

**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, 2022

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, 2022, Employers Holdings, Inc. (the “Company”) issued a press release and financial supplement announcing results for the quarter ended March 31, 2022. 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 27, 2022, the Company's Board of Directors declared a regular quarterly dividend of \$0.26 per share on the Company's common stock. The dividend is payable on May 25, 2022 to stockholders of record as of May 11, 2022.

On April 27, 2022, the Company's Board of Directors also declared a special dividend of \$1.00 per share. The dividend is payable on June 15, 2022 to stockholders of record as of June 1, 2022.

On April 27, 2022, the Board of Directors authorized a \$50.0 million increase to its existing share repurchase program and extended the program's expiration to December 31, 2023. As a result of this action, the Company currently has a remaining share repurchase authorization of \$71.1 million.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

99.1 Employers Holdings, Inc. press release, dated April 27, 2022.

99.2 Employers Holdings, Inc. financial supplement, dated April 27, 2022.

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, 2022

/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, 2022 |
| 99.2 | Employers Holdings, Inc. financial supplement, dated | April 27, 2022 |

**Employers Holdings, Inc. Reports First Quarter 2022 Results;
Declares Special Dividend of \$1.00 per Share and Increases Regular Quarterly Dividend to \$0.26 per Share**

Company to Host Conference Call on Thursday, April 28, 2022, at 11:00 a.m. Eastern Daylight Time

Reno, Nevada - April 27, 2022 - 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, 2022.

Financial Highlights

- Gross premiums written were \$172.4 million, up 16% year-over-year;
- Net premiums earned of \$150.2 million, up 12% year-over-year;
- Record number of ending policies in-force of 114,461, up 9% year-over-year;
- Net loss of \$2.3 million, a loss of \$0.08 per diluted share;
- Adjusted net income of \$9.3 million, \$0.33 per diluted share;
- The Company repurchased 174,172 shares of its common stock at an average price of \$38.77 per share;

Management Commentary

Chief Executive Officer Katherine Antonello commented: "Consistent with that of the fourth quarter of 2021, our written premiums were up 16% year-over-year and we ended the quarter with yet another record number of policies in-force. This growth resulted from strong new business writings within our Employers segment, particularly within our alternative distribution channels, strong new business writings at Cerity and further audit premium recognition.

We recorded our current accident year loss and LAE ratio on voluntary business at 64.0%, largely consistent with the 63.5% we recorded throughout 2021. Our first quarter reserve review was consistent with our expectations so we did not adjust our reserves this period. We will evaluate our prior year reserves in more detail at mid-year when we routinely perform a full reserve study.

Our commission expenses of \$20.9 million were up 24% from a year ago. The increase was, in part, the result of higher earned premiums and a larger concentration of new business writings, which are subject to a higher initial commission rate. Our underwriting and general and administrative expenses of \$39.3 million were down 16% from a year ago. The decrease was primarily a result of continued targeted fixed expense savings and employee reductions and departures that occurred in 2021."

Ms. Antonello continued, "Our Cerity operating segment, which offers digital workers' compensation insurance solutions directly to consumers, contributed nicely to our premium growth this quarter. We believe that Cerity's recently announced collaborations with Intuit and the California Restaurant Association are confirmation of the importance of giving small businesses an array of purchasing options. These types of strategic opportunities will support our future growth initiatives by attracting an untapped segment of our target market.

To expand our opportunities for growth, we continue to thoughtfully broaden our underwriting appetite at both Employers and Cerity. The additional classes of business reside within our targeted hazard group mix and we remain committed to maintaining the highest level of underwriting discipline. Actively managing our fixed expenses as we grow within both our Employers and Cerity segments remains top of mind. Our balance sheet and capital position are very strong and are highly supportive of these key initiatives.

Lastly, today we declared a \$1.00 per share special dividend, raised and declared a regular quarterly dividend of \$0.26 per share and increased our existing share repurchase authorization by \$50 million. Each of these actions reflect our strong capital position and our confidence in the Company's future operations."

Summary of First Quarter 2022 Results

(All comparisons vs. the first quarter of 2021, unless noted otherwise).

Gross premiums written were \$172.4 million, an increase of 16%. The increase was primarily due to higher new business writings and an increase in final audit premiums. Net premiums earned were \$150.2 million, an increase of 12%.

Losses and loss adjustment expenses were \$94.2 million, an increase of 35%. The increase was primarily due to higher earned premium and this amount was not impacted by any prior year loss reserve development. During the first quarter of 2021, the Company recognized \$13.4 million of net favorable prior year loss reserve development on its voluntary business.

Commission expenses were \$20.9 million, an increase of 24%. The increase was due to: (i) higher earned premium, a higher concentration of partnership and alliance business, which is subject to a higher commission rate, and an increase in commission rates on new business writings; and (ii) a reversal of commissions relating to non-compliant and uncollectible premium recorded in the first quarter of 2021.

Underwriting and general and administrative expenses were \$39.3 million, a decrease of 16%. The decrease resulted primarily from targeted expense savings and employee reductions and departures.

Net investment income was \$19.1 million, an increase of 4%. The increase was primarily due to higher bond yields.

Income tax (benefit) expense was \$(0.2) million (8% effective rate) versus \$4.5 million (16% 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 of \$39.99 and book value per share including the Deferred Gain of \$44.04 decreased by 8% and 7% during the first quarter of 2022, respectively, computed after taking into account dividends declared. These measures were adversely impacted by \$88.4 million of after-tax unrealized losses arising from fixed maturity securities (which are reflected on the balance sheet) and \$13.4 million of net after tax unrealized losses arising from equity securities and other investments (which are reflected on the income statement).

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 2021, unless noted otherwise).

Employers Segment

The Employers segment reported net income before income taxes of \$2.0 million versus \$34.0 million.

Highlights include the following:

- Underwriting income of zero versus \$8.1 million;
- Combined ratio of 100.0% versus 93.9%;
- Current accident year loss and LAE ratio of 64.1% versus 63.9%;
- Calendar year loss and LAE ratio of 64.1% versus 53.5%;
- Commission expense ratio of 14.0% versus 12.5%;
- Underwriting expense ratio of 21.9% versus 27.9%;
- Net investment income of \$17.6 million in each period; and
- Net realized and unrealized (losses) gains on investments recorded through the income statement of \$(15.6) million versus \$10.8 million.

Cerity Segment

The Cerity segment reported a net loss before income taxes of \$2.7 million versus \$2.9 million, and an underwriting loss of \$3.0 million versus \$3.7 million.

Highlights include the following:

- Written premium of \$1.2 million versus \$0.3 million;
- Net investment income of \$0.7 million in each period;
- Net realized and unrealized (losses) gains on investments recorded through the income statement of \$(0.4) million versus \$0.1 million; and
- Underwriting expenses of \$3.2 million versus \$3.7 million.

Corporate and Other

Corporate and Other activities reported a net loss before income taxes of \$1.8 million versus \$3.5 million.

Highlights include the following:

- LPT amortization, which served to reduce losses and LAE, of \$2.1 million in each period;
- Net investment income of \$0.8 million versus \$0.1 million;
- Net realized and unrealized losses on investments recorded through the income statement of \$1.3 million versus zero; and
- General and administrative expenses of \$3.3 million versus \$5.6 million.

Dividend Declarations

On April 27, 2022, the Board of Directors declared a regular quarterly dividend of \$0.26 per share, an increase of 4% from the previous quarterly dividend of \$ 0.25 per share. The regular dividend is payable on May 25, 2022 to stockholders of record as of May 11, 2022.

On April 27, 2022, the Board of Directors also declared a special dividend of \$1.00 per share. The special dividend is payable on June 15, 2022 to stockholders of record as of June 1, 2022.

Share Repurchases and Increase in Share Repurchase Program

During the first quarter of 2022, the Company repurchased 174,172 shares of its common stock at an average price of \$38.77 per share.

On April 27, 2022, the Board of Directors authorized a \$50.0 million increase to its existing share repurchase program and extended the program's expiration to December 31, 2023. As a result of this action, the Company currently has a remaining share repurchase authorization of \$71.1 million.

Earnings Conference Call and Webcast

The Company will host a conference call on Thursday, April 28, 2022, at 11:00 a.m. Eastern Daylight Time / 8:00 a.m. Pacific Daylight Time.

To participate in the live conference call by telephone, dial +1 (888) 364-8443 or +1 (484) 747-6630 and use the conference call access code 6182719.

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 remain on the Company's web site for up to seven days following the live call. To listen to a recording of the call by telephone, dial +1 (855) 859-2056 or +1 (404) 537-3406 and use the conference call access code 6182719.

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, 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 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 Certy 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.certy.com for coverage availability.

Contact Information

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Employers Holdings, Inc.
First Quarter 2022
Financial Supplement

EMPLOYERS[®]

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, | | |
| | 2022 | 2021 | % change |
| Selected financial highlights: | | | |
| Gross premiums written | \$ 172.4 | \$ 148.3 | 16 % |
| Net premiums written | 170.4 | 146.9 | 16 |
| Net premiums earned | 150.2 | 133.9 | 12 |
| Net investment income | 19.1 | 18.4 | 4 |
| Net (loss) income before impact of the LPT ⁽¹⁾ | (4.4) | 21.0 | (121) |
| Adjusted net income ⁽¹⁾ | 9.3 | 14.7 | (37) |
| Net (loss) income before income taxes | (2.5) | 27.6 | (109) |
| Net (loss) income | (2.3) | 23.1 | (110) |
| Comprehensive loss | (90.5) | (13.0) | 596 |
| Total assets | 3,753.3 | 3,864.0 | (3) |
| Stockholders' equity | 1,109.3 | 1,186.6 | (7) |
| Stockholders' equity including the Deferred Gain ⁽²⁾ | 1,221.6 | 1,309.9 | (7) |
| Adjusted stockholders' equity ⁽²⁾ | 1,249.2 | 1,230.9 | 1 |
| Annualized adjusted return on stockholders' equity ⁽³⁾ | 3.0 % | 4.8 % | (38)% |
| Amounts per share: | | | |
| Cash dividends declared per share | \$ 0.25 | \$ 0.25 | — % |
| Earnings (loss) per share ⁽⁴⁾ | (0.08) | 0.80 | (110)% |
| Earnings (loss) per share before impact of the LPT ⁽⁴⁾ | (0.16) | 0.72 | (122)% |
| Adjusted earnings per diluted share ⁽⁴⁾ | 0.33 | 0.51 | (35) |
| Book value per share ⁽²⁾ | 39.99 | 41.67 | (4) |
| Book value per share including the Deferred Gain ⁽²⁾ | 44.04 | 46.00 | (4) |
| Adjusted book value per share ⁽²⁾ | 45.03 | 43.22 | 4 |
| Financial information by Segment⁽⁵⁾: | | | |
| Net income (loss) before income taxes | | | |
| Employers | \$ 2.0 | \$ 34.0 | (94)% |
| Cerity | (2.7) | (2.9) | 7 |
| Corporate and Other | (1.8) | (3.5) | 49 |

(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, 2022 | December 31, 2021 |
|--|---------------------------|------------------------------|
| ASSETS | | |
| Investments, cash and cash equivalents | \$ 2,747.7 | \$ 2,811.3 |
| Accrued investment income | 17.9 | 14.5 |
| Premiums receivable, net | 258.2 | 244.7 |
| Reinsurance recoverable, net of allowance, on paid and unpaid losses and LAE | 478.6 | 483.8 |
| Deferred policy acquisition costs | 46.4 | 43.7 |
| Deferred income taxes, net | 22.5 | — |
| Contingent commission receivable—LPT Agreement | 13.9 | 13.9 |
| Other assets | 168.1 | 171.3 |
| Total assets | <u>\$ 3,753.3</u> | <u>\$ 3,783.2</u> |
| LIABILITIES | | |
| Unpaid losses and LAE | \$ 1,981.9 | \$ 1,981.2 |
| Unearned premiums | 325.1 | 304.7 |
| Commissions and premium taxes payable | 41.9 | 42.1 |
| Deferred Gain | 112.3 | 114.4 |
| FHLB Advances ⁽¹⁾ | 60.0 | — |
| Deferred income tax liability | — | 7.7 |
| Other liabilities | 122.8 | 120.0 |
| Total liabilities | <u>\$ 2,644.0</u> | <u>\$ 2,570.1</u> |
| STOCKHOLDERS' EQUITY | | |
| Common stock and additional paid-in capital | \$ 411.7 | \$ 411.3 |
| Retained earnings | 1,329.2 | 1,338.5 |
| Accumulated other comprehensive income, net | (27.6) | 60.6 |
| Treasury stock, at cost | (604.0) | (597.3) |
| Total stockholders' equity | <u>1,109.3</u> | <u>1,213.1</u> |
| Total liabilities and stockholders' equity | <u>\$ 3,753.3</u> | <u>\$ 3,783.2</u> |
| Stockholders' equity including the Deferred Gain ⁽²⁾ | \$ 1,221.6 | \$ 1,327.5 |
| Adjusted stockholders' equity ⁽²⁾ | 1,249.2 | 1,266.9 |
| Book value per share ⁽²⁾ | \$ 39.99 | \$ 43.73 |
| Book value per share including the Deferred Gain ⁽²⁾ | 44.04 | 47.85 |
| Adjusted book value per share ⁽²⁾ | 45.03 | 45.67 |

(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, | |
| | 2022 | 2021 |
| Revenues: | | |
| Net premiums earned | \$ 150.2 | \$ 133.9 |
| Net investment income | 19.1 | 18.4 |
| Net realized and unrealized (losses) gains on investments ⁽¹⁾ | (17.3) | 10.9 |
| Other income | — | 0.4 |
| Total revenues | 152.0 | 163.6 |
| Expenses: | | |
| Losses and LAE incurred | (94.2) | (69.6) |
| Commission expense | (20.9) | (16.8) |
| Underwriting and general and administrative expenses | (39.3) | (46.6) |
| Interest and financing expenses | (0.1) | (0.1) |
| Other expenses | — | (2.9) |
| Total expenses | (154.5) | (136.0) |
| Net (loss) income before income taxes | (2.5) | 27.6 |
| Income tax benefit (expense) | 0.2 | (4.5) |
| Net (loss) income | (2.3) | 23.1 |
| Unrealized AFS investment losses arising during the period, net of tax ⁽²⁾ | (88.4) | (35.5) |
| Reclassification adjustment for net realized AFS investment losses (gains) in net income, net of tax ⁽²⁾ | 0.2 | (0.6) |
| Total comprehensive loss | \$ (90.5) | \$ (13.0) |
| Net (loss) income | \$ (2.3) | \$ 23.1 |
| Amortization of the Deferred Gain - losses | (1.7) | (1.7) |
| Amortization of the Deferred Gain - contingent commission | (0.4) | (0.4) |
| Net (loss) income before impact of the LPT Agreement⁽³⁾ | (4.4) | 21.0 |
| Net realized and unrealized losses (gains) on investments | 17.3 | (10.9) |
| Severance costs | — | 2.9 |
| Income tax (benefit) expense related to items excluded from Net income or loss | (3.6) | 1.7 |
| Adjusted net income | \$ 9.3 | \$ 14.7 |

(1) Includes net realized and unrealized (losses) gains on equity securities and other investments of \$(17.0) million and \$10.1 million for the three months ended March 31, 2022 and 2021, respectively.

(2) AFS = Available for Sale securities.

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

EMPLOYERS HOLDINGS, INC.
Net Income 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.
Net Income 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, 2021 | | | | |
| Gross premiums written | \$ 148.0 | \$ 0.3 | \$ — | \$ 148.3 |
| Net premiums written | 146.6 | 0.3 | — | 146.9 |
| Net premiums earned | A 133.9 | — | — | 133.9 |
| Net investment income | 17.6 | 0.7 | 0.1 | 18.4 |
| Net realized and unrealized gains on investments | 10.8 | 0.1 | — | 10.9 |
| Other income | 0.4 | — | — | 0.4 |
| Total revenues | <u>162.7</u> | <u>0.8</u> | <u>0.1</u> | <u>163.6</u> |
| Losses and LAE incurred ⁽²⁾ | B (71.7) | — | 2.1 | (69.6) |
| Commission expense | C (16.8) | — | — | (16.8) |
| Underwriting and general and administrative expenses | D (37.3) | (3.7) | (5.6) | (46.6) |
| Interest and financing expenses | — | — | (0.1) | (0.1) |
| Other expenses | (2.9) | — | — | (2.9) |
| Total expenses | <u>(128.7)</u> | <u>(3.7)</u> | <u>(3.6)</u> | <u>(136.0)</u> |
| Net income (loss) before income taxes | <u>\$ 34.0</u> | <u>\$ (2.9)</u> | <u>\$ (3.5)</u> | <u>\$ 27.6</u> |
| Underwriting income (loss) | A+B+C+D \$ 8.1 | \$ (3.7) | | |
| Loss and LAE expense ratio: | | | | |
| Current year | 63.9 % | n/m | | |
| Prior years | (10.4) | — | | |
| Loss and LAE ratio | <u>53.5</u> | <u>n/m</u> | | |
| Commission expense ratio | 12.5 | n/m | | |
| Underwriting expense ratio | <u>27.9</u> | <u>n/m</u> | | |
| Combined ratio | <u>93.9 %</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.
Return on Equity (unaudited)
\$ in millions

| | Three Months Ended | |
|---|---------------------------|-------------|
| | March 31, | |
| | 2022 | 2021 |
| Net (loss) income | A \$ (2.3) | \$ 23.1 |
| Impact of the LPT Agreement | (2.1) | (2.1) |
| Net realized and unrealized losses (gains) on investments | 17.3 | (10.9) |
| Severance costs | — | 2.9 |
| Income tax (benefit) expense related to items excluded from Net income | (3.6) | 1.7 |
| Adjusted net income ⁽¹⁾ | B 9.3 | 14.7 |
| Stockholders' equity - end of period | \$ 1,109.3 | \$ 1,186.6 |
| Stockholders' equity - beginning of period | 1,213.1 | 1,212.8 |
| Average stockholders' equity | C 1,161.2 | 1,199.7 |
| Stockholders' equity - end of period | \$ 1,109.3 | \$ 1,186.6 |
| Deferred Gain - end of period | 112.3 | 123.3 |
| Accumulated other comprehensive loss (income) - end of period | 34.9 | (100.0) |
| Income taxes related to accumulated other comprehensive (loss) income - end of period | (7.3) | 21.0 |
| Adjusted stockholders' equity - end of period | 1,249.2 | 1,230.9 |
| Adjusted stockholders' equity - beginning of period | 1,266.9 | 1,223.1 |
| Average adjusted stockholders' equity ⁽¹⁾ | D 1,258.1 | 1,227.0 |
| Return on stockholders' equity | A / C (0.2)% | 1.9 % |
| Annualized return on stockholders' equity | (0.8) | 7.7 |
| Adjusted return on stockholders' equity ⁽¹⁾ | B / D 0.7 % | 1.2 % |
| Annualized adjusted return on stockholders' equity ⁽¹⁾ | 3.0 | 4.8 |

(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, | |
| | 2022 | 2021 |
| Unpaid losses and LAE at beginning of period | \$ 1,981.2 | \$ 2,069.4 |
| Reinsurance recoverable, excluding CECL allowance, on unpaid losses and LAE | 476.9 | 497.0 |
| Net unpaid losses and LAE at beginning of period | <u>1,504.3</u> | <u>1,572.4</u> |
| Losses and LAE incurred: | | |
| Current year losses | 96.3 | 85.6 |
| Prior year losses on voluntary business | — | (13.4) |
| Prior year losses on involuntary business | — | (0.5) |
| Total losses incurred | <u>96.3</u> | <u>71.7</u> |
| Losses and LAE paid: | | |
| Current year losses | 4.6 | 4.7 |
| Prior year losses | 85.8 | 97.6 |
| Total paid losses | <u>90.4</u> | <u>102.3</u> |
| Net unpaid losses and LAE at end of period | 1,510.2 | 1,541.8 |
| Reinsurance recoverable, excluding CECL allowance, on unpaid losses and LAE | 471.7 | 492.3 |
| Unpaid losses and LAE at end of period | <u>\$ 1,981.9</u> | <u>\$ 2,034.1</u> |

Total losses and LAE shown in the above table exclude amortization of the Deferred Gain, which totaled \$2.1 million for the three months ended March 31, 2022 and 2021.

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

| | March 31, 2022 | | | | December 31, 2021 | |
|---|------------------------------|----------------------------------|-------------------|--------------|-------------------|--------------|
| | Cost or Amortized Cost | Net Unrealized Gain (Loss) | Fair Value | % | Fair Value | % |
| Investment Positions: | | | | | | |
| Fixed maturity securities | \$ 2,305.9 | \$ (34.9) | \$ 2,271.0 | 83 % | \$ 2,342.7 | 83 % |
| Equity securities | 212.0 | 90.4 | 302.4 | 11 | 344.4 | 12 |
| Short-term investments | 3.2 | — | 3.2 | — | 10.5 | — |
| Other invested assets | 35.9 | 4.5 | 40.4 | 1 | 38.4 | 1 |
| Cash and cash equivalents | 130.5 | — | 130.5 | 5 | 75.1 | 3 |
| Restricted cash and cash equivalents | 0.2 | — | 0.2 | — | 0.2 | — |
| Total investments and cash | <u>\$ 2,687.7</u> | <u>\$ 60.0</u> | <u>\$ 2,747.7</u> | <u>100 %</u> | <u>\$ 2,811.3</u> | <u>100 %</u> |
| Breakout of Fixed Maturity Securities: | | | | | | |
| U.S. Treasuries and agencies | \$ 66.6 | \$ (1.1) | \$ 65.5 | 3 % | \$ 68.1 | 3 % |
| States and municipalities | 368.6 | 4.3 | 372.9 | 16 | 436.1 | 19 |
| Corporate securities | 1,061.1 | (16.0) | 1,045.1 | 46 | 1,080.3 | 46 |
| Mortgage-backed securities | 371.7 | (15.8) | 355.9 | 16 | 414.1 | 18 |
| Asset-backed securities | 71.0 | (3.5) | 67.5 | 3 | 68.5 | 3 |
| Collateralized loan obligations | 184.4 | (1.1) | 183.3 | 8 | 85.4 | 4 |
| Bank loans and other | 182.5 | (1.7) | 180.8 | 8 | 190.2 | 8 |
| Total fixed maturity securities | <u>\$ 2,305.9</u> | <u>\$ (34.9)</u> | <u>\$ 2,271.0</u> | <u>100 %</u> | <u>\$ 2,342.7</u> | <u>100 %</u> |
| Weighted average book yield | | | 3.0% | | 3.0% | |
| Average credit quality (S&P) | | | A+ | | A+ | |
| Duration | | | 3.8 | | 3.4 | |

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

| | | <u>March 31, 2022</u> | <u>December 31, 2021</u> | <u>March 31, 2021</u> | <u>December 31, 2020</u> |
|---|--------------|---------------------------|------------------------------|---------------------------|------------------------------|
| Numerators: | | | | | |
| Stockholders' equity | A | \$ 1,109.3 | \$ 1,213.1 | \$ 1,186.6 | \$ 1,212.8 |
| Plus: Deferred Gain | | 112.3 | 114.4 | 123.3 | 125.4 |
| Stockholders' equity including the Deferred Gain⁽¹⁾ | B | 1,221.6 | 1,327.5 | 1,309.9 | 1,338.2 |
| Accumulated other comprehensive loss (income) | | 34.9 | (76.7) | (100.0) | (145.7) |
| Income taxes related to accumulated other comprehensive income | | (7.3) | 16.1 | 21.0 | 30.6 |
| Adjusted stockholders' equity⁽¹⁾ | C | <u>\$ 1,249.2</u> | <u>\$ 1,266.9</u> | <u>\$ 1,230.9</u> | <u>\$ 1,223.1</u> |
| Denominator (shares outstanding) | D | 27,738,429 | 27,741,400 | 28,478,254 | 28,564,798 |
| Book value per share ⁽¹⁾ | A / D | \$ 39.99 | \$ 43.73 | \$ 41.67 | \$ 42.46 |
| Book value per share including the Deferred Gain ⁽¹⁾ | B / D | 44.04 | 47.85 | 46.00 | 46.85 |
| Adjusted book value per share ⁽¹⁾ | C / D | 45.03 | 45.67 | 43.22 | 42.82 |
| YTD Change in:⁽²⁾ | | | | | |
| Book value per share | | (8.0)% | | (1.3)% | |
| Book value per share including the Deferred Gain | | (7.4) | | (1.3) | |
| Adjusted book value per share | | (0.9) | | 1.5 | |

(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 \$0.25 for each of the three month periods ended March 31, 2022 and 2021.

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

| | Three Months Ended | |
|---|---------------------------|-------------|
| | March 31, | |
| | 2022 | 2021 |
| Numerators: | | |
| Net (loss) income | A \$ (2.3) | \$ 23.1 |
| Impact of the LPT Agreement | (2.1) | (2.1) |
| Net (loss) income before impact of the LPT ⁽¹⁾ | B (4.4) | 21.0 |
| Net realized and unrealized losses (gains) on investments | 17.3 | (10.9) |
| Severance costs | — | 2.9 |
| Income tax (benefit) expense related to items excluded from Net income | (3.6) | 1.7 |
| Adjusted net income ⁽¹⁾ | C \$ 9.3 | \$ 14.7 |
| Denominators: | | |
| Average common shares outstanding (basic) | D 27,802,972 | 28,516,731 |
| Average common shares outstanding (diluted) | E 28,077,608 | 28,968,339 |
| Earnings (loss) per share: | | |
| Basic | A / D \$ (0.08) | \$ 0.81 |
| Diluted ⁽²⁾ | A / E (0.08) | 0.80 |
| Earnings (loss) per share before impact of the LPT: ⁽¹⁾ | | |
| Basic | B / D \$ (0.16) | \$ 0.74 |
| Diluted | B / E (0.16) | 0.72 |
| Adjusted earnings per share: ⁽¹⁾ | | |
| Basic | C / D \$ 0.33 | \$ 0.52 |
| Diluted | C / E 0.33 | 0.51 |

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

(2) Represents basic loss per share or diluted earnings per share, as appropriate.

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 underwriting platform 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.