A family affair

Anthony Markel was honoured for his 54-year career in the insurance industry in January when he was named the 2016 Insurance Leader of the Year in New York. In an exclusive interview, *Reactions* asked him to reflect on his career.

The days of spending your entire career with one company are increasingly a thing of the past, but when you are linked by blood to the founder of the firm, you become a totem for the business.

That is the situation Antony Markel, known throughout the market as Tony, finds himself in after spending 53 years with the Richmond, Virginia-based business his grandfather launched back in 1930.

After his long career in the industry, in late January Markel was honoured by The Peter J Tobin College of Business at St John's University as the School of Risk Management's 2016 Insurance Leader of the Year.

Shortly before receiving the honour during a glamourous dinner in New York City, *Reactions* caught up with Markel to hear his thoughts on the current state of the market, as well as some reflections on the moments that have stood out during his illustrious insurance industry career.

On being named St John's 2016 Insurance Leader of the Year, Markel said he "couldn't be any more flattered", adding: "The 21 individuals who have received this award previously are like a who's who of insurance, domestically and internationally, and I'm blown away that I'm being recognised in this fashion given the track record of all my predecessors for this award. I couldn't be more humbled."

After joining the family business in 1964, Markel was appointed executive vice president in 1979 before taking on the roles of president and chief operating officer in 1992. He was then named co-vice chairman in 2008, and continues to hold that position today.

He shares the vice chairman role with his cousin Steven Markel, supporting cousin-in-law Alan Kirshner as executive chairman.

Markel was one member of the leadership team that took the firm public in 1986, and since then the business has grown from being purely a US surplus lines player to one of the world's largest international insurance and reinsurance companies.

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Despite several high profile acquisitions – Terra Nova and Alterra to name but two - the company has stayed true to an ethos that has become known as 'The Markel Style'. And while Markel is proud to be the recipient of the 2016 Insurance Leader of the Year award, he is even more proud of the organisation he and his colleagues have created.

"I'm proudest of the organisation that we've built and the culture of that organisation – The Markel Style. I'm very proud of our 'do unto others' attitude. One of the most gratifying things, given our financial success, is to look at the number of people that have just flourished under our banner.

"We're well thought of in the industry and respected for consistency and continuity, and that's really gratifying. The organisation internally and externally is the best it's ever been and I'm just so proud to have been a part of building it."

During his long-service to Markel, and to the industry in general, he has seen innumerable changes and considerable transformations. But, more than anything else, he believes it is the increased use of analytics that has truly altered the way the market operates.

"I've been with Markel for more than 50 years, and the industry is far more analytical today than it was when I began. The industry uses data far more than we ever did. It's also staffed, in my opinion, with a much stronger intellectual capability. We had some great people in my time, but I think the experience and the academic background of people in this industry today – in fact the entire level of sophistication in the industry - has grown incredibly."

That rise in the level of intellectual capability in the industry has also come at a time when the economic power wielded by the largest insurance companies in the world continues to grow.

Financial stability and access to capital were major concerns for Markel 30 or 40 years ago, and featured prominently on the list of concerns facing senior insurance executives throughout the industry as well. Times have changed however, and while the C-suite continues to keep a watchful eye over the finances, the threat of financial failure is no longer as severe.

"The issue of financial capability was so high on the agenda 30 or 40 years ago because of a number of noteworthy failures," said Markel. "The advent of the unquestionable security and with the changes that have been made at Lloyd's and all the other companies around the world to strengthen, you just don't hear much about insolvencies anymore. I can't remember the last time that I read something about a company going insolvent.

"The industry is well regulated, well capitalised, and generally very well run. The spectre of financial collapse or insolvency is always there because there's always a dependency on the strength of the balance sheet, but it's certainly nowhere near as prevalent as it was 25, 30 or 40 years ago."

The overhaul of Lloyd's oversight and structure is another of the major changes Markel has witnessed during his career.

Markel was a vocal critic of Lloyd's in the early part of this century. During an infamous speech at an Insurance Institute of London lecture in Lloyd's Old Library back in 2002, Markel warned that the market had to make a series of radical changes to survive, let alone realise its potential in what was a rapidly evolving global economy.

A year later, Lloyd's launched the Franchise Board, a move which went a long way to bring some much needed stability in what had been a rocky period for Lloyd's.

"The fundamental changes that took place in Lloyd's with the Franchise Performance Directorate with Rolf Tolle and his successor Tom Bolt - that was the beginning of putting real teeth into oversight at Lloyd's," Markel said.

"Prior to that, there were abuses of reinsurance, binding authorities being handed out without proper vetting, little to no control on binding authorities, reinsurance was placed with questionable reinsurers – there was a whole litany of things."

Markel's speech to a packed-out crowd made the London market sit up and take note.

"You got a clean slate in 1992 with the formation of Equitas [the run-off reinsurance vehicle that took responsibility for all of Lloyd's pre-1993 long-tail liabilities] and it took you less than a decade to totally screw it up again," Markel warned during his speech back in 2002.

"I was one voice in many of really instituting a bunch of much needed changes in the early years of this century," Markel told *Reactions*. "To have played a minor role in those changes when I gave that speech in the Lloyd's Old Library – it just happened to be coincidentally timed with a bunch of other initiatives that were ongoing. If anyone wants to give me a piece of the credit

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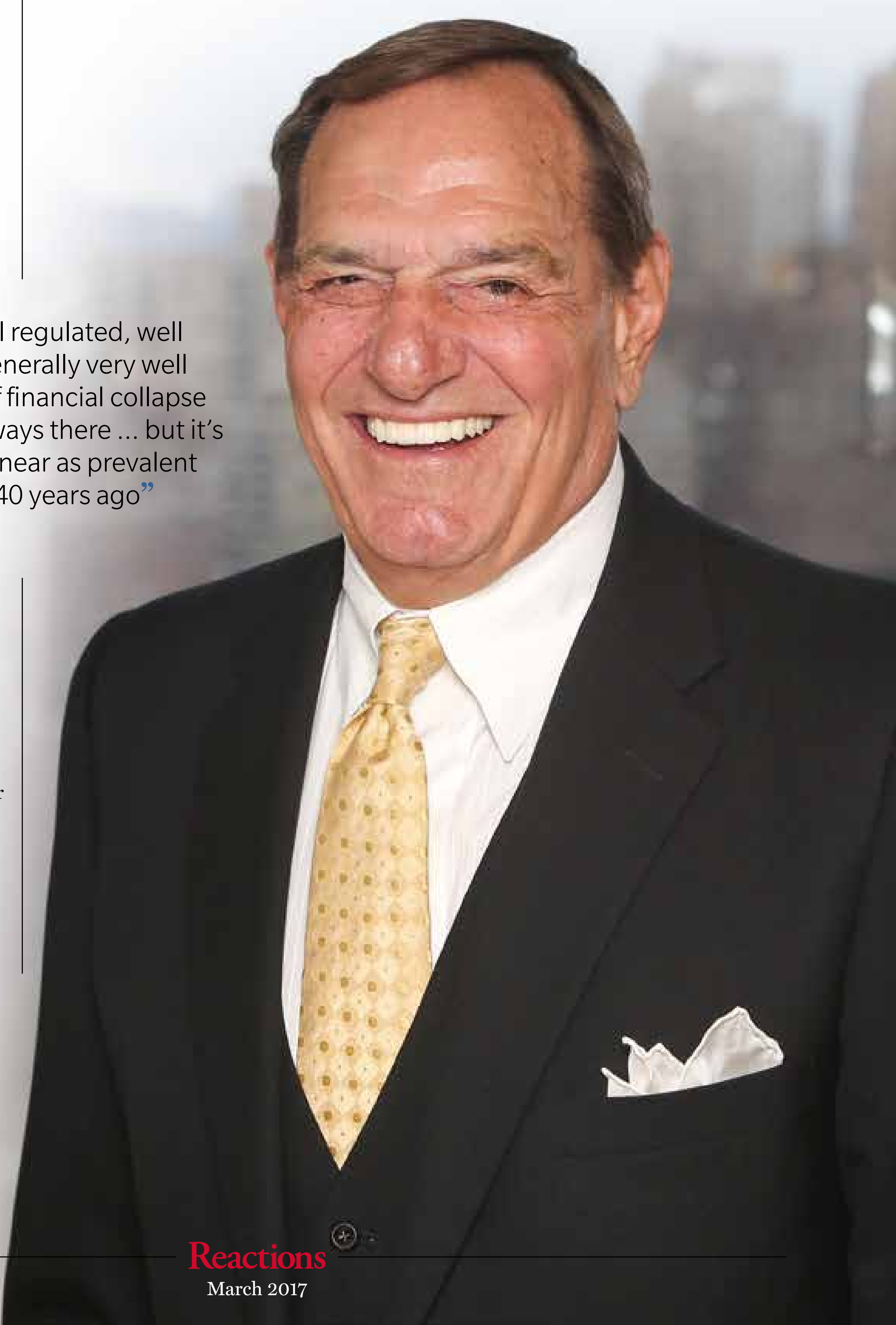

for the turnaround, I'll take it!"

Markel's comments in the Old Library came despite his company actually owning a Lloyd's platform following on from its acquisition of Terra Nova Holdings in 2000.

"Although we'd been doing business with Lloyd's in one way or another for many years, when we bought Terra Nova in 2000 it was my first real window into the market's processes. They could hedge and spiral it all they wanted, but there would have been a day of reckoning – it was not fundamentally strong.

"Without the controls, there was a lot of stress being put onto the Lloyd's Central Fund that, frankly, if they hadn't of done it, then there would have been concerns about the future of the entire marketplace.

Today, Markel's views on Lloyd's have changed dramatically. London is the base for Markel International – the insurer's operation that serves clients outside of the US through its syndicates in Lloyd's, the London company market and its Brazilian reinsurance arm.

"We use Lloyd's as a platform for international growth," said Markel, adding: "We feel very strongly about Lloyd's and they've done a great service in providing us with that platform, and I think we've been a very good corporate capital citizen for them. Lloyd's is extremely strong these days, and I think they are doing the right thing in looking for platforms outside of London because more business is being transacted locally and outside of London, Bermuda or wherever."

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Markel is optimistic for the future of the market, pointing to the strength of both the people in the industry and the companies that operate within it. And while he believes the increased use of data and analytics, as well as other technological advances such as email and social media, can only be a positive for the industry as a whole, he is concerned about a possible dependence on it.

"My one dread fear about the rising dependence on data, e-commerce and so forth, is that the industry will lose its personal touch. One of the things that I value most about our industry is that it's still a people business. Despite all the sophistication that there is, the industry still thrives on relationships.

"I love that the business has become extremely technical, more data driven and more sophisticated and that's created better decision making, but I am gravely concerned – and this isn't just exclusive to the insurance business – that the kids coming up today rely on emailing, texting, Skyping, Twitter and whatever else, at the expense of proper communication and the building of relationships. If that continues, then the business becomes much more transactional and more commoditised, and I think that would be a shame. I'm not saying it would fail if that's the case, but it sure would take away a fundamental uniqueness of the industry."

With such a long career, senior industry executives and emerging talent alike will pay heed to Markel's comments.

Indeed, Ironshore's chief executive Kevin Kelley, who also serves as chairman of the School of Risk Management's Board of Overseers, referred to Markel's high standing ahead of being handed the award in January.

"Tony Markel, in all respects, is a worthy recipient of the 22nd Annual Insurance Leader of the Year award," said Kelley. "Under his leadership, Markel has over decades produced outstanding operating and financial results; he has generously given of his time and energy to a number of industry-wide organisational leadership positions; and he has pursued a wide array of philanthropic initiatives with a deep commitment to the needs of others. Leader, mentor, guide, and benefactor: Tony has done it all."

By Christopher Munro – christopher.munro@euromoneyplc.com

Giving back

Although continuing to serve as vice chairman, Anthony Markel is in a state of semi-retirement, a situation which allows him to focus on various charity work.

Much of that focus is currently taken up by Operation Healing Forces (OHF), a charity started by Anthony Markel's brother Gary to allow wounded Special Operations Forces (SOF) and their spouses the opportunity to have a vacation. These trips either start or continue the process of mentally, physically and emotionally healing, and help SOF either return to their units or transition back into civilian life.

All donations to the charity go towards paying for the trips, with the two Markel brothers personally footing all of the administration costs. The target is to raise enough money to sponsor 100 trips with four couples on each one.

This is just one example of the philanthropic work Markel has undertaken. In 2014, he was honoured for leading a campaign to raise $1bn for cancer research.

Shortly after Markel was awarded the National Insurance Industry Council's Spirit of Life award for his charitable work, his wife Sue was diagnosed with cancer. The family received advice and care from doctors at the Duarte, California-based City of Hope Comprehensive Cancer Center. After a 13-month long battle, Sue passed away in 2008.

A year later, City of Hope asked Markel to oversee its Power of Hope campaign. As national chair, Markel's target was to raise $1bn to help honour City of Hope's 100th anniversary in 2013.

Inspired by his wife's battle with peritoneal cancer, Markel ultimately raised over $1bn to help lessen the impact of the illness on future generations.

Elsewhere, Markel was both a fundraiser and supporter of the Richmond Society for the Prevention of Cruelty to Animals which led to that organisation's pilot Clinic for Compassionate Care becoming the permenantly established Susan M Markel Veterinary Hospital. The veterinary hospital provides high-quality care at a low-cost for pets of income-qualified families in the Greater Richmond, Virginia region.