



**EMPLOYERS**<sup>®</sup>

# INVESTOR PRESENTATION

Third Quarter 2023

# 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 the evolving nature of the COVID-19 pandemic, 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 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](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 select, small businesses engaged in low-to-medium hazard industries. The Company operates throughout the United States, with the exception of four states that are served exclusively by their state funds. Insurance is offered through Employers Insurance Company of Nevada, Employers Compensation Insurance Company, Employers Preferred Insurance Company, Employers Assurance Company and Cerity Insurance Company, all rated A- (Excellent) by the A.M. Best Company. Not all companies do business in all jurisdictions. See [www.employers.com](http://www.employers.com) and [www.cerity.com](http://www.cerity.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

**\$590 Million**

**Gross Written Premiums**

*as of 9/30/2023*

**Low-to-Medium Hazard Focus**

*Shown as a percentage of 9/30/23 in-force premium*

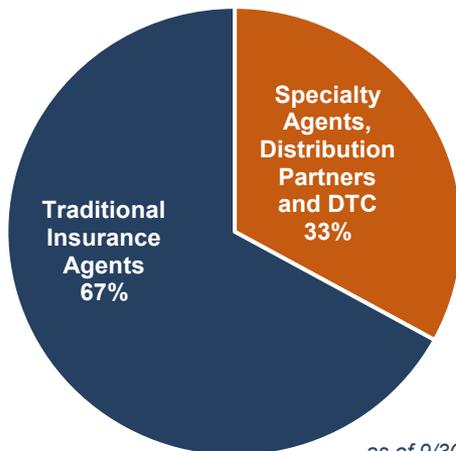
**94%**

Hazard Groups  
A-E (lower risk)

**6%**

Hazard Groups  
F-G (higher risk)

**Premium Contribution**



**\$722 Million**

**In-force Premium**

*at September 30, 2023 (incl. est. audit premium)*

**126,120 in-force policies**  
**\$5,725 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

# What We Write



Top Ten Employer Classifications		% of Premium	Classes of Business	
Restaurants & Other Eating Places	19%	Food & Beverage	Personal Services	
Traveler Accommodation	7%	Tech and Scientific services	Clothing retail	
Automobile Dealers	4%	Legal and Financial services	Personal product retail	
Automotive Repair and Maintenance	4%	Hospitality	Medical professions	
Services to Buildings and Dwellings	4%	Landscaping services	Architecture and Engineering services	
Offices of Physicians	3%	Printing and Publishing	Office, Home and Garden	
Real Estate Management	3%	Retail	Therapeutic Services	
Schools	3%	Educational	Commercial janitorial	
Other Store Retailers	3%	Plumbing and HVAC	Flooring Installation	
Wholesale Stores	2%	Electricians	Painting and Wallpaper	

EMPLOYERS® and Cerity® each plan to further expand into other low-to-medium hazard group classes of business in the future

% of Premium as of December 31, 2022

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*

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 2,523 traditional insurance agencies that marketed and sold our insurance products at December 31, 2022.

## Specialty Agents and Distribution Partners

**~32%**  
*of in-force premium*

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 meaningful 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 15% of our ending 2022 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 2022 in-force premiums.

## DTC Direct-to-customer

**~1%**  
*of in-force premium*

To address the changing buying behaviors of small and micro-businesses, we launched Cerity, 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.

# 2022 Workers' Compensation Market

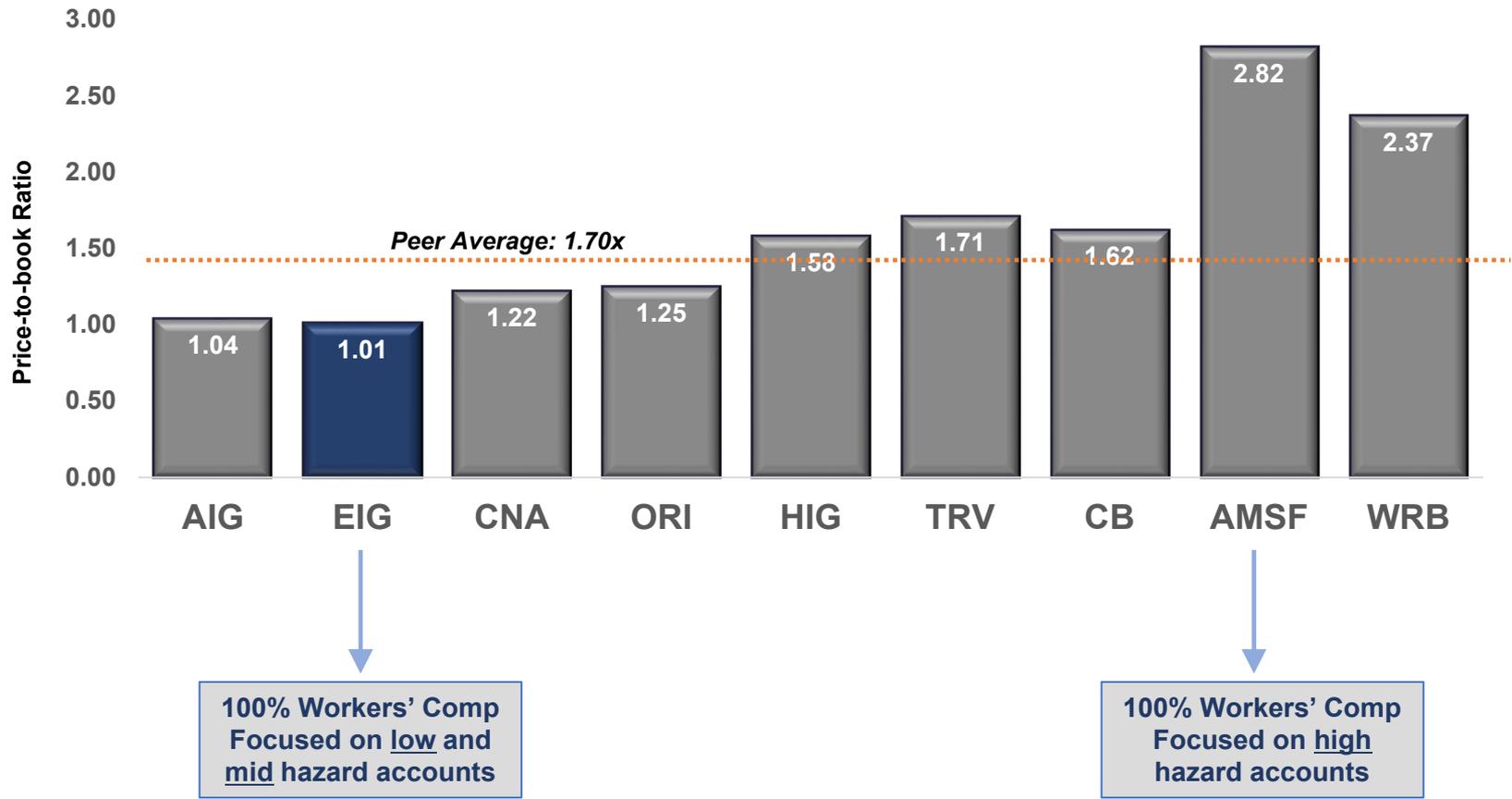
RANK	GROUP/COMPANY NAME	DIRECT PREMIUMS WRITTEN	MARKET SHARE %	
1	TRAVELERS GRP	\$3,807,285,569	6.7	
2	HARTFORD FIRE & CAS GRP	\$3,636,838,515	6.4	
3	AMTRUST FINANCIAL SERV GRP	\$3,161,523,545	5.6	
4	ZURICH INS GRP	\$2,749,958,192	4.8	
5	CHUBB LTD GRP	\$2,441,329,450	4.3	
6	LIBERTY MUT GRP	\$2,313,554,530	4.1	
7	BERKSHIRE HATHAWAY GRP	\$2,082,410,484	3.7	
8	BCBS OF MI GRP	\$1,749,368,291	3.1	
9	STATE INS FUND	\$1,565,411,145	2.8	New York State Fund
10	OLD REPUBLIC GRP	\$1,430,734,111	2.5	
11	AMERICAN FINANCIAL GRP	\$1,268,115,751	2.2	
12	WR BERKLEY CORP GRP	\$1,201,494,940	2.1	
13	AMERICAN INTL GRP	\$1,198,023,013	2.1	
14	STATE COMPENSATION INS FUND	\$1,176,756,581	2.1	California State Fund
15	TEXAS MUT INS CO	\$1,060,021,072	1.9	Texas State Fund
16	ICW GRP ASSETS INC GRP	\$978,619,126	1.7	
17	CNA INS GRP	\$946,503,851	1.7	
18	FAIRFAX FIN GRP	\$756,434,412	1.3	
19	ARCH INS GRP	\$750,914,636	1.3	
20	<b>EMPLOYERS HOLDINGS GRP</b>	<b>\$705,259,913</b>	<b>1.24</b>	
21	STARR GRP	\$616,989,496	1.1	
22	MARKEL CORP GRP	\$607,119,433	1.1	
23	SAIF CORP	\$538,913,585	1.0	
24	ENCOVA MUT INS GRP	\$528,336,075	0.9	
25	COPPERPOINT GRP	\$519,615,648	0.9	
	<b>**INDUSTRY TOTAL**</b>	<b>\$56,887,488,702</b>	<b>100.0</b>	

Employers market share increased 12 bps from 2021;  
We now rank in the Top 20 in Workers' Compensation writers

# Valuation and Comparing Public Comps

## Top Ten Publicly-held Workers' Compensation Writers

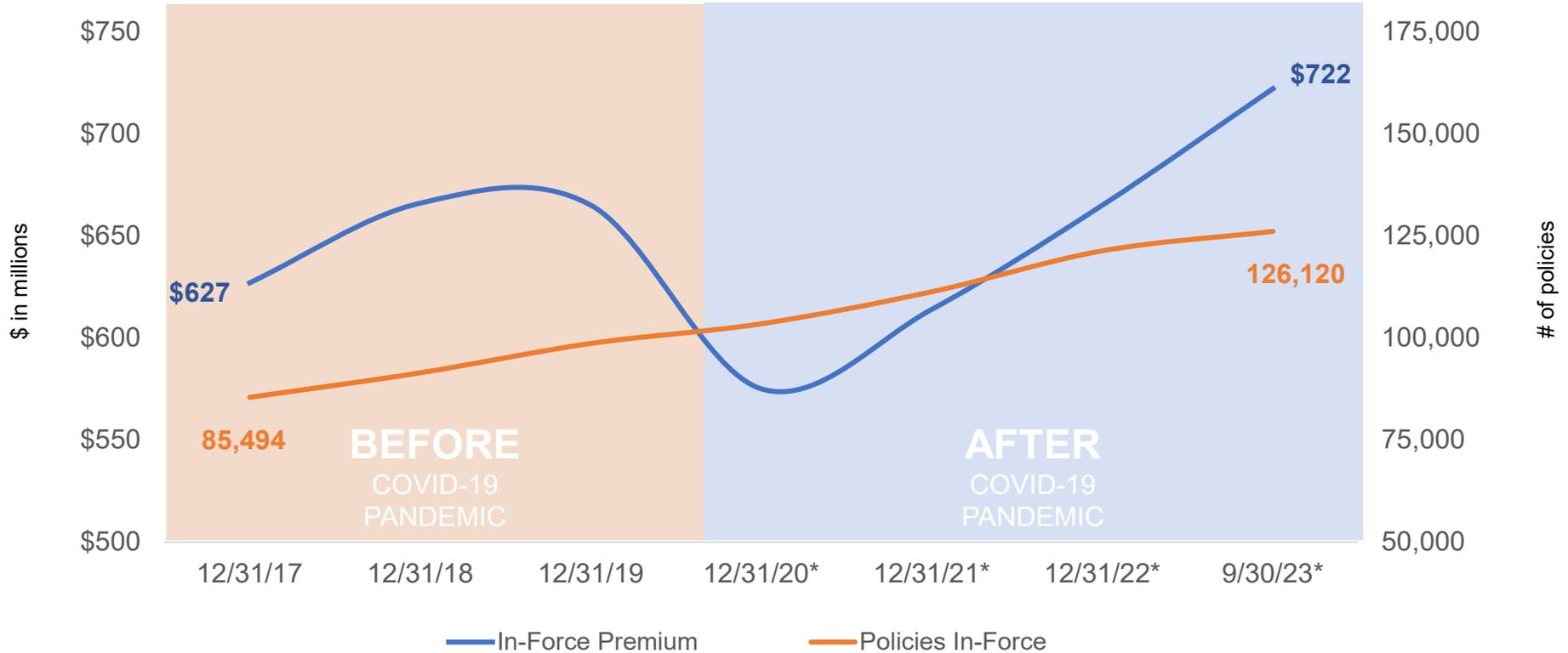
(EIG and AMSF are the only pure-play publicly traded workers' compensation writers)



Calculations of Price-to-Book use prices as of the close on 9/30/2023 and book value as of 6/30/2023 (except EIG as of 9/30/2023)

Source: FactSet

## In-Force Policies and Premium



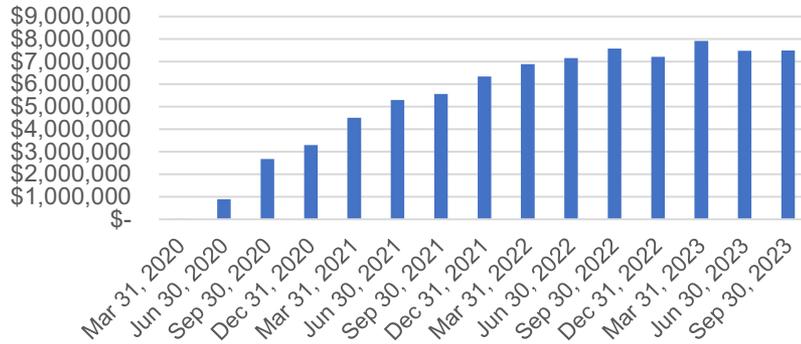
\* 2020 - 2023 in-force premiums include an estimate of audit premium

### Q3 2023 Update

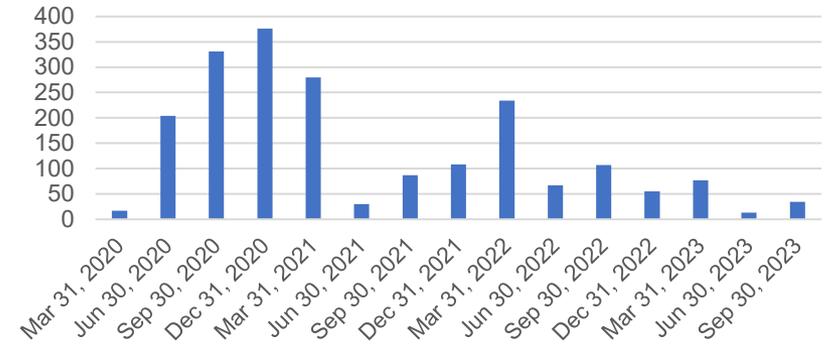
Reached a record-level of 126,120 policies in-force

# COVID-19 Claims (through September 30, 2023)

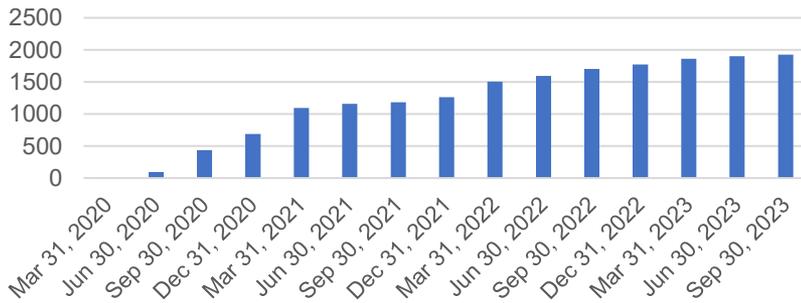
### Covid-19 Claims - Total Incurred



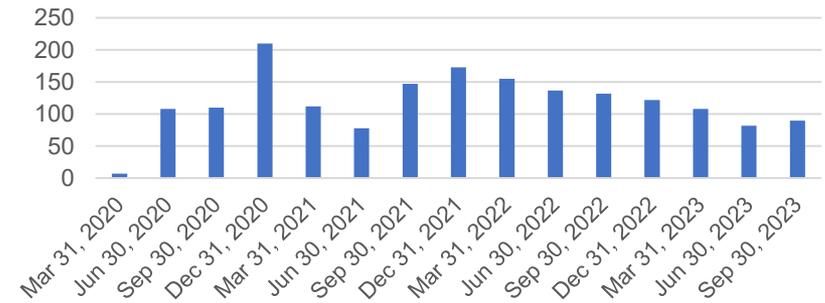
### Covid-19 Claims - Setup per Quarter



### Covid-19 Claims - Closed Status per Quarter



### Covid-19 Claims - Open Status per Quarter



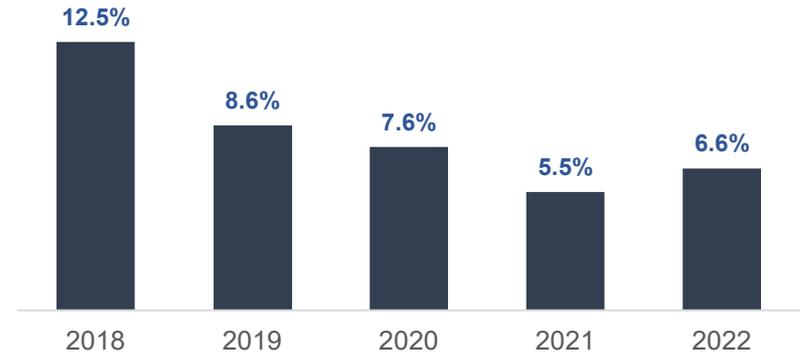
**Total Incurred \$7.5 Million with Low Average Incurred for Closed Claims; Majority of remaining open claims are in California.**

# Five-Year Annual Financial Performance

Adjusted EPS (Diluted)



Adjusted ROE



Combined Ratio – Employers Segment



Adjusted Book Value per Share





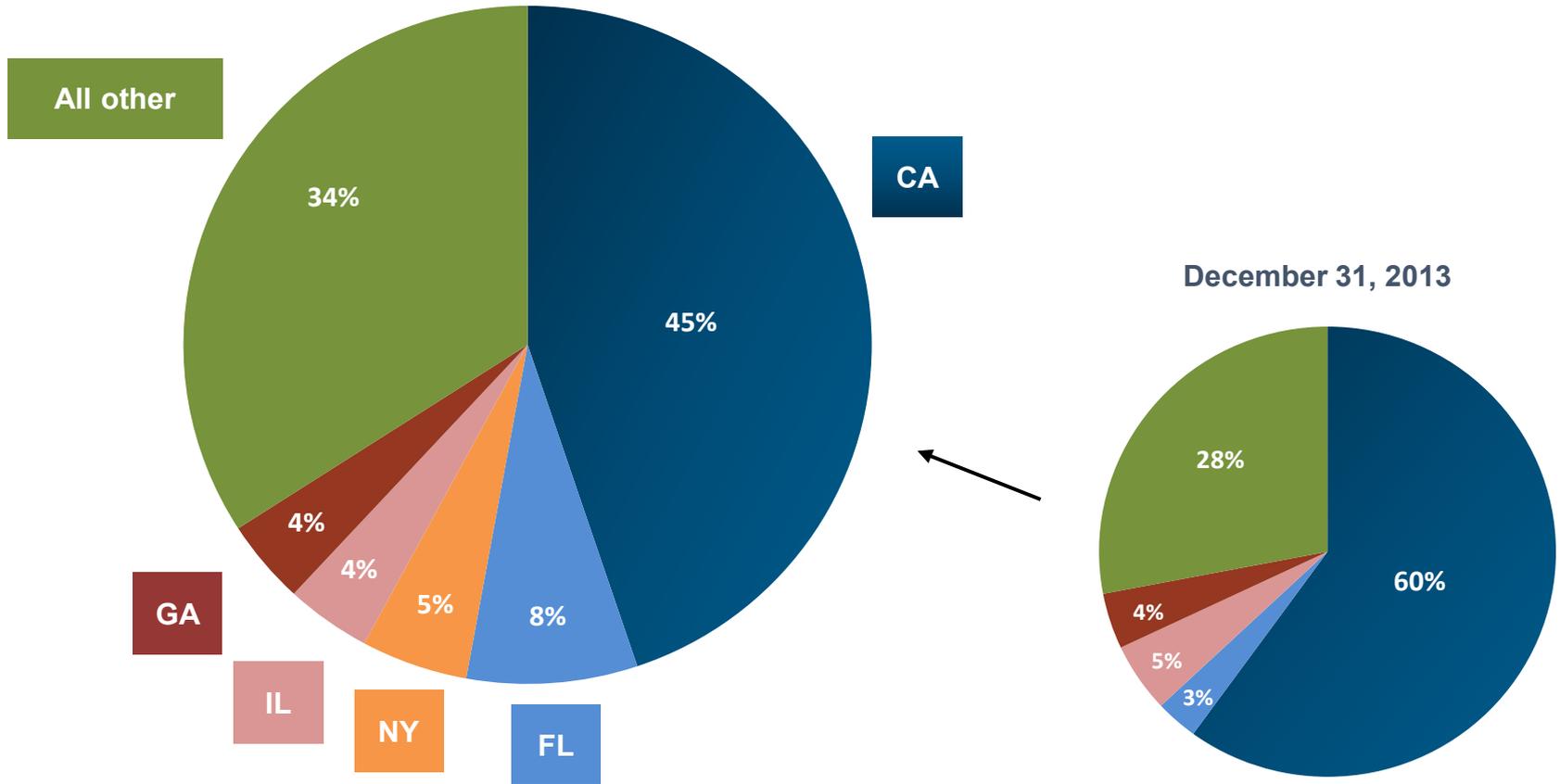
# EMPLOYERS®

## Strategy, Innovation and Capital Strength

# Strategic Diversification

(by in-force premium)

September 30, 2023



Growth outside of California is providing further diversification.

# Focus on Low-to-Medium Hazard Groups

94% in Hazard Groups A-E

Lower Risk

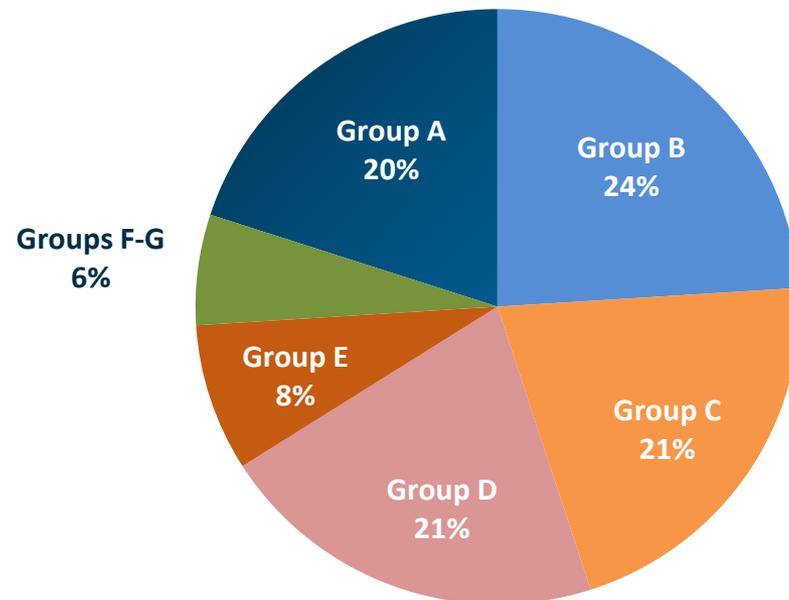


Higher Risk

6% in Hazard Groups F-G

September 30, 2023

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).

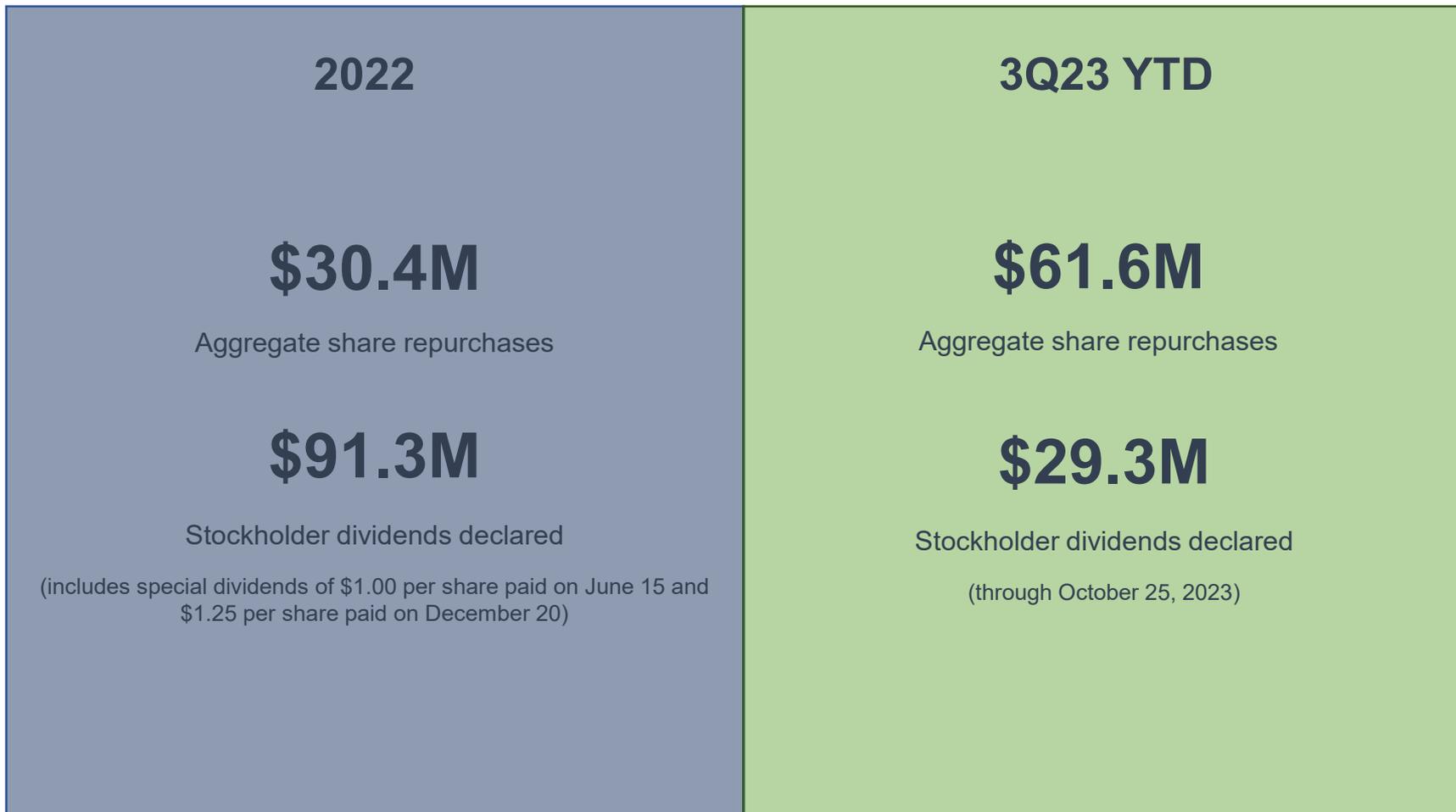
## Key Element #3

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:** A new agency partnership program will better meet the needs of our highest-performing agency partners and support their growth.
2. **Claims:** A new online claims intake process will support injured workers and reduce claim costs by encouraging digital claims submission and streamlining our internal processes.
3. **Premium Audit and Billing:** Modern payment programs will offer greater ease and flexibility for 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 Capital Management



# Strong History of Favorable Reserve Development

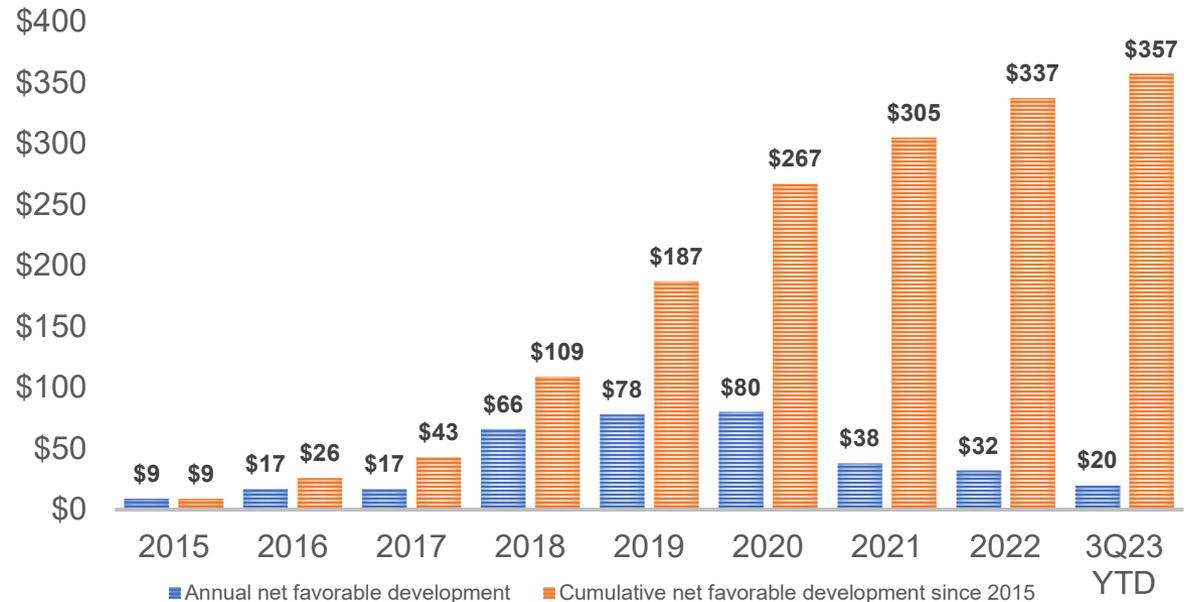
## Reserve Review

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 2023 Full Review

Recognized \$20.0 million of Net Favorable Prior-Year Loss Reserve Development on Voluntary Business.

We will perform our next full review in the fourth quarter of 2023.



# EMPLOYERS®

## 3Q23 Financial Update

# Third Quarter 2023 Highlights

## Strong Financial Results

Adj. Net Income  
**\$17.7M**  
or \$0.68/share

Net Investment  
Income  
**\$25.9M**  
+9% from 3Q22

Adjusted  
Book Value  
**\$45.72**  
per share

## Insurance Operations

Gross Premiums Written  
**\$196.2M**  
+4% from 3Q22

In-Force Premiums  
*(incl Est. Audit Premium)*  
**\$722.1**  
+11% from 3Q22

Employers Segment  
Combined Ratio  
**97.8%**  
vs. 98.3% in 3Q22

Policies In-Force  
**126,120**  
+5% from 3Q22

Loss & LAE 63.2%  
vs. 64.0% in 3Q22  
Commission Expense 14.6%  
vs. 14.2% in 3Q22  
Underwriting Expense 20.0%  
vs. 20.1% in 3Q22

## Extremely Strong Balance Sheet

Total Investments  
and Cash  
**\$2.4B**

3Q23 Share  
Repurchases  
**\$14.3M**  
367,209 shares at average  
price of \$38.95 per share

3Q23 Dividends  
Declared  
**\$0.28**  
per share  
*(current annual dividend yield of ~3.0%)*

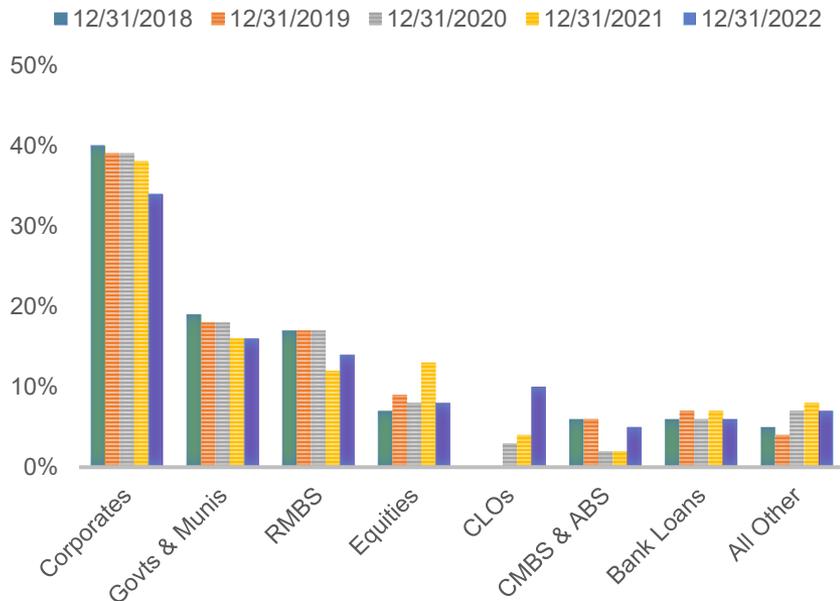
# Investment Portfolio (at September 30, 2023)

**\$2.3 billion at fair value (\$2.4 billion including cash)**

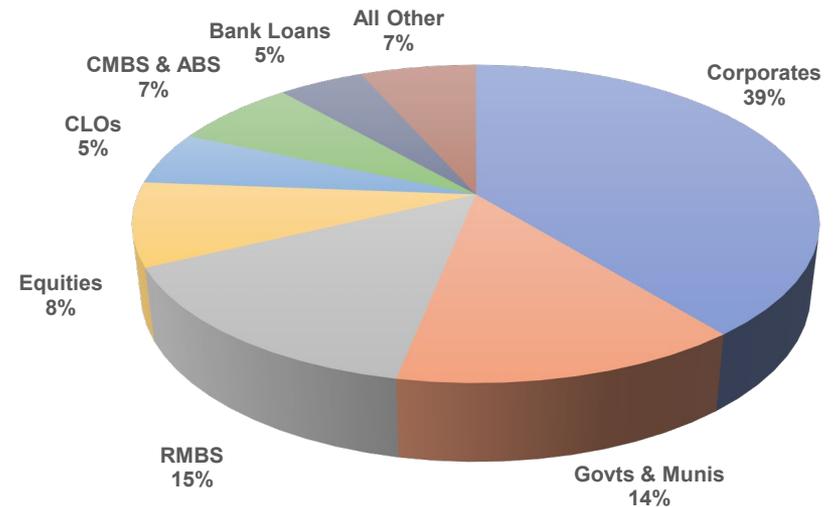
- High quality (average credit quality of A+)
- Highly liquid with \$912 million unencumbered at the operating companies and available within 3 business days
- Duration of 4.4
- 3Q23 YTD total investment return of 2.7%
- Weighted average ending book yield of 4.1%

## Investment Portfolio Allocation

### Allocation History



### As of September 30, 2023





# EMPLOYERS<sup>®</sup>

## Environmental, Social and Governance (ESG)

2023 TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES REPORT

## 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 acknowledge 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.*

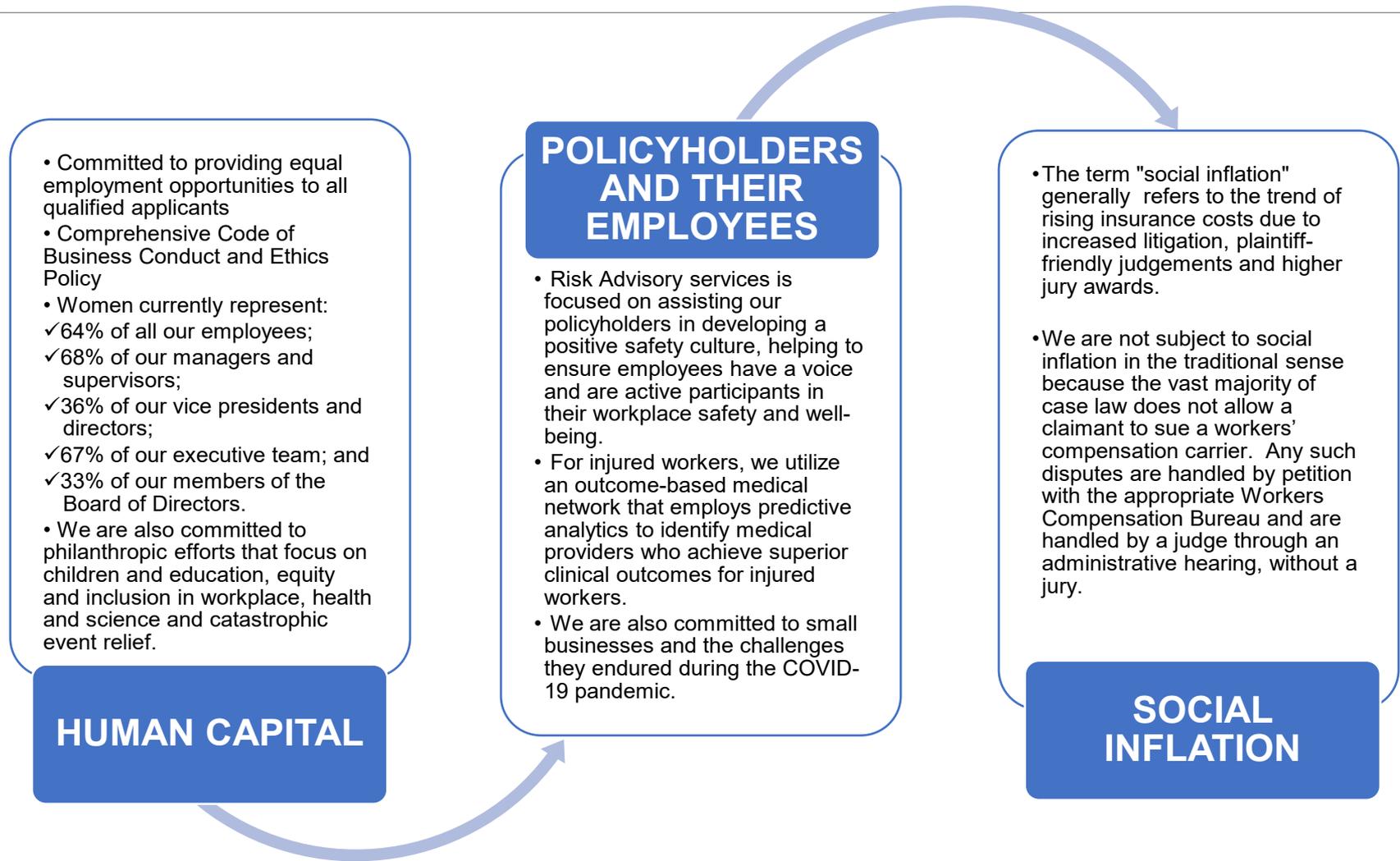
- We purchase a significant amount of catastrophe reinsurance annually.
- We believe that our largest exposure to natural catastrophes is currently U.S. earthquake risk.
- We believe, based on the most recent catastrophe modeling software, that with our current reinsurance protection we could withstand 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 (SIU) 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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**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).