

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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): April 27, 2023

EMPLOYERS HOLDINGS, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada

(State or Other Jurisdiction of Incorporation)

001-33245

(Commission File Number)

04-3850065

(I.R.S. Employer Identification No.)

10375 Professional Circle

Reno, Nevada

(Address of Principal Executive Offices)

89521

(Zip Code)

Registrant's telephone number including area code: **(888) 682-6671**

No change since last report

(Former Name or 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:

- 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	EIG	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 2 – Financial Information

Item 2.02. Results of Operations and Financial Condition.

On April 27, 2023, Employers Holdings, Inc. (the “Company”) issued a press release and financial supplement announcing results for the quarter ended March 31, 2023. The press release and financial supplement are attached hereto as Exhibits 99.1 and 99.2, respectively, and are incorporated herein by reference, and are being furnished, not filed, under Item 2.02 to this Current Report on Form 8-K.

Section 8 – Other Information

Item 8.01. Other Events.

On April 26, 2023, the Company's Board of Directors declared a regular quarterly dividend of \$0.28 per share on the Company's common stock. The dividend is payable on May 24, 2023 to stockholders of record as of May 10, 2023.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

99.1 Employers Holdings, Inc. press release, dated April 27, 2023.

99.2 Employers Holdings, Inc. financial supplement, dated April 27, 2023.

104 Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document

SIGNATURE

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

EMPLOYERS HOLDINGS, INC.

Dated: April 27, 2023

/s/ Michael S. Paquette

Michael S. Paquette
Executive Vice President,
Chief Financial Officer

Exhibit Index

<u>Exhibit No.</u>	<u>Exhibit</u>	
99.1	Employers Holdings, Inc. press release, dated	April 27, 2023
99.2	Employers Holdings, Inc. financial supplement, dated	April 27, 2023

Employers Holdings, Inc. Reports First Quarter 2023 Results and Increases Regular Quarterly Dividend to \$0.28 per Share

Company to Host Conference Call on Friday, April 28, 2023, at 11:00 a.m. Eastern Daylight Time

Reno, Nevada - April 27, 2023 - Employers Holdings, Inc. (the "Company") (NYSE:EIG), a holding company with subsidiaries that are specialty providers of workers' compensation insurance and services focused on select, small businesses engaged in low-to-medium hazard industries, today reported financial results for its first quarter ended March 31, 2023.

Financial Highlights:

(All comparisons vs. the first quarter of 2022, unless noted otherwise).

- Net income of \$23.6 million or \$0.86 per diluted share, versus a net loss of \$2.3 million or a loss of \$0.08 per share;
- Adjusted net income of \$16.5 million versus \$9.3 million, an increase of 77%;
- Adjusted earnings per diluted share of \$0.60 versus \$0.33, an increase of 82%;
- Gross premiums written of \$194.9 million versus \$172.4 million, an increase of 13%;
- Net premiums earned of \$172.7 million versus \$150.2 million, an increase of 15%;
- Net investment income of \$27.6 million versus \$19.1 million, an increase of 45%;
- Net investment gains reflected on the income statement of \$6.4 million versus net investment losses of \$17.3 million;
- Record number of ending policies in-force of 122,684, up 7%; and
- Returned \$18.5 million to stockholders through a combination of share repurchases and regular quarterly dividends.

Management Commentary

Chief Executive Officer Katherine Antonello commented: "We are very pleased with our first quarter results. Higher new and renewal premiums, an increase in final audit premiums, significant growth in net investment income and a return to net investment gains drove a 36% increase in revenue year-over-year. We also ended the quarter with yet another record number of policies in-force.

We recorded our current accident year loss and LAE ratio on voluntary business at 63.3%, below the 64.0% we maintained throughout 2022. As was the case in the first quarter of 2022, we did not recognize any prior year loss reserve development this quarter because: (i) a full actuarial study was not performed; and (ii) the amount of indicated net prior year loss reserve development was consistent with our expectations. We will evaluate our prior year reserves in more detail at mid-year when we routinely perform a full reserve study.

Despite an increase in our year-over-year commission expense, our commission expense ratio improved by 0.4 percentage points to 13.5% when considering the corresponding increase in net earned premium. The same was the case with our consolidated underwriting and general and administrative expense ratio, which also improved by 0.4 percentage points to 25.7%.

Ms. Antonello continued, "Our Cerity operating segment, which offers digital workers' compensation insurance solutions directly to consumers, contributed nicely to our 15% growth in earned premium. Cerity's gross and net written premiums this quarter were negatively impacted by cancellation adjustments, which had no impact on its earned premium.

Lastly, we raised our regular quarterly dividend to \$0.28 per share, an increase of 8%. This action reflects our strong balance sheet, abundant underwriting capital and our confidence in the Company's future operations."

Summary of First Quarter 2023 Results

(All comparisons vs. the first quarter of 2022, unless noted otherwise).

Gross premiums written were \$194.9 million, an increase of 13%. The increase was primarily due to higher new and renewal business writings and an increase in final audit premiums. Net premiums earned were \$172.7 million, an increase of 15%.

Losses and loss adjustment expenses were \$107.4 million, an increase of 14%. The increase was primarily due to higher earned premium.

Commission expenses were \$23.4 million, an increase of 12%. The increase was primarily due to higher earned premium.

Underwriting and general and administrative expenses were \$44.4 million, an increase of 13%. The increase resulted primarily from: (i) higher compensation-related expenses; and (ii) higher policyholder dividends and bad debt expenses resulting from the increase in earned premium.

Net investment income was \$27.6 million, an increase of 45%. The increase was due to higher bond yields and higher invested balances of fixed maturity securities and short-term investments, as measured by amortized cost.

Net realized and unrealized gains (losses) on investments reflected on the income statement were \$6.4 million versus \$(17.3) million. These amounts included net realized and unrealized gains (losses) arising from equity securities and other investments of \$8.0 million and \$(17.0) million, respectively.

Income tax expense (benefit) was \$5.4 million (18.6% effective rate) versus \$(0.2) million (8.0% effective rate). The effective rates during each of the periods presented included income tax benefits and exclusions associated with tax-advantaged investment income, LPT adjustments, and deferred gain amortization.

The Company's book value per share including the deferred gain of \$39.93 increased by 3.9% during the first quarter of 2023, computed after taking into account dividends declared. This measure was favorably impacted by \$22.5 million of after-tax unrealized gains arising from fixed maturity securities (which are reflected on the balance sheet) and \$6.3 million of net after tax unrealized gains arising from equity securities and other investments (which are reflected on the income statement). The Company's adjusted book value per share of \$44.19 increased by 1.5% during the first quarter of 2023, computed after taking into account dividends declared. This measure was favorably impacted by the net after tax unrealized gains arising from equity securities and other investments previously described.

Summary of Results by Segment

(see page 12 of the Financial Supplement for a description of our reportable segments. All comparisons vs. the first quarter of 2022, unless noted otherwise).

Employers Segment

The Employers segment reported net income before income taxes of \$30.1 million versus net income of \$2.0 million.

Highlights include the following:

- Underwriting income of \$2.1 million versus zero;
- Combined ratio of 98.7% versus 100.0%;
- Earned premium of \$171.3 million versus \$149.6 million;
- Calendar year loss and LAE ratio of 63.3% versus 64.1%;
- Commission expense ratio of 13.6% versus 14.0%;
- Underwriting expense ratio of 21.8% versus 21.9%;
- Net investment income of \$24.8 million versus \$17.6 million; and
- Net realized and unrealized gains (losses) on investments reflected on the income statement of \$5.6 million versus \$(15.6) million.

Cerity Segment

The Cerity segment reported a net loss before income taxes of \$2.2 million versus a net loss of \$2.7 million.

Highlights include the following:

- Underwriting loss of \$4.1 million versus \$3.0 million;
- Earned premium of \$1.4 million versus \$0.6 million;
- Net investment income of \$1.7 million versus \$0.7 million; and
- Net realized and unrealized gains (losses) on investments reflected on the income statement of \$0.2 million versus \$(0.4) million.

Corporate and Other

Corporate and Other activities reported net income (loss) before income taxes of \$1.1 million versus \$(1.8) million.

Highlights include the following:

- LPT amortization of \$2.0 million, which served to reduce losses and LAE, versus \$2.1 million;
- Net investment income of \$1.1 million versus \$0.8 million;
- Net realized and unrealized gains (losses) on investments reflected on the income statement of \$0.6 million versus \$(1.3) million; and
- General and administrative expenses of \$2.5 million versus \$3.3 million.

Regular Quarterly Dividend Increase and Declaration

On April 26, 2023, the Board of Directors declared a regular quarterly dividend of \$0.28 per share, an increase of 8% from the prior quarterly dividend of \$0.26 per share. The dividend is payable on May 24, 2023 to stockholders of record as of May 10, 2023.

Share Repurchases

During the first quarter of 2023, the Company repurchased 267,883 shares of its common stock at an average price of \$42.24 per share. During the period from April 1, 2023 through April 26, 2023, the Company repurchased a further 132,700 shares of its common stock at an average price of \$42.29 per share. The Company currently has a remaining share repurchase authorization of \$30.5 million.

Earnings Conference Call and Webcast

The Company will host a conference call on Friday, April 28, 2023, at 11:00 a.m. Eastern Daylight Time / 8:00 a.m. Pacific Daylight Time.

To participate in the live conference call, you must first register [here](#). Once registered you will receive dial-in numbers and a unique PIN number.

The webcast will be accessible on the Company's web site at www.employers.com through the "Investors" link. An archived version of the webcast will be accessible on the Company's website following the live call.

Reconciliation of Non-GAAP Financial Measures to GAAP

The information in this press release should be read in conjunction with the Financial Supplement that is attached to this press release and is available on our website.

Within this earnings release we present various financial measures, some of which are "Non-GAAP financial measures" as defined in Regulation G pursuant to Section 401 of the Sarbanes - Oxley Act of 2002. A description of these Non-GAAP financial measures, as well as a reconciliation of such Non-GAAP measures to our most directly comparable GAAP financial measures is included in the attached Financial Supplement. Management believes that these Non-GAAP measures are important to the Company's investors, analysts and other interested parties who benefit from having an objective and consistent basis for comparison with other companies within our industry. Management further believes that these measures are more relevant than comparable GAAP measures in evaluating our financial performance.

Forward-Looking Statements

In this press release, the Company and its management discuss and make statements based on currently available information regarding their intentions, beliefs, current expectations, and projections of, among other things, the Company's future performance, economic or market conditions, including the evolving nature of the COVID-19 pandemic, current levels of inflation, labor market expectations, catastrophic events or geo-political conditions, legislative or regulatory actions or court decisions taken in response to the COVID-19 pandemic or otherwise, business growth, retention rates, loss costs, claim trends and the impact of key business initiatives, future technologies and planned investments. Certain of these statements may constitute "forward-looking" statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and are often identified by words such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "target," "project," "intend," "believe," "estimate," "predict," "potential," "pro forma," "seek," "likely," or "continue," or other comparable terminology and their negatives. The Company and its management caution investors that such forward-looking statements are not guarantees of future performance. Risks and uncertainties are inherent in the Company's future performance. Factors that could cause the Company's actual results to differ materially from those indicated by such forward-looking statements include, among other things, those discussed or identified from time to time in the Company's public filings with the U.S. Securities and Exchange Commission (the "SEC"), including the risks detailed in the Company's Quarterly Reports on Form 10-Q and the Company's Annual Reports on Form 10-K. Except as required by applicable securities laws, the Company undertakes no

obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Filings with the SEC

The Company's filings with the SEC and its quarterly investor presentations can be accessed through the "[Investors](#)" link on the Company's website, www.employers.com. The Company's filings with the SEC can also be accessed through the SEC's EDGAR Database at www.sec.gov (EDGAR CIK No. 0001379041).

About Employers Holdings, Inc.

EMPLOYERS® and America's small business insurance specialist® are registered trademarks of EIG Services, Inc. Employers Holdings, Inc. is a holding company with subsidiaries that are specialty providers of workers' compensation insurance and services focused on select, small businesses engaged in low-to-medium hazard industries. The Company operates throughout the United States, with the exception of four states that are served exclusively by their state funds. Insurance is offered through Employers Insurance Company of Nevada, Employers Compensation Insurance Company, Employers Preferred Insurance Company, Employers Assurance Company and Cerity Insurance Company, all rated A- (Excellent) by the A.M. Best Company. Not all companies do business in all jurisdictions. See www.employers.com and www.cerity.com for coverage availability.

Contact Information

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Employers Holdings, Inc.
First Quarter 2023
Financial Supplement

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America's small business insurance specialist[®]

EMPLOYERS HOLDINGS, INC.

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EMPLOYERS HOLDINGS, INC.
Consolidated Financial Highlights (unaudited)
\$ in millions, except per share amounts

	Three Months Ended		
	March 31,		
	2023	2022	% change
Selected financial highlights:			
Gross premiums written	\$ 194.9	\$ 172.4	13 %
Net premiums written	193.1	170.4	13
Net premiums earned	172.7	150.2	15
Net investment income	27.6	19.1	45
Net income (loss) before impact of the LPT ⁽¹⁾	21.6	(4.4)	591
Adjusted net income ⁽¹⁾	16.5	9.3	77
Net income (loss) before income taxes	29.0	(2.5)	n/m
Net income (loss)	23.6	(2.3)	n/m
Comprehensive income (loss)	47.4	(90.5)	152
Total assets	3,744.0	3,753.3	—
Stockholders' equity	974.1	1,109.3	(12)
Stockholders' equity including the Deferred Gain ⁽²⁾	1,078.2	1,221.6	(12)
Adjusted stockholders' equity ⁽²⁾	1,193.3	1,249.2	(4)
Annualized adjusted return on stockholders' equity ⁽³⁾	5.5 %	3.0 %	83 %
Amounts per share:			
Cash dividends declared per share	\$ 0.26	\$ 0.25	4 %
Earnings (loss) per diluted share ⁽⁴⁾	0.86	(0.08)	n/m
Earnings (loss) per diluted share before impact of the LPT ⁽⁴⁾	0.79	(0.16)	594
Adjusted earnings per diluted share ⁽⁴⁾	0.60	0.33	82
Book value per share ⁽²⁾	36.08	39.99	(10)
Book value per share including the Deferred Gain ⁽²⁾	39.93	44.04	(9)
Adjusted book value per share ⁽²⁾	44.19	45.03	(2)
Financial information by Segment⁽⁵⁾:			
Net income (loss) before income taxes			
Employers	\$ 30.1	\$ 2.0	n/m
Cerity	(2.2)	(2.7)	19
Corporate and Other	1.1	(1.8)	161

n/m - not meaningful

(1) See Page 3 for calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

(2) See Page 9 for calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

(3) See Page 6 for calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

(4) See Page 10 for description and calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

(5) See Pages 4-5 for details and Page 12 for a description of our reportable segments.

EMPLOYERS HOLDINGS, INC.
Summary Consolidated Balance Sheets (unaudited)
\$ in millions, except per share amounts

	March 31, 2023	December 31, 2022
ASSETS		
Investments, cash and cash equivalents	\$ 2,677.2	\$ 2,658.2
Accrued investment income	20.6	19.0
Premiums receivable, net	326.1	305.9
Reinsurance recoverable, net of allowance, on paid and unpaid losses and LAE	446.6	451.3
Deferred policy acquisition costs	52.2	48.3
Deferred income tax asset, net	53.6	62.7
Contingent commission receivable—LPT Agreement	13.9	13.9
Other assets	153.8	157.4
Total assets	\$ 3,744.0	\$ 3,716.7
LIABILITIES		
Unpaid losses and LAE	\$ 1,953.7	\$ 1,960.7
Unearned premiums	359.9	339.5
Commissions and premium taxes payable	52.7	58.2
Deferred Gain	104.1	106.1
FHLB Advances ⁽¹⁾	182.5	182.5
Other liabilities	117.0	125.5
Total liabilities	\$ 2,769.9	\$ 2,772.5
STOCKHOLDERS' EQUITY		
Common stock and additional paid-in capital	\$ 416.2	\$ 415.2
Retained earnings	1,312.1	1,295.6
Accumulated other comprehensive loss	(115.1)	(138.9)
Treasury stock, at cost	(639.1)	(627.7)
Total stockholders' equity	974.1	944.2
Total liabilities and stockholders' equity	\$ 3,744.0	\$ 3,716.7
Stockholders' equity including the Deferred Gain ⁽²⁾	\$ 1,078.2	\$ 1,050.3
Adjusted stockholders' equity ⁽²⁾	1,193.3	1,189.2
Book value per share ⁽²⁾	\$ 36.08	\$ 34.76
Book value per share including the Deferred Gain ⁽²⁾	39.93	38.67
Adjusted book value per share ⁽²⁾	44.19	43.78

(1) FHLB=Federal Home Loan Bank

(2) See Page 9 for calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

EMPLOYERS HOLDINGS, INC.
Summary Consolidated Income Statements (unaudited)
\$ in millions

	Three Months Ended	
	March 31,	
	2023	2022
Revenues:		
Net premiums earned	\$ 172.7	\$ 150.2
Net investment income	27.6	19.1
Net realized and unrealized gains (losses) on investments ⁽¹⁾	6.4	(17.3)
Other (loss) income	(0.2)	—
Total revenues	206.5	152.0
Expenses:		
Losses and LAE incurred	(107.4)	(94.2)
Commission expense	(23.4)	(20.9)
Underwriting and general and administrative expenses	(44.4)	(39.3)
Interest and financing expenses	(2.3)	(0.1)
Total expenses	(177.5)	(154.5)
Net income (loss) before income taxes	29.0	(2.5)
Income tax (expense) benefit	(5.4)	0.2
Net income (Loss)	23.6	(2.3)
Unrealized AFS investment gains (losses) arising during the period, net of tax ⁽²⁾	22.5	(88.4)
Reclassification adjustment for net realized AFS investment (gains) losses in net income, net of tax ⁽²⁾	1.3	0.2
Total comprehensive income (loss)	\$ 47.4	\$ (90.5)
Net income (loss)	\$ 23.6	\$ (2.3)
Amortization of the Deferred Gain - losses	(1.6)	(1.7)
Amortization of the Deferred Gain - contingent commission	(0.4)	(0.4)
Net income (loss) before impact of the LPT Agreement ⁽³⁾	21.6	(4.4)
Net realized and unrealized (gains) losses on investments	(6.4)	17.3
Income tax expense (benefit) related to items excluded from Net income or loss	1.3	(3.6)
Adjusted net income	\$ 16.5	\$ 9.3

(1) Includes net realized and unrealized gains (losses) on equity securities and other investments of \$8.0 million and \$(17.0) million for the three months ended March 31, 2023 and 2022, respectively.

(2) AFS = Available for Sale securities.

(3) See Page 11 regarding our use of Non-GAAP Financial Measures.

EMPLOYERS HOLDINGS, INC.
Net Income (Loss) Before Income Taxes by Segment ⁽¹⁾ (unaudited)
\$ in millions

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
Three Months Ended March 31, 2023				
Gross premiums written	\$ 194.2	\$ 0.7	\$ —	\$ 194.9
Net premiums written	192.4	0.7	—	193.1
Net premiums earned	A 171.3	1.4	—	172.7
Net investment income	24.8	1.7	1.1	27.6
Net realized and unrealized gains (losses) on investments	5.6	0.2	0.6	6.4
Other income (loss)	(0.2)	—	—	(0.2)
Total revenues	<u>201.5</u>	<u>3.3</u>	<u>1.7</u>	<u>206.5</u>
Losses and LAE incurred ⁽²⁾	B (108.5)	(0.9)	2.0	(107.4)
Commission expense	C (23.3)	(0.1)	—	(23.4)
Underwriting and general and administrative expenses	D (37.4)	(4.5)	(2.5)	(44.4)
Interest and financing expenses	(2.2)	—	(0.1)	(2.3)
Total expenses	<u>(171.4)</u>	<u>(5.5)</u>	<u>(0.6)</u>	<u>(177.5)</u>
Net income (loss) before income taxes	\$ 30.1	\$ (2.2)	\$ 1.1	\$ 29.0
Underwriting income (loss)	A+B+C+D 2.1	(4.1)		
Loss and LAE expense ratio:				
Current year	63.5 %	n/m		
Prior years	(0.2)	—		
Loss and LAE ratio	<u>63.3</u>	<u>n/m</u>		
Commission expense ratio	13.6	n/m		
Underwriting expense ratio	21.8	n/m		
Combined ratio	<u>98.7 %</u>	<u>n/m</u>		

n/m - not meaningful

(1) See Page 12 for a description of our reportable segments

(2) Losses and LAE in Corporate and Other represent the impact of the LPT Agreement

EMPLOYERS HOLDINGS, INC.
Net Income (Loss) Before Income Taxes by Segment ⁽¹⁾ (unaudited)
\$ in millions

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
Three Months Ended March 31, 2022				
Gross premiums written	\$ 171.2	\$ 1.2	\$ —	\$ 172.4
Net premiums written	169.2	1.2	—	170.4
Net premiums earned	A 149.6	0.6	—	150.2
Net investment income	17.6	0.7	0.8	19.1
Net realized and unrealized losses on investments	(15.6)	(0.4)	(1.3)	(17.3)
Total revenues	151.6	0.9	(0.5)	152.0
Losses and LAE incurred ⁽²⁾	B (95.9)	(0.4)	2.1	(94.2)
Commission expense	C (20.9)	—	—	(20.9)
Underwriting and general and administrative expenses	D (32.8)	(3.2)	(3.3)	(39.3)
Interest and financing expenses	—	—	(0.1)	(0.1)
Total expenses	(149.6)	(3.6)	(1.3)	(154.5)
Net income (loss) before income taxes	\$ 2.0	\$ (2.7)	\$ (1.8)	\$ (2.5)
Underwriting income (loss)	A+B+C+D \$ —	\$ (3.0)		
Loss and LAE expense ratio:				
Current year	64.1 %	n/m		
Prior years	—	—		
Loss and LAE ratio	64.1	n/m		
Commission expense ratio	14.0	n/m		
Underwriting expense ratio	21.9	n/m		
Combined ratio	100.0 %	n/m		

n/m - not meaningful

(1) See Page 12 for a description of our reportable segments

(2) Losses and LAE in Corporate and Other represent the impact of the LPT Agreement

EMPLOYERS HOLDINGS, INC.
Return on Equity (unaudited)
\$ in millions

		Three Months Ended	
		March 31,	
		2023	2022
Net income (loss)	A	\$ 23.6	\$ (2.3)
Impact of the LPT Agreement		(2.0)	(2.1)
Net realized and unrealized (gains) losses on investments		(6.4)	17.3
Income tax expense (benefit) related to items excluded from Net income		1.3	(3.6)
Adjusted net income ⁽¹⁾	B	16.5	9.3
Stockholders' equity - end of period		\$ 974.1	\$ 1,109.3
Stockholders' equity - beginning of period		944.2	1,213.1
Average stockholders' equity	C	959.2	1,161.2
Stockholders' equity - end of period		\$ 974.1	\$ 1,109.3
Deferred Gain - end of period		104.1	112.3
Accumulated other comprehensive loss - end of period		145.7	34.9
Income taxes related to accumulated other comprehensive loss - end of period		(30.6)	(7.3)
Adjusted stockholders' equity - end of period		1,193.3	1,249.2
Adjusted stockholders' equity - beginning of period		1,189.2	1,266.9
Average adjusted stockholders' equity ⁽¹⁾	D	1,191.3	1,258.1
Return on stockholders' equity	A / C	2.5 %	(0.2)%
Annualized return on stockholders' equity		9.8	(0.8)
Adjusted return on stockholders' equity ⁽¹⁾	B / D	1.4 %	0.7 %
Annualized adjusted return on stockholders' equity ⁽¹⁾		5.5	3.0

(1) See Page 11 for information regarding our use of Non-GAAP Financial Measures.

EMPLOYERS HOLDINGS, INC.
Roll-forward of Unpaid Losses and LAE (unaudited)
\$ in millions

	Three Months Ended	
	March 31,	
	2023	2022
Unpaid losses and LAE at beginning of period	\$ 1,960.7	\$ 1,981.2
Reinsurance recoverable, excluding CECL allowance, on unpaid losses and LAE	445.4	476.9
Net unpaid losses and LAE at beginning of period	<u>1,515.3</u>	<u>1,504.3</u>
Losses and LAE incurred:		
Current year losses	109.6	96.3
Prior year losses on involuntary business	(0.2)	—
Total losses incurred	<u>109.4</u>	<u>96.3</u>
Losses and LAE paid:		
Current year losses	5.6	4.6
Prior year losses	105.7	85.8
Total paid losses	<u>111.3</u>	<u>90.4</u>
Net unpaid losses and LAE at end of period	1,513.4	1,510.2
Reinsurance recoverable, excluding CECL allowance, on unpaid losses and LAE	440.3	471.7
Unpaid losses and LAE at end of period	<u>\$ 1,953.7</u>	<u>\$ 1,981.9</u>

Total losses and LAE shown in the above table exclude amortization of the Deferred Gain, which totaled \$2.0 million and \$2.1 million for the three months ended March 31, 2023 and 2022.

EMPLOYERS HOLDINGS, INC.
Consolidated Investment Portfolio (unaudited)
\$ in millions

	March 31, 2023				December 31, 2022	
	Cost or Amortized Cost ⁽¹⁾	Net Unrealized Gain (Loss)	Fair Value	%	Fair Value	%
Investment Positions:						
Fixed maturity securities	\$ 2,400.0	\$ (145.8)	\$ 2,248.3	84 %	\$ 2,186.3	82 %
Equity securities	150.0	60.8	210.8	8	203.7	8
Short-term investments	58.6	—	58.6	2	119.1	4
Other invested assets	65.9	6.7	72.6	3	59.7	2
Cash and cash equivalents	86.7	—	86.7	3	89.2	3
Restricted cash and cash equivalents	0.2	—	0.2	—	0.2	—
Total investments and cash	<u>\$ 2,761.4</u>	<u>\$ (78.3)</u>	<u>\$ 2,677.2</u>	<u>100 %</u>	<u>\$ 2,658.2</u>	<u>100 %</u>
Breakout of Fixed Maturity Securities:						
U.S. Treasuries and agencies	\$ 95.2	\$ (3.4)	\$ 91.8	4 %	\$ 92.9	4 %
States and municipalities	335.9	(5.0)	330.9	15	317.6	15
Corporate securities	990.1	(77.9)	907.5	40	868.1	40
Mortgage-backed securities	459.0	(42.8)	416.2	19	415.3	19
Asset-backed securities	107.3	(6.3)	101.0	4	66.1	3
Collateralized loan obligations	238.1	(6.1)	232.0	10	260.9	12
Bank loans and other	174.4	(4.3)	168.9	8	165.4	8
Total fixed maturity securities	<u>\$ 2,400.0</u>	<u>\$ (145.8)</u>	<u>\$ 2,248.3</u>	<u>100 %</u>	<u>\$ 2,186.3</u>	<u>100 %</u>
Weighted average book yield			4.1%		3.9%	
Average credit quality (S&P)			A		A	
Duration			3.8		3.9	

(1) Amortized cost excludes allowance for current expected credit losses (CECL) of \$5.9 million.

EMPLOYERS HOLDINGS, INC.
Book Value Per Share (unaudited)
\$ in millions, except per share amounts

		<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>	<u>December 31 2021</u>
Numerators:					
Stockholders' equity	A	\$ 974.1	\$ 944.2	\$ 1,109.3	\$ 1,213.1
Plus: Deferred Gain		104.1	106.1	112.3	114.4
Stockholders' equity including the Deferred Gain ⁽¹⁾	B	1,078.2	1,050.3	1,221.6	1,327.5
Accumulated other comprehensive loss (income)		145.7	175.8	34.9	(76.7)
Income taxes related to accumulated other comprehensive (loss) income		(30.6)	(36.9)	(7.3)	16.1
Adjusted stockholders' equity ⁽¹⁾	C	<u>\$ 1,193.3</u>	<u>\$ 1,189.2</u>	<u>\$ 1,249.2</u>	<u>\$ 1,266.9</u>
Denominator (shares outstanding)	D	27,001,967	27,160,748	27,738,429	27,741,400
Book value per share ⁽¹⁾	A / D	\$ 36.08	\$ 34.76	\$ 39.99	\$ 43.73
Book value per share including the Deferred Gain ⁽¹⁾	B / D	39.93	38.67	44.04	47.85
Adjusted book value per share ⁽¹⁾	C / D	44.19	43.78	45.03	45.67
YTD Change in: ⁽²⁾					
Book value per share		4.5 %		(8.0)%	
Book value per share including the Deferred Gain		3.9		(7.4)%	
Adjusted book value per share		1.5		(0.9)%	

(1) See Page 11 for information regarding our use of Non-GAAP Financial Measures.

(2) Reflects the change in book value per share after taking into account dividends declared of \$0.26 and \$0.25 for the three months ended March 31, 2023 and 2022, respectively.

EMPLOYERS HOLDINGS, INC.
Earnings Per Share (unaudited)
\$ in millions, except per share amounts

	Three Months Ended	
	March 31,	
	2023	2022
Numerators:		
Net income (loss)	A \$	23.6 \$
Impact of the LPT Agreement		(2.3)
		(2.1)
Net income (loss) before impact of the LPT ⁽¹⁾	B	21.6
Net realized and unrealized (gains) losses on investments		(4.4)
		(6.4)
Income tax expense (benefit) related to items excluded from Net income		17.3
		1.3
Adjusted net income ⁽¹⁾	C \$	\$ 9.3
		16.5
Denominators:		
Average common shares outstanding (basic)	D	27,176,823
		27,802,972
Average common shares outstanding (diluted)	E	27,392,678
		28,077,608
Earnings (loss) per share:		
Basic	A / D \$	0.87 \$
		(0.08)
Diluted ⁽²⁾	A / E	0.86
		(0.08)
Earnings (loss) per share before impact of the LPT: ⁽¹⁾		
Basic	B / D \$	0.79 \$
		(0.16)
Diluted ⁽²⁾	B / E	0.79
		(0.16)
Adjusted earnings per share: ⁽¹⁾		
Basic	C / D \$	0.61 \$
		0.33
Diluted	C / E	0.60
		0.33

(1) See Page 11 for information regarding our use of Non-GAAP Financial Measures.

(2) Outstanding common share equivalents are not considered in the Company's diluted earnings (loss) per share computations in any period that involves a net loss.

Non-GAAP Financial Measures

Within this earnings release we present the following measures, each of which are "non-GAAP financial measures." A reconciliation of these measures to the Company's most directly comparable GAAP financial measures is included herein. Management believes that these non-GAAP measures are important to the Company's investors, analysts and other interested parties who benefit from having an objective and consistent basis for comparison with other companies within our industry. Management further believes that these measures are more relevant than comparable GAAP measures in evaluating our financial performance.

The LPT Agreement is a non-recurring transaction that does not result in ongoing cash benefits to the Company. Management believes that providing non-GAAP measures that exclude the effects of the LPT Agreement (amortization of deferred reinsurance gain, adjustments to LPT Agreement ceded reserves and adjustments to contingent commission receivable) is useful in providing investors, analysts and other interested parties a meaningful understanding of the Company's ongoing underwriting performance.

Deferred reinsurance gain (Deferred Gain) reflects the unamortized gain from the LPT Agreement. This gain has been deferred and is being amortized using the recovery method, whereby the amortization is determined by the proportion of actual reinsurance recoveries to total estimated recoveries, except for the contingent profit commission, which is being amortized through June 30, 2024. Amortization is reflected in losses and LAE incurred.

Adjusted net income (see Page 3 for calculations) is net income excluding the effects of the LPT Agreement, and net realized and unrealized gains and losses on investments (net of tax), and any miscellaneous non-recurring transactions (net of tax). Management believes that providing this non-GAAP measure is helpful to investors, analysts and other interested parties in identifying trends in the Company's operating performance because such items have limited significance to its ongoing operations or can be impacted by both discretionary and other economic factors and may not represent operating trends.

Stockholders' equity including the Deferred Gain (see Page 9 for calculations) is stockholders' equity including the Deferred Gain. Management believes that providing this non-GAAP measure is useful in providing investors, analysts and other interested parties a meaningful measure of the Company's total underwriting capital.

Adjusted stockholders' equity (see Page 9 for calculations) is stockholders' equity including the Deferred Gain, less accumulated other comprehensive income (net of tax). Management believes that providing this non-GAAP measure is useful to investors, analysts and other interested parties since it serves as the denominator to the Company's adjusted return on stockholders' equity metric.

Return on stockholders' equity and Adjusted return on stockholders' equity (see Page 6 for calculations). Management believes that these profitability measures are widely used by our investors, analysts and other interested parties.

Book value per share, Book value per share including the Deferred Gain, and Adjusted book value per share (see Page 9 for calculations). Management believes that these valuation measures are widely used by our investors, analysts and other interested parties.

Net income before impact of the LPT (see Page 3 for calculations). Management believes that these performance and underwriting measures are widely used by our investors, analysts and other interested parties.

Description of Reportable Segments

The Company has determined that it has two reportable segments: Employers and Cerity. Each of these segments represents a separate and distinct distribution channel through which the Company conducts insurance business.

The nature and composition of each reportable segment and its Corporate and Other activities are as follows:

- The Employers segment represents the traditional business offered through the EMPLOYERS brand name (Employers) through its agents, including business originated from its strategic partnerships and alliances;
- The Cerity segment represents the as business offered under the Cerity brand name, which includes the Company's direct-to-customer business; and
- Corporate and Other activities consist of those holding company expenses that are not considered to be underwriting in nature, the financial impact of the LPT Agreement and legacy (pre-acquisition) business assumed and ceded by Cerity Insurance Company. These expenses are not considered to be part of a reportable segment and are not otherwise allocated to a reportable segment.