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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 2009**

or

¨ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ______ to ______**

Commission File Number: 001-15811

MARKEL CORPORATION

(Exact name of registrant as specified in its charter)

Virginia	**54-1959284**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

4521 Highwoods Parkway, Glen Allen, Virginia 23060-6148

(Address of principal executive offices)

(Zip Code)

(804) 747-0136

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Number of shares of the registrant s common stock outstanding at July 31, 2009: 9,815,050

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Markel Corporation

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MARKEL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

	June 30, 2009	December 31, 2008
	(dollars in thousands)	
ASSETS		
Investments, available-for-sale, at estimated fair value:		
Fixed maturities (amortized cost of $4,668,210 in 2009 and $4,722,371 in 2008)	$ 4,662,880	$ 4,592,552
Equity securities (cost of $814,010 in 2009 and $855,188 in 2008)	1,055,879	1,073,769
Short-term investments (estimated fair value approximates cost)	814,934	508,834
Investments in affiliates	97,192	93,723
Total Investments	6,630,885	6,268,878
Cash and cash equivalents	686,136	639,578
Receivables	324,154	271,067
Reinsurance recoverable on unpaid losses	958,979	1,026,858
Reinsurance recoverable on paid losses	68,940	71,890
Deferred policy acquisition costs	172,164	183,755
Prepaid reinsurance premiums	77,293	86,534
Goodwill and intangible assets	341,674	344,031
Other assets	451,274	585,099
Total Assets	$ 9,711,499	$ 9,477,690
LIABILITIES AND SHAREHOLDERS EQUITY		
Unpaid losses and loss adjustment expenses	$ 5,524,183	$ 5,492,339
Unearned premiums	811,603	827,888
Payables to insurance companies	59,731	42,399
Senior long-term debt (estimated fair value of $700,000 in 2009 and $620,000 in 2008)	738,754	688,509
Other liabilities	224,803	245,881
Total Liabilities	7,359,074	7,297,016
Shareholders equity:		
Common stock	871,622	869,744
Retained earnings	1,362,357	1,297,901
Accumulated other comprehensive income	118,446	13,029
Total Shareholders Equity	2,352,425	2,180,674
Commitments and contingencies		
Total Liabilities and Shareholders Equity	$ 9,711,499	$ 9,477,690

See accompanying notes to consolidated financial statements.

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MARKEL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Income and Comprehensive Income (Loss)

	Quarter Ended June 30, 2009	Quarter Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
	(dollars in thousands, except per share data)			
OPERATING REVENUES				
Earned premiums	$ 455,214	$ 503,704	$ 912,460	$ 1,004,124
Net investment income	65,046	76,521	134,102	152,533
Net realized investment gains (losses):				
Other-than-temporary impairment losses	(11,763)	(20,510)	(67,237)	(92,538)
Less other-than-temporary impairment losses recognized in other comprehensive income (loss)	3,757		3,757	
Other-than-temporary impairment losses recognized in net income	(8,006)	(20,510)	(63,480)	(92,538)
Net realized investment gains (losses), excluding other-than-temporary impairment losses	(7,430)	45,250	(7,139)	60,970
Net realized investment gains (losses)	(15,436)	24,740	(70,619)	(31,568)
Total Operating Revenues	504,824	604,965	975,943	1,125,089
OPERATING EXPENSES				
Losses and loss adjustment expenses	286,139	292,689	539,550	572,833
Underwriting, acquisition and insurance expenses	166,394	186,115	348,231	365,863
Amortization of intangible assets	1,178	1,148	2,357	2,098
Total Operating Expenses	453,711	479,952	890,138	940,794
Operating Income	51,113	125,013	85,805	184,295
Interest expense	11,594	11,934	22,984	24,765
Income Before Income Taxes	39,519	113,079	62,821	159,530
Income tax expense	6,721	30,837	13,665	43,300
Net Income	$ 32,798	$ 82,242	$ 49,156	$ 116,230
OTHER COMPREHENSIVE INCOME (LOSS)				
Net unrealized gains (losses) on investments, net of taxes:				
Net holding gains (losses) arising during the period	$ 121,385	$ (163,991)	$ 66,351	$ (251,471)
Unrealized other-than-temporary impairment losses on fixed maturities arising during the period, net of taxes	(3,082)		(3,082)	
Less reclassification adjustments for net gains (losses) included in net income	13,447	(16,642)	48,950	20,834
Net unrealized gains (losses)	131,750	(180,633)	112,219	(230,637)
Currency translation adjustments, net of taxes	6,938	340	7,819	267
Change in net actuarial pension loss, net of taxes	383	275	679	553
Unrealized gains on treasury lock agreements arising during the period, net of taxes		4,884		806
Reclassification adjustments for gains on treasury lock agreements included in net income, net of taxes		(806)		(806)

Total Other Comprehensive Income (Loss)	139,071	(175,940)	120,717	(229,817)
Comprehensive Income (Loss)	$ 171,869	$ (93,698)	$ 169,873	$ (113,587)
NET INCOME PER SHARE				
Basic	$ 3.34	$ 8.30	$ 5.01	$ 11.71
Diluted	$ 3.34	$ 8.29	$ 5.00	$ 11.69

See accompanying notes to consolidated financial statements.

MARKEL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Shareholders Equity

	Six Months Ended June 30, 2009	2008
	(dollars in thousands)	
COMMON STOCK		
Balance at beginning of period	$ 869,744	$ 866,362
Restricted stock units expensed	1,375	2,221
Other	503	1,195
Balance at end of period	$ 871,622	$ 869,778
RETAINED EARNINGS		
Balance at beginning of period	$ 1,297,901	$ 1,417,269
Net income	49,156	116,230
Cumulative effect of adoption of FASB Staff Position No. FAS 115-2 and FAS 124-2, net of taxes	15,300	
Repurchases of common stock		(41,906)
Balance at end of period	$ 1,362,357	$ 1,491,593
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Net unrealized holding gains on investments, net of taxes:		
Balance at beginning of period	$ 58,652	$ 388,521
Net unrealized gains (losses) on investments, net of taxes	115,301	(230,637)
Balance at end of period	173,953	157,884
Unrealized other-than-temporary impairment losses on fixed maturities, net of taxes:		
Balance beginning of period		
Cumulative effect of adoption of FASB Staff Position No. FAS 115-2 and FAS 124-2, net of taxes	(15,300)	
Unrealized other-than-temporary impairment losses on fixed maturities, net of taxes	(3,082)	
Balance at end of period	(18,382)	
Cumulative translation adjustments, net of taxes:		
Balance at beginning of period	(15,416)	(7,523)
Currency translation adjustments, net of taxes	7,819	267
Balance at end of period	(7,597)	(7,256)
Net actuarial pension loss, net of taxes:		
Balance at beginning of period	(30,207)	(23,467)
Change in net actuarial pension loss, net of taxes	679	553
Balance at end of period	(29,528)	(22,914)
Balance at end of period	$ 118,446	$ 127,714
SHAREHOLDERS EQUITY AT END OF PERIOD	$ 2,352,425	$ 2,489,085

See accompanying notes to consolidated financial statements.

MARKEL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
	(dollars in thousands)	
OPERATING ACTIVITIES		
Net income	$ 49,156	$ 116,230
Adjustments to reconcile net income to net cash provided by operating activities	65,285	116,530
Net Cash Provided By Operating Activities	114,441	232,760
INVESTING ACTIVITIES		
Proceeds from sales of fixed maturities and equity securities	42,823	453,877
Proceeds from maturities, calls and prepayments of fixed maturities	166,117	220,032
Cost of fixed maturities and equity securities purchased	(107,718)	(466,196)
Net change in short-term investments	(246,899)	(86,682)
Cost of investments in affiliates	(4,454)	(5,977)
Other	23,199	(10,091)
Net Cash Provided (Used) By Investing Activities	(126,932)	104,963
FINANCING ACTIVITIES		
Additions to senior long-term debt	150,000	
Repayment of senior long-term debt	(100,000)	(93,050)
Repurchases of common stock		(41,906)
Net Cash Provided (Used) By Financing Activities	50,000	(134,956)
Effect of foreign currency rate changes on cash and cash equivalents	9,049	1,721
Increase in cash and cash equivalents	46,558	204,488
Cash and cash equivalents at beginning of period	639,578	477,661
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 686,136	$ 682,149

See accompanying notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Principles of Consolidation

Markel Corporation (the Company) markets and underwrites specialty insurance products and programs to a variety of niche markets.

The consolidated balance sheet as of June 30, 2009, the related consolidated statements of income and comprehensive income (loss), changes in shareholders equity and cash flows for the quarters and six months ended June 30, 2009 and 2008 are unaudited. In the opinion of management, all adjustments necessary for fair presentation of such consolidated financial statements have been included. Such adjustments consist only of normal, recurring items. Interim results are not necessarily indicative of results of operations for the entire year. The consolidated balance sheet as of December 31, 2008 was derived from the Company s audited annual consolidated financial statements.

The preparation of financial statements in accordance with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results may differ from the estimates and assumptions used in preparing the consolidated financial statements.

The consolidated financial statements and notes are presented as permitted by Form 10-Q and do not contain certain information included in the Company s annual consolidated financial statements and notes. Readers are urged to review the Company s 2008 Annual Report on Form 10-K for a more complete description of the Company s business and accounting policies.

Certain prior year amounts have been reclassified to conform to the current presentation.

2. Net Income per Share

Net income per share was determined by dividing net income by the applicable weighted average shares outstanding.

	Quarter Ended June 30,		**Six Months Ended June 30,**	
(in thousands, except per share amounts)	**2009**	**2008**	**2009**	**2008**
Net income as reported	$ 32,798	$ 82,242	$ 49,156	$ 116,230
Basic common shares outstanding	9,815	9,904	9,814	9,925
Dilutive potential common shares	10	19	10	19
Diluted shares outstanding	9,825	9,923	9,824	9,944
Basic net income per share	$ 3.34	$ 8.30	$ 5.01	$ 11.71
Diluted net income per share	$ 3.34	$ 8.29	$ 5.00	$ 11.69

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3. Reinsurance

The following tables summarize the effect of reinsurance on premiums written and earned.

(dollars in thousands)	Quarter Ended June 30, 2009 Written	2009 Earned	2008 Written	2008 Earned
Direct	$ 446,515	$ 452,277	$ 558,786	$ 529,541
Assumed	59,160	55,161	54,365	47,623
Ceded	(49,482)	(52,224)	(78,189)	(73,460)
Net premiums	$ 456,193	$ 455,214	$ 534,962	$ 503,704

(dollars in thousands)	Six Months Ended June 30, 2009 Written	2009 Earned	2008 Written	2008 Earned
Direct	$ 853,733	$ 915,169	$ 1,050,848	$ 1,050,032
Assumed	138,778	106,035	132,817	94,168
Ceded	(98,263)	(108,744)	(139,480)	(140,076)
Net premiums	$ 894,248	$ 912,460	$ 1,044,185	$ 1,004,124

Incurred losses and loss adjustment expenses were net of reinsurance recoverables (ceded incurred losses and loss adjustment expenses) of $0.7 million and $60.2 million, respectively, for the quarters ended June 30, 2009 and 2008 and $16.8 million and $119.3 million, respectively, for the six months ended June 30, 2009 and 2008.

4. Investments

a) The following table summarizes the Company s available-for-sale investments.

(dollars in thousands)	June 30, 2009 Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Unrealized Other-Than-Temporary Impairment Losses	Estimated Fair Value
Fixed maturities:					
U.S. Treasury securities and obligations of U.S. government agencies	$ 338,455	$ 17,595	$ (58)	$	$ 355,992
Obligations of states, municipalities and political subdivisions	1,946,828	29,261	(31,524)		1,944,565
Foreign governments	300,847	7,302	(490)		307,659
Residential mortgage-backed securities	454,449	19,647	(2,638)	(10,478)	460,980
Asset-backed securities	29,559	82	(2,544)		27,097
Public utilities	143,966	4,802	(890)		147,878
Convertible bonds	29,656				29,656
All other corporate bonds	1,424,450	41,367	(58,962)	(17,802)	1,389,053
Total fixed maturities	4,668,210	120,056	(97,106)	(28,280)	4,662,880
Equity securities:					
Insurance companies, banks and trusts	343,912	138,004	(5,915)		476,001
Industrial, consumer and all other	470,098	117,977	(8,197)		579,878

Total equity securities	814,010	255,981	(14,112)			1,055,879
Short-term investments	814,953	45	(64)			814,934
Investments, available-for-sale	$ 6,297,173	$ 376,082	$ (111,282)	$	(28,280)	$ 6,533,693

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b) The following table summarizes gross unrealized investment losses by the length of time that securities have continuously been in an unrealized loss position.

	June 30, 2009					
	Less than 12 months		12 months or longer		Total	
(dollars in thousands)	Estimated Fair Value	Gross Unrealized Holding and Other-Than-Temporary Impairment Losses	Estimated Fair Value	Gross Unrealized Holding and Other-Than-Temporary Impairment Losses	Estimated Fair Value	Gross Unrealized Holding and Other-Than-Temporary Impairment Losses
Fixed maturities:						
U.S. Treasury securities and obligations of U.S. government agencies	$ 8,142	$ (58)	$	$	$ 8,142	$ (58)
Obligations of states, municipalities and political subdivisions	153,398	(3,823)	621,211	(27,701)	774,609	(31,524)
Foreign governments	27,399	(490)			27,399	(490)
Residential mortgage-backed securities	9,901	(11,137)	24,401	(1,979)	34,302	(13,116)
Asset-backed securities	962	(132)	22,332	(2,412)	23,294	(2,544)
Public utilities			11,506	(890)	11,506	(890)
All other corporate bonds	179,241	(31,139)	555,549	(45,625)	734,790	(76,764)
Total fixed maturities	379,043	(46,779)	1,234,999	(78,607)	1,614,042	(125,386)
Equity securities:						
Insurance companies, banks and trusts	44,741	(5,915)			44,741	(5,915)
Industrial, consumer and all other	42,116	(785)	83,233	(7,412)	125,349	(8,197)
Total equity securities	86,857	(6,700)	83,233	(7,412)	170,090	(14,112)
Short-term investments	98,081	(64)			98,081	(64)
Total	$ 563,981	$ (53,543)	$ 1,318,232	$ (86,019)	$ 1,882,213	$ (139,562)

At June 30, 2009, the Company held 403 securities with a total estimated fair value of $1.9 billion and gross unrealized losses of $139.6 million. Of these 403 securities, 303 securities had been in a continuous unrealized loss position for greater than one year and had a total estimated fair value of $1.3 billion and gross unrealized losses of $86.0 million. Of these securities, 296 securities were fixed maturities where the Company expects to receive all interest and principal payments when contractually due and seven were equity securities. The Company does not intend to sell or believe it will be required to sell these fixed maturities before recovery of their amortized cost. Of the seven equity securities, six securities had a fair value in excess of 85% of their cost basis at June 30, 2009.

The Company completes a detailed analysis each quarter to assess whether the decline in the fair value of any investment below its cost basis is deemed other-than-temporary. All securities with unrealized losses are reviewed. The Company considers many factors in completing its quarterly review of securities with unrealized losses for other-than-temporary impairment, including the length of time and the extent to which fair value has been below cost and the financial condition and near-term prospects of the issuer. For equity securities, the ability and intent to hold the security for a period of time sufficient to allow for any anticipated recovery is considered. For fixed maturities, the Company considers whether it intends to sell the security or if it is more likely than not that it will be required to sell the security before recovery, the implied yield-to-maturity, the credit quality of the issuer and the ability to recover all amounts outstanding when contractually due.

For equity securities, a decline in fair value that is considered to be other-than-temporary is recognized in net income based on the fair value of the security at the time of assessment, resulting in a new cost basis for the security. For fixed maturities where the Company intends to sell the security or it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost, a decline in fair value that is considered to be other-than-temporary is recognized in net income based on the fair value of the security at the time of assessment, resulting in a new cost basis for the security. If the decline in fair value of a fixed maturity below its amortized cost is considered to be other-than-temporary based upon other considerations, the Company compares the estimated present value of the cash flows expected to be collected to the amortized cost of the security. The extent to which the estimated present value of the cash flows expected to be collected is less than the amortized cost of the security represents the credit-related portion of the other-than-temporary impairment, which is recognized in net income, resulting in a new cost basis for the security. Any remaining decline in fair value represents the non-credit portion of the other-than-temporary impairment, which is recognized in other comprehensive income (loss). The discount rate used to calculate the estimated present value of the cash flows expected to be collected is the effective interest rate implicit for the security at the date of purchase.

When assessing whether it intends to sell a fixed maturity or if it is likely to be required to sell a fixed maturity before recovery of its amortized cost, the Company evaluates facts and circumstances including, but not limited to, decisions to reposition the investment portfolio, potential sales of investments to meet cash flow needs and potential sales of investments to capitalize on favorable pricing. Additional information on the methodology and significant inputs, by security type, that the Company used in 2009 to determine the amount of credit loss recognized on fixed maturities with declines in fair value below amortized cost that were considered to be other-than-temporary is provided below.

Residential mortgage-backed securities. For U.S. mortgage-backed securities, credit impairment is assessed by estimating future cash flows from the underlying mortgage loans and interest payments. The cash flow estimate incorporates actual cash flows on the mortgage-backed securities through the current period and then projects the remaining cash flows using a number of assumptions, including prepayment rates, default rates, recovery rates on foreclosed properties and loss severity assumptions. Management develops specific assumptions using market data and internal estimates, as well as estimates from rating agencies and other third party sources. Default rates are estimated by considering current underlying mortgage loan performance. Estimates of future cash flows are discounted to present value. If the present value of expected cash flows is less than the amortized cost, the Company recognizes the estimated credit loss in net income.

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Corporate bonds. For corporate bonds, credit impairment is assessed by evaluating the underlying issuer. As part of this assessment, the Company analyzes various factors, including the following:

- fundamentals of the issuer, including current and projected earnings, current liquidity position and ability to raise capital;
- fundamentals of the industry in which the issuer operates;
- expectations of defaults and recovery rates;
- changes in ratings by the rating agencies;
- other relevant market considerations; and
- receipt of interest payments

Default probabilities and recovery rates from rating agencies are key factors used in calculating the credit loss. Additional research of the industry and issuer is completed to determine if there is any current information that may affect the fixed maturity or its issuer in a negative manner and require an adjustment to the cash flow assumptions.

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c) The amortized cost and estimated fair value of fixed maturities at June 30, 2009 are shown below by contractual maturity and investment type.

(dollars in thousands)	Amortized Cost	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. government agencies:		
Due in one year or less	$ 43,017	$ 43,733
Due after one year through five years	158,627	167,219
Due after five years through ten years	136,145	144,294
Due after ten years	666	746
Total	338,455	355,992
Obligations of states, municipalities and political subdivisions:		
Due in one year or less	25	25
Due after one year through five years	45,085	45,463
Due after five years through ten years	516,804	524,635
Due after ten years	1,384,914	1,374,442
Total	1,946,828	1,944,565
Foreign governments:		
Due in one year or less	3,666	3,727
Due after one year through five years	123,976	127,737
Due after five years through ten years	173,205	176,195
Due after ten years		
Total	300,847	307,659
Residential mortgage-backed securities:		
Due in one year or less		
Due after one year through five years	18,378	18,811
Due after five years through ten years	58,143	59,582
Due after ten years	377,928	382,587
Total	454,449	460,980
Asset-backed securities:		
Due in one year or less	1,731	1,759
Due after one year through five years	11,945	10,449
Due after five years through ten years	2,082	1,962
Due after ten years	13,801	12,927
Total	29,559	27,097
Public utilities:		
Due in one year or less	10,213	10,465
Due after one year through five years	98,297	101,670
Due after five years through ten years	35,456	35,743
Due after ten years		
Total	143,966	147,878

Convertible bonds and all other corporate bonds:		
Due in one year or less	134,946	137,031
Due after one year through five years	718,746	715,670
Due after five years through ten years	589,596	555,891
Due after ten years	10,818	10,117
Total	1,454,106	1,418,709
Total fixed maturities:		
Due in one year or less	193,598	196,740
Due after one year through five years	1,175,054	1,187,019
Due after five years through ten years	1,511,431	1,498,302
Due after ten years	1,788,127	1,780,819
Total fixed maturities	$ 4,668,210	$ 4,662,880

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d) The following table summarizes the activity for credit losses recognized in net income on fixed maturities where other-than-temporary impairment was identified and a portion of the other-than-temporary impairment was included in other comprehensive income.

(dollars in thousands)	**Quarter and Six Months Ended June 30, 2009**
Cumulative credit loss, beginning balance	$
Adoption of FASB Staff Position No. FAS 115-2 and FAS 124-2	237
Additions:	
Other-than-temporary impairment losses not previously recognized	4,413
Increases related to other-than-temporary impairment losses previously recognized	1,564
Total additions	5,977
Reductions:	
Sales of fixed maturities on which credit losses were recognized	
Cumulative credit loss, ending balance	$ 6,214

e) The following tables present realized investment gains (losses) and the change in net unrealized gains.

(dollars in thousands)	**Quarter Ended June 30, 2009**	**2008**
Realized gains:		
Sales of fixed maturities	$ 873	$ 2,312
Sales of equity securities	618	46,700
Other	5,250	1,240
Total realized gains	6,741	50,252
Realized losses:		
Sales of fixed maturities	(14,171)	(1,301)
Sales of equity securities		(1,597)
Other-than-temporary impairments	(8,006)	(20,510)
Other		(2,104)
Total realized losses	(22,177)	(25,512)
Net realized investment gains (losses)	$ (15,436)	$ 24,740
Change in net unrealized gains:		
Fixed maturities	$ 75,302	$ (79,152)
Equity securities	102,987	(197,798)
Short-term investments	(45)	
Net increase (decrease)	$ 178,244	$ (276,950)

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(dollars in thousands)	Six Months Ended June 30, 2009	2008
Realized gains:		
Sales of fixed maturities	$ 2,701	$ 8,860
Sales of equity securities	631	59,115
Other	4,687	1,240
Total realized gains	8,019	69,215
Realized losses:		
Sales of fixed maturities	(15,145)	(2,017)
Sales of equity securities	(13)	(5,472)
Other-than-temporary impairments	(63,480)	(92,538)
Other		(756)
Total realized losses	(78,638)	(100,783)
Net realized investment losses	$ (70,619)	$ (31,568)
Change in net unrealized gains:		
Fixed maturities	$ 124,489	$ (108,732)
Equity securities	23,288	(245,868)
Short-term investments	(41)	
Net increase (decrease)	$ 147,736	$ (354,600)

f) The following tables present other-than-temporary impairment losses recognized in net income and included in net realized investment gains (losses) by investment type.

(dollars in thousands)	Quarter Ended June 30, 2009	2008
Fixed maturities:		
Corporate bonds	$ (3,844)	$
Residential mortgage-backed securities	(646)	
Other	(1,487)	
Total fixed maturities	(5,977)	
Equity securities:		
Insurance companies, banks and trusts	(2,004)	(19,448)
Industrial, consumer and all other	(25)	(1,062)
Total equity securities	(2,029)	(20,510)
Total	$ (8,006)	$ (20,510)

(dollars in thousands)	Six Months Ended June 30, 2009	2008
Fixed maturities:		
Corporate bonds	$ (5,712)	$ (1,525)
Residential mortgage-backed securities	(2,035)	
Other	(1,487)	

Total fixed maturities	(9,234)	(1,525)
Equity securities:		
Insurance companies, banks and trusts	(15,698)	(69,265)
Industrial, consumer and all other	(38,548)	(21,748)
Total equity securities	(54,246)	(91,013)
Total	$ (63,480)	$ (92,538)

Total write downs for other-than-temporary declines in the estimated fair value of investments for the second quarter of 2009 were $11.8 million, of which $8.0 million was recognized in net income and $3.8 million was recognized in other comprehensive income. The write downs for other-than-temporary declines in the estimated fair value of investments for the second quarter of 2009 related to two equity securities and nine fixed maturities. Total write downs for other-than-temporary declines in the estimated fair value of investments for the six months ended June 30, 2009 were $67.2 million, of which $63.5 million was recognized in net income and $3.8 million was recognized in other comprehensive income. The write downs for other-than-temporary declines in the estimated fair value of investments for the six months ended June 30, 2009 related to 29 equity securities and 15 fixed maturities. The most significant write downs for the six months ended June 30, 2009 related to the Company s equity holdings in General Electric Company and United Parcel Service, Inc., for which the Company had write downs of $21.0 million and $9.5 million, respectively. Given the extent to which the fair value of these equity securities was below cost and management s belief that these securities were unlikely to recover in the near term, the decline in fair value for these securities was deemed other-than-temporary and was recognized in net income. These two investments represent 45% of the total write down for other-than-temporary declines in the estimated fair value of investments for the six months ended June 30, 2009. Net realized investment losses included $20.5 million and $92.5 million of write downs for other-than-temporary declines in the estimated fair value of investments for the quarter and six months ended June 30, 2008, respectively.

5. Segment Reporting Disclosures

The Company operates in three segments of the specialty insurance marketplace: the Excess and Surplus Lines, the Specialty Admitted and the London markets.

All investing activities are included in the Investing segment. For purposes of segment reporting, the Other segment includes lines of business that have been discontinued in conjunction with an acquisition.

The Company considers many factors, including the nature of its insurance products, production sources, distribution strategies and regulatory environment in determining how to aggregate operating segments.

Segment profit or loss for each of the Company s operating segments is measured by underwriting profit or loss. The property and casualty insurance industry commonly defines underwriting profit or loss as earned premiums net of losses and loss adjustment expenses and underwriting, acquisition and insurance expenses. Underwriting profit or loss does not replace operating income or net income computed in accordance with U.S. GAAP as a measure of profitability. Underwriting profit or loss provides a basis for management to evaluate the Company s underwriting performance. Segment profit for the Investing segment is measured by net investment income and net realized investment gains or losses.

The Company does not allocate assets to the Excess and Surplus Lines, Specialty Admitted and London Insurance Market operating segments for management reporting purposes. Total invested assets and the related net investment income are allocated to the Investing segment since these assets are available for payment of losses and expenses for all operating segments. The Company does not allocate capital expenditures for long-lived assets to any of its operating segments for management reporting purposes.

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a) The following tables summarize the Company s segment disclosures.

	Quarter Ended June 30, 2009					
(dollars in thousands)	Excess and Surplus Lines	Specialty Admitted	London Insurance Market	Investing	Other	Consolidated
Gross premium volume	$ 255,342	$ 77,095	$ 173,234	$	$ 4	$ 505,675
Net written premiums	230,591	72,413	153,478		(289)	456,193
Earned premiums	$ 241,563	$ 76,793	$ 137,147	$	$ (289)	$ 455,214
Losses and loss adjustment expenses:						
Current year	176,798	49,010	98,057			323,865
Prior years	(5,415)	(4,168)	(22,816)		(5,327)	(37,726)
Underwriting, acquisition and insurance expenses	93,277	23,172	49,593		352	166,394
Underwriting profit (loss)	(23,097)	8,779	12,313		4,686	2,681
Net investment income				65,046		65,046
Net realized investment losses				(15,436)		