



Transition UpDate

A periodic system update from the ZEUS Communications Committee. November 1994

ZEUS Is Counting On You.

Our transition to ZEUS will be one of the most significant organizational and technological changes TheZenith has ever undertaken. If its implementation is to stand the test of time, it will be a result of each individual employee's strong sponsorship and advocacy. Our success, and ultimately the Company's success, will be measured by the acceptance level of each employee of TheZenith. That means you!

I recognize that change, even if it's for the better, is a disruption to your personal status quo. Nervousness surrounding this, or any uncertainty in how you do your job, is natural. Our promise to you is that any concern you have will be addressed in a positive and constructive manner. To this end, we are implementing many communications methods to assist you in this transition and any other changes going forward.

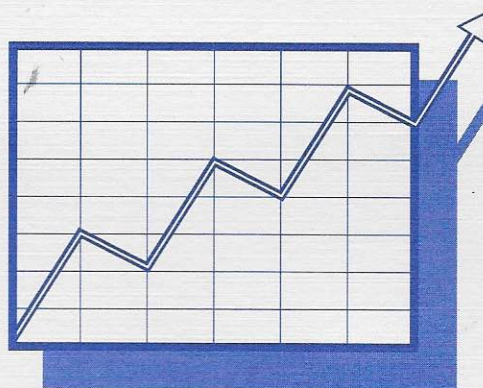
From an implementation perspective, we are approaching the roll-out of this project from the inside out; that means it begins with you. Your point-of-view and comfort level are the most important factors as our technology reaches and touches our external customers. Through face-to-face communication, Town Halls, our 1-(800) ZEUS Hot Line and focus groups, we are committed to involving you in this process. And, we are counting on you.

—Michael Jacobson, Senior Vice President, Human Resources

Upgrading Your Skills.

ZEUS is a tool we will use to help us better process information that is required to run the business through improved efficiencies in storing and retrieving data. Your willingness to upgrade your skills is critical to the success of ZEUS and TheZenith.

I believe real learning and education begins *after* you graduate from school. And, we must learn every day, making greater contributions to ourselves, our customers and to our



Company. Learning and change go hand-in-hand, therefore, we must change every day or we risk losing our customers to the competition.

The challenge is, "how do I improve?" Companies with the best

service have the best people; people who are getting smarter and smarter every day. Our people must be self-directed, self-initiated, and committed to improving their skills in negotiation, judgement, management and communication.

Change is a part of our life. We vote for change everyday. Relate change to what you know best. Do you wear the same clothes everyday? Do you eat the same things for lunch everyday? Do you drive at the same speed in your car on different streets? Don't be threatened to upgrade your skills. Be successful by asking the right questions, doing the right things, and making the right judgements. Start by asking yourself "how much effort am I going to make to learn something new?"

Remember, our customers are sensitive to our attitudes, skills, and service. They judge our professionalsim and ability to change every day. Therefore, we need to be motivated for the future on a daily basis.

—Stanley R. Zax, Chairman and President

800/929-8929
ZEUS Hot-Line.

We have established this special telephone number for you to call with your questions about ZEUS. We're looking forward to hearing from you!

You're A Customer Too!

When we think of the word "customer," we tend to think of people outside our Company such as agents and policyholders. But, each of us is also a customer of TheZenith. And, right now each of us has to "buy into" ZEUS, because its ultimate success lies with us. To this end, we should understand that ZEUS will facilitate our ability to function in today's market. It is an absolutely necessary change that will allow us to be *creative* and *innovative* way beyond our current system.

It is extremely important that you express any questions, issues or concerns about ZEUS as early on as possible. Therefore, we are establishing various methods of communication:

- Town Hall meetings.
- Cards for written comments and suggestions.

- A 1-(800) ZEUS Hot-Line.
- Publication of ZEUS Transition UpDates.
- Extensive team-oriented training with manuals.
- One-on-one communication and discussion.

We strongly encourage you to utilize these communication tools so that we can stay abreast of the issues that concern you. An open exchange of comments and ideas is essential so that management and the Communications Committee can address them promptly. We must all accept our part for making the transition a success. You are management's most important customer.

—Colin Mitchell, Vice President,
Customer Service

Toward The Year 2000.

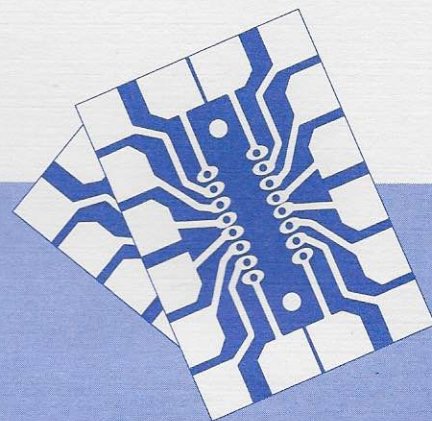
As we approach the new century, our need for flexibility and responsiveness has become an overriding factor in the pursuit of new computer technology. Moving to a relational, or shared data base structure through ZEUS, facilitates a one-time capture of information and its easy retrieval.

The benefits are many:

- Improves our ability to handle new business opportunities in California and other states.
- Improves our ability to service insureds and claimants.
- Reduces computer equipment and software maintenance costs.
- Improves the reliability of data in the system.
- Enhances our retrieval and processing ability in the event of an emergency situation.

In summary, ZEUS positions TheZenith at the forefront of the marketplace.

—Chuck Cronin, Vice President,
Systems Integration



ZEUS: A Major Decision.

Due to TheZenith's rapid growth, changes in our industry, and the age of our existing system, we have lost the capability to respond rapidly in an ever-changing business climate. From an information systems perspective, we could no longer support some of our more basic functions. The decision to upgrade our current systems was an obvious one.

Our new system has been designed to deliver:

- More flexible products.
- Multi-state capabilities.
- Reduced "times to market" for competitive changes.
- Increased consistency in work processes.
- More effective information.

We're also pleased that a cash savings has already been realized from various elements of the implementation process. Plus, these economies do not take into consideration the benefits of increased operational efficiencies once we're on line. A major decision? Yes. Worth it? Absolutely!

—Philip Wein, Senior Vice President, Information Systems

ZEUS And Professionalism.

ZEUS gives us an expansion capability we've never had, with technological resources to explore new business opportunities. Our objectives are professionalism, customer service and Company growth; ZEUS is here to help us achieve these goals through increased database accuracy and flexibility.

Our basic mission is to return our policyholders' injured employees back to work consistent with sound medical advice. Paperwork is often a major obstacle in achieving this mission, therefore ZEUS will help us focus on the human factor and our commitment to improved relations with our insureds.

The key is professionalism. ZEUS positions us to improve our service through a more consistent team approach to the way we do business. ZEUS brings us the technology to become more professional. I am hopeful that each employee of TheZenith will embrace this opportunity with whole-hearted support.

—Fredricka Taubitz, Executive Vice President and Chief Financial Officer

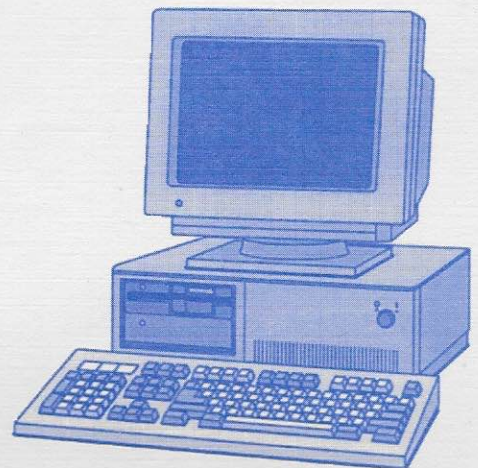
State-Of-The-Art Training.

The successful implementation of ZEUS requires state-of-the-art training for your comfort and usage. Here is a snapshot of the training implementation activities:

- End user participation in systems tests.
- End user participation in Model Office testing process.
- On-line electronic reference guides and glossaries.
- Computer-based training from your terminal including ZEUS navigation and major transactions.

- Classroom training conducted by Price Waterhouse for trainers.
- Branch-based training of ZEUS system focusing on job content, work flow and processing.
- On-site "Power Users" during implementation.

Through this combination of training, transition coaching, and support, we are confident you will learn and practice the skills necessary to actively participate in the successful implementation process. Watch for more details to follow.



TheZenith

Welcome ZEUS!

Our Department will be among the first to be on-line. In preparation, we have developed a Procedures Manual to be used as the basic training reference for all activities supported by ZEUS. Through a review and documentation of our departmental process, we have found new solutions to many procedures that will benefit us in many ways:

- Cash applications are faster.
- System checks minimize error at the point of entry.
- Time is saved in reconciling bank deposits.
- Retrieval of transaction details is prompt.
- Disputes are easier to solve.

Perhaps it's because we've had an early look, but our Department is enthusiastic about ZEUS. Our goal is to be completely familiar and comfortable with the new system prior to actual usage. Although I'm sure there will be some "growing pains" during the transition, by knowing the system we will effectively handle the transition and still maintain a credible result. Welcome ZEUS!

—Jeff Beaudoin, Vice President, Premium Accounting

Claims Accuracy And Communication.

TheZenith will change more in the next two years than it has in the last 40. Other corporations, including insurers, are reporting financial losses which industry analysts attribute to an inability and/or unwillingness to adapt. We choose to be proactive in our approach, and therefore, ZEUS makes good business sense and benefits everyone.

On the one hand, it will require increased information gathering and improved data accuracy at the front-end from our claims examiners. However, the reward comes through better communications within TheZenith, improved customer service and quicker response time. Our shared data base will minimize the massive paper trail and provide examiners and adjusters with more time for in-person customer contact. Interestingly, very few companies in our business make customer communications a priority. TheZenith cannot over-emphasize the importance of our customer relationships as we strengthen our core business and expand our base.

—John V. D'Alusio, Senior Vice President, Claims

Your Communications Connection.

Our initial Town Hall visits are completed and the focus groups are currently underway. Your comments, questions and concerns are beginning to come in through the ZEUS comment cards and the 1-(800) number. We will respond to each of these questions, either on an individual basis, or through Town Hall meetings and ZEUS UpDates.

Let us know your concerns and issues – we will answer them. Each office has a ZEUS Communications Coordinator for easy access to the process:

Fresno	Tom Witt	(209) 449-4803
Pleasanton	Mark Cross	(510) 416-5208
Sacramento	Lori Moore	(916) 567-6908
San Diego	Lenore Wian	(619) 686-2925
Woodland Hills	Lisa Welker-Finney	(818) 594-5479

We look forward to hearing from you and making sure your questions are answered!

