



**EMPLOYERS**<sup>®</sup>

# INVESTOR PRESENTATION

Second Quarter 2024

# 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, economic or market conditions, including current levels of inflation, changes in interest rates, labor market expectations, catastrophic events or geo-political conditions, legislative or regulatory actions or court decisions, 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 Securities and Exchange Commission (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](http://www.employers.com). The Company's filings with the SEC can also be accessed through the SEC's EDGAR Database at [www.sec.gov](http://www.sec.gov) (EDGAR CIK No. 0001379041).

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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 small and select 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](http://www.employers.com) and [www.certy.com](http://www.certy.com) for coverage availability.



# EMPLOYERS®

## Business Overview

# Who We Are (the Numbers)

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

## MARKETS AND DISTRIBUTION

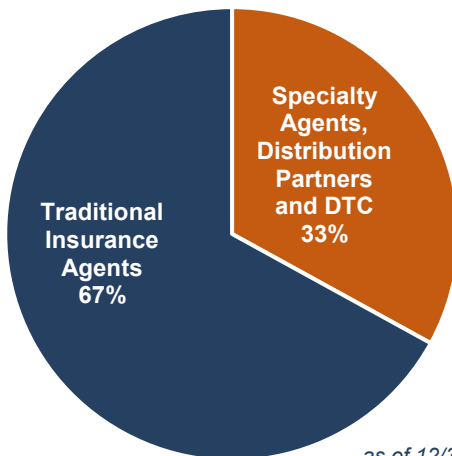
**\$419 Million**  
2Q24 YTD Gross Written Premiums

### Low-to-Medium Hazard Focus

*Shown as a percentage of 6/30/24 in-force premium*

<b>92%</b>	<b>8%</b>
Hazard Groups A-E (lower risk)	Hazard Groups F-G (higher risk)

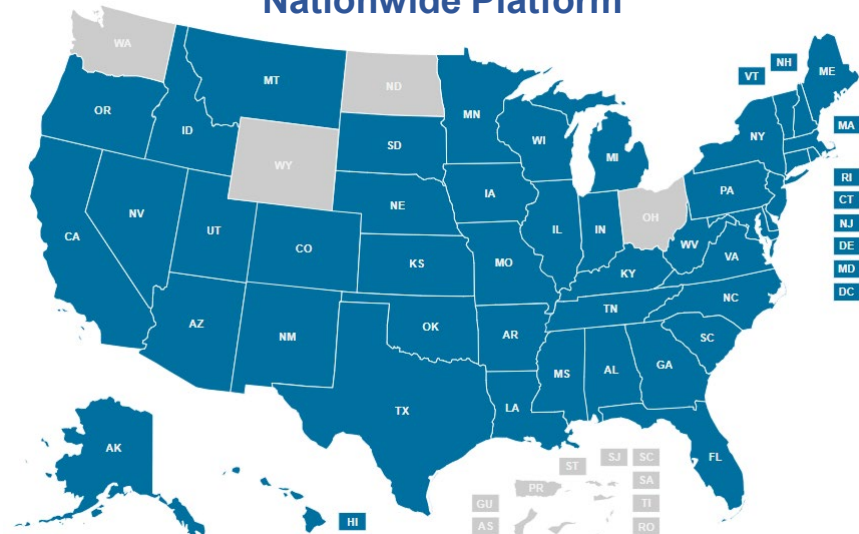
### Premium Contribution



**\$769 Million**  
In-force Premium  
*at June 30, 2024 (incl. est. audit premium)*

**128,522** in-force policies  
**\$5,985** average policy size

### Nationwide Platform



# Who We Are (the Words)



## UNIQUE GROWTH DRIVERS SPECIFIC TO EMPLOYERS

Transforming how small businesses and insurance agents utilize digital capabilities to improve their customer experience

(i) enhancing the agent experience and agent efficiency

(ii) providing direct-to-customer workers' compensation insurance policies through our Cerity brand, which was developed to meet the needs of small businesses seeking an online experience

Top Ten Employer Classifications	% of Premium
Restaurants & Other Eating Places	17%
Traveler Accommodation	6%
Automobile Dealers	4%
Services to Buildings and Dwellings	4%
Automobile Repair and Maintenance	3%
Real Estate Management	3%
Schools	3%
Offices of Physicians	3%
Other Store Retailers	3%
Wholesale Stores	3%

EMPLOYERS® plans to further expand into other low-to-medium hazard group classes of business in the future

*% of Premium as of December 31, 2023*

We market and sell our workers' compensation insurance products through:

- Local, regional, specialty and national insurance agents and brokers;
- National, regional, and local trade groups and associations; and
- Direct-to-customer interactions.

## Traditional Insurance Agents and Brokers

**~67%**

*of in-force premium at 12/31/23*

We establish and maintain strong, long-term relationships with our vetted and appointed traditional insurance agencies that actively market our products and services. We offer ease of doing business, provide responsive service, and pay competitive commissions. Our sales representatives and underwriters work closely with these agencies to market and underwrite our business. This results in enhanced understanding of the businesses, the risks we underwrite, and the needs of prospective customers. We do not delegate underwriting authority to agents or brokers.

We had approximately 2,500 traditional insurance agencies that marketed and sold our insurance products at December 31, 2023.

## Specialty Agents and Distribution Partners

**~32%**

*of in-force premium at 12/31/23*

We have developed and continue to add other important and emerging distribution channels for our products and services including payroll companies, and health care and property and casualty insurers, as well as digital agents and marketplaces.

A significant concentration of our business is being generated by our specialty agent Automatic Data Processing, Inc. (ADP). As part of its services, ADP sells our workers' compensation insurance product along with its payroll and accounting services through its insurance agency and field sales staff. ADP generated 16% of our ending 2023 in-force premiums.

Our digital distribution channel utilizes proprietary application programming interfaces (APIs) to submit, quote and bind applications for workers' compensation insurance. Digital agents generated 5% of our ending 2023 in-force premiums.

## DTC Direct-to-customer

**~1%**

*of in-force premium at 12/31/23*

To address the changing buying behaviors of small and micro-businesses, we continue our commitment to our Cerity brand, which offers digital insurance solutions, including direct-to-customer workers' compensation coverage.

Cerity specializes in smaller risks in those classes of business where we believe that customers prefer an online experience and offers a digital and mobile-friendly experience that allows small businesses to easily acquire and maintain their policies.

# 2023 Workers' Compensation Market

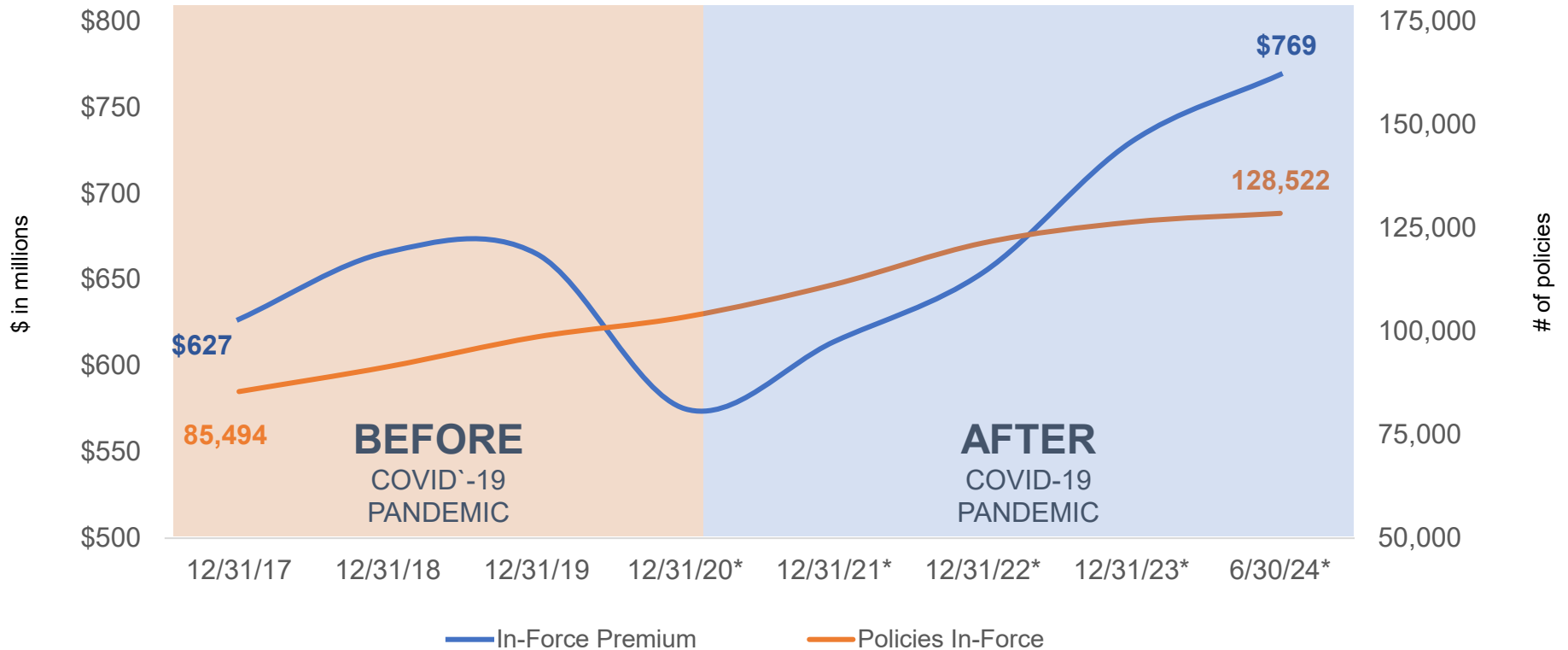
## PROPERTY AND CASUALTY INSURANCE INDUSTRY

RANK	GROUP/COMPANY NAME	DIRECT PREMIUMS WRITTEN	DIRECT PREMIUMS EARNED	MARKET SHARE %	
1	TRAVELERS GRP	3,866,767,331	3,849,946,580	6.6	
2	HARTFORD FIRE & CAS GRP	3,771,503,918	3,711,058,710	6.5	
3	AMTRUST FINANCIAL SERV GRP	3,425,169,973	3,344,212,861	5.9	
4	ZURICH INS GRP	2,932,999,433	2,906,799,813	5.0	
5	CHUBB LTD GRP	2,378,524,732	2,443,460,739	4.1	
6	BERKSHIRE HATHAWAY GRP	2,125,792,572	2,113,200,464	3.6	
7	LIBERTY MUT GRP	2,093,981,396	2,175,890,153	3.6	
8	STATE INS FUND	1,709,192,550	1,728,657,460	2.9	NY State Fund
9	BCBS OF MI GRP	1,670,453,988	1,699,989,988	2.9	
10	OLD REPUBLIC GRP	1,471,615,206	1,456,700,846	2.5	
11	AMERICAN FINANCIAL GRP	1,418,133,289	1,408,175,823	2.4	
12	AMERICAN INTL GRP	1,230,622,818	1,210,299,163	2.1	
13	WR BERKLEY CORP GRP	1,219,710,396	1,202,526,654	2.1	
14	STATE COMPENSATION INS	1,140,750,936	1,139,003,536	2.0	CA State Fund
15	ICW GRP ASSETS INC GRP	1,108,761,083	1,040,813,554	1.9	TX State Fund
16	TEXAS MUT INS CO	1,090,472,150	1,067,489,743	1.9	
17	CNA INS GRP	1,070,153,508	1,001,634,082	1.8	
18	ARCH INS GRP	860,901,296	822,773,731	1.5	
<b>19</b>	<b>EMPLOYERS HOLDINGS GRP</b>	<b>758,599,058</b>	<b>719,895,632</b>	<b>1.3</b>	
20	FAIRFAX FIN GRP	757,824,451	761,509,347	1.3	
21	STARR GRP	667,542,449	675,417,170	1.1	
22	SAIF CORP	582,017,765	564,114,897	1.0	
23	ENCOVA MUT INS GRP	572,309,690	561,526,772	1.0	
24	MARKEL CORP GRP	571,279,280	586,001,760	1.0	
25	COPPERPOINT GRP	536,254,436	526,059,952	0.9	

We are the 19<sup>th</sup> largest Workers' Compensation writer



## In-Force Policies and Premium



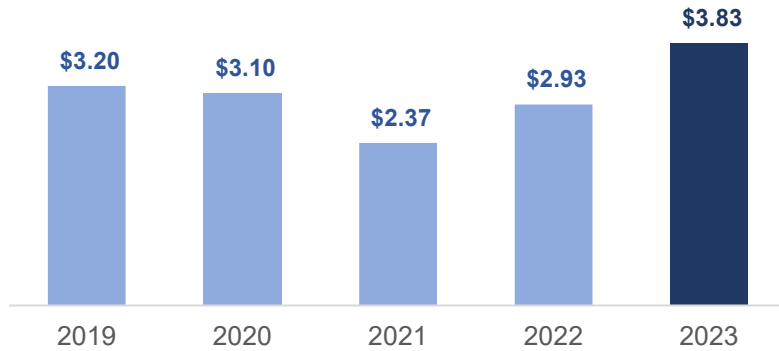
\* 2020 and onward in-force premiums include an estimate of audit premium

### 2Q24 Update

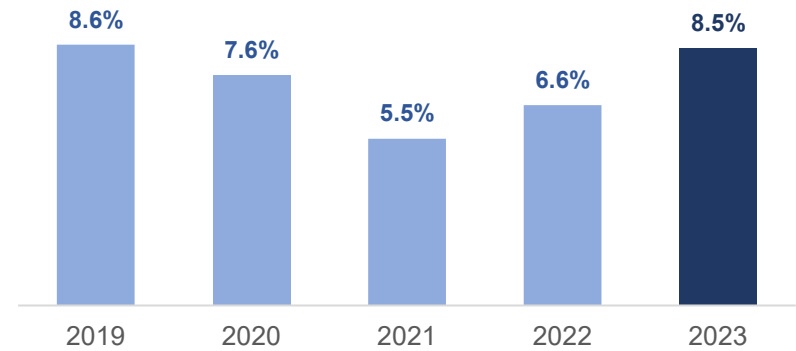
Reached a record-level of 128,522 policies in-force

# Five-Year Annual Financial Performance

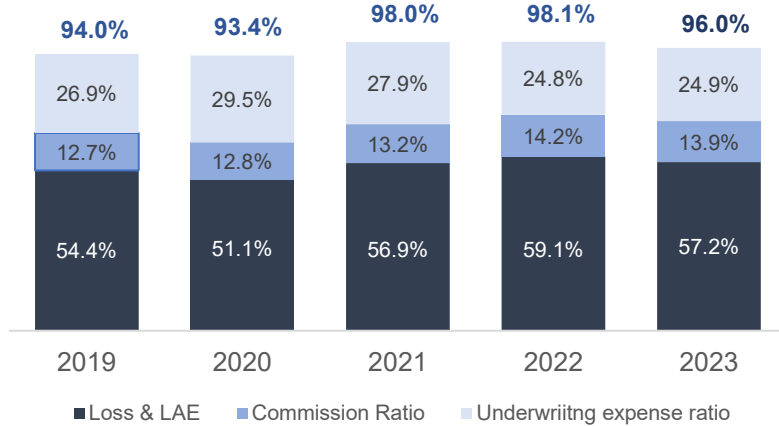
Adjusted EPS (Diluted)



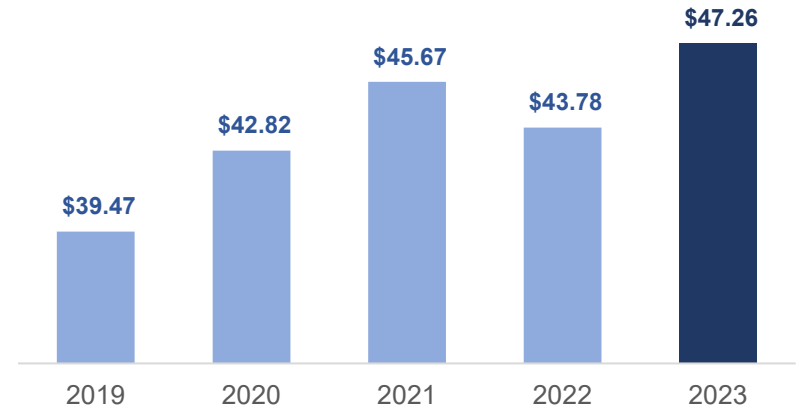
Adjusted ROE



Combined Ratio excluding LPT



Adjusted Book Value per Share





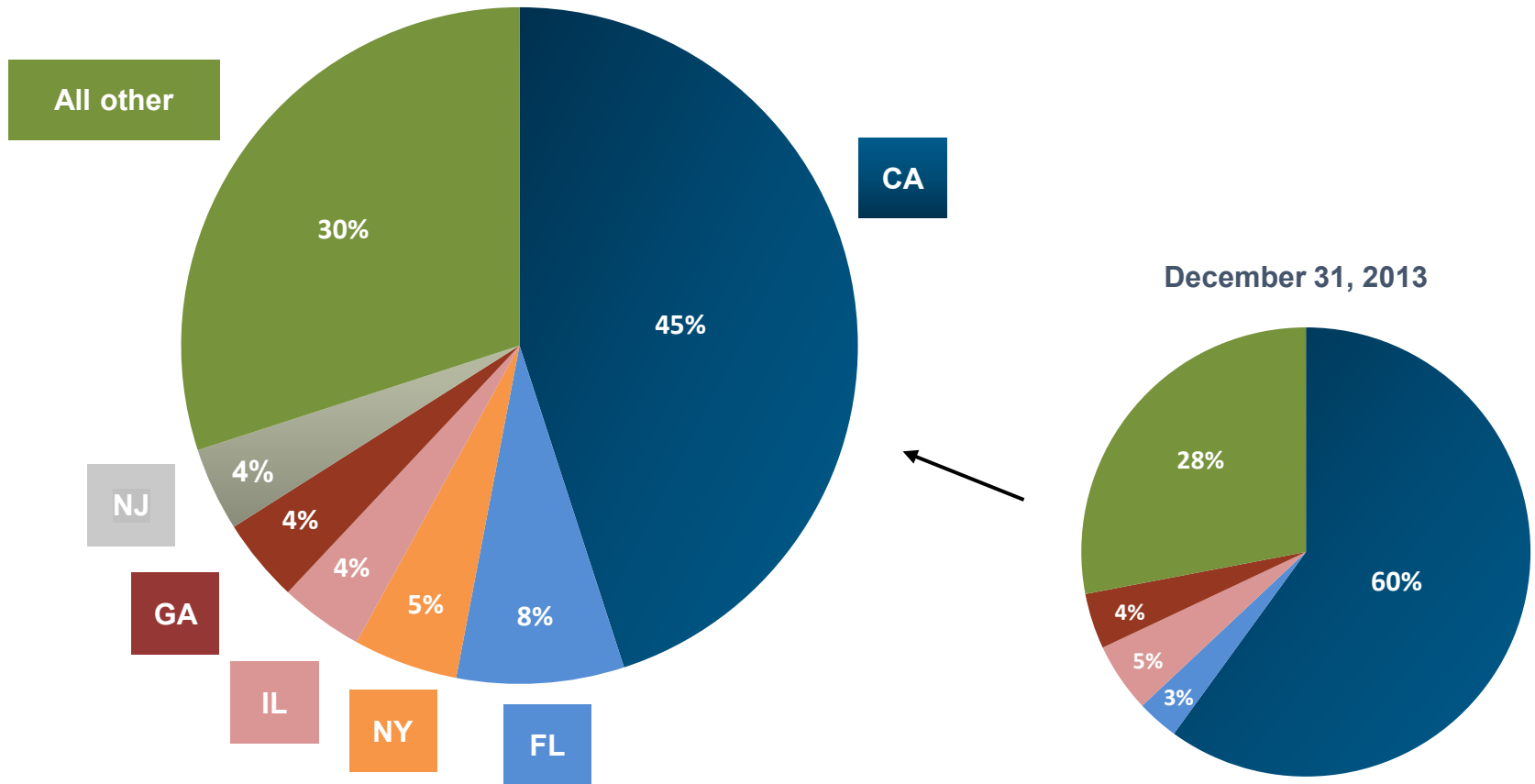
# EMPLOYERS<sup>®</sup>

## Strategy, Innovation and Capital Strength

# Strategic Diversification

(by in-force premium)

June 30, 2024

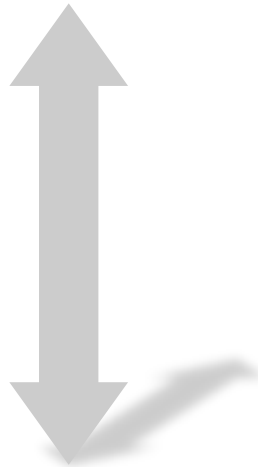


Growth outside of California is providing further diversification.

# Focus on Low-to-Medium Hazard Groups

92% in Hazard Groups A-E

Lower Risk

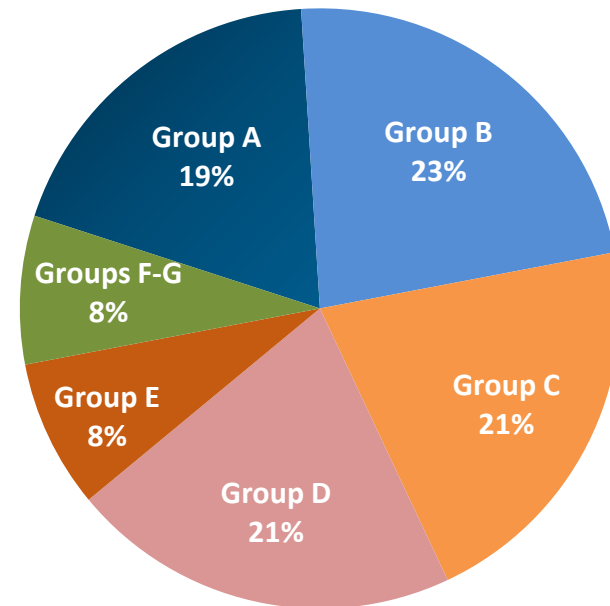


Higher Risk

8% in Hazard Groups F-G

June 30, 2024

Data shown as a % of in-force premium



We employ a thoughtful and conservative underwriting approach designed to individually select specific types of businesses that we believe will have fewer and less costly claims relative to other businesses in the same hazard groups.

In 2021, we announced our strategic North Star of Ease initiative to serve as a guide to making our internal operations more seamless and scalable and our external systems more customer friendly.

## Key Element #1

The development of a Transformation Management Office (TMO) to assist with quarterly project prioritization and improve how we measure and allocate resources to these projects.

## Key Element #2

The creation of new functional strategies focused on improving data and analytics (D&A), workforce experience (WX), and customer experience (CX).

## Key Element #3

The formation of a Test and Learn Center to understand the impacts of our projects prior to full-scale implementation.

## KEY INVESTMENT STREAMS

1. **Distribution:** Our new agency partnership program better meets the needs of our highest-performing agency partners and further supports their growth.
2. **Claims:** Our new online claims intake process supports injured workers and will reduce claim costs by encouraging digital claims submission and streamlining our internal processes.
3. **Premium Audit and Billing:** Our modern payment programs offer greater ease and flexibility to our policyholders and increase retention, and an enhanced online premium audit program will make it easier for our customers to understand and comply with the audit process.
4. **Customer Support:** Transitioning all customer support teams to one communication platform will enable a single view of a customer's interactions. In addition, developing an array of self-service features will empower our customers to meet their needs online.

# Strong History of Favorable Reserve Development

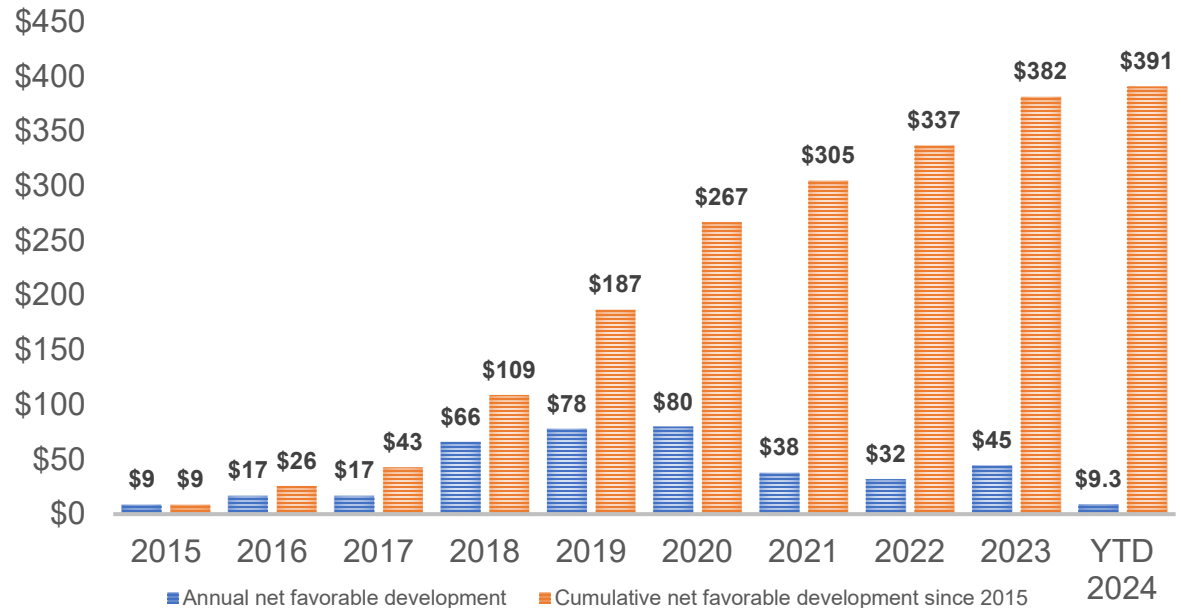
## Reserve Review

Reserves are reviewed internally each quarter, with full reviews occurring in 2Q and 4Q

Reserve estimates are 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)



## Second Quarter 2024 Full Review

Recognized \$9.3 million of Net Favorable Prior-Year Loss Reserve Development on Voluntary Business in 2Q24.

We will perform our next full review in the fourth quarter of 2024.

## Share Repurchases and Cash Dividends

**First six months of 2023:**

**\$46.8M**

Aggregate share repurchases, excluding excise taxes  
(1,203,133 shares)

**\$14.7M**

Regular quarterly dividends declared  
(\$0.26 in 1Q23 and \$0.28 in 2Q23, each per share)

**First six months of 2024:**

**\$24.0M**

Aggregate share repurchases, excluding excise taxes  
(584,862 shares)

**\$14.9M**

Regular quarterly dividends declared  
(\$0.28 in 1Q24 and \$0.30 in 2Q24, each per share)





# EMPLOYERS®

## 2Q24 Financial Update

# Second Quarter 2024 Highlights

## Strong Financial Results

Adj. Net Income  
**\$27.9M**  
or \$1.10/share

Net Investment Income  
**\$26.9M**

Book Value incl. Deferred Gain  
**\$44.91**  
per share

## Insurance Operations

Gross Premiums Written  
**\$207.9M**  
+5% from 2Q23

Gross Premiums Earned  
**\$187.8M**  
+6% from 2Q23

Combined Ratio excluding LPT  
**95.4%**  
vs. 91.5% in 2Q23

Loss & LAE 59.1%  
vs. 52.2% in 2Q23  
Commission Expense 14.3%  
vs. 13.3% in 2Q23  
Underwriting and G&A Expense 22.0%  
vs. 26.0% in 2Q23

## Extremely Strong Balance Sheet

Total Investments and Cash  
**\$2.5B**

2Q24 Share Repurchases  
**\$19.2M**  
461,789 shares at average price of \$41.53 per share

2Q24 Dividend Declared  
**\$0.30**  
per share  
(up 7% from 2Q23)

# Second Quarter YTD 2024 Highlights

## Strong Financial Results

Adj. Net Income  
**\$45.1M**  
or \$1.77/share

Net Investment Income  
**\$53.8M**

Adjusted Book Value  
**\$48.89**  
per share

## Insurance Operations

Gross Premiums Written  
**\$418.7M**  
+6% from 1H23

In-Force Premiums  
*(incl Est. Audit Premium)*  
**\$769.3**  
+12% from 1H23

Combined Ratio excluding LPT  
**99.0%**  
vs. 97.0% in 1H23

Policies In-Force  
**128,522**  
+3% from 1H23

Loss & LAE 61.6%  
vs. 57.7% in 1H23  
Commission Expense 14.0%  
vs. 13.5% in 1H23  
Underwriting and G&A Expense 23.4%  
vs. 25.8% in 1H23

## Extremely Strong Balance Sheet

Annualized Total Return on Investments  
**4.4%**

1H24 Share Repurchases  
**\$24.0M**  
584,862 shares at average price of \$41.10 per share

1H24 Dividends Declared  
**\$0.58**  
per share  
*(up 7% from 1H23)*

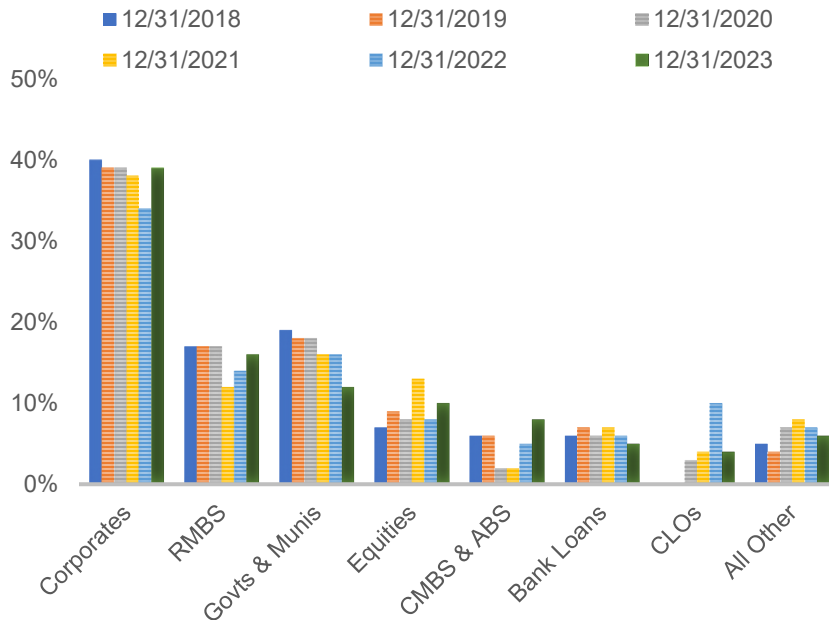
# Investment Portfolio (at June 30, 2024)

**\$2.4 billion at fair value (\$2.5 billion including cash)**

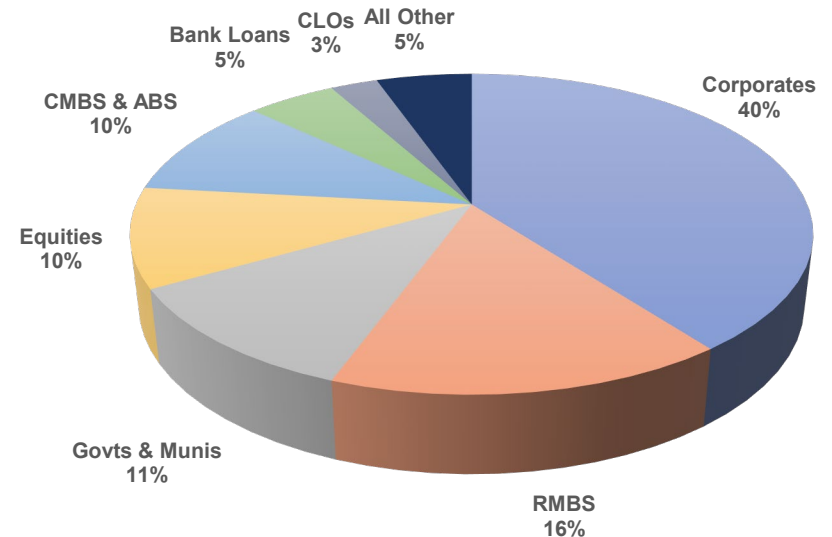
- High quality (average credit quality of A+)
- Highly liquid with \$983 million unencumbered at the operating companies and available within two business days
- Duration of 4.4
- 2Q24 annualized total investment return of 4.5%
- Weighted average ending book yield of 4.3%

## Investment Portfolio Allocation

**Allocation History**



**As of June 30, 2024**





# EMPLOYERS<sup>®</sup>

## Environmental, Social and Governance (ESG)

2023 TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES REPORT

# Environmental

## OUR INVESTMENT PORTFOLIO

*Our Investment Managers consider ESG criteria when evaluating investment opportunities.*

- Each of our Investment Managers are signatories to the United Nations Principles for Responsible Investment Group, an independent non-profit organization that encourages investors to use responsible and sustainable investment practices to enhance returns and better manage risks.
- We have participated in California's Climate Risk Carbon Initiative and have altered our investment strategy to avoid owning investments that could be in direct conflict with that initiative.

## OUR NATURAL CATASTROPHE EXPOSURE

*Reinsurance models are used to develop potential exposure to natural catastrophes and consider the potential effects of climate change.*

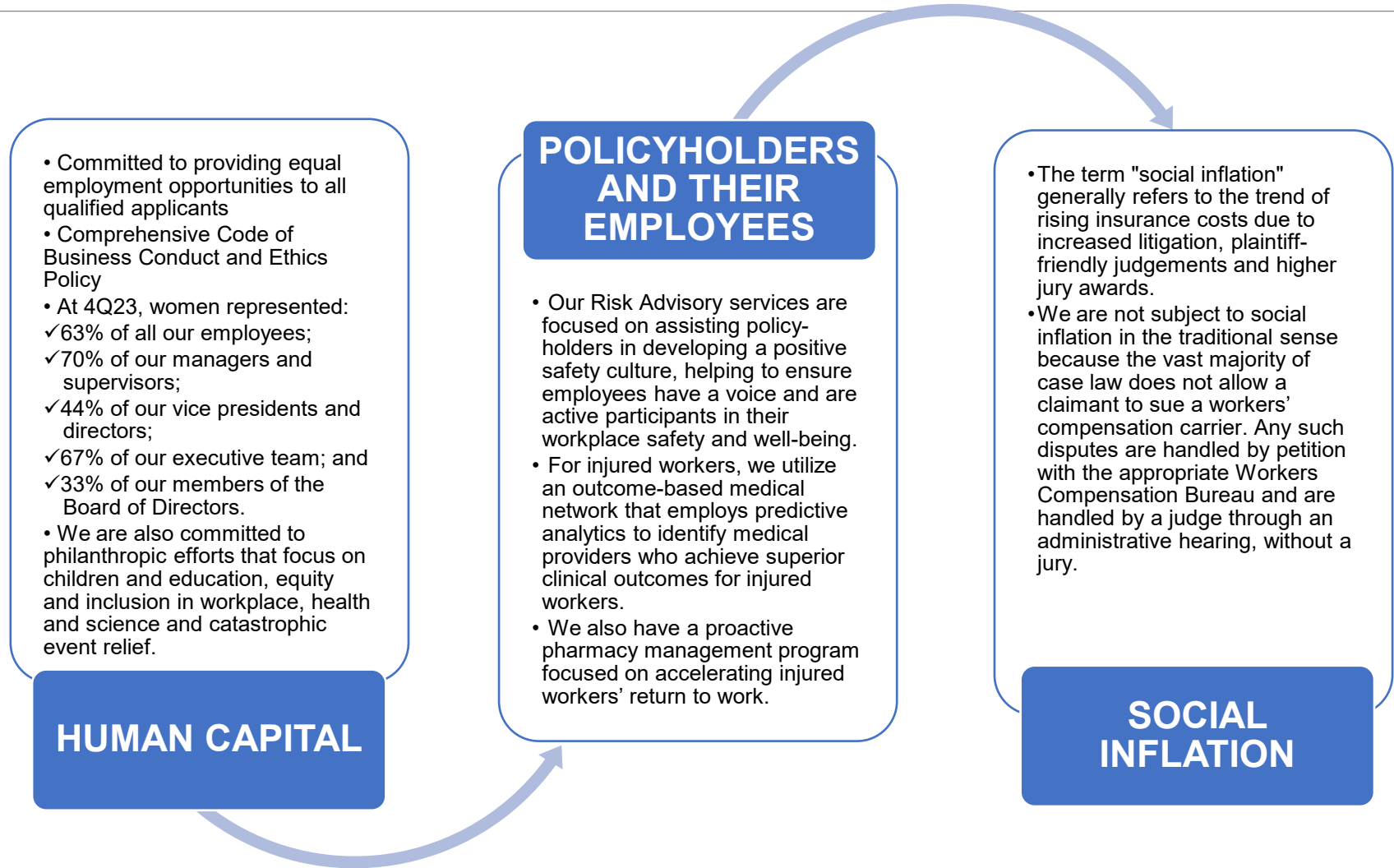
- We purchase a significant amount of catastrophe reinsurance annually.
- We believe that our largest exposure to natural catastrophes is currently U.S. earthquake risk.
- We believe, based on the most recent catastrophe modeling software, that with our current reinsurance protection we could withstand a greater than 1 in 1,000-year U.S. earthquake occurrence.

## OUR CARBON FOOTPRINT

*We have made a major move to shift our workforce to sharply reduce or eliminate commutes and their resulting carbon emissions.*

- We have eliminated over 1 million miles of annual commuting through remote and flexible options.
- Our average energy use across all of our facilities was 12.5 kWh/sq ft in 2022, significantly less than the national average.
- We have reduced our in-person board meetings by 50%, shifting to a more virtual environment.
- We are also creating more sustainable business practices by building digital systems that will allow our customers to "go paperless" and improving our digital delivery capabilities that will keep future paper waste to a minimum.

EMPLOYERS' 2023 TASK FORCE ON  
CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT



# Governance

The Board Governance and Nominating Committee of our Board of Directors:

- ✓ Identifies and selects individuals qualified to serve as members of its Board and committees;
- ✓ Develops and recommends the Committee structure to the Board;
- ✓ Recommends to the Board a slate of Director-nominees for the next annual meeting of stockholders;
- ✓ Develops and recommends to the Board a set of corporate governance guidelines applicable to the Company;
- ✓ Reviews the Company's environmental, social, and governance programs;
- ✓ Reviews succession plans of the Company's Chair, Chief Executive Officer and other senior officers; and
- ✓ Oversees the evaluation of the Board and management.

## BOARD AND MANAGEMENT COMPOSITION AND CONDUCT

Our Annual Proxy Statements and Annual Reports on Form 10-K provide details regarding the composition of our Board of Directors and our management. Our Human Capital Management and Compensation Committee provides advice, direction and oversight of the Company's policies and strategies in relation to culture and human capital management, including with regard to diversity, equity and inclusion, and oversees the Company's compensation plans, policies, programs and practices applicable to our Chief Executive Officer and other executive officers, including the Company's executive compensation plans, employee benefit plans, and incentive-compensation and equity-based plans.

## INFORMATION SECURITY AND CYBERSECURITY

Our operations rely on the secure processing, storage, and transmission of personal, confidential, and other information. Our business, including our ability to adequately price products and services, establish reserves, provide an effective and secure service to our customers and report our financial results in a timely and accurate manner, depends significantly on the integrity, availability, and timeliness of the data we maintain, as well as the data held by third party service providers.

In an effort to ensure the privacy, confidentiality, and integrity of this data, we continually enhance our cyber and other information security in order to remain secure against emerging threats, as well as increase our ability to detect, and recover from, a cyber-attack or unauthorized access.

## FRAUD PREVENTION

We aim to safeguard our policyholders to fight workers' compensation fraud nationwide. Our Special Investigation Unit works diligently to fight fraud, an effort that reduces costs and protects policyholders. This unit provides anti-fraud training to employees, law enforcement agencies and policyholders, investigates potential cases of insurance fraud and maintains a fraud hotline for tips on suspected insurance fraud.





America's small business insurance specialist.®

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**Executive Vice President, Chief Financial  
Officer**

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**[mpaquette@employers.com](mailto:mpaquette@employers.com)**



**Katherine H. Antonello**  
President and  
Chief Executive Officer



**Michael S. Paquette**  
Executive Vice President,  
Chief Financial Officer

# Additional Financial Information



## 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](http://www.employers.com).