

EXPERIENCE.

COMMITMENT.

INNOVATION.

EXCELLENCE.

STABILITY.

Dear Valued Agents,

Economic challenges, legislative changes and many other factors have 2009 promising to be a tumultuous year. Although there is no way to accurately forecast the future, there are strong indications that we may be approaching the end of a prolonged and very soft insurance cycle. Most notably, many are predicting an accelerated deterioration of carrier results by year end, with combined ratios well in excess of 100 being anticipated. Despite current conditions, Zenith's strong balance sheet (minimal debt and excess surplus), underwriting discipline and commitment to providing excellent service to our customers provides the basis for Zenith's optimism about its long-term success.

Our goal is to continue to build on our reputation as a stable, dependable and consistent carrier for you, your agency and our mutual clients. Zenith's broad range of targeted services and high customer satisfaction help protect your revenue while we work with your clients to help lower their net insurance costs.

As you know, working with policyholders to help prevent injuries is as important to us as managing them once they occur. We will continue to elevate our emphasis on Wellness Programs that may aid in proactively controlling policyholders' claim dollars. You can expect our S&H consultants to educate those policyholders who are interested or have opportunities in the areas of safety and wellness.

Sincerely,

John Weber
Sr. Vice President & Regional Manager
Zenith Insurance Company

Recent Business Success

Type	Premium	X-Mod
Restaurant	1 million+	.78*
YMCA	170,000	1.35
Hotel	84,000	1.24
Charter Sch.	230,000	1.27
Country Club	31,000	1.06
Electrician	27,000	.95
Fitness Ctrs.	16,000	.90
Plumber	11,000	.98
Tire Store	480,000	1.60*

*Retro

Murray Case Update

As discussed in our January email, the Florida Supreme Court issued a landmark decision in the Emma Murray case that overturned what was considered to be the cornerstone of the 2003 workers' compensation reforms; the elimination of hourly attorney fees.

The Court found that the 2003 statutory amendments contained an ambiguity which they interpreted as allowing the award of reasonable (i.e. hourly) attorney fees in cases where an employer/carrier is ordered to pay attorney fees for an injured worker. As a result, the industry experienced an immediate increase in litigation. NCCI estimated that the Murray decision created \$400 million of unfunded liability in Florida.

On the last day of the session, House Bill 903 was passed

by both Florida houses and simply clarifies the ambiguity identified by the Supreme Court. However, it only applies to accidents occurring on July 1, 2009 or after and would have no effect on any claims occurring prior to that date.

The Trial Bar has vowed to challenge HB 903 just as they did with the 2003 reforms, however this could take years to make its way to the Florida Supreme Court. Regardless of changes in legislation and future uncertainty, Zenith will stand by its time tested claims handling procedures.

Zenith has and will always administer its claims in a manner not driven by the possibility of paying attorney fees to opposing counsel, but by its commitment to provide all benefits which are owed and to deny and defend those which are not.

Zenith Fights Fraud and Gets Results

Zenith's well-trained and experienced Special Investigation Unit (SIU) reviews all lost-time claims as part of our comprehensive claims management process and when appropriate, refers cases to the Florida Department of Insurance Fraud. So far this year, the cooperative effort between our SIU, claims and claim-legal departments has led to eight arrests.

Zenith represented approximately 6% of the Florida market share in 2008; however, our SIU team was responsible for more than 12% of the total statewide arrests.

Here are two recent examples of where our investigations have led to an arrest:

- A husband and wife were arrested and charged with workers' compensation fraud after it was discovered that the husband failed to notify Zenith that he had been receiving full disability benefits from Canada for the same injury he was claiming. His wife was also arrested for assisting him in the filing of forms associated with his WC claim.
- A claimant alleged that he injured his hand at work, however during the claim investigation, it was discovered that the claimant was involved in a motor vehicle accident (MVA) the day before he made that claim. The claimant denied these allegations during his deposition, but medical records obtained confirmed that he sustained injuries as the result of the MVA. The claimant was arrested and charged with Workers' Compensation Fraud.

Questions or Comments?

The following Zenith department leaders welcome your questions or comments:

Name	Direct Line	Job Title/Department
John Weber	941-906-5608	Sr. Vice President, General Manager
Tom McCarthy	407-206-8315	Vice President
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Jackie Hilston	941-906-5251	VP, Claims
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Steve Harris	941-906-5329	AVP, Safety & Health
John Dallas	704-969-7105	Regional Audit Manager
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