



EMPLOYERS[®]

America's small business insurance specialist.[®]

NYSE: EIG
INVESTOR PRESENTATION
FEBRUARY 2021

Forward-Looking Statements

In this presentation, 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, including the effects of the Coronavirus (COVID-19) pandemic, 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 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 U.S. Securities and Exchange Commission (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).

Reconciliation of Non-GAAP Financial Measures to GAAP

Within this investor presentation 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.

These measures should not be viewed as a substitute for those determined in accordance with GAAP. Reconciliation of these measures to their most comparable GAAP financial measures are included in the attachment to this presentation. They are also included in the earnings release Form 8-Ks filed with the Securities and Exchange Commission (SEC) and available in the "Investors" section of our website at www.employers.com.

At a Glance

Ticker	NYSE: EIG
Headquarters	Reno, Nevada
Stock Price*	\$33.95
Common Shares Outstanding at 12/31/2020	28.6 Million
Float at 12/31/2020	27.7 Million
Average Daily Volume	173,000 shares
Market Cap*	\$970 Million
Book Value per Share at 12/31/2020	\$46.85**
Analyst Coverage	Boenning & Scattergood Dowling & Partners JMP Securities Truist Securities

* As of February 19, 2021

** Including the Deferred Gain

Impacts of COVID-19 on our Business

(excerpt from the Company's 2020 Form 10-K)

On March 11, 2020, the World Health Organization formally declared the COVID-19 outbreak to be a pandemic. The global spread of COVID-19 has caused illness, death, quarantines, cancellation of events and travel, business and school shutdowns, reduction in business activity, widespread unemployment, supply chain interruptions, and overall economic and financial market instability.

All states, including California where we generated 45% of our in-force premiums as of December 31, 2020, declared states of emergency and imposed various restrictions on business operations and social gatherings. Certain classes of business that we insure, especially those related to the restaurant and hospitality industries, have been particularly affected by these restrictions.

Decrease in New Business Premium Volume

Prior to COVID-19, we experienced strong new business opportunities, as evidenced by record levels of submissions, quotes, and binds. As a result of the abrupt and severe economic impacts attributable to COVID-19, the number of new insurance submissions, quotes, and binds we received decreased significantly in the latter half of March 2020 and that trend largely continued through May 2020. Since then, as many businesses began to reopen, we have experienced year-over-year increases in new business submissions and new policies bound in nearly all of the states in which we operate, with the notable exception of California. Despite the increases in new non-California business policies that we experienced in 2020, our new business premium has fallen, driven primarily by significant declines in policy size and declines in policies with annual premiums greater than \$25,000.

We currently expect that our in-force premiums will remain suppressed, as compared to that experienced in recent years, until such time as our insureds and businesses can resume their operations at a more normalized rate, and increase staffing and payrolls accordingly. Although our new business growth, as defined by number of policies added, has been strong, it has been insufficient to offset the decline in premiums that we experienced in 2020.

Our renewal business remained strong throughout 2020.

Overall, our net premiums written and net earned premiums decreased 17% and 12%, respectively, from 2019 to 2020.

Impacts of COVID-19 on our Business - continued

(excerpt from the Company's 2020 Form 10-K)

Reduction in Underwriting Expenses, Increase in Underwriting Expense Ratio

Our underwriting expenses in 2020 decreased by 1%, or \$1.5 million, from our underwriting expenses in 2019. Despite this expense reduction, our underwriting expense ratio increased by 12% (2.6 percentage points), due solely to the significant decrease in earned premiums we experienced in 2020.

Reduction in Investment Income, Strong Investment Gains

Given the recent and unprecedentedly low market interest rates resulting from COVID-19, our net investment income decreased by 13% from 2019 to 2020. We expect to experience further reductions in our net investment income in future periods as proceeds from sales, maturities and paydowns of our fixed maturity investments are reinvested into lower yielding securities until such time that market interest rates return to levels at or in excess of the book yield of our fixed maturity investments.

As a result of the decreases in market interest rates experienced during 2020, we benefited from significant net investment gains on our fixed maturity investments, which contributed to a 4% increase in our stockholders' equity from 2019 to 2020, despite our returning more than \$130.6 million to our stockholders during the year in the form of dividends and stock repurchases.

EMPLOYERS® is a mono-line writer of workers' compensation (WC) insurance focused on **low to medium hazard risk** small businesses.

MARKETS AND DISTRIBUTION

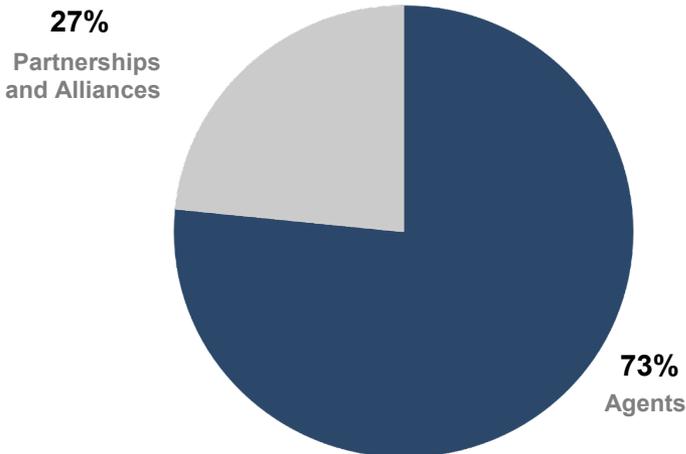
\$580 Million Written Premium 2020
\$697 Million Written Premium 2019

Low Hazard Focus

97% of in-force premium in NCCI low to medium (hazard groups A-D)

3% of in-force premium in NCCI higher (hazard groups E-G)

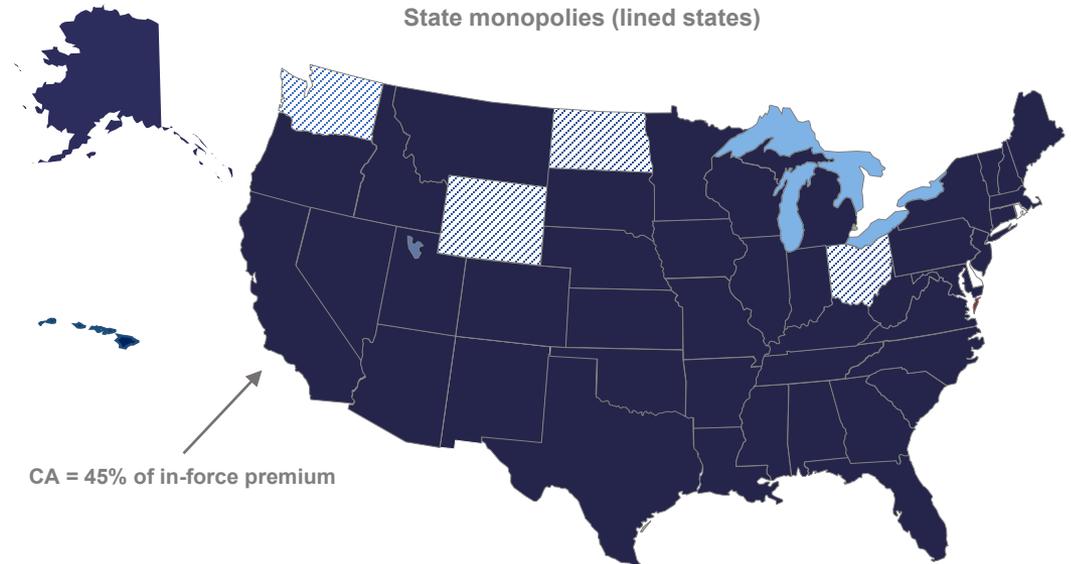
Premium Contribution



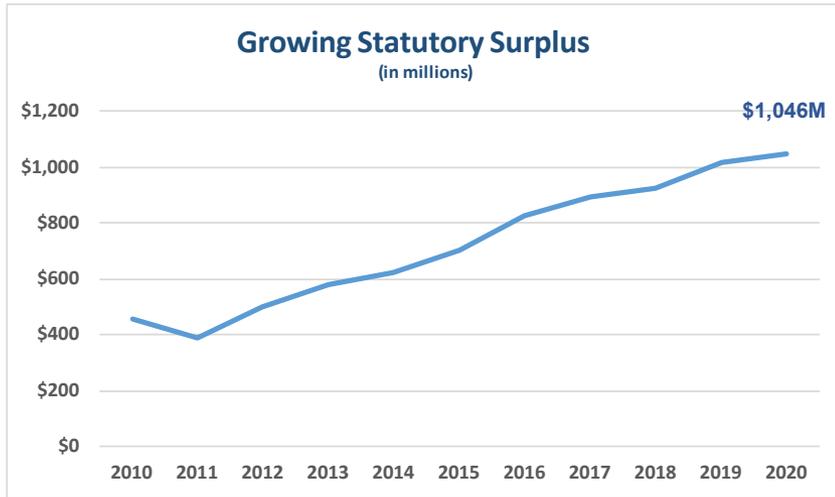
103,506 in-force policies at 12/31/2020
\$5,584 average policy size

Nationwide Platform

State monopolies (lined states)



Capital Strength ~ Returns to Shareholders



A- (Excellent) rating from A.M. Best

Shareholder Friendly While Focused on Long-Term Stability

\$865M

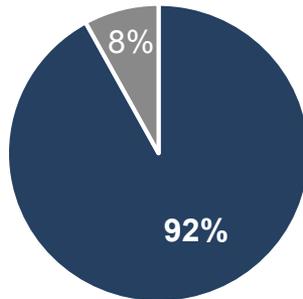
Returned to shareholders since IPO in share repurchases and dividends

Reinsurance

\$190 million in excess of \$10 million retention

Investment Portfolio Complements Structure

\$2.7B
Investment Portfolio
(average credit quality A+)



■ Fixed Income ■ Equities and Other Investments

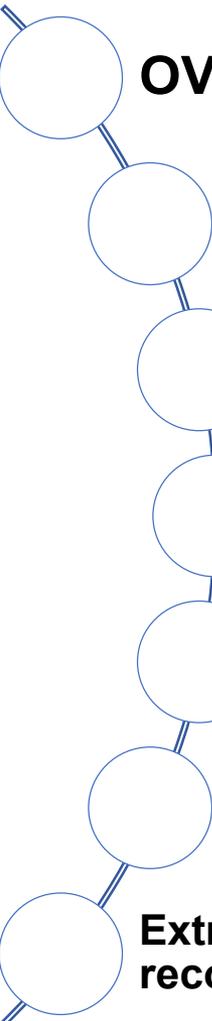
2020 Repurchases and Dividends

\$99.8M

Aggregate share repurchases in 2020, at an average price of \$33.05 per share

\$1.00

Cash dividends paid in 2020 (representing a 3.1% dividend yield on the 12/31/2020 share price of \$32.19)



OVER 100 YEAR OPERATING HISTORY

Strong underwriting focus with established presence in attractive markets

Record number of policies in-force, excellent operating ratios

Unique, long-standing strategic distribution relationships

Conservative risk profile and prudent capital management

Solid financial position and strong balance sheet

Extremely well-positioned for post COVID-19 economic recovery

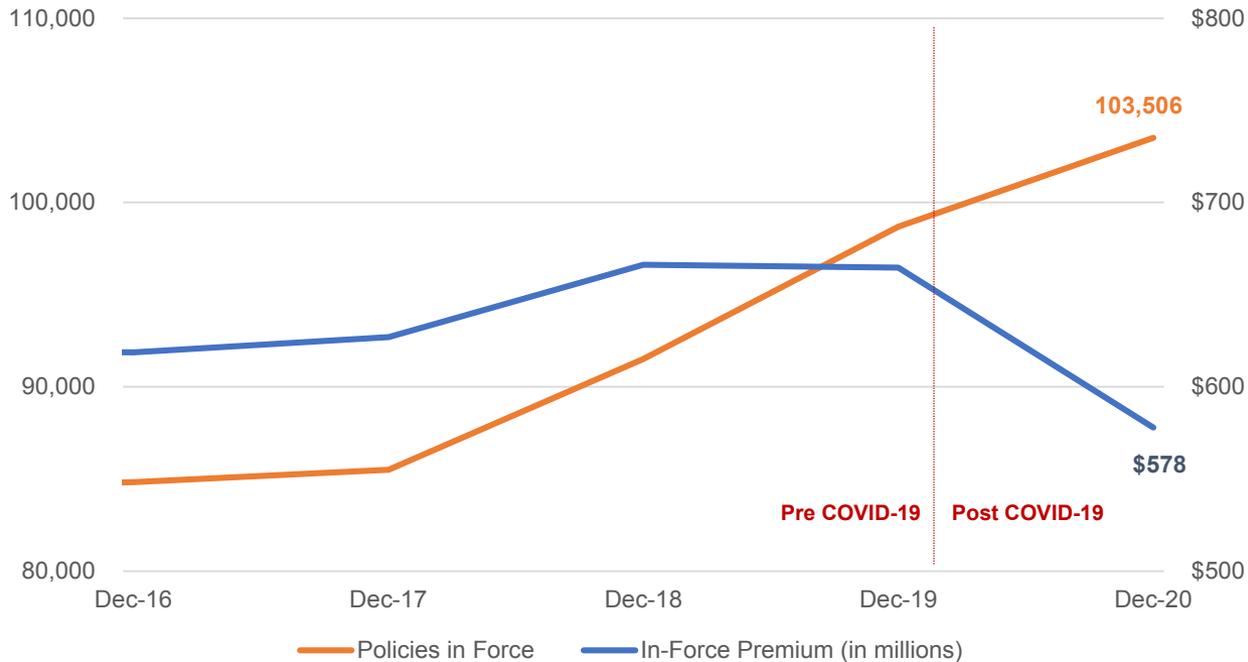
UNIQUE GROWTH OPPORTUNITIES SPECIFIC TO EMPLOYERS

Transforming the way small businesses and insurance agents utilize digital capabilities to improve their customer experience:

(i) improving the agent experience and enhancing agent efficiency;

(ii) providing direct-to-customer workers' compensation insurance policies through Cerity, a subsidiary separate from EMPLOYERS' other insurance businesses

For EMPLOYERS[®], in-force policy counts are at record levels but payrolls have been adversely impacted by COVID-19



Market Conditions: Impact and Recovery

The Macro-Economy and Workers Compensation



America's small business insurance specialist.®

2019

Markets have been competitive with generally declining loss costs reflected in rates.

Provided greater support to agents and policyholders; further diversified risk exposure geographically; and utilized a multi-company pricing platform and territory-specific pricing.

2020

The slowdown in economic production due to COVID-19 led to an overall reduction in premiums as policyholders reduced their workforce.

The record number of ending policies in-force demonstrates that Employers' policyholders are enduring the pandemic, albeit with lower payroll levels.

Average policy size falls to \$5,584, down from \$6,735 in 2019.

2021

Macro-economic conditions remain resilient.

With its high number of policies in-force and strong retention ratios, Employers is well-positioned to regain the premium it lost in 2020.

“Our primary goal in 2021 will be to fully capitalize on the post COVID-19 economic lift on the horizon while continuing to maintain discipline, both in terms of our underwriting and our underwriting expenses.”

Mix by Hazard Group

Hazard Group: Workers' Compensation classifications that have relatively similar expected excess loss factors over a broad range of limits

97% in Hazard Groups A-D

Lower Risk



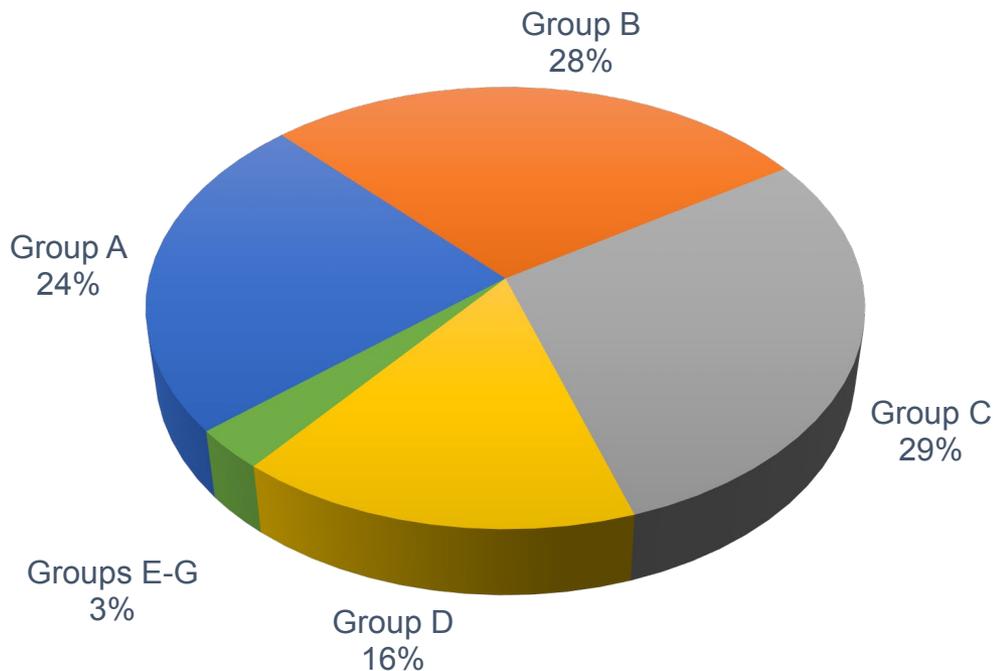
Higher Risk

3% in Hazard Groups E-G

Focus on Select Low to Medium Hazard Groups

Data shown as a % of in-force premium

December 31, 2020





Employers Target Market: Small Business / Low Hazard Risk

EMPLOYERS® Top 10 types of insureds:

- Restaurants and Other Eating Places (23%)
- Traveler Accommodations (7%)
- Automobile Dealers (5%)
- Automotive Repairs and Maintenance (5%)
- Offices of Physicians (4%)
- Real Estate Management (4%)
- Schools (3%)
- Retail Stores (3%)
- Grocery Stores (3%)
- Wholesale Stores (3%)

In-Force Growth (YoY)

OVERALL

At December. 31, 2020

- In-Force Premiums: **DOWN 13%**
- Policies: **UP 5%**
- Average policy size: **DOWN 17%**

CALIFORNIA

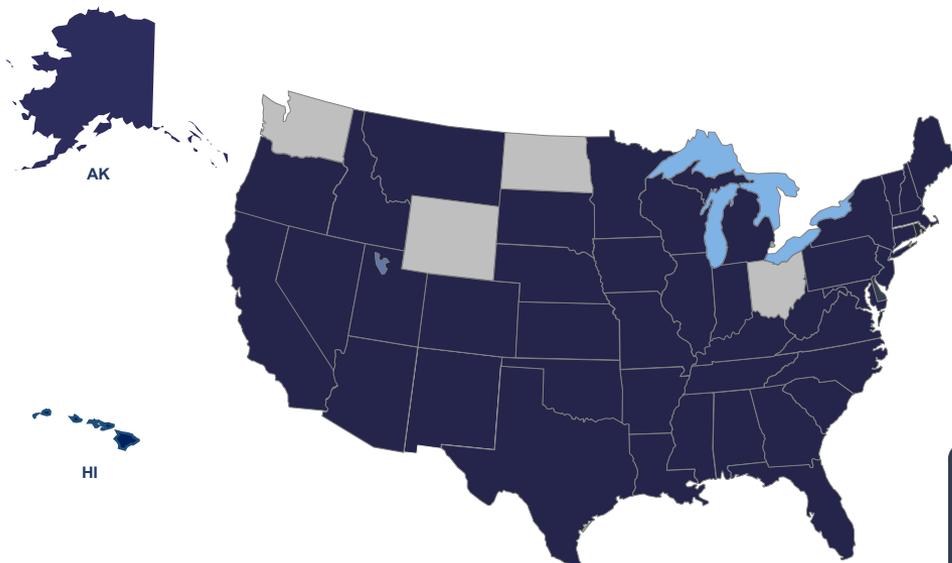
45%
of total
in-force premiums

38%
of total
in-force policies

**Premium
DOWN
21%**



**Policies
DOWN
8%**



ALL OTHER STATES

55%
of total
in-force premiums

62%
of total
in-force policies

**Premium
DOWN
6%**



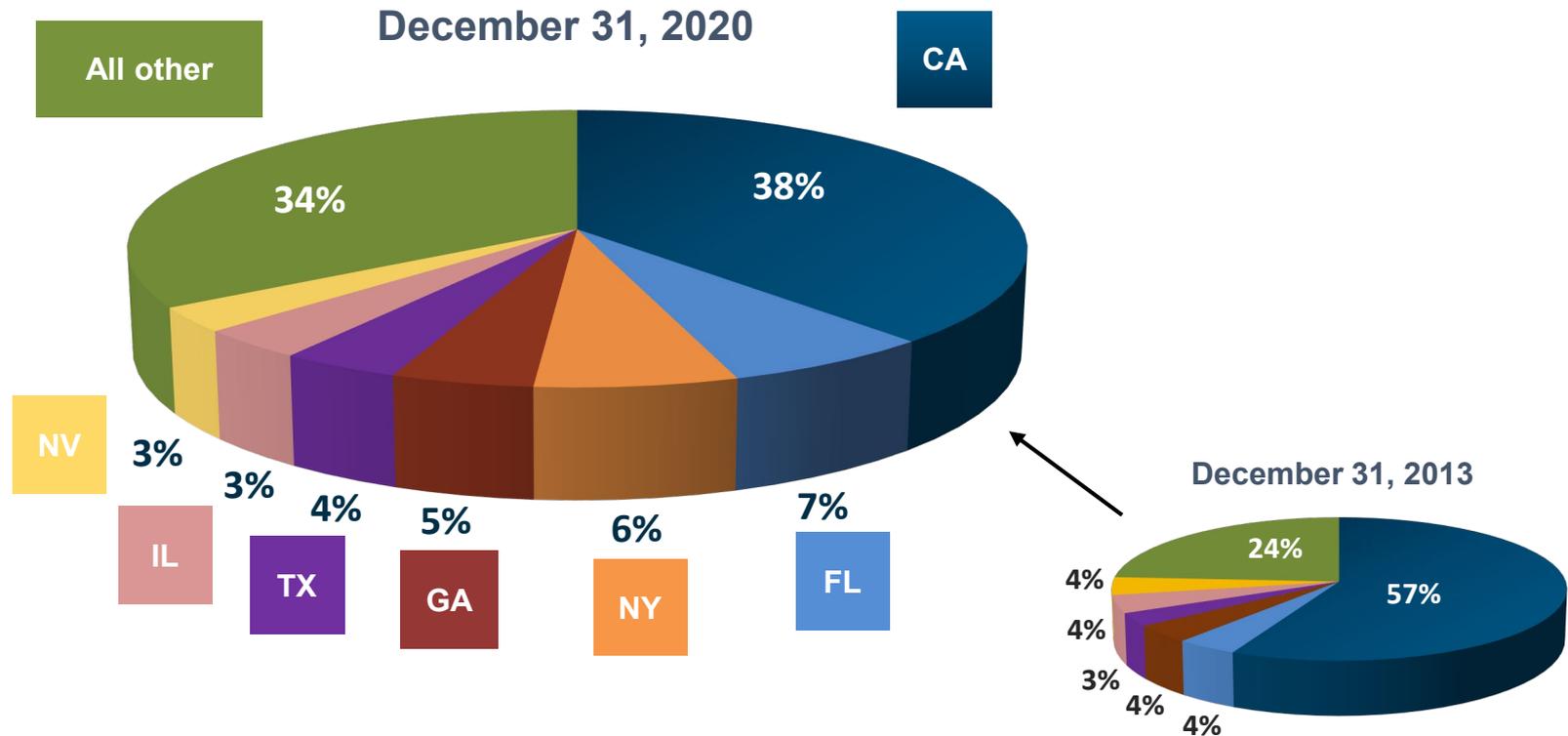
**Policies
UP
15%**

Geographic Spread

(by policies in-force)

Continual diversification outside of CA

Now writing business throughout the United States, with the exception of four states that are served exclusively by their state funds.

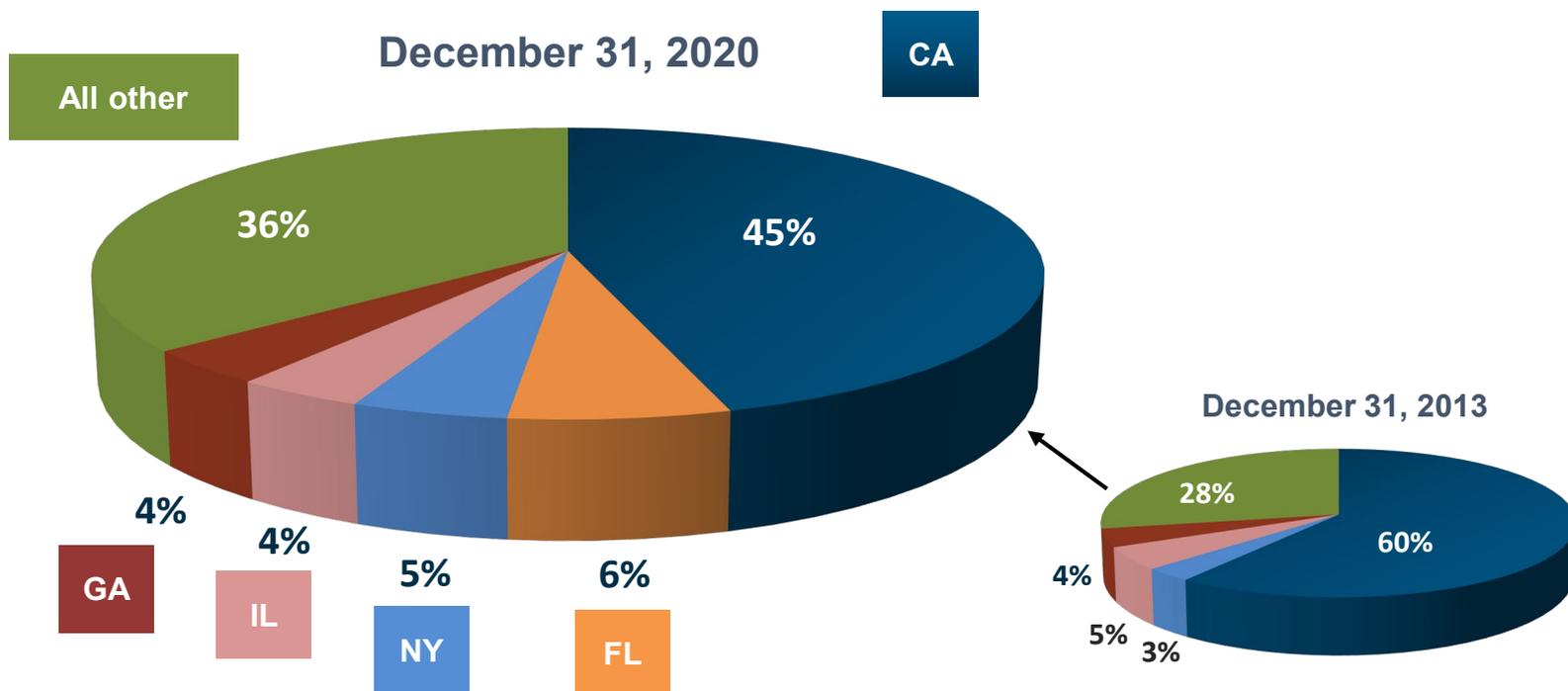


Geographic Spread

(by in-force premium)

Continual diversification outside of CA

Now writing business throughout the United States, with the exception of four states that are served exclusively by their state funds.



History of Reserve Strength

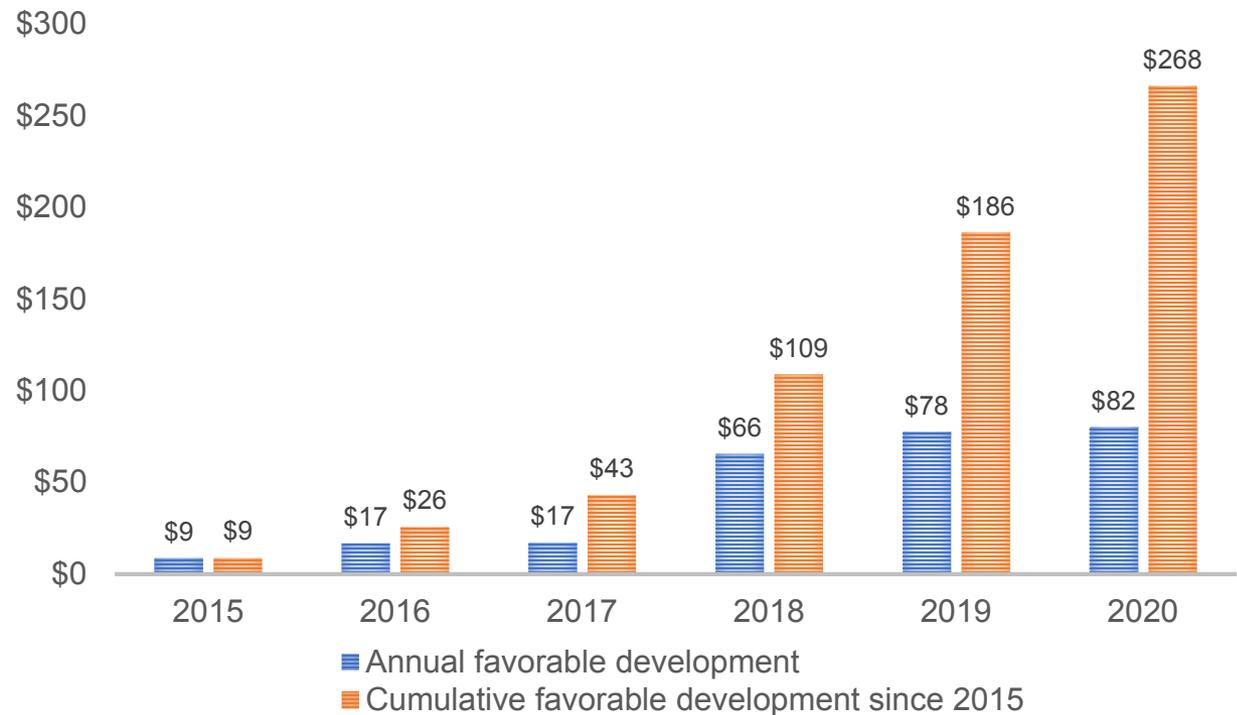
Reserve Review

Reserves are reviewed internally each quarter

Management's best estimate is presented to the Audit Committee of the Board of Directors each quarter

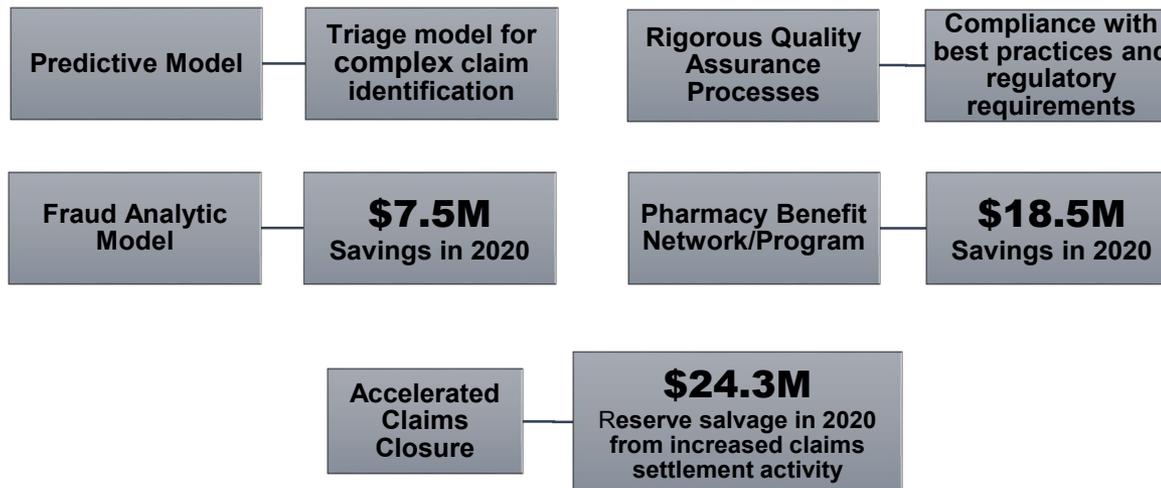
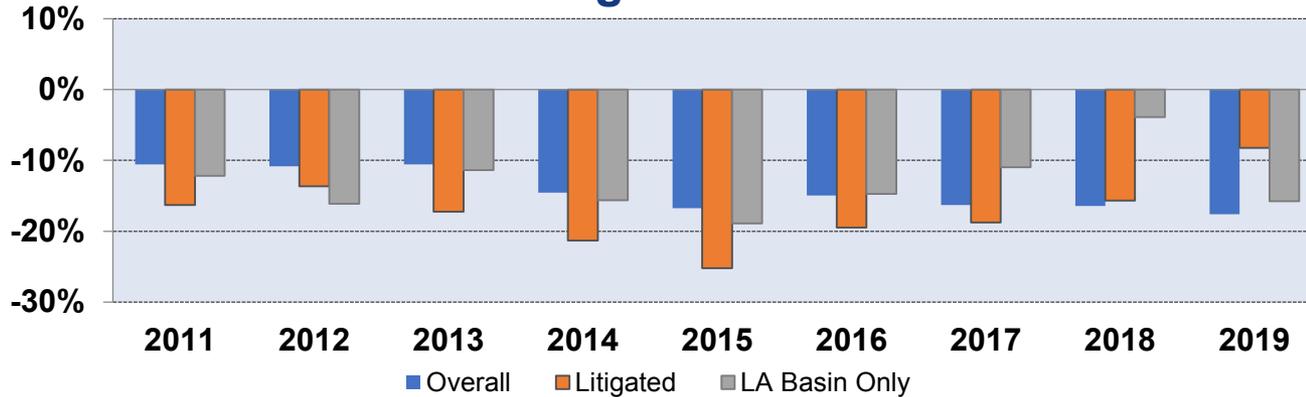
Net Calendar Year Reserve Development in Recent Prior Accident Years

(\$ millions, excludes involuntary business)



Superior Claims Results

CA - % Variance to Industry - Indemnity Claims Avg Paid



Source: California Workers' Compensation Institute, data as of June 30 2020.

Through our robust pharmacy benefit management programs we are successfully preventing long term opioid use and have achieved exceptional results over the past 5 years

	% Reduction
<i>Claims Receiving Opioids</i>	-63%
<i>Opioid Rx Transactions</i>	-60%
<i>Opioid Rxs w/in 90 Days of DOI</i>	-77%
<i>Morphine Equivalent Dosages</i>	-59%
<i>Opioid Spend</i>	-60%

- *Formularies (General and EMPLOYERS-specific)*
- *Utilization Review*
- *Pharmacy Benefit Management Program (Includes PBN in CA)*
- *Robust Analytics*
- *Peer to Peer Review / Discussion*
- *Prior Authorization Intervention*
- *Pain Management Program*

Source: Optum Data 2014-2019.



Workers' comp
insurance for small
business



What is Cerity?



Headquartered in Austin, TX, Cerity is a digital, direct-to-customer company dedicated to providing small/micro businesses with workers' compensation insurance policies that meet their specific needs.

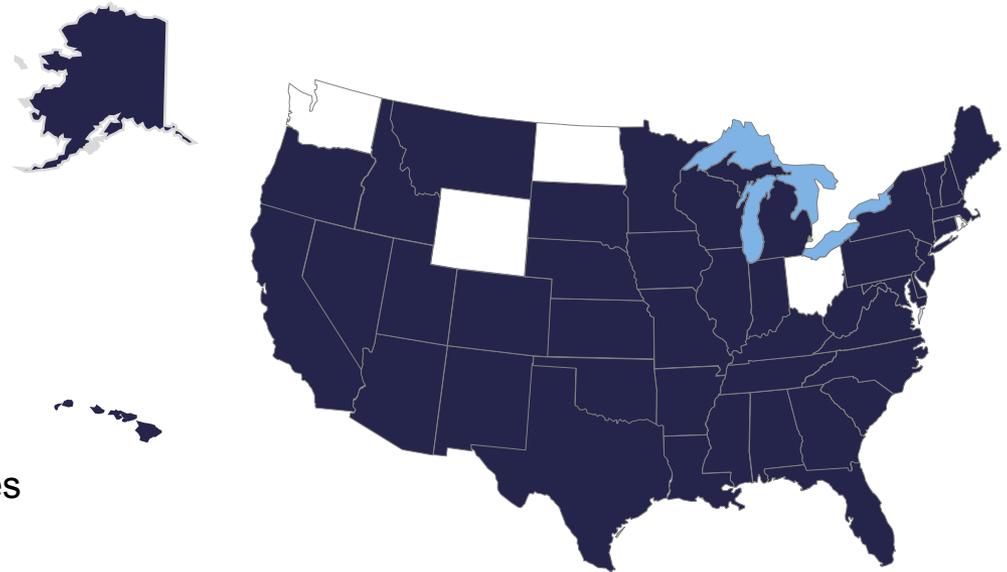
- Cerity is a different kind of company, one that wants to make insurance easy because it should be. Cerity's goal is to make it easy for small business owners to protect their business. Cerity believes that small business owners need a simple no-hassle way to buy workers' comp insurance.
- Using innovative digital solutions, Cerity created a product that made the process simple while being transparent about what its customers are buying. Cerity's top priority is to provide a product that helps small business owners protect their business when the unexpected happens.
- Cerity is a team of advisors, educators and partners working to help small business owners save more in the long-run.



Cerity helps cover small businesses in just a few clicks.

- Built from scratch with a focus exclusively on small business.
- Leverages modern technology and advanced data and analytics including a predictive model with up to 100 price points, making it fast and precise.
- Gives small businesses the ability to get a quote and purchase a policy in ***less than five minutes.***
- Enables small business owners to quote, purchase and maintain a policy from one organization.

- Cerity operates throughout the United States, with the exception of four states that are served exclusively by their state funds.
- Cerity currently covers the following businesses:
 - Food & Beverage
 - Tech and Scientific services
 - Legal and Financial services
 - Hospitality
 - Landscaping and Lawn Services
 - Printing and Publishing
 - Retail
 - Educational
 - Personal Services
 - Clothing retail
 - Personal product retail
 - Medical professions
 - Architecture and Engineering services
 - Office, Home and Garden
 - Therapeutic Services
 - Cerity plans to expand into other classes of business in the future



- 76% of small business owners within Cerity's target market indicate they would like to purchase commercial insurance online, reinforcing our belief customer buying behaviors are changing and the market is ready for a simple, digital purchasing solution.
- There are nearly 30 million small businesses in the United States and Cerity believes this number will continue to grow.
- Cerity's focus is on low-hazard business with 25 or fewer employees.

How will the U.S. Small Business Owner buy workers' compensation over the next 5, 10, 20 years???



A man with short, graying hair, wearing a maroon polo shirt, is looking down at a large sheet of paper he is holding. He is standing in a factory or industrial setting, with various pieces of machinery and equipment visible in the background. The lighting is bright, and the overall atmosphere is professional and focused.

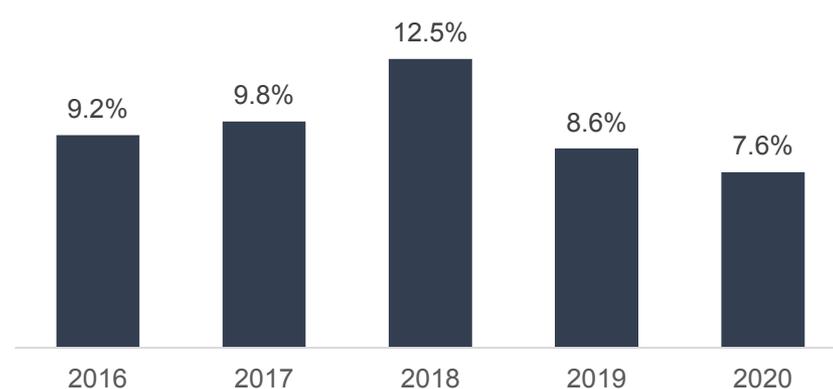
FINANCIAL PERFORMANCE

Five-Year Financial Performance

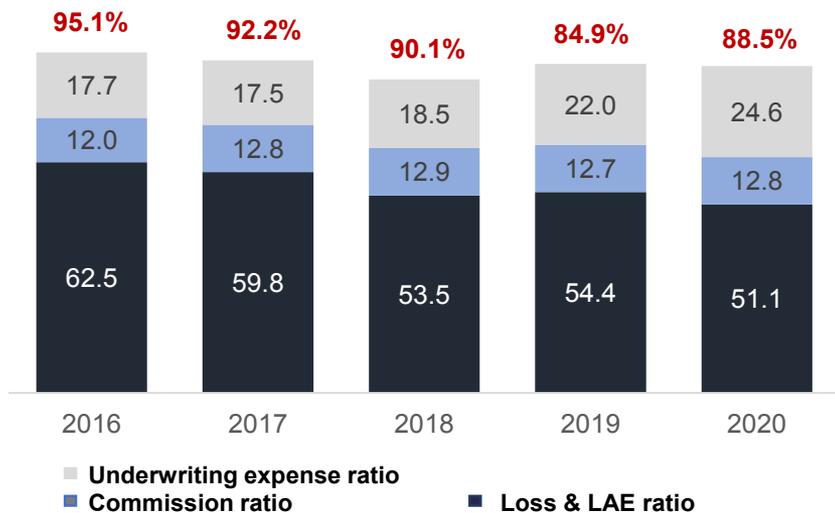
Adjusted EPS (Diluted)



Adjusted ROE



Combined Ratio – Employers Segment



Book Value per Share including Deferred Gain



Adjusted Net Income

\$ in millions	Years ended December 31,				
	2020	2019	2018	2017	2016
Net investment income	\$ 76.3	\$ 88.1	\$ 81.2	\$ 74.6	\$ 73.2
Underwriting income (CAY ex LPT)	(25.7)	(17.6)	39.2	53.3	37.6
Underwriting income (PAY devel.)	80.2	77.5	65.5	17.4	17.0
Other operating items	<u>(13.2)</u>	<u>(18.0)</u>	<u>(17.7)</u>	<u>(14.6)</u>	<u>(14.5)</u>
Adjusted income (pretax)	117.6	130.0	168.2	130.7	113.3
Income taxes	<u>(24.1)</u>	<u>(26.0)</u>	<u>(31.4)</u>	<u>(35.2)</u>	<u>(30.3)</u>
Adjusted net income	<u>\$ 93.5</u>	<u>\$ 104.0</u>	<u>\$ 136.8</u>	<u>\$ 95.5</u>	<u>\$ 83.0</u>

* - See Slides 29-30 on LPT

4Q20 Highlights (YoY)

NON-GAAP

UP
176%

Adjusted Net Income
\$42.8 million

UP
9.2
ppts

Annualized Adjusted ROE
14.2%

UP
6% QTD
including
dividends

Book Value per Share
Including Deferred Gain
\$46.85

UP
101%

Net Income before the LPT*
\$59.5 million

GAAP

UP
101%

Net Income
\$64.0 million

UP
10.6
ppts

Annualized ROE
21.5%

UP
6% QTD
including
dividends

Book Value per Share
\$42.46

VS
23.2%

Effective Income Tax Rate
20.4 %

* - See Slides 29-30 on LPT

2020 Highlights (YoY)

NON-GAAP

DOWN
10%

Adjusted Net Income
\$93.5 million

DOWN
1.0
ppts

Annualized Adjusted ROE
7.6%

UP
15%
including
dividends

**Book Value per Share
Including Deferred Gain**
\$46.85

DOWN
25%

Net Income before the LPT*
\$107.9 million

GAAP

Net Income
\$119.8 million

DOWN
24%

Annualized ROE
10.1%

DOWN
4.3
ppts

Book Value per Share
\$42.46

UP
17%
including
dividends

Effective Income Tax Rate
18.9 %

VS
18.9%

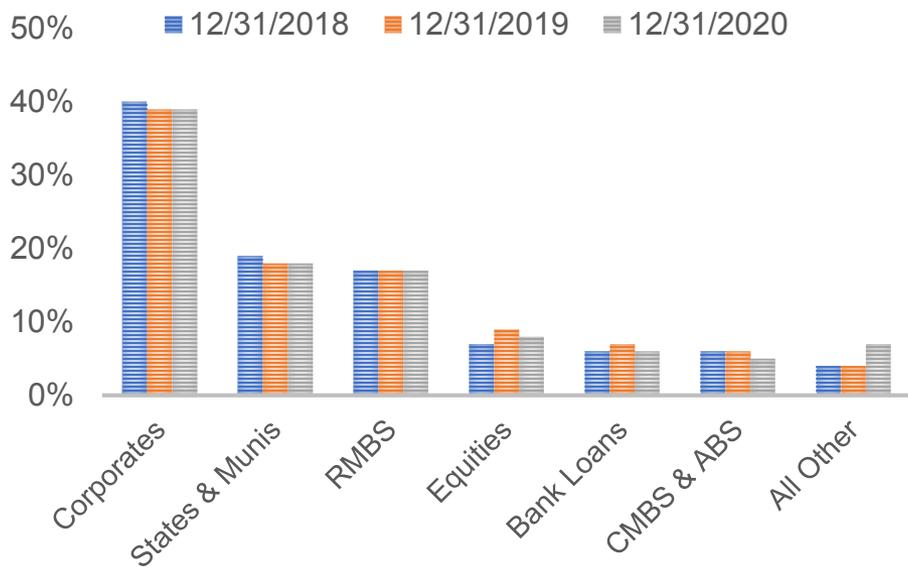
* - See Slides 29-30 on LPT

2020: \$2.8 billion fair market value (\$2.9 billion including cash)

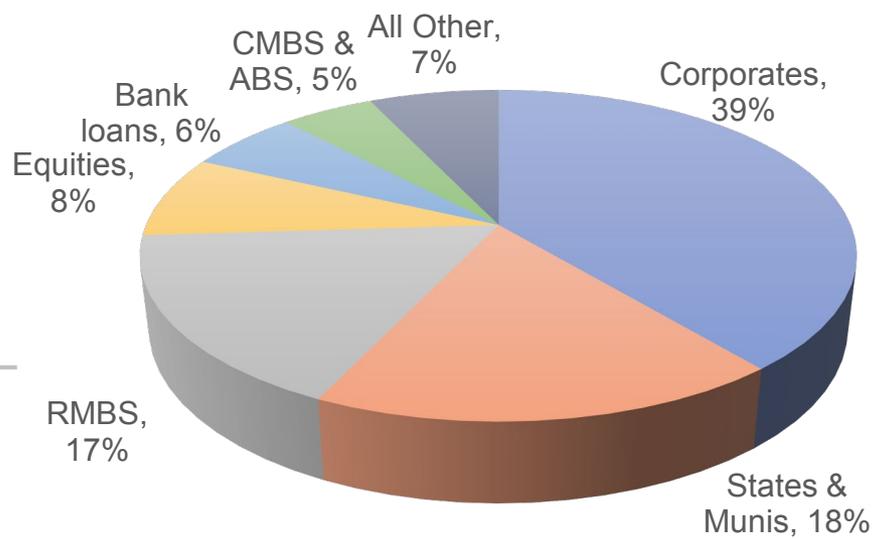
- High quality (average credit quality of A+)
- Highly liquid (\$1.4 billion is unencumbered and available within 3 business days)
- Duration of 3.2 years
- 2020 total investment return of 6.2%
- 3.0% average ending pre-tax book yield

Investment Portfolio Allocation

Last Three Years



At 12/31/2020



In 1999, the Nevada State Industrial Insurance System (our predecessor) entered into a retroactive 100% quota share reinsurance agreement for all losses incurred 6/30/95 and prior through a loss portfolio transfer transaction with third party reinsurers (LPT Agreement).

Upon entry into the LPT Agreement, an initial deferred reinsurance gain (Deferred Gain) was recorded as a liability on our GAAP Balance Sheets which is being periodically amortized to income as a reduction to our losses and loss adjustment expenses.



So What Does that Mean?

Pursuant to the LPT Agreement, through 2024 we are entitled to receive a contingent profit commission which is based on both actual paid results to-date and projections of expected paid losses under the LPT Agreement.

The LPT Agreement is a non-recurring transaction that provides us with no significant ongoing cash benefits.

As a result of the LPT Agreement, within each of our non-GAAP measures we include the remaining Deferred Gain in our book value calculations and exclude the current period amortization of the Deferred Gain from our operating results and underwriting ratios.

Retroactive 100% quota share reinsurance coverage for all losses 6/30/95 and prior



Gain booked as statutory surplus; deferred & amortized under GAAP



Non-recurring transaction
No significant ongoing cash benefits



Gain includes ITD adjustments to LPT reserves and a contingent profit commission



Collateralized: largely cash/short-term securities, US Treasuries, and equities



3 Reinsurers:
Chubb (ACE), Berkshire (NICO), XL Group

\$361M
remaining liabilities

1,680
open claims

THE LPT AGREEMENT		(\$ million)
Total coverage		\$2,000
Original LPT reserves (liabilities) transferred		1,525
Consideration		<u>775</u>
STAT LPT gain recognized at June 30, 1999		750
Subsequent LPT reserve adjustments		(352)
Subsequent LPT contingent commission adjustments (profit sharing)		69
Cumulative LPT amortization to-date		(342)
GAAP LPT gain remaining at Dec. 31, 2020		\$ 125

Valuation and Comparing Public Coms

Price to Book ratios as of 2/19/2021 for top 10 publicly-held workers' compensation writers
(EIG and AMSF are the only pure play publicly traded workers' compensation writers)
(based on 12/31/2020 GAAP book value)



Source: Bloomberg

Doug Dirks

President and
Chief Executive
Officer

Kathy Antonello

Executive Vice
President and Chief
Actuary

Steve Festa

Executive Vice
President and Chief
Operating Officer

Mike Paquette

Executive Vice
President and
Chief Financial
Officer

© 2021 EMPLOYERS. All rights reserved.

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

Company Contact:

Michael Paquette

**Executive Vice President/Chief Financial
Officer**

(775) 327-2562

mpaquette@employers.com

Investor Relations Contact:

Adam Prior

The Equity Group Inc.

(212) 836-9606

aprior@equityny.com

Financial Results and Supplement for Fourth Quarter and Year Ended December 31, 2020

February 17, 2021 at 4:15 PM EST

Company to Host Conference Call on Thursday, February 18, 2021, at 11:30 a.m. Eastern Standard Time

RENO, Nev.--(BUSINESS WIRE)-- Feb. 17, 2021-- 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 fourth quarter and year ended December 31, 2020.

2020 Highlights

- Record number of ending policies in-force (103,506), up 5% year-over-year;
- Net income of \$119.8 million, or \$3.97 per diluted share;
- Adjusted net income of \$93.5 million, or \$3.10 per diluted share;
- Net investment income of \$76.3 million, down 13% year-over-year;
- Net realized and unrealized gains on investments recorded through the income statement of \$19.0 million;
- Net premiums earned of \$615.3 million, down 12% year-over-year;
- Favorable prior year loss reserve development of \$81.6 million, versus \$77.5 million a year ago;
- The Company repurchased 3,020,016 shares of its common stock at an average price of \$33.05 per share;
- Book value per share including the Deferred Gain of \$46.85, up 15.2% year-over-year including dividends declared.

Form 10K for the Year Ended December 31, 2020

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2020
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____ to ____

Commission file number: 001-33245

EMPLOYERS HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation or organization)

04-3850065
(I.R.S. Employer
Identification Number)

10375 Professional Circle
Reno, Nevada 89521
(Address of principal executive offices and zip code)
(888) 682-6671
(Registrant's telephone number, including area code)