MARKEL

December 15, 2016

Ms. Susan M. Cosper
Technical Director
File Reference No. 2016-330
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Ms. Cosper:

Markel Corporation (Markel) is a diverse financial holding company serving a variety of niche markets. Our principal business markets and underwrites specialty insurance products. We also own interests in various industrial and service businesses that operate outside of the specialty insurance marketplace. Both our insurance and non-insurance operations are conducted on a worldwide basis. We are a publicly traded company (NYSE: MKL) with total assets of approximately $26 billion and market capital of approximately $13 billion. Our growth strategy has historically focused on acquisitions. In 2013, we acquired a block of long-duration reinsurance contracts for life and annuity benefits which subject us to accounting for long-duration contracts. This business is in run-off and we are not writing any new long-duration reinsurance contracts. Total reserves on our life and annuity reinsurance contracts as of December 31, 2015 were $1.1 billion.

We appreciate the opportunity to comment on the FASB's Proposed Accounting Standards Update: Financial Services – Insurance (Topic 944), *Targeted Improvements to the Accounting for Long-Duration Contracts* (the Proposed ASU). We continue to support the FASB in their efforts to develop an accounting standard for long-duration insurance contracts that will provide users of the financial statements with more meaningful information about the amount, timing and uncertainty of cash flows related to these contracts. Although we support many of the FASB's proposed changes to the accounting for long-duration insurance contracts, we offer the following comments on certain of the proposed amendments.

Overall - Cash Flow Assumptions

We agree with the Board's proposal to update cash flow assumptions used to measure the liability for future policy benefits on a periodic basis in order to give users a more current view of an insurance entity's expected future cash flows. Because the liability for future policy benefits would be measured on the basis of periodically updated assumptions, the Proposed ASU also eliminated the provision for the risk of adverse deviation. As a result, the liability will no longer incorporate a risk margin to allow for possible unfavorable deviation from the assumptions used to measure the liability for future policy benefits. Although cash flow assumptions would be updated periodically, future uncertainty in the amount and timing of expected cash flows is not necessarily addressed by updating assumptions periodically. We believe an explicit risk margin which permits consideration of management's judgment and experience should be provided for in the targeted improvements for long-duration insurance contract accounting, similar to that which is used by property and liability insurance entities. Without an appropriate risk margin, the industry is at a higher risk for

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economically deficient reserves and the potential for adverse outcomes (up to and including insolvency) rises.

Question 5 – Discount rate assumption update method and presentation for contracts other than participating contracts: Do you agree that the effect of updating discount rate assumptions should be recognized immediately in other comprehensive income? If not, what other approach or approaches do you recommend and why?

We agree with the Board's proposal to reflect the impact of changes in the discount rate assumption in other comprehensive income. This approach would be expected to achieve consistency in the accounting for the impact of changes in discount rates applied to the liability for future policy benefits with the accounting for changes in fair value of the underlying securities that support the liabilities, which is generally driven by changes in interest rates. However, the accounting for the assets and the liabilities would not be consistent for companies that have elected the fair value option for all or a portion of their investment portfolio, which may include securities that support the liability for future policy benefits. We believe the targeted improvements should also provide an option for insurers to elect to record the impact of changes in the liability discount rate assumption through net income, in order to align such change with the change in the fair value of the underlying securities. Providing this option would be consistent with the decision that has tentatively been reached by the International Accounting Standards Board relative to the insurance contracts standard that it expects to issue.

Question 18 – Do you agree that the presentation and disclosure requirements included in the proposed amendments would provide decision-useful information? If not, which presentation and/or disclosure requirements would you change and why?

The Proposed ASU significantly expands disclosure requirements for long-duration contracts in the annual and interim financial statements. Based on the limited disclosure requirements that exist under current U.S. GAAP, we agree that further disclosure is appropriate to enable users to evaluate the amount, timing and uncertainty of cash flows arising from those contacts. Generally, we do not take exception to the disclosures that have been proposed on an annual basis and think that the rollforward and disclosures regarding significant assumptions would provide decision-useful information to users of the financial statements. However, we believe that also requiring these disclosures on an interim basis would create a significant incremental burden on preparers without providing significant additional insight to users of the financial statements. We believe the Board should consider more limited disclosures on an interim basis, with a focus on significant changes in assumptions or other factors causing changes in balances during the period.

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Thank you for your consideration of our comments on these matters. If you have questions or would like to discuss our comments further, please contact me at (804) 527-7724.

Sincerely,

Nora N. Crouch

Nora N. Crouch
Chief Accounting Officer