

July 30, 2014

**Employers Holdings, Inc. Reports Second Quarter 2014 Earnings and Declares Third Quarter 2014 Dividend****Key Highlights***(Q2, 2014 compared to Q2, 2013 except where noted)*

- **Net income before the LPT of \$14.6 million; up \$0.15 per diluted share**
- **Overall net rate up 5.8%**
- **Net written premiums of \$190.8 million; up 2.1%**
- **Net earned premiums of \$172.7 million; up 7.9%**
- **Revenues of \$200.3 million; up 10.3%**
- **Realized gains of \$9.2 million**
- **Combined ratio before the LPT down 0.1 percentage point**
- **Adjusted book value per common share of \$27.58; up 5.5% since 12/31/13**

Reno, Nevada-July 30, 2014-Employers Holdings, Inc. ("EHI" or the "Company") (NYSE:EIG) today reported second quarter 2014 net income of \$45.6 million or \$1.42 per diluted share.

Net income includes the following items related to the Loss Portfolio Transfer ("LPT") Agreement: reserve adjustments, adjustments to the contingent profit commission, and amortization of the deferred reinsurance gain. In the second quarter of 2014, favorable development in the estimated reserves ceded under the LPT Agreement resulted in a \$20.1 million cumulative adjustment to the deferred reinsurance gain, which reduced losses and loss adjustment expense (LAE). Also, an increase in the contingent commission receivable under the LPT Agreement resulted in a \$7.3 million cumulative adjustment, which reduced losses and LAE. Consolidated net income before the impact of the LPT (the Company's non-GAAP measure described below) was \$14.6 million or \$0.46 per diluted share in the second quarter of 2014 and \$9.9 million or \$0.31 per diluted share in the second quarter of 2013.

In addition to the LPT adjustments, there was a reallocation of \$12.0 million of reserves from non-taxable periods prior to January 1, 2000, to more recent taxable years. This reduced our effective tax rate by 3.7 percentage points and increased net income by \$2.2 million or \$0.07 per diluted share for the second quarter of 2014.

Collectively, the LPT adjustments and the reallocation of reserves increased net income by \$29.6 million or \$0.93 per diluted share during the second quarter of 2014.

The second quarter 2014 combined ratio was 88.0% and 106.0% before the impact of the LPT, compared with 103.2% and 106.1% before the impact of the LPT for the second quarter of 2013. Year over year, the combined ratio improved 15.2 percentage points on a GAAP basis and 0.1 percentage points before the impact of the LPT.

President and Chief Executive Officer Douglas D. Dirks commented on the results: "We are pleased with our second quarter results. Earnings before the LPT increased \$0.15 per diluted share year-over-year. Revenues increased 10%, driven by pricing improvements, organic growth, realized gains associated with the sale of equities and modestly higher investment income. We achieved record high levels of premium and policies. As in the first quarter, our overall indemnity claims frequency decreased year-over-year. Our loss experience indicated upward trends in medical and indemnity costs per claim, partially driven by an increase in the number of cumulative trauma claims. These loss trends are reflected in our current accident year loss estimate. As our net rate continued to increase, we lowered our current accident year loss estimate 0.6 percentage points relative to the first quarter."

Dirks continued: "Importantly, litigated indemnity claims as a percentage of total indemnity claims in southern California were flat compared with year-end 2013 and the first quarter of 2014. While litigation adds costs to claims for all companies writing business in California, at year-end 2013, our average paid cost per open indemnity and medical claim was significantly --- approximately 37% --- less than the California industry average, according to data from the California Workers Compensation Institute."

Dirks concluded: "Our balance sheet is strong. Despite one large accident in 2013 which pierced our reinsurance layer in the second quarter of 2014, our overall reserves were not strengthened. The market value of our investment portfolio is at a record high of \$2.5 billion and our adjusted book value per outstanding share of common stock increased over 5% since the end of last year."

### Third Quarter Dividend

The Board of Directors declared a third quarter 2014 dividend of six cents per share. The dividend is payable on August 27, 2014 to stockholders of record as of August 13, 2014.

### Conference Call and Web Cast; Form 10-Q; Supplemental Information

The Company will host a conference call on Thursday, July 31, 2014, at 8:30 a.m. Pacific Daylight Time. The conference call will be available via a live web cast on the Company's web site at [www.employers.com](http://www.employers.com). An archived version will be available several hours after the call. The conference call replay number is (888) 286-8010 with a pass code of 15739846. International callers may dial (617) 801-6888.

EHI expects to file its Form 10-Q for the quarter ended June 30, 2014, with the Securities and Exchange Commission ("SEC") on or about Thursday, July 31, 2014. The Form 10-Q will be available without charge through the EDGAR system at the SEC's web site and will also be posted on the Company's website, [www.employers.com](http://www.employers.com), through the "Investors" link.

The Company provides a list of portfolio securities in the Calendar of Events, "Investors" section of its website at [www.employers.com](http://www.employers.com). The Company also provides investor presentations on its website.

### Discussion of Non-GAAP Financial Measures

This earnings release includes non-GAAP financial measures used to analyze the Company's operating performance for the periods presented.

These non-GAAP financial measures exclude impacts related to the LPT Agreement deferred reinsurance gain. The 1999 LPT Agreement was a non-recurring transaction that does not result in ongoing cash benefits and, consequently, the Company believes these non-GAAP measures are useful in providing stockholders and management a meaningful understanding of the Company's operating performance. In addition, these measures, as defined, are helpful to management in identifying trends in the Company's performance because the items excluded have limited significance in current and ongoing operations.

The Company strongly urges stockholders and other interested persons not to rely on any single financial measure to evaluate its business. The non-GAAP measures are not a substitute for GAAP measures and investors should be careful when comparing the Company's non-GAAP financial measures to similarly titled measures used by other companies.

*Net Income before impact of the LPT Agreement.* Net income less (a) amortization of deferred reinsurance gain—LPT Agreement; (b) adjustments to LPT Agreement ceded reserves; and (c) adjustments to contingent commission receivable—LPT Agreement.

*Deferred reinsurance gain—LPT Agreement (Deferred Gain).* This reflects the unamortized gain from the LPT Agreement. Under GAAP, this gain is deferred and 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 amortized through June 30, 2024. The amortization is reflected in losses and LAE.

*Gross Premiums Written.* Gross premiums written is the sum of both direct premiums written and assumed premiums written before the effect of ceded reinsurance. Direct premiums written represents the premiums on all policies the Company's insurance subsidiaries have issued during the year. Assumed premiums written represents the premiums that the insurance subsidiaries have received from an authorized state-mandated pool.

*Net Premiums Written.* Net premiums written is the sum of direct premiums written and assumed premiums written less ceded premiums written. Ceded premiums written is the portion of direct premiums written that are ceded to reinsurers under reinsurance contracts. The Company uses net premiums written, primarily in relation to gross premiums written, to measure the amount of business retained after cession to reinsurers.

*Losses and LAE before impact of the LPT Agreement.* Losses and LAE less (a) amortization of Deferred Gain; (b) adjustments to LPT Agreement ceded reserves; and (c) adjustments to contingent commission receivable—LPT Agreement.

*Losses and LAE Ratio.* The losses and LAE ratio is a measure of underwriting profitability. Expressed as a percentage, it is the ratio of losses and LAE to net premiums earned.

*Commission Expense Ratio.* The commission expense ratio is the ratio (expressed as a percentage) of commission expense to net premiums earned.

*Underwriting and Other Operating Expense Ratio.* The underwriting and other operating expense ratio is the ratio (expressed as a percentage) of underwriting and other operating expense to net premiums earned.

*Combined Ratio.* The combined ratio represents a summary percentage of claims and expenses to net premiums earned. The combined ratio is the sum of the losses and LAE ratio, the commission expense ratio, and the underwriting and other operating expense ratio.

*Combined Ratio before impacts of the LPT Agreement.* Combined ratio before impacts of LPT is the GAAP combined ratio before (a) amortization of deferred reinsurance gain–LPT Agreement; (b) adjustments to LPT Agreement ceded reserves; and (c) adjustments to contingent commission receivable–LPT Agreement.

*Equity including Deferred Gain.* Equity including Deferred Gain is total equity plus the Deferred Gain.

*Book value per share.* Equity including Deferred Gain divided by number of shares outstanding.

*Net rate.* Net rate, defined as total premium in-force divided by total insured payroll exposure, is a function of a variety of factors, including rate changes, underwriting risk profiles and pricing, and changes in business mix related to economic and competitive pressures.

### 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 regarding the Company's future operations, growth and pricing strategies, and financial and operating performance, as well as trends in loss experience and litigated indemnity claims, and the strength of the Company's balance sheet. 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. EHI and its management caution investors that such forward-looking statements are not guarantees of future performance. Risks and uncertainties are inherent in EHI'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 EHI'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.

The SEC filings for EHI can be accessed through the "Investors" link on the Company's website, [www.employers.com](http://www.employers.com), or through the SEC's EDGAR Database at [www.sec.gov](http://www.sec.gov) (EHI EDGAR CIK No. 0001379041).

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**Employers Holdings, Inc. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**

| <i>(in thousands, except per share data)</i>  | Three Months Ended |                    | Six Months Ended  |                    |
|---|--------------------|--------------------|-------------------|--------------------|
|   | June 30,           |                    | June 30,          |                    |
|   | 2014               | 2013               | 2014              | 2013               |
|   | (unaudited)        |                    | (unaudited)       |                    |
| <b>Revenues</b>   |                    |                    |                   |                    |
| Gross premiums written  | \$ 193,717         | \$ 190,068         | \$ 379,735        | \$ 365,031         |
| Net premiums written  | <u>\$ 190,849</u>  | <u>\$ 186,996</u>  | <u>\$ 374,099</u> | <u>\$ 359,022</u>  |
| Net premiums earned   | \$ 172,659         | \$ 159,953         | \$ 339,813        | \$ 307,928         |
| Net investment income   | 18,285             | 17,645             | 36,298            | 35,050             |
| Net realized gains on investments   | 9,167              | 3,866              | 12,426            | 4,660              |
| Other income  | 171                | 144                | 226               | 247                |
| Total revenues  | <u>200,282</u>     | <u>181,608</u>     | <u>388,763</u>    | <u>347,885</u>     |
| <b>Expenses</b>   |                    |                    |                   |                    |
| Losses and loss adjustment expenses   | 98,524             | 112,638            | 220,780           | 220,910            |
| Commission expense  | 20,301             | 20,127             | 40,376            | 38,520             |
| Underwriting and other operating expenses   | 33,156             | 32,249             | 66,457            | 63,789             |
| Interest expense  | 753                | 797                | 1,531             | 1,605              |
| Total expenses  | <u>152,734</u>     | <u>165,811</u>     | <u>329,144</u>    | <u>324,824</u>     |
| Net income before income taxes  | 47,548             | 15,797             | 59,619            | 23,061             |
| Income tax expense  | 1,951              | 1,209              | 3,269             | 983                |
| Net income  | <u>\$ 45,597</u>   | <u>\$ 14,588</u>   | <u>\$ 56,350</u>  | <u>\$ 22,078</u>   |
| Less impact of LPT Agreement:   |                    |                    |                   |                    |
| Amortization of the Deferred Gain related to losses   | 3,024              | 3,275              | 5,910             | 6,580              |
| Amortization of the Deferred Gain related to contingent commission  | 532                | 406                | 932               | 788                |
| Impact of LPT Reserve Adjustment  | 20,142             | —                  | 20,821            | —                  |
| Impact of LPT Contingent Commission Adjustments   | 7,305              | 1,024              | 7,639             | 1,299              |
| Net income before impact of the LPT Agreement   | <u>\$ 14,594</u>   | <u>\$ 9,883</u>    | <u>\$ 21,048</u>  | <u>\$ 13,411</u>   |
| <b>Comprehensive income</b>   |                    |                    |                   |                    |
| Unrealized gains (losses) during the period (net of tax expense (benefit) of \$8,641 and \$(20,886) for the three months ended June 30, 2014 and 2013, respectively, and \$14,144 and \$(20,870) for the six months ended June 30, 2014 and 2013, respectively) | \$ 16,050          | \$ (38,787)        | \$ 26,268         | \$ (38,761)        |
| Reclassification adjustment for realized gains in net income (net of taxes of \$3,208 and \$1,353 for the three months ended June 30, 2014 and 2013, respectively, and \$4,349 and \$1,631 for the six months ended June 30, 2014 and 2013, respectively)       | <u>(5,959)</u>     | <u>(2,513)</u>     | <u>(8,077)</u>    | <u>(3,029)</u>     |
| Other comprehensive income (loss), net of tax   | <u>10,091</u>      | <u>(41,300)</u>    | <u>18,191</u>     | <u>(41,790)</u>    |
| Total comprehensive income (loss)   | <u>\$ 55,688</u>   | <u>\$ (26,712)</u> | <u>\$ 74,541</u>  | <u>\$ (19,712)</u> |
| <b>Weighted average shares outstanding</b>  |                    |                    |                   |                    |
| Basic   | 31,518,473         | 31,079,713         | 31,464,198        | 30,997,552         |
| Diluted   | 32,030,954         | 31,656,916         | 32,030,194        | 31,583,057         |
| <b>Earnings per common share</b>  |                    |                    |                   |                    |
| Basic   | \$ 1.45            | \$ 0.47            | \$ 1.79           | \$ 0.71            |
| Diluted   | 1.42               | 0.46               | 1.76              | 0.70               |
| <b>Earnings per common share attributable to the LPT Agreement</b>  |                    |                    |                   |                    |
| Basic   | \$ 0.99            | \$ 0.15            | \$ 1.12           | \$ 0.28            |
| Diluted   | 0.96               | 0.15               | 1.10              | 0.28               |
| <b>Earnings per common share before the LPT Agreement</b>   |                    |                    |                   |                    |
| Basic   | \$ 0.46            | \$ 0.32            | \$ 0.67           | \$ 0.43            |
| Diluted   | 0.46               | 0.31               | 0.66              | 0.42               |

**Employers Holdings, Inc. and Subsidiaries**  
**Consolidated Balance Sheets**

| <i>(in thousands, except share data)</i>   | <b>As of<br/>June 30,<br/>2014</b> | <b>As of<br/>December 31,<br/>2013</b> |
|--|------------------------------------|--|
|  | <u>(unaudited)</u>                 | <u></u>                                |
| <b>Assets</b>  |                                    |  |
| Available for sale:  |                                    |  |
| Fixed maturity securities at fair value (amortized cost \$2,189,306 at June 30, 2014 and \$2,116,064 at December 31, 2013)   | \$ 2,287,127                       | \$ 2,182,546                           |
| Equity securities at fair value (cost \$94,187 at June 30, 2014 and \$89,689 at December 31, 2013)   | 163,457                            | 162,312                                |
| Total investments  | <u>2,450,584</u>                   | <u>2,344,858</u>                       |
| Cash and cash equivalents  | 36,956                             | 34,503                                 |
| Restricted cash and cash equivalents   | 8,454                              | 6,564                                  |
| Accrued investment income  | 20,557                             | 20,255                                 |
| Premiums receivable (less bad debt allowance of \$7,609 at June 30, 2014 and \$7,064 at December 31, 2013)   | 321,576                            | 279,080                                |
| Reinsurance recoverable for:   |                                    |  |
| Paid losses  | 9,062                              | 8,412                                  |
| Unpaid losses, including bad debt allowance of \$389 at December 31, 2013  | 699,200                            | 742,666                                |
| Deferred policy acquisition costs  | 48,951                             | 43,532                                 |
| Deferred income taxes, net   | 47,907                             | 58,062                                 |
| Property and equipment, net  | 15,675                             | 16,616                                 |
| Intangible assets, net   | 9,349                              | 9,685                                  |
| Goodwill   | 36,192                             | 36,192                                 |
| Contingent commission receivable—LPT Agreement   | 34,415                             | 25,104                                 |
| Other assets   | 25,699                             | 17,920                                 |
| Total assets   | <u>\$ 3,764,577</u>                | <u>\$ 3,643,449</u>                    |
| <b>Liabilities and stockholders' equity</b>  |                                    |  |
| Claims and policy liabilities:   |                                    |  |
| Unpaid losses and loss adjustment expenses   | \$ 2,354,759                       | \$ 2,330,491                           |
| Unearned premiums  | 339,699                            | 303,967                                |
| Total claims and policy liabilities  | <u>2,694,458</u>                   | <u>2,634,458</u>                       |
| Commissions and premium taxes payable  | 46,920                             | 45,314                                 |
| Accounts payable and accrued expenses  | 17,276                             | 18,711                                 |
| Deferred reinsurance gain—LPT Agreement  | 223,080                            | 249,072                                |
| Notes payable  | 102,000                            | 102,000                                |
| Other liabilities  | 35,591                             | 25,191                                 |
| Total liabilities  | <u>3,119,325</u>                   | <u>3,074,746</u>                       |
| Commitments and contingencies  |                                    |  |
| Stockholders' equity:  |                                    |  |
| Common stock, \$0.01 par value; 150,000,000 shares authorized; 54,855,474 and 54,672,904 shares issued and 31,482,500 and 31,299,930 shares outstanding at June 30, 2014 and December 31, 2013, respectively | 549                                | 547                                    |
| Additional paid-in capital   | 343,869                            | 338,090                                |
| Retained earnings  | 554,775                            | 502,198                                |
| Accumulated other comprehensive income, net  | 108,609                            | 90,418                                 |
| Treasury stock, at cost (23,372,974 shares at June 30, 2014 and December 31, 2013)   | (362,550)                          | (362,550)                              |
| Total stockholders' equity   | <u>645,252</u>                     | <u>568,703</u>                         |
| Total liabilities and stockholders' equity   | <u>\$ 3,764,577</u>                | <u>\$ 3,643,449</u>                    |
| <b>Equity including deferred reinsurance gain - LPT</b>  |                                    |  |
| Total stockholders' equity   | \$ 645,252                         | \$ 568,703                             |
| Deferred reinsurance gain—LPT Agreement  | 223,080                            | 249,072                                |
| Total equity including deferred reinsurance gain—LPT Agreement (A)   | <u>\$ 868,332</u>                  | <u>\$ 817,775</u>                      |
| Shares outstanding (B)   | 31,482,500                         | 31,299,930                             |
| Book value per share (A * 1000) / B  | <u>\$ 27.58</u>                    | <u>\$ 26.13</u>                        |

**Employers Holdings, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**

**Six Months Ended**  
**June 30,**

*(in thousands)*

**Operating activities**

|   | <b>2014</b> | <b>2013</b> |
|---|-------------|-------------|
|   | (unaudited) |             |
| Net income  | \$ 56,350   | \$ 22,078   |
| Adjustments to reconcile net income to net cash provided by operating activities: |             |             |
| Depreciation and amortization   | 3,508       | 2,800       |
| Stock-based compensation  | 3,485       | 4,169       |
| Amortization of premium on investments, net                                       | 5,140       | 4,310       |
| Deferred income tax expense   | 360         | (2,558)     |
| Net realized gains on investments   | (12,426)    | (4,660)     |
| Excess tax benefits from stock-based compensation                                 | (1,152)     | (349)       |
| Other   | (1)         | 549         |
| Change in operating assets and liabilities:                                       |             |             |
| Premiums receivable   | (43,041)    | (63,091)    |
| Reinsurance recoverable for paid and unpaid losses                                | 43,204      | 4,246       |
| Federal income taxes  | 3,327       | 2,848       |
| Unpaid losses and loss adjustment expenses  | 24,268      | 59,721      |
| Unearned premiums   | 35,732      | 52,586      |
| Accounts payable, accrued expenses and other liabilities                          | 8,964       | 15,389      |
| Deferred reinsurance gain—LPT Agreement   | (25,992)    | (6,860)     |
| Contingent commission receivable—LPT Agreement                                    | (9,311)     | (1,807)     |
| Other   | (14,304)    | (4,179)     |
| Net cash provided by operating activities   | 78,111      | 85,192      |
| <b>Investing activities</b>   |             |             |
| Purchase of fixed maturity securities   | (215,885)   | (211,889)   |
| Purchase of equity securities   | (14,212)    | (18,190)    |
| Proceeds from sale of fixed maturity securities                                   | 38,028      | 706         |
| Proceeds from sale of equity securities   | 21,288      | 18,357      |
| Proceeds from maturities and redemptions of investments                           | 100,700     | 86,326      |
| Proceeds from sale of fixed assets  | —           | 139         |
| Capital expenditures  | (2,448)     | (3,206)     |
| Restricted cash and cash equivalents (used in) provided by investing activities   | (1,891)     | 751         |
| Net cash used in investing activities   | (74,420)    | (127,006)   |
| <b>Financing activities</b>   |             |             |
| Cash transactions related to stock-based compensation                             | 1,372       | 1,572       |
| Dividends paid to stockholders  | (3,762)     | (3,708)     |
| Excess tax benefits from stock-based compensation                                 | 1,152       | 349         |
| Net cash used in financing activities   | (1,238)     | (1,787)     |
| Net increase (decrease) in cash and cash equivalents                              | 2,453       | (43,601)    |
| Cash and cash equivalents at the beginning of the period                          | 34,503      | 140,661     |
| Cash and cash equivalents at the end of the period                                | \$ 36,956   | \$ 97,060   |

**Employers Holdings, Inc.**  
**Calculation of Combined Ratio before the Impact of the LPT Agreement**

|  | Three Months Ended |                   | Six Months Ended  |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | June 30,           |                   | June 30,          |                   |
|  | 2014               | 2013              | 2014              | 2013              |
| <i>(in thousands, except for percentages)</i>                        |                    |                   |                   |                   |
| Net premiums earned  | \$ 172,659         | \$ 159,953        | \$ 339,813        | \$ 307,928        |
| Losses and loss adjustment expenses                                  | 98,524             | 112,638           | 220,780           | 220,910           |
| <b>Loss &amp; LAE ratio</b>  | <u>57.1 %</u>      | <u>70.4 %</u>     | <u>65.0 %</u>     | <u>71.7 %</u>     |
| Amortization of Deferred Gain related to losses                      | \$ 3,024           | \$ 3,275          | \$ 5,910          | \$ 6,580          |
| Amortization of Deferred Gain related to contingent commission       | 532                | 406               | 932               | 788               |
| LPT Reserve Adjustment   | 20,142             | —                 | 20,821            | —                 |
| LPT Contingent Commission Adjustment                                 | 7,305              | 1,024             | 7,639             | 1,299             |
| <b>Loss &amp; LAE before impact of LPT</b>                           | <u>\$ 129,527</u>  | <u>\$ 117,343</u> | <u>\$ 256,082</u> | <u>\$ 229,577</u> |
| Impact of LPT  | <u>17.9 %</u>      | <u>3.0 %</u>      | <u>10.4 %</u>     | <u>2.9 %</u>      |
| <b>Loss &amp; LAE ratio before impact of LPT</b>                     | <u>75.0 %</u>      | <u>73.4 %</u>     | <u>75.4 %</u>     | <u>74.6 %</u>     |
| Commission expense   | \$ 20,301          | \$ 20,127         | \$ 40,376         | \$ 38,520         |
| <b>Commission expense ratio</b>                                      | <u>11.8 %</u>      | <u>12.6 %</u>     | <u>11.9 %</u>     | <u>12.5 %</u>     |
| Underwriting & other operating expenses                              | \$ 33,156          | \$ 32,249         | \$ 66,457         | \$ 63,789         |
| <b>Underwriting &amp; other operating expenses ratio</b>             | <u>19.1 %</u>      | <u>20.2 %</u>     | <u>19.5 %</u>     | <u>20.8 %</u>     |
| Total expenses   | \$ 151,981         | \$ 165,014        | \$ 327,613        | \$ 323,219        |
| <b>Combined ratio</b>  | <u>88.0 %</u>      | <u>103.2 %</u>    | <u>96.4 %</u>     | <u>105.0 %</u>    |
| Total expense before impact of the LPT                               | \$ 182,984         | \$ 169,719        | \$ 362,915        | \$ 331,886        |
| <b>Combined ratio before the impact of the LPT</b>                   | <u>106.0 %</u>     | <u>106.1 %</u>    | <u>106.8 %</u>    | <u>107.8 %</u>    |
| <b>Reconciliations to Current Accident Period Combined Ratio:</b>    |                    |                   |                   |                   |
| Losses & LAE before impact of LPT                                    | \$ 129,527         | \$ 117,343        | \$ 256,082        | \$ 229,577        |
| Plus: Favorable (unfavorable) prior period reserve development       | (1,570)            | (521)             | (3,321)           | (1,651)           |
| <b>Accident period losses &amp; LAE before impact of LPT</b>         | <u>\$ 127,957</u>  | <u>\$ 116,822</u> | <u>\$ 252,761</u> | <u>\$ 227,926</u> |
| Losses & LAE ratio before impact of LPT                              | 75.0 %             | 73.4 %            | 75.4 %            | 74.6 %            |
| Plus: Favorable (unfavorable) prior period reserve development ratio | (0.9)              | (0.4)             | (1.0)             | (0.6)             |
| <b>Accident period losses &amp; LAE ratio before impact of LPT</b>   | <u>74.1 %</u>      | <u>73.0 %</u>     | <u>74.4 %</u>     | <u>74.0 %</u>     |
| Combined ratio before impact of the LPT                              | 106.0 %            | 106.1 %           | 106.8 %           | 107.8 %           |
| Plus: Favorable (unfavorable) prior period reserve development ratio | (0.9)              | (0.4)             | (1.0)             | (0.6)             |
| <b>Accident period combined ratio before impact of LPT</b>           | <u>105.1 %</u>     | <u>105.7 %</u>    | <u>105.8 %</u>    | <u>107.2 %</u>    |