

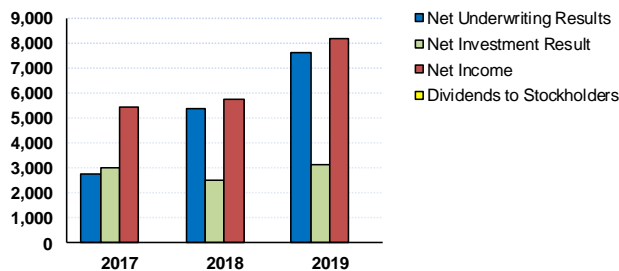


**UNITED SPECIALTY INSURANCE COMPANY, NAIC #12537  
MARKEL CORPORATION**

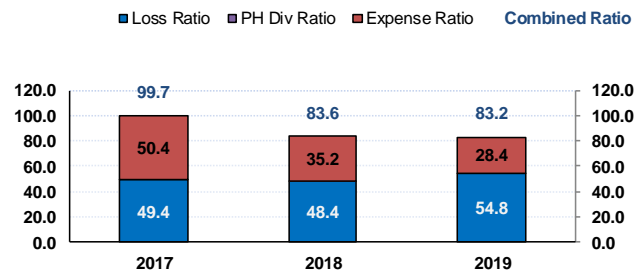
Dollars in 000

	2017	2018	2019		2017	2018	2019
Total Assets	330,164	380,239	478,799	RBC Ratio (%)	201.7	287.5	341.6
Total Liabilities	181,174	220,987	264,538	2yr Res Development	-84	110	-1,832
Policyholder Surplus	148,990	159,252	214,262	2yr Dev / Surplus	-0.1%	0.1%	-1.2%
Cash & Invested Assets	206,525	234,543	351,429	Affiliated Common Stck	69,061	73,188	77,400
Cash & Invested Assets/ Total Asse	62.6%	61.7%	73.4%	Affiliated CS / Surplus	46.4%	46.0%	36.1%
Net Cash from Operations	11,903	11,657	48,507	Net Reins Recoverable	1,229,397	1,549,667	1,796,984
Loss & LAE Reserves	3,481	4,527	4,129	Net Reins Rec / Surplus	825.2%	973.1%	838.7%
Loss & LAE Reserves/Surplus	2.3%	2.8%	1.9%	AMB / S&P Ratings	A / NR	A / NR	A / NR

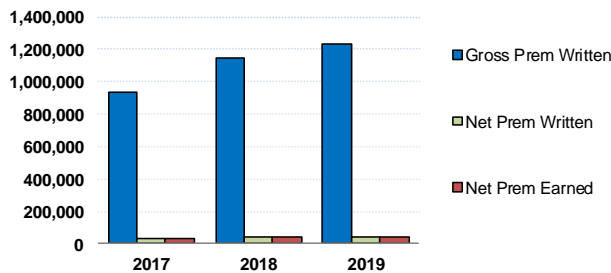
**Income/Loss Trends (\$000)**



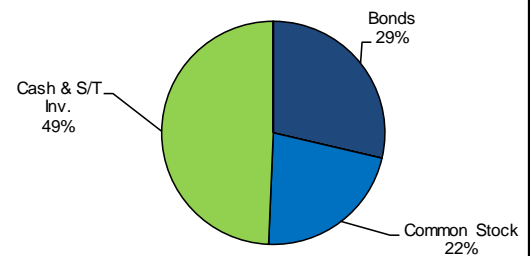
**Combined Ratio (%) Trends**



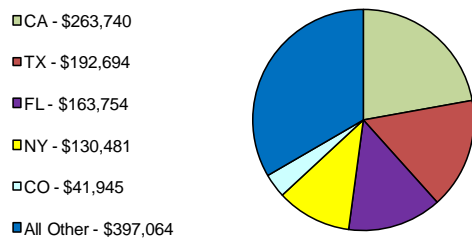
**Premium Trends (\$000)**



**2019 Investment Portfolio**

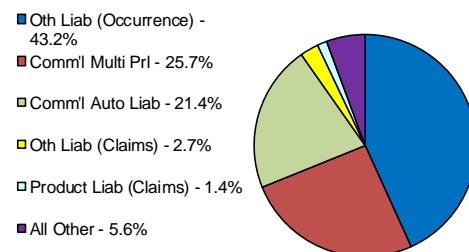


**2019 Top 5 Geographies (DPW - \$000)**



Total NY State DPW \$130,481  
Total US ex Terr DPW \$1,189,677

**2019 Top 5 Lines of Business (DPW/Total DPW)**



Total All Lines \$1,189,625

**Top 5 Reinsurers for United Specialty Insurance Co. by Gross Recoverables**

Period: 2019Y

Dollars in 000

Reinsurer	Reinsurance Class	Reins Authorized Status	Gross Recov	Over 120 Days Overdue
1 - Knight Insurance Company, Ltd.	Non-US Unaffiliated	Unauthorized	329,599	0
2 - Star Insurance Company	US Unaffiliated	Authorized	273,446	0
3 - JRG Reinsurance Company, Ltd.	Non-US Unaffiliated	Unauthorized	223,999	0
4 - Lloyd's Syndicate - 2357 (Nephila Syndicate Management Limited)	Non-US Unaffiliated	Authorized	127,112	0
5 - United Insurance Company, USA, Ltd.	US Unaffiliated	Unauthorized	91,747	0

## HISTORY

United Specialty Insurance Company (United Specialty) was incorporated in the State of Delaware in July 2005, as a subsidiary of The State National Companies, Inc. (State National). State National was sold to the Markel Corporation, with the transaction closing November 2017. The company has been eligible to write surplus lines business in New York since August 26, 2013. As of December 31, 2019, United Specialty is a Delaware domestic surplus lines insurer and operated on a non-admitted basis in forty-nine (49) states, the District of Columbia and the U.S. Virgin Islands.

## REINSURANCE

United Specialty participates in an intercompany pooling agreement including seven (7) affiliates, with its upstream parent, State National, pool lead retaining 30%. The company cedes all business to the pool and receives 25% of the combined pool. As such, the financial strength of the company is heavily dependent on the underwriting performance of its fellow pool members, the credit risk of Markel, as well as investment risk of its own investment portfolio, managed in common by Markel. For the years 2017 through 2019, respectively, United Specialty net reinsurance recoverable was shown as \$1.23bn, \$1.55bn and \$1.80bn, representing 825%, 973% and 839% of company surplus.

## HOLDING COMPANY

Founded in 1930, in Norfolk, VA, as the Mutual Casualty Company, by Samuel A. Markel to focus on fleet trucking and bus insurance, the company now known Markel Corporation with headquarters in Richmond, VA is a diverse financial holding company serving a variety of niche specialty markets, insurance 'fronting' for other insurance providers through its State National Ins. Division, International insurance and reinsurance and global reinsurance offering facultative, quota share and excess of loss coverages. Markel also offers investment management, weather derivatives and a variety of insurance securitization investment products. AM Best collectively rates twenty two (22) insurance subsidiaries of the Markel Corporation, including the company. For the years 2017 through 2019 the group was rated by AM Best and S&P as 'A/A' and assigned the financial size of XV (\$2bn - >).

## SUBSEQUENT EVENTS

In March 2020, the Covid-19 influenza was recognized as a global pandemic, severely disrupting economic activity. As of April, 2020, the results of this event upon year-ending 2020 insurance operations and those of its parent group are not known. For those companies exposed, however, the potential for reduced premiums, return of premiums, and an increase in collections and operation expense may reduce cash flows. Losses and loss adjustment expenses may increase when losses become known and investments in affiliates and equity investments may suffer a decline in values. Also, the effect of future legislation, regulation and litigation could cause an adverse financial impact on those companies exposed.

### Important Information Regarding Financial Summaries

This financial summary contains information helpful to New York excess lines brokers in meeting their non-delegable duty to use "due care" in the selection of a financially secure excess line insurer. Definitions of the financial terms used in the summaries appear as pop-up boxes when hovering your mouse over the corresponding text. For additional guidance on assessing insurance company financial statements, please reference "ELANY COMPLIANCE ADVISOR: FUNDAMENTALS OF INSURANCE COMPANY FINANCIAL ANALYSIS".

The Excess Line Association of New York has compiled the insurance company financial information from the Annual Statutory Financial Statements. All ratios, charts, and graphs are based on the compiled information. We have made every effort to ensure all information transcribed for these pages is correct. However, the Excess Line Association of New York cannot attest to the accuracy of data provided by its sources, nor do we make any warranties, either expressed or implied, regarding the accuracy or completeness of information presented in this document. We assume no responsibility for loss or damage resulting from the use of this information.

## ULTIMATE PARENT – Markel Corporation

Corporate Profile		Financial Strength Ratings	
Address:	Markel Corporation 4521 Highw oods Parkw ay Glen Allen, VA, 23060	S&P Global:	-
Website:	<a href="https://w w w .markel.com/">https://w w w .markel.com/</a>	Moody's:	-
President :	-	Fitch:	-
Ticker Symbol:	NYSE: MKL	AM Best - P&C:	-
2019 Form 10-K:	<a href="https://w w w .sec.gov/ix?doc=/Archives/edgar/data/1096343/000109634320000039/mkl1231201910k.htm">https://w w w .sec.gov/ix?doc=/Archives/edgar/data/1096343/000109634320000039/mkl1231201910k.htm</a>		

Highlights (\$000)	2016	2017	2018	2019
Total Assets	25,875,299	32,805,016	33,306,263	37,473,815
Total Policy Reserves	13,429,154	17,965,172	18,888,960	19,772,132
Total Debt	2,574,529	3,099,230	3,009,577	3,796,322
Total Other Liabilities	1,000,042	1,567,185	1,687,317	1,788,663
Sep Account Liabilities	0	0	0	0
Total Liabilities	17,334,210	23,137,166	24,031,899	26,217,837
<b>Total Equity</b>	<b>8,467,411</b>	<b>9,501,581</b>	<b>9,100,302</b>	<b>11,078,416</b>
Total Liab & Equity	25,801,621	32,638,747	33,132,201	37,296,253
Book Value / Share (\$)	606.30	683.58	653.86	802.58
Reserves / Investments & Cash (x)	0.70	0.87	0.98	0.89
Reserves / Liabilities (x)	0.77	0.78	0.79	0.75
Reserves / Equity (x)	1.59	1.89	2.08	1.78
Debt / Equity (x)	0.30	0.33	0.33	0.34
Dec. 31 Closing Price (\$)	904.50	1,139.13	1,038.05	1,143.17
Net Income (\$)	460,443	400,758	-130,353	1,799,462
Basic EPS (\$)	31.41	25.89	-9.55	129.25
Investment Yield (%)	2.32	2.03	-0.02	9.79
Ratios (%)				
Loss Ratio	53.05	67.46	59.86	57.25
Expense Ratio	38.73	37.42	37.72	37.19
PH Dividend Ratio	0.22	0.12	0.42	-0.44
Combined Ratio	92.00	105.00	98.00	94.00

### Company Description and Notes

**Industries:** Specialty Property and Casualty Insurance, Insurance Fronting, International Insurance and Reinsurance, Global Quota Share, Excess of Loss and Facultative Reinsurance, Lloyds, Insurance Services, Claims Management, Associated Investment Management, Insurance Securitization Investment Products and Weather Derivatives

**Geography:** United States, Canada, Latin America, Caribbean UK, EU and Asia Pacific

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