

# Markel Corporation

## Audit Committee Charter

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The following shall constitute the Audit Committee Charter (the “Charter”) of the Board of Directors of Markel Corporation (the “Corporation”):

### **I. Organization**

There shall be constituted a standing committee of the Board of Directors of the Corporation (the “Board”) to be known as the Audit Committee (the “Committee”).

### **II. Composition and Selection**

The Committee will be comprised of three or more directors as determined by the Board, each of whom must be “independent” under the rules of the New York Stock Exchange, Inc. and Rule 10A-3 under the Securities Exchange Act of 1934. Each member shall also be “financially literate,” and at least one member of the Audit Committee must have “accounting or related financial management expertise,” as such qualifications are interpreted by the Board in its business judgment. If the Board has determined that a member of the Audit Committee is an “audit committee financial expert,” as defined by the rules of the Securities and Exchange Commission (“SEC”), it may presume that such member has accounting or related financial management expertise.

No director may serve as a member of the Committee if such director serves on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee, and discloses this determination in the Corporation’s annual proxy statement.

The members of the Committee shall be appointed by the Board at the Board’s annual meeting and may be removed by the Board. The members of the Committee shall serve for one year or until their successors are duly elected and qualified. The Chairman of the Committee shall be elected by the full Board, but in his or her absence, the remaining members of the Committee may designate by majority vote a member to serve as acting Chair.

### **III. Purpose**

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to (i) the integrity of the Corporation’s financial statements; (ii) the Corporation’s compliance with legal and regulatory requirements; (iii) the independent auditor’s qualifications and independence; and (iv) the performance of the independent auditors and the performance of the Corporation’s internal audit function. In addition, the Committee provides an avenue for communication between internal audit, the independent auditors, financial management and the Board. The Committee should have a clear understanding with the independent auditors that they must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the independent auditors is to the Committee and the Board as representatives of the shareholders. The Committee will make regular reports to the Board concerning its activities.

### **IV. Limitations**

While the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to determine whether the Corporation’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles or to plan or conduct audits. This is the responsibility of management and the independent auditor. The Committee shall be entitled to rely on the integrity of the individuals and the organizations



within and outside the Corporation from whom it receives information and the accuracy of the information provided to them by such individuals and organizations absent actual knowledge to the contrary. The Committee does not, and is not expected to, provide any expert or special assurance as to the Corporation's financial statements or as to the independent auditors' work.

## **V. Authority**

The Committee shall have the authority to investigate any matter or activity involving financial accounting and financial reporting, as well as the internal controls of the Corporation. In that regard, the Committee will have the authority to take the steps it deems necessary to direct employees of the Corporation to internally investigate the matter or approve the retention of external professionals to render advice and counsel in such matters. All employees will be directed to cooperate with requests made by members of the Committee.

The Corporation will provide for adequate funding, as determined by the Committee, for payment of (i) compensation of the independent auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, (ii) compensation of any advisors employed by the Committee as necessary to carry out its duties, and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

## **VI. Meetings**

The Committee is to meet at least four times annually and as many additional times as the Committee deems necessary. Content of the agenda for each meeting should be cleared by the Committee Chair. The Committee is to meet in separate executive sessions periodically with the chief financial officer, independent auditors and internal audit.

## **VII. Duties**

The duties of the Committee are as follows:

1. Review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval.
2. Conduct a review annually of the Committee's performance and report thereon to the Board.
3. Be directly responsible for the appointment (subject to shareholder ratification), compensation, retention and oversight of the work of the independent auditors (including resolution of any disagreements between management and the independent auditors regarding financial reporting).
4. Pre-approve all auditing services and permitted non-audit services to be performed by the independent auditor. The Committee may delegate authority for pre-approval to one or more members provided any decision to grant pre-approval is presented to the full Committee at its next scheduled meeting.
5. Establish hiring policies for employees or former employees of the independent auditors.
6. Review with the Corporation's management, internal audit and independent auditors the Corporation's accounting and financial reporting controls, including any major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies.



7. Review with the Corporation's management, internal audit and independent auditors (i) major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation's selection or application of accounting principles, (ii) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, and (iii) the effect of regulatory initiatives, as well as off-balance sheet structures, on the financial statements. Discuss with the independent auditors their judgments about the quality, not just the acceptability, of the Corporation's accounting principles used in financial reporting.
8. Review the scope of internal audit's work plan for the year and receive a summary report of major findings by internal auditors and how management is addressing the conditions reported.
9. Review the scope and general extent of the independent auditors' annual audit. The Committee's review should include an explanation from the independent auditors of the factors considered by the auditors in determining the audit scope, including the major risk factors. The independent auditors should confirm to the Committee that no limitations have been placed on the scope or nature of their audit procedures.
10. Inquire as to the independence of the independent auditors and obtain from the independent auditors, at least annually, a formal written statement delineating all relationships between the independent auditors and the Corporation in accordance with applicable requirements of the Public Company Accounting Oversight Board (PCAOB).
11. Obtain from the independent auditors, at least annually, a report describing: (i) the firm's internal quality control procedures; (ii) any material issues raised by the most recent internal quality control review, or peer review, of the firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm and any steps taken to deal with such issues; and (iii) (to assess the auditor's independence) all relationships between the independent auditor and the Corporation.
12. At the completion of the annual audit, review with management, internal audit and the independent auditors the following:
  - results of the audit of the financial statements and the related report thereon and, if applicable, a report on changes during the year in accounting principles and their application.
  - significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit. Inquire about the cooperation received by the independent auditors during their audit, including access to all requested records, data and information. Inquire of the independent auditors whether there have been any disagreements with management, which, if not satisfactorily resolved, would have caused them to issue a nonstandard report on the Corporation's financial statements.
  - Other communications as required to be communicated by the independent auditors by PCAOB Auditing Standard No. 1301: Communications with Audit Committees (PCAOB AS 1301), relating to the conduct of the audit.
13. Receive reports from management concerning interim financial information, and the nature and extent of internal and external audit involvement in reviewing that information.
14. Have a predetermined arrangement with the independent auditors that they will advise the Committee through its Chair of any matters that need to be communicated in accordance with PCAOB AS 1301. Such notification is to be made prior to the related press release or, if not practicable, prior to filing Form 10-Q.



15. Discuss with the independent auditors the responsibilities, budget, staffing and quality of the Corporation's financial, accounting and internal audit personnel.
16. Review with management, internal audit and the independent auditors the methods used to establish and monitor the Corporation's policies with respect to unethical or illegal activities by employees that may have a material impact on the financial statements.
17. Discuss with management any significant legal, compliance or regulatory matters that may have a material effect on the financial statements or the Corporation's business, financial statements or compliance policies, including material notices to or inquiries received from governmental agencies.
18. Discuss with management the type and presentation of information to be included in earnings press releases as well as financial information and earnings guidance, if any, provided to analysts and rating agencies.
19. Discuss with management the Corporation's policies with respect to risk assessment and risk management.
20. Discuss the Corporation's annual audited financial statements and quarterly financial statements with management and the independent auditor, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
21. Based on review and discussions with management and independent auditors, including but not limited to, receipt and discussion of items mentioned above, recommend to the Board that the audited financial statements be included in the Corporation's Annual Report on Form 10-K and approve the report required under SEC rules to be included in the Corporation's annual proxy statement.
22. Review the appointment and replacement of the senior internal audit executive.
23. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls and the confidential anonymous submission by employees of concerns regarding accounting or auditing matters.
24. Act as the Audit Committee for the Corporation's U.S. insurance company subsidiaries in accordance with the requirements of the National Association of Insurance Commissioners Annual Financial Reporting Model Regulation and, in such capacity, review any issues relating to material weaknesses, significant deficiencies and/or significant solvency concerns at such subsidiaries, regardless of the materiality of such issues to the Corporation on a consolidated basis.

## **VIII. Amendment**

This Charter may be amended or altered by the Board by affirmative vote of a majority of the number of Directors fixed in accordance with the Bylaws.