

ZENITH NATIONAL INSURANCE CORP (ZNT)

21255 CALIFA ST
WOODLAND HILLS, CA, 91367
818-713-1000
www.nyse.com

8-K

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, DC 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported) **September 25, 2008**

ZENITH NATIONAL INSURANCE CORP.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-9627
(Commission
File Number)

95-2702776
(IRS Employer
Identification No.)

21255 Califa Street, Woodland Hills, CA
(Address of principal executive offices)

91367-5021
(Zip Code)

Registrant's telephone number, including area code **(818) 713-1000**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Other Events.

On September 25, 2008, Zenith National Insurance Corp., the Registrant, issued a press release commenting on its investment portfolio. A copy of the press release is attached hereto as Exhibit 99.1 and it is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

- (a) Not applicable
- (b) Not applicable
- (c) Not applicable
- (d) Exhibits

The following exhibit is filed as part of this report:

<u>Number</u>	<u>Exhibit</u>
99.1	Press Release of Zenith National Insurance Corp. dated September 25, 2008

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ZENITH NATIONAL INSURANCE CORP.

Dated: September 25, 2008

By: /s/ Kari L. Van Gundy

Name: Kari L. Van Gundy
Title: Senior Vice President
and Chief Financial Officer

TheZenith®

PRESS RELEASE

BUSINESS AND FINANCIAL EDITORS
FOR IMMEDIATE RELEASE

WILLIAM J. OWEN
Senior Vice President,
Investor Relations
818-676-3936

ZENITH COMMENTS ON INVESTMENT PORTFOLIO

WOODLAND HILLS, CALIFORNIA, September 25, 2008 Zenith National Insurance Corp. (NYSE:ZNT) is providing additional information regarding its investment portfolio, including its investments in certain financial institutions that are the subject of current news stories about the financial markets.

We have a long history of maintaining a high quality investment portfolio governed by a disciplined investment strategy of diversification and designed to achieve a reasonable balance of risk and a stable source of earnings. As of September 19, 2008, our investment portfolio had a fair value of \$2.1 billion, representing 97% of amortized cost. The fair value of the investment portfolio decreased from June 30, 2008 to September 19, 2008 by approximately 3%, during a turbulent and volatile period of assessing fair value.

The companies listed below are among those included in recent news, and our investment in these companies represent approximately 5% of the fair value of our total investment portfolio as of September 19, 2008:

(in millions)	Cost/ Amortized Cost	Fair Value
Fixed Income:		
American International Group, Inc.	\$ 29.4	\$ 18.3
Citigroup, Inc.	9.6	8.0
Goldman Sachs Group, Inc.	27.3	20.2
Lehman Brothers Holdings, Inc.	11.8	2.3
Merrill Lynch & Co, Inc.	31.2	28.2
Morgan Stanley	14.4	12.1
Wachovia Bank N.A.	14.5	11.0
Equity:		
American International Group, Inc.	5.4	0.6

The total fair value of the investments listed above at September 19, 2008 was \$100.7 million, or 4% of our assets and 6% of our stockholders' equity at June 30, 2008. The decrease in the fair value of these assets, net of deferred tax, as of September 19, 2008, compared to June 30, 2008 was \$24.3 million, or \$0.65 per share, or 2% of June 30, 2008 stockholders' equity.

As previously reported, we expect that our third quarter 2008 results of operations will reflect impairment charges on our Lehman holdings as a result of their bankruptcy filing. Also we expect to record an impairment charge in the third quarter 2008 on our AIG equity investment as a result of the dilution caused by the federal government bailout. These impairment charges will be partially offset by gains on investments realized during the third quarter 2008.

The unrealized losses on fixed income investments are not material to our operations due to our strong capital and liquidity. We have the ability and intent to hold these investments for the long term. We will continue to assess individual securities for impairments based on our current understanding of the issuers of these securities and based on our long-standing presumption to recognize an impairment when an unrealized loss is 20% or more continuously for six months or more.

This contains certain forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking items may be significantly impacted by certain risks and uncertainties described in Zenith's Form 10-K for the year ended December 31, 2007, its Form 10-Qs for the periods ended March 31, 2008 and June 30, 2008 and its Form 8-Ks filed with the Securities and Exchange Commission.

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