

Explanatory Memorandum

COVID-19 Premium Refunds, Credits, and Reduction Report

Company Name: Markel American Insurance Company ("Markel")

NAIC Code: 28932

If your company writes in any lines of insurance specified in Bulletin 2020-3 and has determined no refunds are necessary, please explain and provide any relevant documents.

Line of Business	Program	Explanation
Private Passenger Automobile	Motorcycle and Recreational Vehicle CDI Filing # 20-231	Markel's only private passenger automobile business is a motorcycle and recreational vehicle program, which has not seen a credible change in the claims activity related to COVID-19. The nature of our program is different than private passenger programs where commuter coverage is a typical use, our program is limited to motorcycles and off-road recreational vehicles only and does not include passenger automobiles. The program already considers limited usage due to weather, "riding season" and riding for pleasure. Markel will not be adjusting premiums due to COVID19 at this time; however, we will continue to monitor claims activity and adjust course as warranted.
Commercial Liability	Registered Investment Advisors CDI Filing # 19-2056	Markel does not have credible company data or access to credible industry data upon which to establish that a reduction in exposure to professional losses for investment advisors has occurred as a result of the pandemic. Further, the COVID 19 pandemic has resulted in volatile financial markets. Historically volatile financial markets have resulted in increases in claims frequency and severity for investment advisors. While we have no credible data at this time, it is not unreasonable to expect that an increase in exposure to professional losses for investment advisors will occur as a result of the pandemic.
Commercial Liability	Management Liability CDI Filing# 18-2371	Markel does not have credible company data or access to credible industry data upon which to establish that a reduction in exposure to management liability losses for has occurred as a result of the pandemic. Further, the COVID 19 pandemic has resulted in deteriorating business conditions. Historically deteriorating business conditions have resulted in increases in claims frequency and severity for both directors and officers and employment practices exposures. While we have no credible data at this time, it is not unreasonable to expect that an increase in exposure to management liability will occur as a result of the pandemic.

Commercial Liability	Misc. E&O Professional Liability CDI Filing# 18-4545	<p>Markel does not have credible company data or access to credible industry data upon which to establish that a reduction in exposure to loss has occurred as a result of the pandemic.</p> <p>Further, the COVID 19 pandemic has resulted in volatile financial markets. Historically volatile financial markets have resulted in increases in claims frequency and severity for professional liability. While we have no credible data at this time, it is not unreasonable to expect that an increase in exposure to professional losses will occur as a result of the pandemic.</p>
Commercial Liability	Public Company Directors & Officers CDI Filing # 18-2332	<p>Markel does not have credible company data or access to credible industry data upon which to establish that a reduction in exposure to directors & officers losses for public companies has occurred as a result of the pandemic.</p> <p>Further, the COVID 19 pandemic has resulted in deteriorating business conditions. Historically deteriorating business conditions have resulted in increases in claims frequency and severity for directors and officers exposures. While we have no credible data at this time, it is not unreasonable to expect that an increase in exposure to directors & officers will occur as a result of the pandemic.</p>
Commercial Liability	Union Liability CDI Filing # 19-2708	<p>Markel does not have credible company data or access to credible industry data upon which to establish that a reduction in exposure to management liability losses for unions has occurred as a result of the pandemic.</p> <p>Further, the COVID 19 pandemic has resulted in deteriorating business conditions. Historically deteriorating business conditions have resulted in increases in claims frequency and severity for directors and officers and employment related exposures. While we have no credible data at this time, it is not unreasonable to expect that an increase in exposure to unions will occur as a result of the pandemic.</p>
Commercial Liability	Excess & Umbrella CDI Filing # 19-979	<p>Markel does not have credible company data or access to credible industry data upon which to establish that a reduction in exposure to excess and umbrella losses has occurred as a result of the pandemic.</p> <p>The loss exposure for Excess & Umbrella is heavily driven by severity. Early claims analysis performed by ISO indicates that severity has increased during the pandemic. Additionally there may be unexpected increases in severity in the short and intermediate term. The repair and replacement costs for property damage may increase due to supply chain challenges and the limited supply of contractors as some</p>

		<p>businesses are closed. Medical treatments that are not essential may be postponed, which may increase the overall cost for bodily injury. Legal proceedings may be delayed, which may cause additional legal related expenses in adjudicating a claim.</p> <p>While we have no credible data at this time, it is not unreasonable to expect that an increase in umbrella & excess loss exposure, despite the decrease in claims frequency on underlying policies, will occur as a result of the pandemic.</p>
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