

New Vision Phase One

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As well as reorganizing to more directly support the SBUs, the Strategic Support Units have acted on a number of initiatives to reduce expenses and to contain costs.

When introducing *The New Vision*, I referred to that introduction as "the beginning of an ongoing process of communications which will unfold over the next few months". Since then, every effort has been made to inform you in a timely fashion of the changes that have taken place.

While the pace of those changes has sometimes challenged the ability to communicate the necessary information, the commitment to keep you fully informed remains a priority.

Our financial performance and the actions we are taking to achieve

The New Vision will continue to be communicated to reflect the fact that every employee must be an active participant in achieving our corporate goals.

This is only the first of quarterly reports

"We travel this road together"

that you will receive on a regular basis. Regionally, your local management will meet with all employees quarterly to review corporate and local results.

We travel this road together and we must all see the road signs to understand where we are going and how to get there.

Your appreciation of the financial situation of the company and the impact of our actions on becoming a profitable, high performance company are a necessary component of the process of

transition we are working through to build the new vision into reality.

I encourage you to ask questions of your supervisors about the results and to come forward with suggestions on ways that contribute to meeting the ROE and IOR targets we have set for Zurich Canada.

We must now focus on working together to ensure a consistent and steady improvement in our financial results.

By providing value to our customers through unequalled service and products and creating value for our shareholders through consistently superior financial results, we will realize our vision of success. With your wholehearted participation, we will make Zurich Canada the preeminent, customer-focused, high performance company it is meant to be.

Financial Results - 1994

The results for the second quarter and for the first six months of 1994 were presented to our Board of Directors in mid-August. As you can see from those

figures, reproduced on the next page, the second quarter results are a marked improvement over those of the first quarter. While we have yet to fully absorb

the impact of all the initiatives undertaken in putting *The New Vision* in place, these promising results of the first half should engender a spirit of cautious optimism.

SECOND QUARTER RESULTS

Zurich Canada's financial results improved significantly in the second quarter of 1994.

The following key financial information is on a net basis and without the impact of our internal stop loss agreement.

This represents true economic performance for our shareholders:

\$Millions	2nd Quarter 1994	2nd Quarter 1993
Net written premium	\$262.7	\$268.5
Underwriting loss *	(28.4)	(43.5)
Net investment income	18.7	25
Net realized capital gains	1.5	5.9
Pre-tax income	(8.2)	(12.6)
Income tax	.1	(1.6)
Net income	(8.3)	(10.9)

* Incorporates Claims and Expenses; Commissions to Brokers; Taxes, Licenses and Fees as well as "Other Expenses" such as operating costs.