, and operational infrastructure.

Outlook

The stable outlook reflects that on the ratings on the parent. Because MISE is a core subsidiary, the ratings on MISE will move in tandem with those on the core operating subsidiaries of the group.

Related Criteria

- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Insurance - General: Insurers: Rating Methodology, May 7, 2013
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- Markel Corp. And Subs Ratings Affirmed Following Announcement Of Acquisition Of Nephila Holdings Ltd; Outlook Is Stable, Aug. 31, 2018
- Markel Corp. And Operating Companies, July 27, 2018

Ratings List

New Rating; Outlook Action

Markel Insurance Societas Europaea

Issuer Credit Rating

Local Currency

A/Stable/--

Financial Strength Rating

Local Currency

A/Stable/--

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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