

REPORT ON
THE MARKET CONDUCT EXAMINATION

OF

Markel American Insurance Company

NAIC Company Code: 28932

As of

June 30, 2008

State of Rhode Island
Department of Business Regulation
Insurance Division

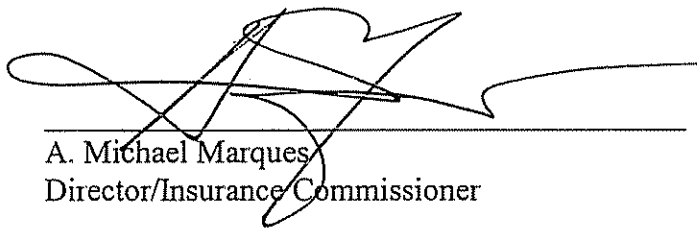
**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
INSURANCE DIVISION**

The attached Report of Examination as of June 30, 2008 of the market conduct condition and affairs of the Markel American Insurance Company was recently completed by duly qualified examiners, pursuant to the provision of the Rhode Island Insurance Code.

Due consideration has been given to the comments of the examiners regarding the operations of the Markel American Insurance Company and its market conduct condition as reflected from the examination report.

It is therefore ORDERED that said Report be, and it is hereby adopted and filed and made an official record of this department as of this date.

DEPARTMENT OF BUSINESS REGULATION



A. Michael Marques
Director/Insurance Commissioner

ORDER NO. 09-94

DATED: 04-08-2009

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Providence, Rhode Island

February 19, 2009

Honorable A. Michael Marques
Insurance Commissioner
State of Rhode Island

Commissioner:

In accordance with your instructions, and pursuant to the statutes of the State of Rhode Island, a Market Conduct Examination was conducted of the:

Markel American Insurance Company

4521 Highwoods Parkway

Glen Allen, Virginia 23060

hereinafter referred to as the "Company". The examination was conducted at the Department of Business Regulation, Insurance Division, 1511 Pontiac Avenue, Cranston, Rhode Island.

FOREWORD

Our Market Conduct Examination Report is, in general, a report by exception. Information relating to practices, procedures, and/or files subject to review during our examination has been omitted from the report if errors and/or improprieties were not evidenced.

SCOPE OF EXAMINATION

Authority for this examination is provided by R.I. Gen. Laws §27-13-1 and §27-13.1-3. The examination covered the period from January 1, 2007 through June 30, 2008, and was conducted in accordance with standards established by the National Association of Insurance Commissioners, and procedures developed by the Rhode Island Department of Business Regulation, Insurance Division.

The line of business reviewed was Private Passenger Automobile. The examination encompassed a review of the following areas: cancellations, nonrenewals and premium installment plans.

The primary purpose of the examination was to evaluate the Company's compliance with Rhode Island General Laws and Insurance Regulations, and to determine whether Rhode Island insureds and claimants were being treated equitably. The test work performed during the examination satisfied this purpose, and forms the basis for the findings and recommendations presented in this report. The examination consisted of verification and evaluation, on a test basis, of information contained in the insurer's files.

PROFILE OF COMPANY

History

The Company was incorporated under the laws of Virginia on October 15, 1986 as Markel American Insurance Company and commenced business on February 27, 1987. On March 10, 1992, the name was changed to Markel Rhulen Insurance Company. The company reverted back to its original title on August 23, 1994. In 1998, Evanston Insurance Company transferred the company to its parent, Markel Corporation. Markel American Insurance Company is an admitted carrier licensed in 50 states, the District of Columbia and Puerto Rico.

Operations

The Company's Rhode Island direct written premium for the year 2007 was as follows:

<u>Line of Business</u>	<u>Written Premium</u>
Other Private Passenger Auto Liability	\$1,122,742
Private Passenger Auto Physical Damage	\$ 889,382
Total	<u>\$2,012,124</u>

Management

At December 31, 2007, the Directors of Markel American Insurance Company were as follows: Alan Irving Kirshner, Anthony Foster Markel, Steven Andrew Markel, Richard Reeves Whitt III, Timberlee Tamraz Grove, Paul William Springman, and Bradley James Kiscaden.

The officers at December 31, 2007 were as follows: Timberlee Tamraz Grove (President), Linda Sickman Rotz (Secretary), Anne Galbraith Waleski (Treasurer).

Private Passenger Automobile Premium Installment

A review of the Company's private passenger automobile premium installment practices during the period under examination was conducted to determine whether the Company complied with the applicable provisions of R.I. Gen. Laws §27-29-13.

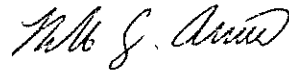
The Company provided the examiners with a listing of 2,910 premium installments payments that were processed for the period under examination. The examiners selected 50 premium installments files for review based on NAIC sampling criteria. Based on the examination work performed, the examiners noted that the company did not offer a ten payment installment plan on its twelve month policies, as required by R. I. Gen. Laws §27-29-13.

Recommendation: It is recommended that the Company provide to its insureds the ten payment premium installments payment option with a 15% maximum down payment at the time of issue. In addition, the company should provide the Department with notification of the date that this option takes effect.

CONCLUSION

We have applied verification procedures to the data contained in this report using both subjective and statistical sampling techniques as deemed appropriate. While sampling techniques do not give complete assurance that all errors and irregularities will be detected, those that were detected during the course of this examination have been disclosed in this report. We were not informed of, and did not become aware of any other error or irregularity that could have a material effect on the market conduct condition of the Company as presented in this report.

Respectfully submitted,



Robert G. Arrow, FLMI

Senior Market Conduct Examiner
Rhode Island Insurance Division



MARKEL AMERICAN INSURANCE COMPANY

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March 31, 2009

Sharon K. Gordon, CPA, CFE
State of Rhode Island
Department of Business Regulation
Insurance Division
1511 Pontiac Avenue, Bld. 69-2
Cranston, RI 02920

RE: MARKEL AMERICAN INSURANCE COMPANY
NAIC # 785-28932; FED ID #54-1398877
Market Conduct Exam of Markel American Insurance Company
Scope: 01/01/07 through 06/30/08

Dear Ms Gordon:

We are in receipt of your letter dated February 19, 2009 and the Rhode Island Insurance Division's final version of the market conduct examination report for Markel American Insurance Company for the period ended June 30, 2008. Thank you to your department and Mr. Robert Arrow for the extension to respond due to the delay in our receipt.

As recommended in the report and in accordance with R.I. Gen. Law § 27-29-13, this letter is to inform you that we have implemented a 10 payment premium installment option, with a 15% maximum down payment, effective April 15, 2009 for new business.

We appreciate your cooperation during the examination. Should you have any additional questions, please feel free to contact me at 800-236-2862 ext. 3335.

Sincerely,

A handwritten signature in cursive script that reads "J. Tamraz".

Timberlee Tamraz Grove
President & COO

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