



REGIONAL AGENT NEWSLETTER

Midwest

Fall '07



Norm Burdick
Lisle Manager

To our Midwestern agents:

Zenith's superior safety and claims services are positively impacting on policyholder losses, the Midwest branch is striving to write more large accounts.

Policyholders with premium between \$100,000 and \$300,000 may not have the resources to hire risk managers and safety and claims personnel. We want to help fill that niche with our internal technical service expertise. Zenith wants to "Win the Ties"; when our premium is a little higher than our competitor, we still keep the business.

This newsletter features articles focusing on safety awards as a way to not only show our policyholder recognition for a job well done, but also as way to provide prospects with examples of how we will work with our clients to make the workplace safer.

We want to work with you to make your clients safer and recognize them when they take pride in creating a safer environment for their employees to work in.

Sincerely,

Norm Burdick
Sr. Vice President
Midwest Regional Offices

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A.M. Best Upgrades Zenith's Rating

A.M. Best Co. – April, 2007

Zenith Insurance Company's financial strength rating has been upgraded by A.M. Best Co. to A (Excellent). Zenith's previous rating was A-(Excellent). The rating is based on the consolidated operating performance and financial condition of Zenith and it's subsidiaries. To read more on Zenith's recent upgrade, visit www.TheZenith.com under the ZENITH NEWS section.

Policyholder Celebrates 365 Days without a Lost-Time Accident

On August 27, 2007, the Gateway Packaging Company in Granite City, IL reached 365 days without a lost-time accident. In July, Gateway's Kansas City, MO plant also achieved the goal of 365 Days without a lost-time accident.

Zenith presented a plaque to both plants to recognize this outstanding achievement and supplied coolers to every employee to commemorate the monumental achievement.

Gateway Packaging, a privately owned company, began manufacturing pet food bags and food product labels in 1982. Since then Gateway has expanded to include specialized packaging for the pet food industry and packaging labels for human food products.

The Kansas City operation, purchased five years ago, was formerly the Percy Kent Paper Bag Company but now operates as Gateway Packaging of Missouri. This location manufactures bags for the pet food industry and food product labeling 24 hours a day for five to six days per week.

"Our business is 60 percent bag making, 40 percent flexpack," says Gateway's CEO. "In bag making, our largest growth area is in pet food, but ingredients such as starches, sugar, soy and flour are also important. For all these applications, the new value-added bag will be a big plus."



Photo: Zenith Safety Consultant Keith Easton, left, presents the general manager of Gateway's Kansas City plant a plaque to commemorate the achievement.



Photo: The Gateway Packaging plant in Kansas City, MO achieved 365 days without a lost-time accident.

Gateway is experiencing annual growth of about 8 percent, competes and ships nationwide, and considers its competitors to be the "big boys" in bag making.

Management has communicated its commitment to employee safety and has directed the Vice President of Human Resources to spearhead the effort to implement the changes necessary to create a "safety culture" driven company.

One of the initial steps to improve safety was every manager and supervisor participated in Zenith's "Five Star Safety Leadership" seminar. This provided the groundwork to how the management team addresses workplace safety and integration of employee safety into every operational aspect of the business.

Gateway Packaging's success is the result of management's commitment to workplace safety and willingness to involve everyone in the safety process.

Years with Zenith: 1 year

Website: www.gatewaypackaging.com

Pauwel's Employees Celebrate a Year without a Lost-Time Accident

On January 18th, 2007, policyholder Pauwels Transformers celebrated 365 days without a lost-time accident. Zenith presented Pauwels and its employees with a plaque recognizing their achievement.

Pauwels Transformers is part of the Pauwels Group which is one of the world's top ten manufacturers of three-phase electrical transformers. Pauwels Group operates manufacturing plants and subsidiary companies on three continents producing more than 300,000 transformers annually.

Since 1947, Pauwels has stood for innovative, high-quality, reliable transformers and outstanding customer service around the world. Pauwels Transformers is a U. S. subsidiary of the Pauwels Group located in Washington, MO.

Pauwels Transformers currently has 285 employees working three shifts; five days per week. The manufacturing process involves metal shearing and metal cutting using CNC machines, metal bending, welding, wire turning, painting and assembly. Although Pauwels had an employee safety program, the program lacked the involvement and support of the supervisors and hourly employees alike and the accident experience reflected this lack of support.

Pauwels Transformers utilizes precise and thorough quality control throughout the manufacturing process to ensure that all Pauwels products meet the very highest international quality standards. As a consistent guarantee of the highest quality, Pauwels works closely to ISO 9000 standards, and has achieved ISO 9001:2000 certification for all its production plants. Utilization of the same management processes and procedures used to ensure the highest quality products would be the key if Pauwels was to achieve a turnaround in their safety record.

Management made a commitment to create a culture where employee safety is viewed on an



Photo: This picture of Pauwels employees spelling out "365" was taken to signify achieving 365 days without a lost-time accident.

equal status with production and quality assurance. Changes were made including placing the human resources manager in charge of the employee safety program.

Immediately the changes began to breath new life into the program:

- Set goal of one year without a lost-time accident
- Create an employee safety committee
- Create an employee incentive committee
- Improve safety communications
- Establish a safety suggestion program
- Begin a series of safety educational programs for supervisors starting with the Zenith's "Five Star Safety Leadership" program
- Monthly learn meetings for supervisors and manufacturing & quality assurance managers

Pauwels' success is due to management's willingness to involve everyone in the safety process and to share the credit for the success with everyone. The company has now exceeded the longest period without a lost-time accident and is striving to meet the next goal of 547 days without a lost-time accident.

Years with Zenith: 2 years

Website: www.pauwels.com

Zenith Rewards Policyholders for Reducing Losses

Zenith recognizes top performance and we reward our customers for achieving their safety goals.

Zenith's Safety and Health consultants work with policyholders to help them achieve their injury and expense reduction goals. Our Consultant's Customer Service plans and develops action steps with policyholders for the purpose of reducing their particular injury trends and associated costs.

Zenith's commitment to safety and health pays. Give us a chance to help your clients improve their business results today. Some of our successes include the following:

▶ **A country club policyholder**- three years with Zenith and its mod went from 1.29 to 1.07 and will be .97 next year. Frequency reduced 40% over the past three years, while claim cost was reduced by 80%.

▶ **A manufacturer policyholder**-first year with Zenith and its frequency reduced by 62%. Indemnity reduced 100%, while total claim costs reduced by 50%.

▶ **An auto dealership policyholder**-over four years with Zenith, saw its mod go from 1.18 to .98. Frequency reduced by 78% and claim cost was reduced by 80%.

▶ **A botanical gardens policyholder**-over three years with Zenith and reduced its frequency by 60%. Indemnity reduced by 50% and total claims costs reduced by 60%.

▶ **A school policyholder**-four years with Zenith, saw its mod drop from 1.31 to .97. Frequency dropped 80%, while claims costs were reduced by 75%.

▶ **A health care policyholder**-over three years with Zenith, had its mod drop from 1.26 to 1.01. Frequency reduced by 50% and claim costs reduced by 65%.

▶ **A wood worker policyholder**-first year with Zenith, saw its mod drop from 1.33 to .89. Frequency and claim costs were both reduced 90%.

ZENITH SERVICE SPOTLIGHT

Policyholders and Agents Agree, Zenith's Services are Outstanding

Below are some comments the Midwest Region has recently received from agents and policyholders regarding Zenith's outstanding service.

▶ "We just received a call from a client to tell us how pleased they were with the safety training and professional safety assistance Zenith provided."-Agency

▶ "A client recently told us she left insurance companies in the past because of poor claims service. In recent years her company has paid more in order to keep their coverage with Zenith."-Agency.

▶ "Our computer is smoking with all of the on-line training that's going on. Just wanted to let you know how much we appreciate this safety service."-Policyholder

▶ "Thank you for assisting our efforts to make our hospital a safer place to work. The safety assessment you conducted was eagerly received and I've received positive feedback from our team members." -Policyholder

▶ "A client has advised us not to obtain bids from any other carriers, they want to stay with Zenith because they were very satisfied with your Safety & Health services and wanted to keep the partnership going."-Agency

▶ "One of our renewal customers told us he had decided to stay with Zenith because your safety consultant knows his facility, the workings of his operations, has been very helpful, and is a great listener."-Agency



We are a team of workers' compensation specialists committed to helping businesses be more successful by protecting them from the financial consequences of workplace injuries, providing for the needs of their injured workers, and making the workplace safer. Zenith is committed to being the specialty carrier of choice.

Questions or Comments?

The following Zenith leaders welcome your questions or comments:

Name	Direct Line	Job Title/Department
Norman Burdick	630-353-7301	Sr. Vice-President, Regional Manager
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