

OCT 08 2010

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

FILED

IN THE MATTER OF THE)	FINDINGS OF FACT,
ACQUISITION OF CONTROL OF)	CONCLUSIONS OF LAW,
FIRSTCOMP INSURANCE COMPANY)	AND ORDER
)	
)	CAUSE NO.: C-1855

On August 17, 2010, Markel Corporation (“Applicant”) filed an application (“Form A”) seeking approval to acquire control of FirstComp Insurance Company (“FirstComp”), a Nebraska domestic property and casualty insurer. The application was filed pursuant to the Insurance Holding Company System Act, NEB. REV. STAT. §§ 44-2120 and 44-2126 (Reissue 2004). The filing was subsequently supplemented on September 15, 2010, and again on October 1, 2010. A Notice of Public Hearing was filed September 1, 2010.

On October 7, 2010, a public hearing was held at the Nebraska Department of Insurance (“Department”). Ann Frohman, Director of Insurance, presided over the hearing. Jane M. Malone, a registered professional court reporter from Lehman Reporting, was present and recorded the hearing. Joel Green, Legal Counsel, and James Nixon, Chief Examiner, represented the Department. Applicant was represented in person by Cynthia R. Shoss, Dewey & LeBoeuf LLP. Applicant presented testimony in favor of the acquisition through D. Michael Jones, General Counsel of Applicant. Exhibits were offered by Applicant and by the Department, and received into the record. Applicant provided FirstComp with a timely notice of the hearing as required by NEB.

REV. STAT. § 44-2127(2). No testimony or documentary evidence was offered in opposition to the proposed acquisition.

On the basis of the filings, correspondence and information provided to the Department, the Director finds and concludes as follows:

FINDINGS OF FACT

1. On August 17, 2010, the Department received a verified Form A from the Applicant for approval to acquire control of FirstComp through the merger of Markel Aspen, Inc., a Delaware corporation and a wholly-owned subsidiary of Applicant formed for the purpose of this acquisition, with and into Aspen Holdings, Inc. ("Aspen"), parent corporation of FirstComp, with Aspen surviving as a wholly-owned subsidiary of Applicant. The application and subsequent amendment were filed pursuant to the Insurance Holding Company System Act, NEB. REV. STAT. § 44-2120, ET SEQ., specifically § 44-2126. The acquisition will result in Applicant exercising control of FirstComp as control is defined in the Act.

2. FirstComp is a domestic insurer organized under and governed by the laws of the State of Nebraska. FirstComp obtained its Certificate of Authority to transact the business of insurance in this state on October 31, 1996. FirstComp is currently a wholly owned subsidiary of Aspen, a Delaware corporation.

3. Applicant is structured as a holding company with U.S. insurance operations conducted through its wholly-owned domestic insurers in Illinois (Evanston Insurance Company, Deerfield Insurance Company, Associated International Insurance

Company and Markel Insurance Company), Virginia (Markel American Insurance Company) and Delaware (Essex Insurance Company), as well as through London-based Markel International Insurance Company. Applicant, with its insurance subsidiaries and other affiliates, markets specialty insurance products in the excess and surplus lines market.

4. Applicant is a publicly traded corporation organized under the laws of Virginia. No person directly or indirectly owns, controls, holds with power to vote, or holds proxies representing collectively ten percent or more of the outstanding shares of common stock of Applicant. As a result of the acquisition of Aspen, Applicant will become the ultimate controlling person of Aspen and its subsidiaries, including FirstComp.

5. As a result of the merger and as consideration for the acquisition, each share of Aspen common stock issued and outstanding immediately before the effective time of the merger will be converted into the right to receive an amount per share of Aspen common stock in cash equal to (a)(i) \$135,700,000 plus (ii) the aggregate exercise price for all shares of Aspen common stock subject to outstanding stock options minus expenses incurred by Aspen in connection with the acquisition, (b) divided by the aggregate number of outstanding shares of Aspen common stock subject to outstanding stock options. Applicant estimates that the aforementioned amount will translate to \$99.67 per share subject to adjustment for changes in transaction expenses and option exercises before closing. Applicant will fund this portion of the acquisition from liquid assets including cash on hand.

6. In further consideration for the acquisition, each share of Aspen common stock will also entitle its owner to receive a Contingent Value Right (“CVR”) under a CVR Agreement. The CVRs represent the right to receive aggregate contingent cash payments (a) of \$47,300,000, adjusted upward or downward in accordance with the CVR Agreement, (b) divided by the aggregate number of outstanding shares of Aspen common stock at the closing date plus the number of shares of Aspen common stock subject to outstanding stock options. As set forth in the CVR Agreement, payment for CVRs will be paid on August 1, 2018, subject to the right of a majority of holders to require acceleration of payment of all the CVRs based on a calculation date of December 31, 2014. The Applicant estimates the CVRs are worth substantially less than their initial stated amount and will ultimately have no value at their due date. Applicant will fund this portion of the acquisition from liquid assets including cash on hand.

7. The parties executed a Merger Agreement dated July 12, 2010, with approval of the Merger Agreement given by Aspen shareholders on October 6, 2010.

8. Applicant has no plans to have FirstComp declare an extraordinary dividend, to liquidate FirstComp, to sell or merge it with any persons or persons, or to make any other material change in FirstComp’s business operations. Applicant anticipates that the Board of Directors of FirstComp will continue to include some of its current members and that the executive officers of FirstComp will remain substantially the same.

9. Applicant has filed all the documents and information required by law and requested by the Department.

CONCLUSIONS OF LAW

1. The Department and Director have jurisdiction over the subject matter of this proceeding.

2. On the basis of the materials filed, correspondence received and evidence presented at the hearing, the Director concludes as follows:

a. After the acquisition, FirstComp will satisfy the requirements for issuance of a Certificate of Authority to conduct business of insurance in the State of Nebraska and write the lines of insurance for which it is presently licensed.

b. The effect of the acquisition will not substantially lessen the competition in insurance in the State of Nebraska nor tend to create a monopoly therein nor violate the laws of the State of Nebraska.

c. The financial condition of Applicant is such that it would not jeopardize the financial stability of FirstComp or prejudice the interest of the policyholders of FirstComp.

d. The Applicant has no plans or proposals to liquidate FirstComp, to sell the assets of FirstComp without the approval of the Department, to consolidate or merge FirstComp with any person or persons without approval of the Department, or to make any other material change in the business operations or corporate structures of management which would be unfair and unreasonable to policyholders of FirstComp and not in the public interest.

e. The competence, experience and integrity of those persons who would control the operation of FirstComp are such that it would be in the interest of the policyholders of FirstComp and the public to allow the acquisition.

f. Applicant is not subject to the provisions of NEB. REV. STAT. § 44-6115 under the Demutualization Act; and

g. The acquisition is not likely to be hazardous or prejudicial to the public.

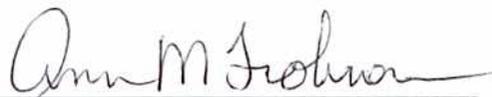
ORDER

IT IS THEREFORE ORDERED that Applicant is approved to acquire 100% of the issued and outstanding stock of Aspen Holdings, Inc. which will result in Applicant exercising control of FirstComp.

Within fifteen (15) days after acquiring the stock contemplated in this order, Applicant shall file with the Department an Insurance Holding Company System Registration Statement, and any other filings required, in accordance with NEB. REV. STAT. § 44-2132, ET SEQ.

Dated this 8th day of October, 2010.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE



ANN M. FROHMAN
Director of Insurance

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Order was sent to D. Michael Jones, General Counsel, Markel Corporation, 4521 Highwoods Parkway, Glen Allen, VA 23260 and Cynthia R. Shoss, Dewey & LeBoeuf LLP, 1301 Avenue of the Americas, New York, NY 10019 by electronic mail and by regular U.S. Mail, on this 12th day of October, 2010.

