

**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): July 22, 2021

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 July 22, 2021, Employers Holdings, Inc. (the “Company”) issued a press release and financial supplement announcing results for the quarter ended June 30, 2021. 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 July 21, 2021, the Company's Board of Directors declared a third quarter 2021 cash dividend of \$0.25 per share on the Company's common stock. The dividend is payable on August 18, 2021 to stockholders of record as of August 4, 2021.

On July 21, 2021, the Board of Directors authorized a new share repurchase program for repurchases of up to \$50.0 million of the Company's common stock from July 27, 2021 through December 31, 2022 (the 2021 Program). The 2021 Program replaces the 2018 Program, which expired on June 30, 2021. The 2021 Program provides that shares may be purchased at prevailing market prices through a variety of methods, including open market or private transactions, in accordance with applicable laws and regulations and as determined by management. The timing and actual number of shares that may be repurchased will depend on a variety of factors, including the share price, corporate and regulatory requirements, and other market and economic conditions. Repurchases under the 2021 Program may be commenced, modified, or suspended from time to time without prior notice, and the program may be suspended or discontinued at any time.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

- 99.1 Employers Holdings, Inc. press release, dated July 22, 2021.
- 99.2 Employers Holdings, Inc. financial supplement, dated July 22, 2021.

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: July 22, 2021

/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	July 22, 2021
99.2	Employers Holdings, Inc. financial supplement, dated	July 22, 2021

**Employers Holdings, Inc. Reports Second Quarter 2021 Results;
Declares Third Quarter 2021 Cash Dividend of \$0.25 per Share****Company to Host Conference Call on Friday, July 23, 2021, at 11:00 a.m. Eastern Daylight Time**

Reno, Nevada - July 22, 2021 - Employers Holdings, Inc. (the "Company") (NYSE:EIG), a holding company with subsidiaries that are specialty providers of workers' compensation insurance and services focused on select, small businesses engaged in low-to-medium hazard industries, today reported financial results for its second quarter ended June 30, 2021.

Financial Highlights

- Record number of ending policies in-force (107,314), up 3.7% since year-end;
- Gross premiums written were \$147.1 million, an increase of 5%;
- Net income of \$26.4 million, or \$0.92 per diluted share;
- Adjusted net income of \$11.8 million, or \$0.41 per diluted share;
- Net pretax realized and unrealized gains on investments recorded through the income statement of \$16.0 million;
- Net investment income of \$18.2 million, down 9% year-over-year;
- Net premiums earned of \$137.0 million, down 10% year-over-year;
- Net favorable prior year loss reserve development on voluntary business of \$1.6 million, vs. \$23.5 million a year ago;
- The Company repurchased 250,336 shares of its common stock at an average price of \$41.72 per share;
- Book value per share including the Deferred Gain of \$46.83, up 2.3% for the quarter including dividends declared.

Management Commentary

Chief Executive Officer Katherine Antonello commented: "With businesses reopening and restrictions lifted, we have begun to capture year-over-year increases in new business submissions, quotes and binds and are encouraged by the rebound we experienced during the second quarter of 2021. We closed the quarter with another record number of policies in-force and premium in-force has begun to increase, which demonstrates that our policyholders have endured the pandemic and small businesses are actively shopping for workers' compensation coverage. Our year-over-year new business premium is down slightly, however, as both the labor-force participation rate and unemployment rate continue to improve, we remain confident that rising payrolls and new business opportunities will bring further growth to our top line.

During the second quarter, we delivered a 3.8% annualized return on adjusted equity and a combined ratio of 98.8% within our largest operating segment, Employers. While we continued to experience significant favorable loss reserve development in nearly all prior accident years, our second quarter results were tempered by \$8 million of adverse loss reserve development associated with two catastrophic non-COVID claims that occurred in late 2020.

Last quarter we referred to our \$46.6 million of underwriting and general and administrative expenses as the high-water mark for 2021 and, as expected, those expenses decreased by 21% during the second quarter. The decrease was primarily a result of targeted expense savings, employee departures and lower variable expenses that fluctuate directly with earned premium."

Ms. Antonello continued, "Our Cerity operating segment, which offers digital workers' compensation insurance solutions directly to consumers, continues to gather momentum and now has \$1 million of in-force premium, all within our targeted low hazard groups A through D. While the low-to-medium hazard direct to consumer workers' compensation market is relatively immature and Cerity is an early entrant in this space, we believe that its technological and intellectual capabilities will support our future growth initiatives and provide direct access to workers' compensation insurance for businesses seeking an online experience.

In summary, we are diligently focused on capitalizing on emerging labor market improvements, while continuing to maintain underwriting discipline and actively managing our expenses. Our balance sheet and capital position are very strong and are highly supportive of these key initiatives."

Summary of Second Quarter 2021 Results

(All comparisons vs. second quarter 2020, unless noted otherwise).

Gross premiums written were \$147.1 million, an increase of 5%. The increase was primarily due to an increase in new policies written and average policy size. Net premiums earned were \$137.0 million, a decrease of 10% year-over-year.

Losses and loss adjustment expenses were \$83.7 million, an increase of 15%. The Company recognized \$1.6 million of net favorable prior year loss reserve development on voluntary business during the current period, versus \$23.5 million a year ago. The increase in losses and loss adjustment expenses was primarily due to \$8.0 million of unfavorable development in accident year 2020 resulting from two catastrophic non-COVID claims, which was offset by favorable development of \$9.6 million primarily in accident years 2017 and prior.

Commission expenses were \$18.0 million, a decrease of 6%. The decrease was primarily due to the decrease in earned premiums.

Underwriting and general and administrative expenses were \$37.0 million, a decrease of 17%. The decrease resulted from targeted expense savings and employee reductions and departures, which reduced our fixed expenses such as compensation and professional fees, as well as reductions in variable expenses, such as premium taxes and assessments and bad debt expenses, resulting from the decrease in earned premium.

Net investment income was \$18.2 million, a decrease of 9%. The decrease was primarily due to lower interest rates year-over-year impacting bond yields.

Income tax expense was \$6.0 million (19% effective rate) versus \$14.7 million (20% effective rate). The effective rates during each of the periods presented included income tax benefits associated with tax-advantaged investment income, LPT adjustments, and deferred gain amortization.

The Company's book value per share of \$42.54 and book value per share including the Deferred Gain of \$46.83 increased by 2.7% and 2.3% during the second quarter of 2021, respectively, computed after taking into account dividends declared. These measures were impacted during the current period by \$10.4 million of after-tax unrealized gains arising from fixed maturity securities (which are reflected on the balance sheet) and \$11.1 million of net after tax unrealized gains arising from equity securities and other investments (which are reflected on the income statement).

Summary of Results by Segment

(see page 14 of the Financial Supplement for a description of our reportable segments. All comparisons vs. second quarter 2020, unless noted otherwise).

Employers Segment

The Employers segment reported net income before income taxes of \$35.0 million versus \$75.5 million.

Highlights include the following:

- Underwriting income of \$1.7 million versus \$18.2 million;
- Combined ratio of 98.8% versus 88.0%;
- Current accident year loss and LAE ratio of 63.7% versus 65.5%;
- Net favorable prior year loss reserve development of 1.1 percentage points versus 15.6 percentage points;
- Commission expense ratio of 13.2% versus 12.7%;
- Underwriting expense ratio of 23.0% versus 25.4%;
- Net investment income of \$17.4 million versus \$18.8 million; and
- Net realized and unrealized gains on investments recorded through the income statement of \$15.8 million versus \$38.2 million.

Cerity Segment

The Cerity segment reported a net loss before income taxes of \$1.6 million versus \$2.0 million, and an underwriting loss of \$2.5 million versus \$4.2 million.

Highlights include the following:

- Written premium of \$0.3 million versus less than \$0.1 million;
- Net investment income of \$0.7 million versus \$0.9 million;
- Net realized and unrealized gains on investments recorded through the income statement of \$0.2 million versus \$1.3 million; and
- Underwriting expenses of \$2.6 million versus \$4.3 million.

Corporate and Other

Corporate and Other activities reported net income (loss) before income taxes of \$(1.0) million versus \$0.8 million.

Highlights include the following:

- LPT amortization, which served to reduce losses and LAE, of \$2.0 million versus \$2.5 million;
- Net investment income of \$0.1 million versus \$0.2 million;
- Net realized and unrealized gains on investments recorded through the income statement of zero versus \$0.2 million; and
- General and administrative expenses of \$2.9 million versus \$2.1 million.

Share Repurchases and Third Quarter 2021 Dividend Declaration

During the second quarter of 2021, the Company repurchased 250,336 shares of its common stock at an average price of \$41.72 per share.

On July 21, 2021, the Board of Directors authorized a new share repurchase program to allow for repurchases of up to \$50.0 million of our common stock from July 27, 2021 through December 31, 2022. The new program replaces a similar program, which expired on June 30, 2021.

On July 21, 2021, the Board of Directors declared a third quarter 2021 dividend of \$0.25 per share. The dividend is payable on August 18, 2021 to stockholders of record as of August 4, 2021.

Earnings Conference Call and Webcast

The Company will host a conference call on Friday, July 23, 2021, 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 1379736.

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 1379736.

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 Cerity Insurance Company, all rated A- (Excellent) by the A.M. Best Company. Not all companies do business in all jurisdictions. See www.employers.com and www.cerity.com for coverage availability.

Contact Information

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Employers Holdings, Inc.
Second Quarter 2021
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			Six Months Ended		
	June 30,			June 30,		
	2021	2020	% change	2021	2020	% change
Selected financial highlights:						
Gross premiums written	\$ 147.1	\$ 140.2	5 %	\$ 295.4	\$ 324.9	(9)%
Net premiums written	146.0	139.0	5	292.9	322.4	(9)
Net premiums earned	137.0	151.5	(10)	270.9	319.4	(15)
Net investment income	18.2	19.9	(9)	36.6	39.8	(8)
Net income before impact of the LPT ⁽¹⁾	24.4	57.1	(57)	45.4	19.8	129
Adjusted net income ⁽¹⁾	11.8	25.7	(54)	26.5	36.7	(28)
Net income before income taxes	32.4	74.3	(56)	60.0	29.0	107
Net income	26.4	59.6	(56)	49.5	24.7	100
Comprehensive income	35.2	123.0	(71)	22.2	64.4	(66)
Total assets				3,836.7	4,004.0	(4)
Stockholders' equity				1,203.6	1,144.0	5
Stockholders' equity including the Deferred Gain ⁽²⁾				1,324.9	1,276.2	4
Adjusted stockholders' equity ⁽²⁾				1,237.1	1,171.2	6
Annualized adjusted return on stockholders' equity ⁽³⁾	3.8 %	8.9 %	(57)%	4.3 %	6.1 %	(30)%
Amounts per share:						
Cash dividends declared per share	\$ 0.25	\$ 0.25	— %	\$ 0.50	\$ 0.50	— %
Earnings per diluted share ⁽⁴⁾	0.92	1.97	(53)	1.71	0.80	114 %
Earnings per diluted share before impact of the LPT ⁽⁴⁾	0.85	1.89	(55)	1.57	0.62	153 %
Adjusted earnings per diluted share ⁽⁴⁾	0.41	0.85	(52)	0.92	1.18	(22)
Book value per share ⁽²⁾				42.54	38.93	9
Book value per share including the Deferred Gain ⁽²⁾				46.83	43.43	8
Adjusted book value per share ⁽²⁾				43.73	39.86	10
Financial information by Segment⁽⁵⁾:						
Net income (loss) before income taxes						
Employers	\$ 35.0	\$ 75.5	(54)%	\$ 69.1	\$ 37.8	83
Cerity	(1.6)	(2.0)	20	(4.6)	(6.7)	31
Corporate and Other	(1.0)	0.8	(225)	(4.5)	(2.1)	(114)

(1) See Page 3 for calculations and Page 13 for information regarding our use of Non-GAAP Financial Measures.

(2) See Page 11 for calculations and Page 13 for information regarding our use of Non-GAAP Financial Measures.

(3) See Page 8 for calculations and Page 13 for information regarding our use of Non-GAAP Financial Measures.

(4) See Page 12 for description and calculations and Page 13 for information regarding our use of Non-GAAP Financial Measures.

(5) See Pages 4-7 for details and Page 14 for a description of our reportable segments.

EMPLOYERS HOLDINGS, INC.
Summary Consolidated Balance Sheets (unaudited)
\$ in millions, except per share amounts

	June 30, 2021	December 31, 2020
ASSETS		
Investments, cash and cash equivalents	\$ 2,835.9	\$ 2,917.8
Accrued investment income	15.5	15.3
Premiums receivable, net	251.3	232.1
Reinsurance recoverable, net of allowance, on paid and unpaid losses and LAE	489.8	504.2
Deferred policy acquisition costs	45.9	43.2
Contingent commission receivable—LPT Agreement	13.4	13.4
Other assets	184.9	196.6
Total assets	\$ 3,836.7	\$ 3,922.6
LIABILITIES		
Unpaid losses and LAE	\$ 2,007.6	\$ 2,069.4
Unearned premiums	315.7	299.1
Commissions and premium taxes payable	39.2	43.0
Deferred Gain	121.3	125.4
FHLB Advances ⁽¹⁾	—	20.0
Deferred income tax liability	9.7	15.5
Other liabilities	139.6	137.4
Total liabilities	\$ 2,633.1	\$ 2,709.8
STOCKHOLDERS' EQUITY		
Common stock and additional paid-in capital	\$ 408.0	\$ 404.9
Retained earnings	1,283.0	1,247.9
Accumulated other comprehensive income, net	87.8	115.1
Treasury stock, at cost	(575.2)	(555.1)
Total stockholders' equity	1,203.6	1,212.8
Total liabilities and stockholders' equity	\$ 3,836.7	\$ 3,922.6
Stockholders' equity including the Deferred Gain ⁽²⁾	\$ 1,324.9	\$ 1,338.2
Adjusted stockholders' equity ⁽²⁾	1,237.1	1,223.1
Book value per share ⁽²⁾	\$ 42.54	\$ 42.46
Book value per share including the Deferred Gain ⁽²⁾	46.83	46.85
Adjusted book value per share ⁽²⁾	43.73	42.82

(1) FHLB=Federal Home Loan Bank

(2) See Page 11 for calculations and Page 13 for information regarding our use of Non-GAAP Financial Measures.

EMPLOYERS HOLDINGS, INC.
Summary Consolidated Income Statements (unaudited)
\$ in millions

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Revenues:				
Net premiums earned	\$ 137.0	\$ 151.5	\$ 270.9	\$ 319.4
Net investment income	18.2	19.9	36.6	39.8
Net realized and unrealized gains (losses) on investments ⁽¹⁾	16.0	39.7	26.9	(21.4)
Other income	0.2	0.3	0.6	0.6
Total revenues	171.4	211.4	335.0	338.4
Expenses:				
Losses and LAE incurred	(83.7)	(73.1)	(153.3)	(177.4)
Commission expense	(18.0)	(19.2)	(34.8)	(40.5)
Underwriting and general and administrative expenses	(37.0)	(44.8)	(83.6)	(91.5)
Interest and financing expenses	(0.2)	—	(0.3)	—
Other expenses	(0.1)	—	(3.0)	—
Total expenses	(139.0)	(137.1)	(275.0)	(309.4)
Net income before income taxes	32.4	74.3	60.0	29.0
Income tax expense	(6.0)	(14.7)	(10.5)	(4.3)
Net income	26.4	59.6	49.5	24.7
Unrealized AFS investment gains (losses) arising during the period, net of tax ⁽²⁾	10.4	69.3	(25.1)	40.2
Reclassification adjustment for net realized AFS investment gains in net income, net of tax ⁽²⁾	(1.6)	(5.9)	(2.2)	(0.5)
Total comprehensive income	\$ 35.2	\$ 123.0	\$ 22.2	\$ 64.4
Net income	\$ 26.4	\$ 59.6	\$ 49.5	\$ 24.7
Amortization of the Deferred Gain - losses	(1.6)	(2.1)	(3.3)	(4.1)
Amortization of the Deferred Gain - contingent commission	(0.4)	(0.4)	(0.8)	(0.8)
Net income before impact of the LPT Agreement⁽³⁾	24.4	57.1	45.4	19.8
Net realized and unrealized (gains) losses on investments	(16.0)	(39.7)	(26.9)	21.4
Severance costs	0.1	—	3.0	—
Income tax expense (benefit) related to items excluded from Net income or loss	3.3	8.3	5.0	(4.5)
Adjusted net income	\$ 11.8	\$ 25.7	\$ 26.5	\$ 36.7

(1) Includes unrealized gains (losses) on equity securities and other investments of \$(1.9) million and \$42.0 million for the three months ended June 30, 2021 and 2020, respectively, and \$7.6 million and \$(27.6) million for the six months ended June 30, 2021 and 2020, respectively.

(2) AFS = Available for Sale securities.

(3) See Page 13 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 June 30, 2021				
Gross premiums written	\$ 146.8	\$ 0.3	\$ —	\$ 147.1
Net premiums written	145.7	0.3	—	146.0
Net premiums earned	A 136.8	0.2	—	137.0
Net investment income	17.4	0.7	0.1	18.2
Net realized and unrealized gains on investments	15.8	0.2	—	16.0
Other income	0.2	—	—	0.2
Total revenues	<u>170.2</u>	<u>1.1</u>	<u>0.1</u>	<u>171.4</u>
Losses and LAE incurred ⁽²⁾	B (85.6)	(0.1)	2.0	(83.7)
Commission expense	C (18.0)	—	—	(18.0)
Underwriting and general and administrative expenses	D (31.5)	(2.6)	(2.9)	(37.0)
Interest and financing expenses	—	—	(0.2)	(0.2)
Other expenses	(0.1)	—	—	(0.1)
Total expenses	<u>(135.2)</u>	<u>(2.7)</u>	<u>(1.1)</u>	<u>(139.0)</u>
Net income (loss) before income taxes	<u>\$ 35.0</u>	<u>\$ (1.6)</u>	<u>\$ (1.0)</u>	<u>\$ 32.4</u>
Underwriting income (loss)	A+B+C+D 1.7	(2.5)		
Loss and LAE expense ratio:				
Current year	63.7 %	n/m		
Prior years	(1.1)	—		
Loss and LAE ratio	<u>62.6</u>	<u>n/m</u>		
Commission expense ratio	13.2	n/m		
Underwriting expense ratio	<u>23.0</u>	<u>n/m</u>		
Combined ratio	<u>98.8 %</u>	<u>n/m</u>		

n/m - not meaningful

(1) See Page 14 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 June 30, 2020				
Gross premiums written	\$ 140.2	\$ —	\$ —	\$ 140.2
Net premiums written	139.0	—	—	139.0
Net premiums earned	A 151.4	0.1	—	151.5
Net investment income	18.8	0.9	0.2	19.9
Net realized and unrealized gains on investments	38.2	1.3	0.2	39.7
Other income	0.3	—	—	0.3
Total revenues	<u>208.7</u>	<u>2.3</u>	<u>0.4</u>	<u>211.4</u>
Losses and LAE incurred ⁽²⁾	B (75.6)	—	2.5	(73.1)
Commission expense	C (19.2)	—	—	(19.2)
Underwriting and general and administrative expenses	D (38.4)	(4.3)	(2.1)	(44.8)
Total expenses	<u>(133.2)</u>	<u>(4.3)</u>	<u>0.4</u>	<u>(137.1)</u>
Net income (loss) before income taxes	<u>\$ 75.5</u>	<u>\$ (2.0)</u>	<u>\$ 0.8</u>	<u>\$ 74.3</u>
Underwriting income (loss)	A+B+C+D \$ 18.2	\$ (4.2)		
Loss and LAE expense ratio:				
Current year	65.5 %	n/m		
Prior years	(15.6)	—		
Loss and LAE ratio	49.9	n/m		
Commission expense ratio	12.7	n/m		
Underwriting expense ratio	25.4	n/m		
Combined ratio	<u>88.0 %</u>	<u>n/m</u>		

n/m - not meaningful

(1) See Page 14 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>
Six Months Ended June 30, 2021				
Gross premiums written	\$ 294.8	\$ 0.6	\$ —	\$ 295.4
Net premiums written	292.3	0.6	—	292.9
Net premiums earned	A 270.7	0.2	—	270.9
Net investment income	35.1	1.4	0.1	36.6
Net realized and unrealized gains on investments	26.6	0.3	—	26.9
Other income	0.6	—	—	0.6
Total revenues	<u>333.0</u>	<u>1.9</u>	<u>0.1</u>	<u>335.0</u>
Losses and LAE incurred ⁽²⁾	B (157.3)	(0.1)	4.1	(153.3)
Commission expense	C (34.8)	—	—	(34.8)
Underwriting and general and administrative expenses	D (68.8)	(6.4)	(8.4)	(83.6)
Interest and financing expenses	—	—	(0.3)	(0.3)
Other expenses	(3.0)	—	—	(3.0)
Total expenses	<u>(263.9)</u>	<u>(6.5)</u>	<u>(4.6)</u>	<u>(275.0)</u>
Net income (loss) before income taxes	<u>\$ 69.1</u>	<u>\$ (4.6)</u>	<u>\$ (4.5)</u>	<u>\$ 60.0</u>
Underwriting income (loss)	A+B+C+D 9.8	(6.3)		
Loss and LAE expense ratio:				
Current year	63.8 %	n/m		
Prior years	(5.7)	—		
Loss and LAE ratio	<u>58.1</u>	<u>n/m</u>		
Commission expense ratio	12.9	n/m		
Underwriting expense ratio	<u>25.4</u>	<u>n/m</u>		
Combined ratio	<u>96.4 %</u>	<u>n/m</u>		

n/m - not meaningful

(1) See Page 14 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>
Six Months Ended June 30, 2020				
Gross premiums written	\$ 324.9	\$ —	\$ —	\$ 324.9
Net premiums written	322.4	—	—	322.4
Net premiums earned	A 319.3	0.1	—	319.4
Net investment income	37.4	1.7	0.7	39.8
Net realized and unrealized (losses) on investments	(19.1)	(0.4)	(1.9)	(21.4)
Other income	0.6	—	—	0.6
Total revenues	<u>338.2</u>	<u>1.4</u>	<u>(1.2)</u>	<u>338.4</u>
Losses and LAE incurred ⁽²⁾	B (182.3)	—	4.9	(177.4)
Commission expense	C (40.5)	—	—	(40.5)
Underwriting and general and administrative expenses	D (77.6)	(8.1)	(5.8)	(91.5)
Total expenses	<u>(300.4)</u>	<u>(8.1)</u>	<u>(0.9)</u>	<u>(309.4)</u>
Net income (loss) before income taxes	<u>\$ 37.8</u>	<u>\$ (6.7)</u>	<u>\$ (2.1)</u>	<u>\$ 29.0</u>
Underwriting income (loss)	A+B+C+D \$ 18.9	\$ (8.0)		
Loss and LAE expense ratio:				
Current year	65.6 %	n/m		
Prior years	<u>(8.5)</u>	<u>—</u>		
Loss and LAE ratio	57.1	n/m		
Commission expense ratio	12.7	n/m		
Underwriting expense ratio	<u>24.3</u>	<u>n/m</u>		
Combined ratio	<u>94.1 %</u>	<u>n/m</u>		

n/m - not meaningful

(1) See Page 14 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		Six Months Ended	
		June 30,		June 30,	
		2021	2020	2021	2020
Net income	A	\$ 26.4	\$ 59.6	\$ 49.5	\$ 24.7
Impact of the LPT Agreement		(2.0)	(2.5)	(4.1)	(4.9)
Net realized and unrealized (gains) losses on investments		(16.0)	(39.7)	(26.9)	21.4
Severance costs		0.1	—	3.0	—
Income tax expense (benefit) related to items excluded from Net income		3.3	8.3	5.0	(4.5)
Adjusted net income ⁽¹⁾	B	11.8	25.7	26.5	36.7
Stockholders' equity - end of period		\$ 1,203.6	\$ 1,144.0	\$ 1,203.6	\$ 1,144.0
Stockholders' equity - beginning of period		1,186.6	1,057.3	1,212.8	1,165.8
Average stockholders' equity	C	1,195.1	1,100.7	1,208.2	1,154.9
Stockholders' equity - end of period		\$ 1,203.6	\$ 1,144.0	\$ 1,203.6	\$ 1,144.0
Deferred Gain - end of period		121.3	132.2	121.3	132.2
Accumulated other comprehensive income - end of period		(111.1)	(132.9)	(111.1)	(132.9)
Income taxes related to accumulated other comprehensive income - end of period		23.3	27.9	23.3	27.9
Adjusted stockholders' equity - end of period		1,237.1	1,171.2	1,237.1	1,171.2
Adjusted stockholders' equity - beginning of period		1,230.9	1,150.4	1,223.1	1,237.6
Average adjusted stockholders' equity ⁽¹⁾	D	1,234.0	1,160.8	1,230.1	1,204.4
Return on stockholders' equity	A / C	2.2 %	5.4 %	4.1 %	2.1 %
Annualized return on stockholders' equity		8.8	21.7	8.2	4.3
Adjusted return on stockholders' equity ⁽¹⁾	B / D	1.0 %	2.2 %	2.2 %	3.0 %
Annualized adjusted return on stockholders' equity ⁽¹⁾		3.8	8.9	4.3	6.1

(1) See Page 13 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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Unpaid losses and LAE at beginning of period	\$ 2,034.1	\$ 2,191.7	\$ 2,069.4	\$ 2,192.8
Reinsurance recoverable, excluding CECL allowance, on unpaid losses and LAE	492.3	527.0	497.0	532.5
Net unpaid losses and LAE at beginning of period	1,541.8	1,664.7	1,572.4	1,660.3
Losses and LAE incurred:				
Current year losses	87.3	99.2	172.9	209.4
Prior year losses on voluntary business	(1.6)	(23.5)	(15.0)	(26.5)
Prior year losses on involuntary business	—	(0.1)	(0.5)	(0.6)
Total losses incurred	85.7	75.6	157.4	182.3
Losses and LAE paid:				
Current year losses	15.9	17.1	20.6	24.0
Prior year losses	87.5	76.1	185.1	171.5
Total paid losses	103.4	93.2	205.7	195.5
Net unpaid losses and LAE at end of period	1,524.1	1,647.1	1,524.1	1,647.1
Reinsurance recoverable, excluding CECL allowance, on unpaid losses and LAE	483.5	523.6	483.5	523.6
Unpaid losses and LAE at end of period	<u>\$ 2,007.6</u>	<u>\$ 2,170.7</u>	<u>\$ 2,007.6</u>	<u>\$ 2,170.7</u>

Total losses and LAE shown in the above table exclude amortization of the Deferred Gain, which totaled \$2.0 million and \$2.5 million for the three months ended June 30, 2021 and 2020, respectively, and \$4.1 million and \$4.9 million for the six months ended June 30, 2021 and 2020, respectively.

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

	June 30, 2021				December 31, 2020	
	Cost or Amortized Cost	Net Unrealized Gain	Fair Value	%	Fair Value	%
Investment Positions:						
Fixed maturity securities	\$ 2,307.2	\$ 111.1	\$ 2,418.3	85 %	\$ 2,479.2	85 %
Equity securities	160.6	103.1	263.7	9	215.2	7
Short-term investments	0.3	—	0.3	—	26.6	1
Other invested assets	45.8	—	45.8	2	36.2	1
Cash and cash equivalents	107.6	—	107.6	4	160.4	5
Restricted cash and cash equivalents	0.2	—	0.2	—	0.2	—
Total investments and cash	<u>\$ 2,621.7</u>	<u>\$ 214.2</u>	<u>\$ 2,835.9</u>	<u>100 %</u>	<u>\$ 2,917.8</u>	<u>100 %</u>
Breakout of Fixed Maturity Securities:						
U.S. Treasuries and agencies	\$ 69.9	\$ 2.6	\$ 72.5	3 %	\$ 81.4	3 %
States and municipalities	399.6	27.7	427.3	18	482.7	19
Corporate securities	1,053.9	65.8	1,119.7	46	1,046.4	42
Mortgage-backed securities	463.6	13.5	477.1	20	563.4	23
Asset-backed securities	47.3	0.7	48.0	2	42.6	2
Collateralized loan obligations	85.4	—	85.4	4	83.6	3
Bank loans and other	187.5	0.8	188.3	8	179.1	7
Total fixed maturity securities	<u>\$ 2,307.2</u>	<u>\$ 111.1</u>	<u>\$ 2,418.3</u>	<u>100 %</u>	<u>\$ 2,479.2</u>	<u>100 %</u>
Weighted average book yield			3.1%		3.0%	
Average credit quality (S&P)			A+		A+	
Duration			3.7		3.2	

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

		June 30, 2021	March 31, 2021	December 31, 2020	June 30, 2020
Numerators:					
Stockholders' equity	A	\$ 1,203.6	\$ 1,186.6	\$ 1,212.8	\$ 1,144.0
Plus: Deferred Gain		121.3	123.3	125.4	132.2
Stockholders' equity including the Deferred Gain⁽¹⁾	B	1,324.9	1,309.9	1,338.2	1,276.2
Accumulated other comprehensive income		(111.1)	(100.0)	(145.7)	(132.9)
Income taxes related to accumulated other comprehensive income		23.3	21.0	30.6	27.9
Adjusted stockholders' equity⁽¹⁾	C	<u>\$ 1,237.1</u>	<u>\$ 1,230.9</u>	<u>\$ 1,223.1</u>	<u>\$ 1,171.2</u>
Denominator (shares outstanding)	D	28,291,782	28,478,254	28,564,798	29,382,894
Book value per share ⁽¹⁾	A / D	\$ 42.54	\$ 41.67	\$ 42.46	\$ 38.93
Book value per share including the Deferred Gain ⁽¹⁾	B / D	46.83	46.00	46.85	43.43
Adjusted book value per share ⁽¹⁾	C / D	43.73	43.22	42.82	39.86
YTD Change in:⁽²⁾					
Book value per share		1.4 %			6.1 %
Book value per share including the Deferred Gain		1.0			5.7
Adjusted book value per share		3.3			2.3

(1) See Page 13 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 \$0.50 for each of the six months ended June 30, 2021 and 2020.

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

		Three Months Ended June 30,		Six Months Ended June 30,	
		2021	2020	2021	2020
Numerators:					
Net income	A	\$ 26.4	\$ 59.6	\$ 49.5	\$ 24.7
Impact of the LPT Agreement		(2.0)	(2.5)	(4.1)	(4.9)
Net income before impact of the LPT ⁽¹⁾	B	24.4	57.1	45.4	19.8
Net realized and unrealized (gains) losses on investments		(16.0)	(39.7)	(26.9)	21.4
Severance costs		0.1	—	3.0	—
Income tax expense (benefit) related to items excluded from Net income		3.3	8.3	5.0	(4.5)
Adjusted net income ⁽¹⁾	C	\$ 11.8	\$ 25.7	\$ 26.5	\$ 36.7
Denominators:					
Average common shares outstanding (basic)	D	28,478,788	30,043,900	28,497,654	30,697,975
Average common shares outstanding (diluted)	E	28,809,341	30,229,553	28,888,735	31,020,128
Earnings per share:					
Basic	A / D	\$ 0.93	\$ 1.98	\$ 1.74	\$ 0.80
Diluted ⁽²⁾	A / E	0.92	1.97	1.71	0.80
Earnings per share before impact of the LPT: ⁽¹⁾					
Basic	B / D	\$ 0.86	\$ 1.90	\$ 1.59	\$ 0.64
Diluted	B / E	0.85	1.89	1.57	0.62
Adjusted earnings per share: ⁽¹⁾					
Basic	C / D	\$ 0.41	\$ 0.86	\$ 0.93	\$ 1.20
Diluted	C / E	0.41	0.85	0.92	1.18

(1) See Page 13 for information regarding our use of Non-GAAP Financial Measures.

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 11 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 11 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 8 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 11 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.