Employers Holdings, Inc.

Investor Presentation

March, 2012

EMPLOYERS®

America's small business insurance specialist®

This slide presentation is for informational purposes only. It should be read in conjunction with our Form 10-K for the year 2011, our Form 10-Qs and our Form 8-Ks filed with the Securities and Exchange Commission (SEC), all of which are available on the "Investor Relations" section of our website at www.employers.com.

Non-GAAP Financial Measures

In presenting Employers Holdings, Inc.'s (EMPLOYERS) results, management has included and discussed certain non-GAAP financial measures, as defined in Regulation G. Management believes these non-GAAP measures better explain EMPLOYERS results allowing for a more complete understanding of underlying trends in our business. These measures should not be viewed as a substitute for those determined in accordance with GAAP. The reconciliation of these measures to their most comparable GAAP financial measures is included in this presentation or in our Form 10-K for the year 2011, our Form 10-Qs and our Form 8-Ks filed with the Securities and Exchange Commission (SEC) and available in the "Investor Relations" section of our website at www.employers.com.

Forward-looking Statements

This presentation may contain certain forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward looking statements include statements regarding anticipated future results and can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like "believe", "expect", "anticipate", "estimate" and "intend" or future or conditional verbs such as "will", "would", "should", "could" or "may". All subsequent written and oral forward-looking statements attributable to us or individuals acting on our behalf are expressly qualified in their entirety by these cautionary statements.

All forward looking statements made in this presentation reflect EMPLOYERS' current views with respect to future events, business transactions and business performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties, which may cause actual results to differ materially from those set forth in these statements. The business of EHI and those engaged in similar lines of business could be affected by, among other things, competition, pricing and policy term trends, the levels of new and renewal business achieved, market acceptance, changes in demand, the frequency and severity of catastrophic events, actual loss experience including observed levels of increased indemnity claims frequency and severity in California, uncertainties in the loss reserving and claims settlement process, new theories of liability, judicial, legislative, regulatory and other governmental developments, litigation tactics and developments, investigation developments, the amount and timing of reinsurance recoverables, credit developments among reinsurers, changes in the cost or availability of reinsurance, market developments (including adverse developments in financial markets as a result of, among other things, changes in local, regional or national economic conditions and volatility and deterioration of financial markets), credit and other risks associated with EHI's investment activities, significant changes in investment yield rates, rating agency action, possible terrorism or the outbreak and effects of war and economic, political, regulatory, insurance and reinsurance business conditions, relations with and performance of employees and agents, and other factors identified in EHI's filings with the SEC. Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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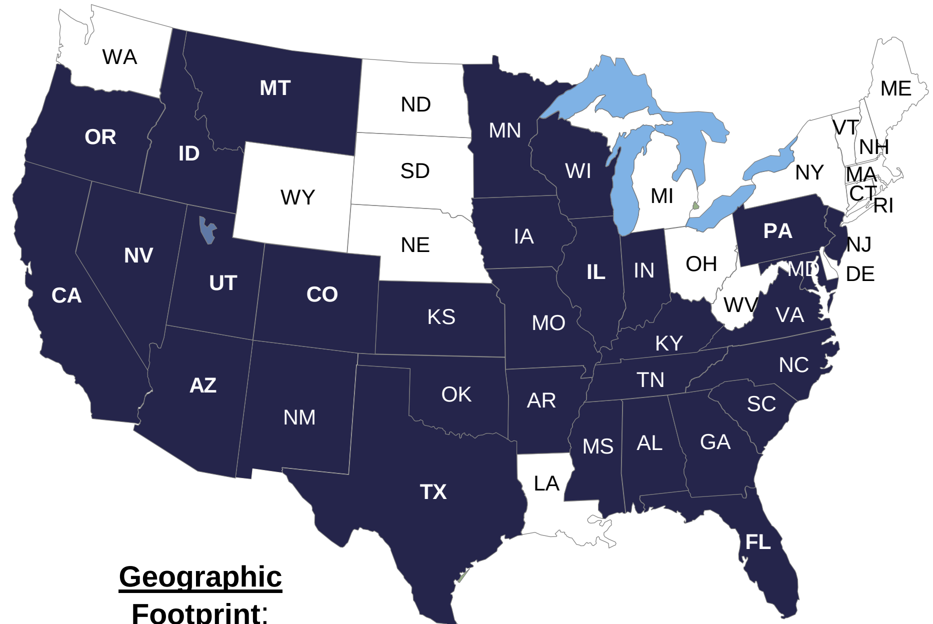
America's small business insurance specialist®

Overview

- Specialty provider of workers' compensation (WC)
- Small businesses, low to medium hazard
- Net premiums written: $410 million
  - 60,693 policies
  - Average policy size: $6,490
- Distribution
  - 3,742 agents = 75.7% in-force premium
  - Strategic partners = 23.8% in-force premium (principally ADP and Anthem Blue Cross)
- Writing in 31 states
- Combined ratio before LPT: 118.7%
- Adjusted book value per share: $25.07



Geographic Footprint:

75% of total WC market

In-force premium

- CA = 56%
- I L = 6%
- GA = 4%
- FL = 4%
- NV = 4%

Note: All data in this presentation is for full year or year-end 2011, as applicable, unless stated otherwise and all data comparisons are year over year unless stated otherwise.

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Operating Conditions

Economic conditions

- High unemployment and underemployment, but improving
- Reduced work hours
- Historically low investment yields

Workers' compensation market

- High combined ratios
- Signs of a hardening market
- Rate increases in largest markets – CA, FL

P & C Segment

- Over capitalization
- Soft market conditions

Solid financial position

- Significant capital
- Stable investment portfolio

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Strategy and Results

2009 - 2011	2011 Results (YOY)	2012 Focus
Cost controls	- Combined four regional operating units into two, consolidated offices and decreased staffing by 225 or 35% - Reduced underwriting expenses 5% - Increased M & A activities	**Expect small increase in real underwriting expense compared to 2011; expect increase related to accounting change for deferred acquisition costs** **Pursue efficiencies**
Growth and technology initiatives	- 31% increase in net written premiums - 1,100 agencies added, goal met well ahead of target date - 16,132 policies added - Rapid quote technology implemented - 5 point increase in % of total payroll exposure in low hazard groups A & B	**Continue to grow top line and scale the business while maintaining underwriting discipline** **Add new technology**
Pricing	- Increased CA filed rates over 33% since early 2009 - Positive overall net rate in Q 4 2011 compared with Q 3 2011 - Positive net rate in CA	**Monitor CA and national loss trends/focus on reserves** **Pricing** **Rating bureaus filed rate increases in 19 jurisdictions nationally in 2011**
Capital and investments	- Repositioned portfolio to shorten duration, reduce exposure to tax exempt municipals, and add high dividend equities - Realized gains of $20 million, $18 million in Q 4 - $353 million cash/securities at holding company - $92.7 million in common stock repurchases	**$93 million remaining; share repurchase authorization through mid-2013** **Continue to evaluate strategic acquisitions** **Portfolio actions**

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Cost Controls

Cost controls are in place, but two known factors causing upward pressure on underwriting and other operating costs in 2012 are:

- In 2012, excluding DAC* and costs related to premium growth, we expect a low single digit % increase from 2011 underwriting/other operating cost
  - Variable costs related to growth in premium (premium taxes and assessments)
  - Estimated accounting change: $7 million in 2012 (increase to operating costs and decrease to total assets)
    - We expect the DAC accounting change to be recorded as follows:
      - Q 1 = 47%
      - Q 2 = 31%
      - Q 3 = 16%
      - Q 4 = 6%

<u>*Deferred Policy Acquisition Costs</u> (DAC)

- Financial Accounting Standards Board (FASB) revised the definition of acquisition costs – costs associated with acquiring and renewing insurance policies – which we are capitalizing and deferring beginning January 1, 2012 (Accounting Standards Update Number 2010-26)
- EHI adopting the guidance on a prospective basis
- Change will impact all companies booking DAC
- We will report impacts due to this accounting change

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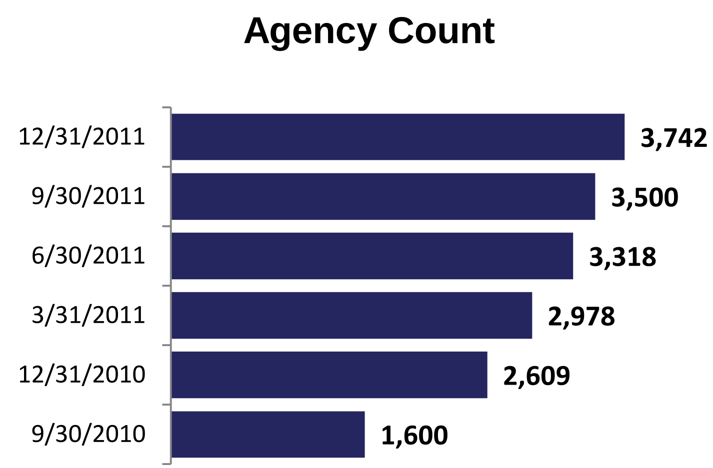
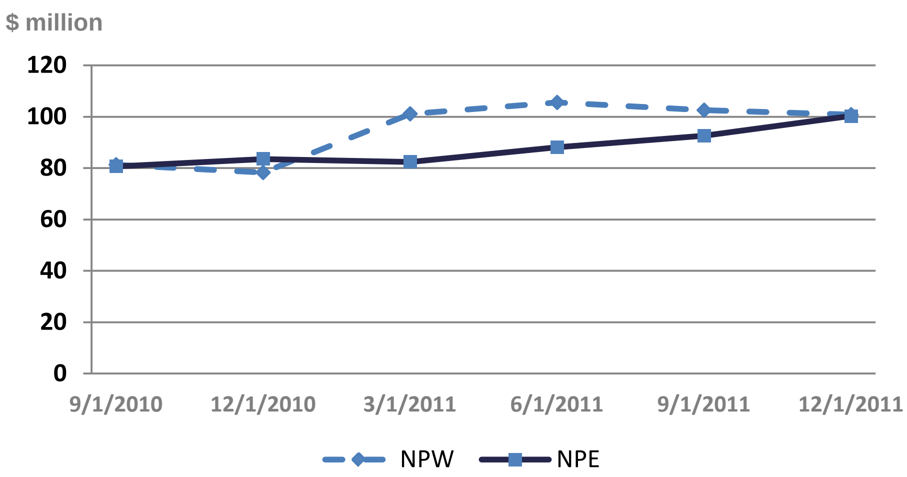
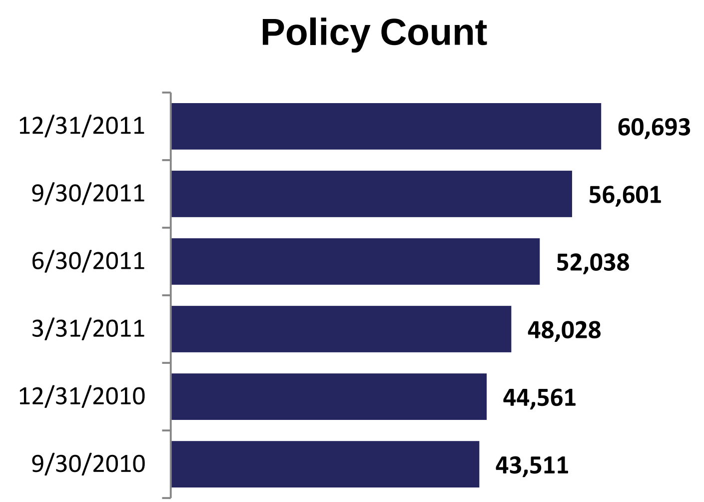
Building Growth/Scale

- Growth targets – implemented July, 2010
  - Add over 900 agencies by mid-2012
  - Add over 20,000 policies by mid-2012
- Agency target objective achieved nine months ahead of schedule at 9/30/2011 – at 12/31/2011 added over 1,100 agencies
- Policy target nearly reached at 12/31/2011
- Increasing quarterly premiums and building scale… continue targeted growth in 2012







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Focus on Low Risk

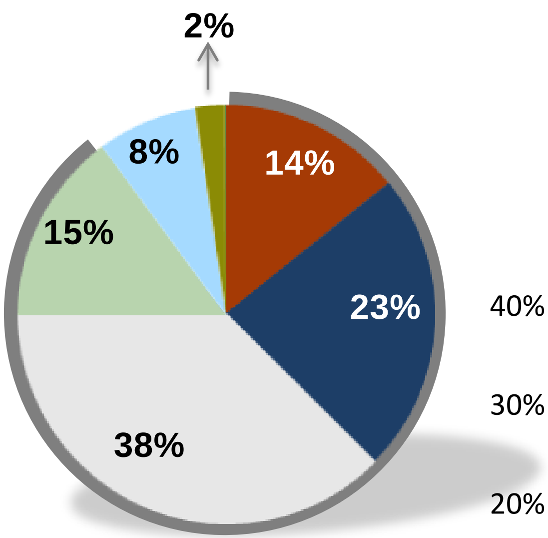
With growth, observable shift to lower risk hazard groups

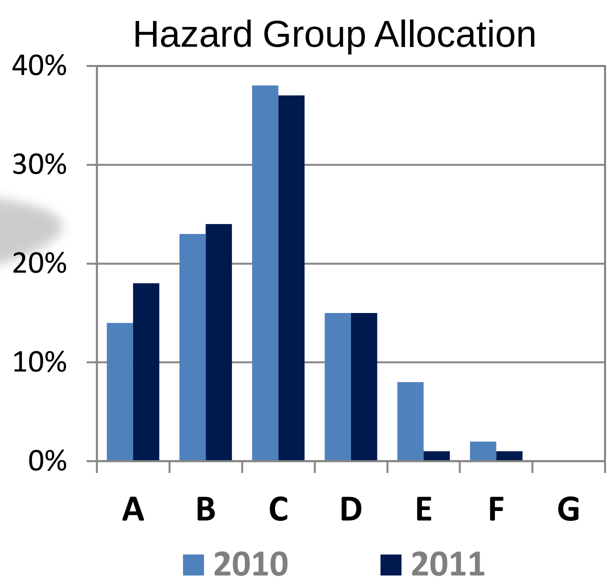
(data shown as a % of in-force premiums)

NCCI Hazard Groups

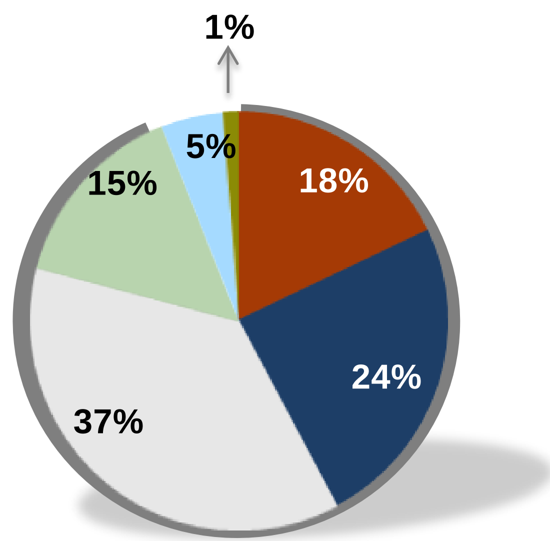
Hazard Group	
Hazard Group A	Lower Risk
Hazard Group B	
Hazard Group C	
Hazard Group D	
Hazard Group E	
Hazard Group F	
Hazard Group G	Higher Risk

Hazard Group %, 2010
37% in Hazard Groups A – B
90% in Hazard Groups A – D





Hazard Group %, 2011
42% in Hazard Groups A – B
94% in Hazard Groups A – D



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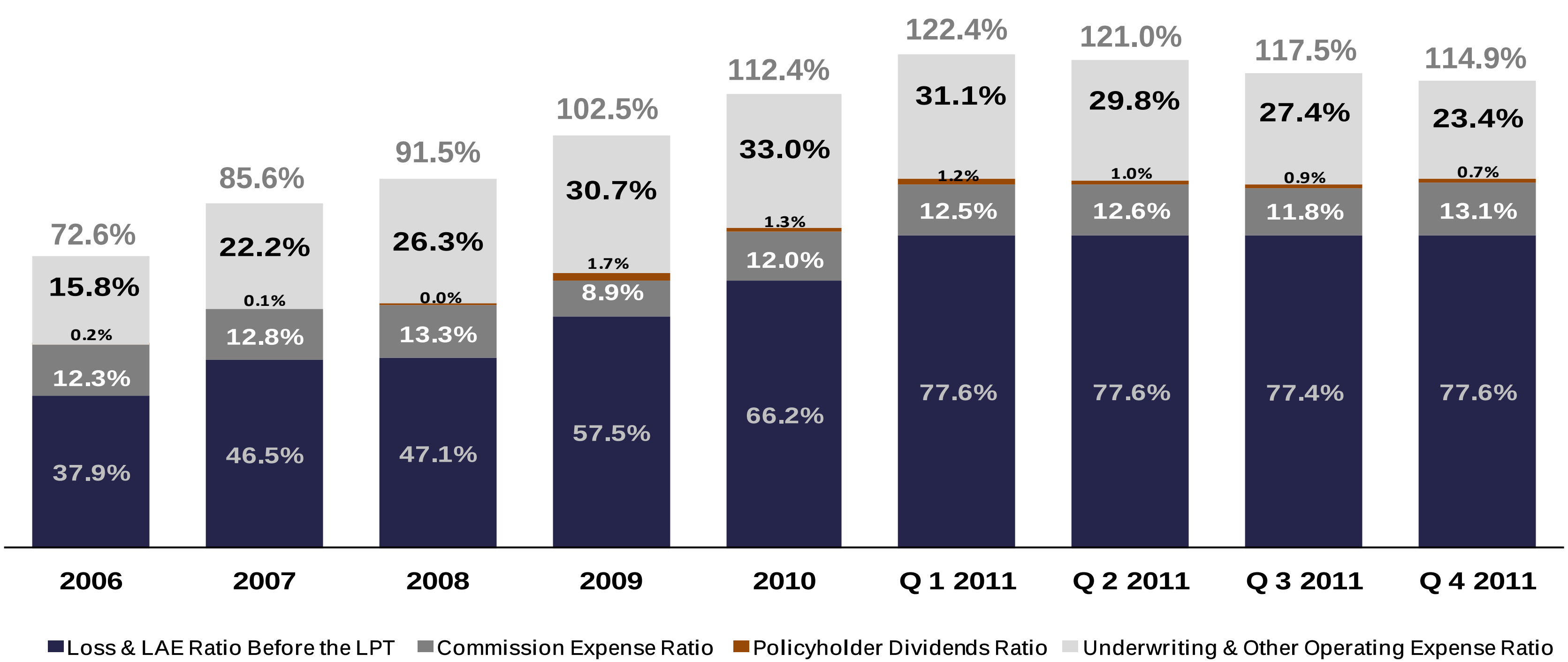
Calendar Year Combined Ratio

- **Combined and underwriting expense ratios trending down with cost controls and increasing earned premiums; lowest annual expense ratio since 2008**

Losses & LAE before LPT	77.5%
Commission expense	12.5%
Policyholder dividends	0.9%
Underwriting & other operating	27.8%
2011 combined ratio before LPT	**118.7%**

- **Loss ratios stable throughout 2011: impacted by loss provision rates and increasing earned premiums**



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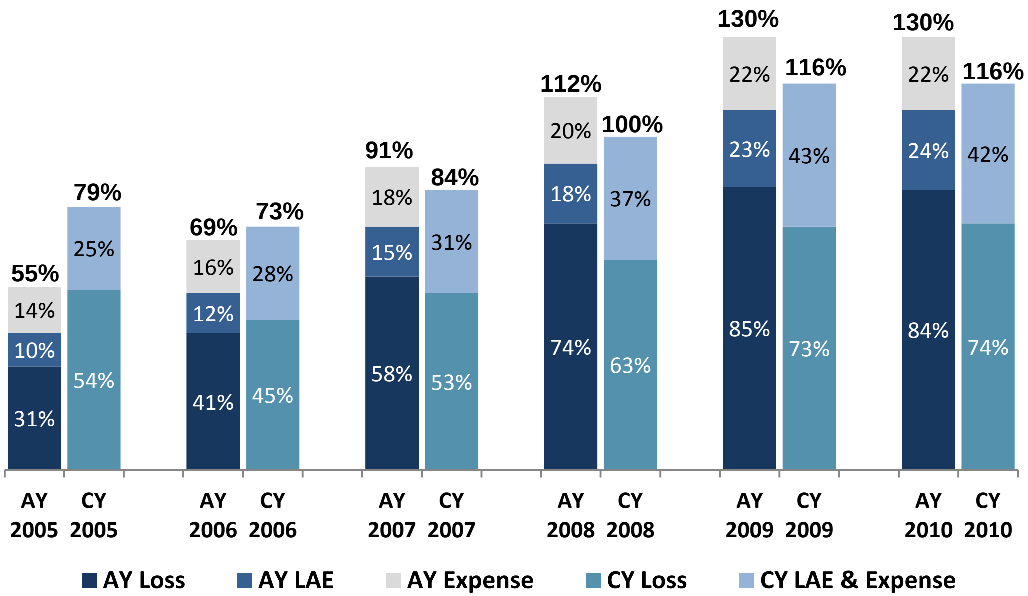
California Losses & LAE

- Losses & LAE normally represent approximately 65% of earned premium
- Nationally, workers' compensation loss ratios increased 2008 to 2010 (A.M. Best)
- In California, loss trends represent much of the increase in our 2009 – 2011 loss & LAE ratios

Workers' Compensation Insurance Rating Bureau (WCIRB): California Accident Year (AY) and Calendar Year (CY) Combined Ratios, 2005 - 2010



- AY combined ratios up due largely to losses/LAE
- Highest loss ratios since 2002
- AY 2009 pure loss ratio up 2.0 points since 6/30/11 report and 3.9 points since 3/31/11 report
- AY 2010 pure loss ratio up 2.2 points since 6/30/11 report and 3.7 points since 3/31/11 report

Source: WCIRB: Summary of September 30, 2011 Insurance Experience, December 8, 2011

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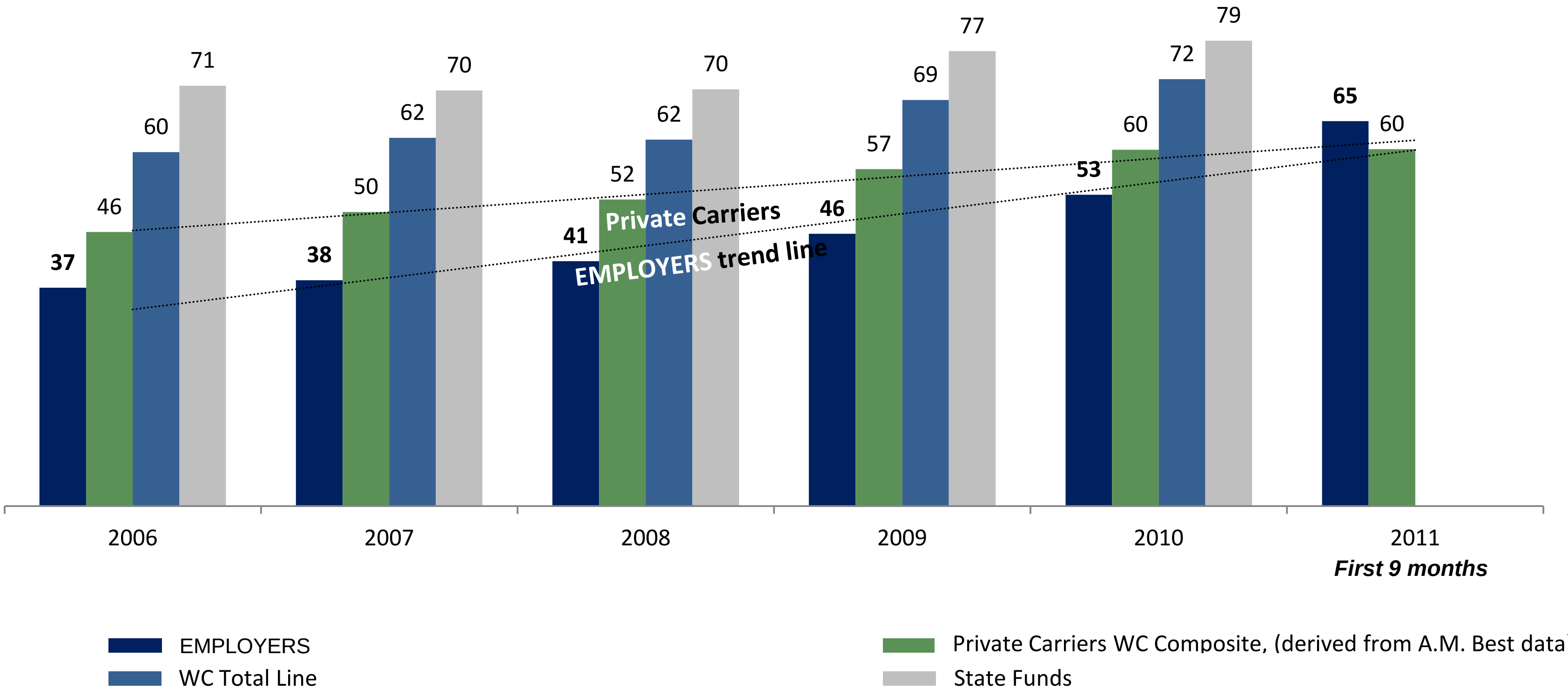
Statutory Loss Ratios

EMPLOYERS: Historically low loss ratios



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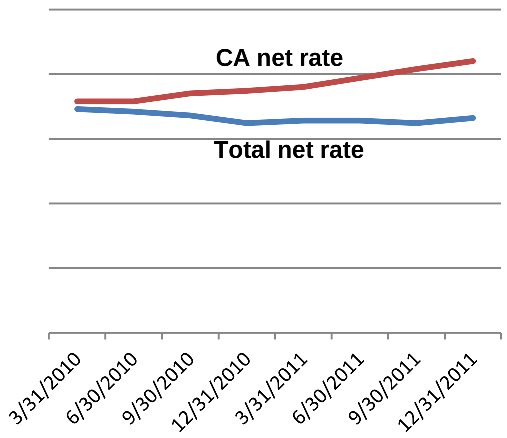
Net Rate

- Many variables impact net rate including rate changes, underwriting risk profiles, pricing, changes in business mix

- *Overall* change in net rate generally flat, but up 1% in Q 4 2011 compared to Q 3 2011

- CA net rate increasing (+12%)
    - CA payroll exposure increase 15%
    - CA premium increase 29%
    - CA policy count increase 26%
    - Average policy size increase 2%

EMPLOYERS
Net Rate per $100 of Payroll



Net rate = total premium in-force divided by total insured payroll exposure

Capital

- $353 million in cash and securities at the holding company
- Debt to total capital = 12.9%
- Three uses of capital

1. Deploy into the business
2. Opportunistic acquisitions or mergers
3. Return to shareholders

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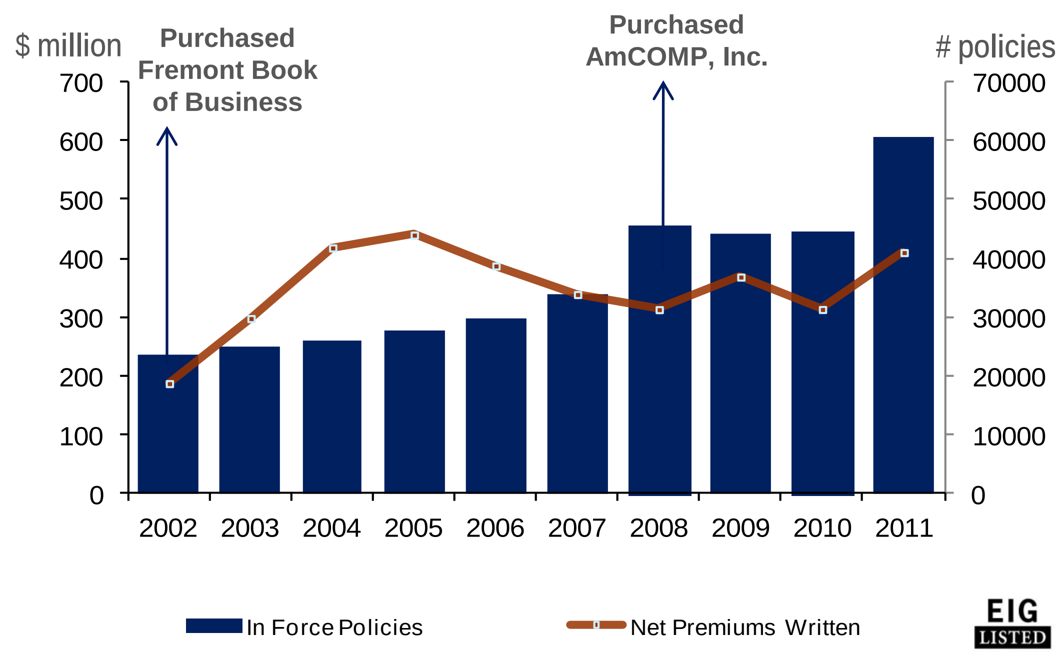
Mergers & Acquisitions

When might a transaction be considered?

- No significant presence in northeast; however, geographic build-out nearly complete
- Superior technology; however, in-house technology highly successful
- Increased channels of distribution; however, recently added significant number of agents
- Additional line(s) of business
- Long-term value to shareholders
- Stock price below book value raises hurdle for acquisition or merger

Past acquisitions brought:

- Premium and policy count growth
- Increased geographic footprint
- Increased distribution channels
- Increased scale
- Experienced staff
- Synergies; accretive to earnings



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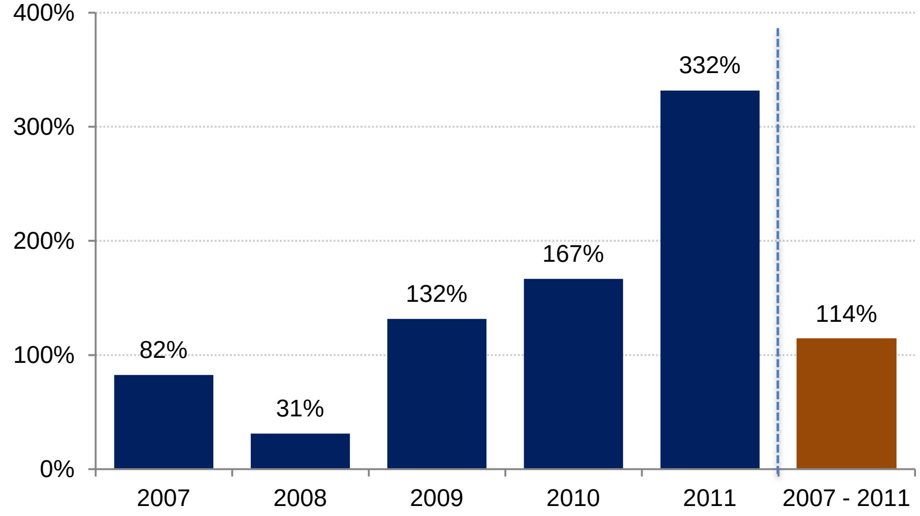
Returning Capital to Shareholders

- Stock price at 12/31/11: $18.09
- $200 million share repurchase program authorized through mid-2013, $93 million remaining at 12/31/2011 – repurchase program subject to market conditions and other factors
- Since IPO in early 2007, 21 million shares repurchased; average price = $15.31; $320 million returned to shareholders
- Annual dividends: 24 cents per share – subject to Board approval; yield of 1.3%

Common share repurchases and dividends as a percent of net income before the LPT



Q 4, 2011 repurchases:
3.3 million shares; average price of $15.97; $51.9 million

2011 repurchases:
6.1 million shares; average price of $15.10; $92.7 million

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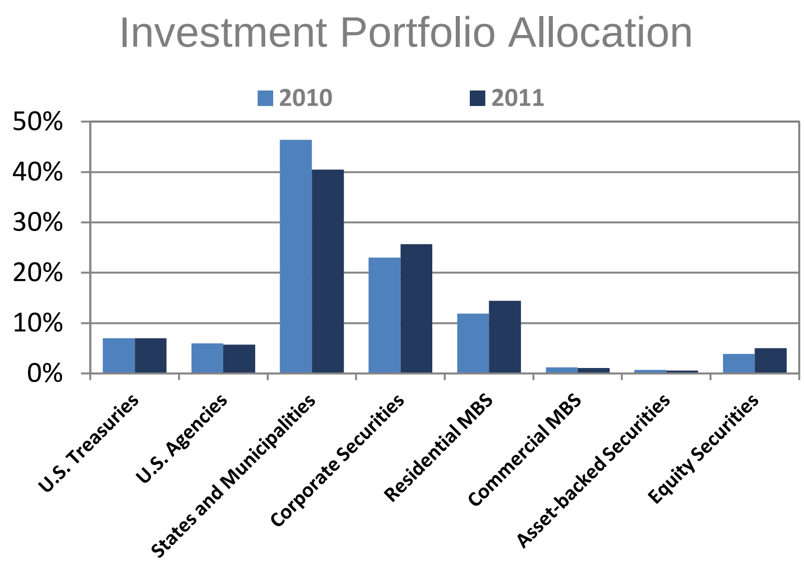
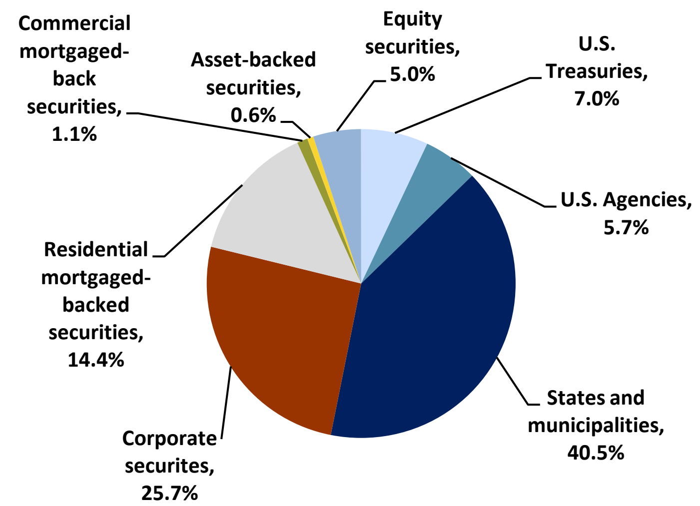
High Quality Investment Portfolio





2010: $2 billion fair market value

- Increase equity securities with focus on higher dividend rates
- 96% fixed maturities, average weighted rating of AA
- 4.2% average book yield; 5.3% tax equivalent book yield
- Effective duration of 4.9

2011: $2 billion fair market value

- Sale of municipals and longer-term treasury, agency and corporate bonds; reinvestment in short-term to medium-term taxable fixed income issues
- Increase equity securities with focus on higher dividend rates
- 95% fixed maturities with an average weighted rating, AA
- 4.1% average book yield; 5.0% tax equivalent book yield
- Effective duration: 4.2

2012 strategy: continue modest sales of municipals and longer-term securities in Q 1, 2012

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Key Strengths

- Strong underwriting franchise with established presence in attractive markets; 99 year operating history
- Realized growth; expense management; improving operating ratios
- Unique, long-standing strategic distribution relationships
- Conservative risk profile and prudent capital management
- Strong financial position and strong balance sheet
- Experienced management team with deep knowledge of workers' compensation
- Demonstrated ability to manage through challenging operating conditions

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Appendix

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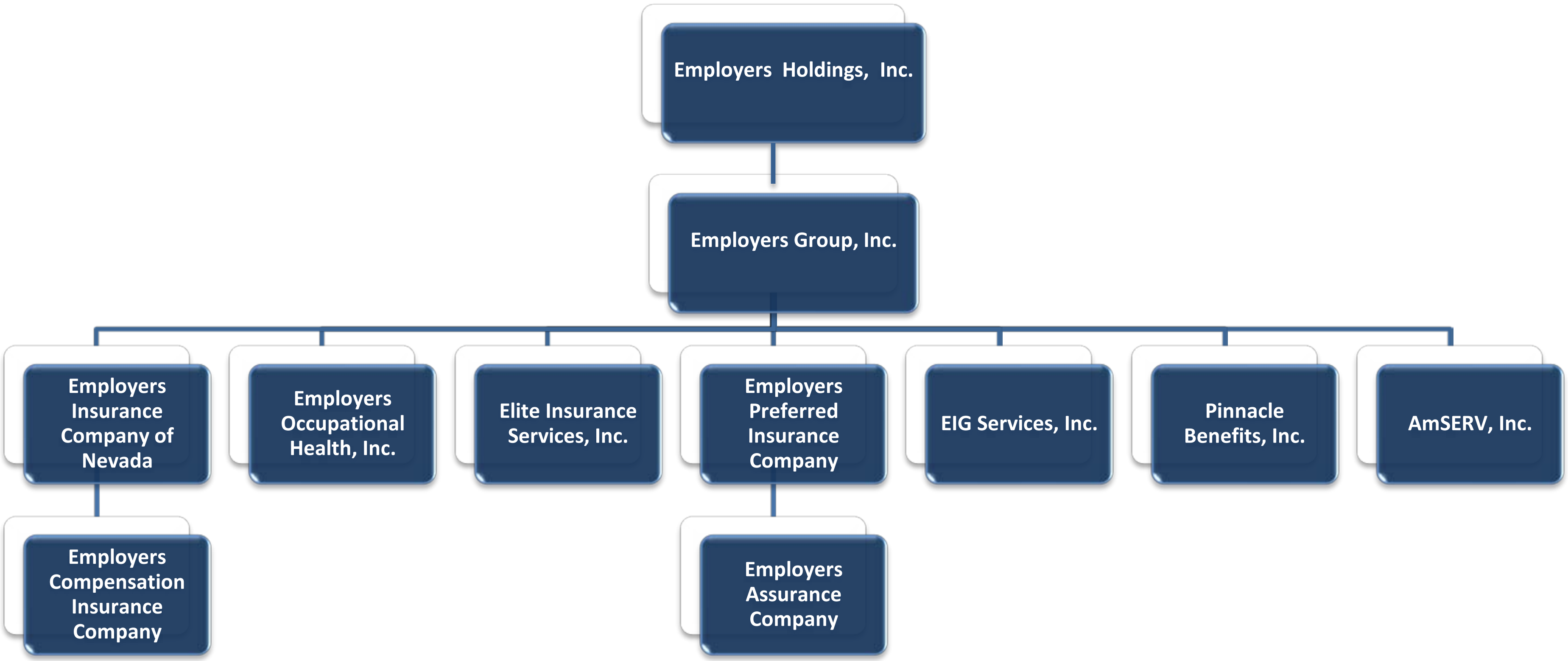
Stock Ownership Limitations

As a reminder to investors, Employers Holdings, Inc. (EMPLOYERS) owns four insurance companies, domiciled in three different states. These wholly-owned insurers are regulated by insurance commissioners and are subject to the statutes and regulations of the various states where they are domiciled and authorized to transact insurance. As a result, EMPLOYERS has the following stock ownership limitations, which must be satisfied prior to certain stock transactions.

As of February 5, 2012, the fifth anniversary of the effective date of the plan of conversion pursuant to which Employers Holdings, Inc. (the “Company”) converted from a mutual insurance holding company to a stock corporation, the provisions of Nevada Revised Statutes § 693A.500 and Article XI of the Amended and Restated Articles of Incorporation of the Company expired. These provisions generally provided that under Nevada law, until February 6, 2012, no person, other than the Company, any direct or indirect subsidiary of the Company and any employee compensation or benefit plan of the Company or any such direct or indirect subsidiary, could directly or indirectly offer to acquire or acquire in any manner the beneficial ownership of 5% or more of any class of voting security of the Company without the prior approval by the Commissioner of the Nevada Division of Insurance.

The Company remains subject to the customary “acquisition of control” statutes in the states where it operates. The Company’s insurance subsidiaries are domiciled in Florida, California and Nevada. The insurance laws of these states generally require that any person seeking to acquire control of a domestic insurance company obtain the prior approval of the state’s insurance commissioner. In Florida, “control” is generally presumed to exist through the direct or indirect ownership of 5% or more of the voting securities of a domestic insurance company or of any entity, such as the Company, that controls a domestic insurance company. In California and Nevada, “control” is presumed to exist through the direct or indirect ownership of 10% or more of the voting securities of a domestic insurance company or of any entity, such as the Company, that controls a domestic insurance company. In addition, insurance laws in many states in which the Company is licensed require pre-notification to the state’s insurance commissioner of a change in control of a non-domestic insurance company licensed in those states. All of these approval and notification requirements continue to remain applicable to the direct or indirect acquisition of the Company’s common stock by any person and are not altered by the expiration of the above-described limitations.

Corporate Structure



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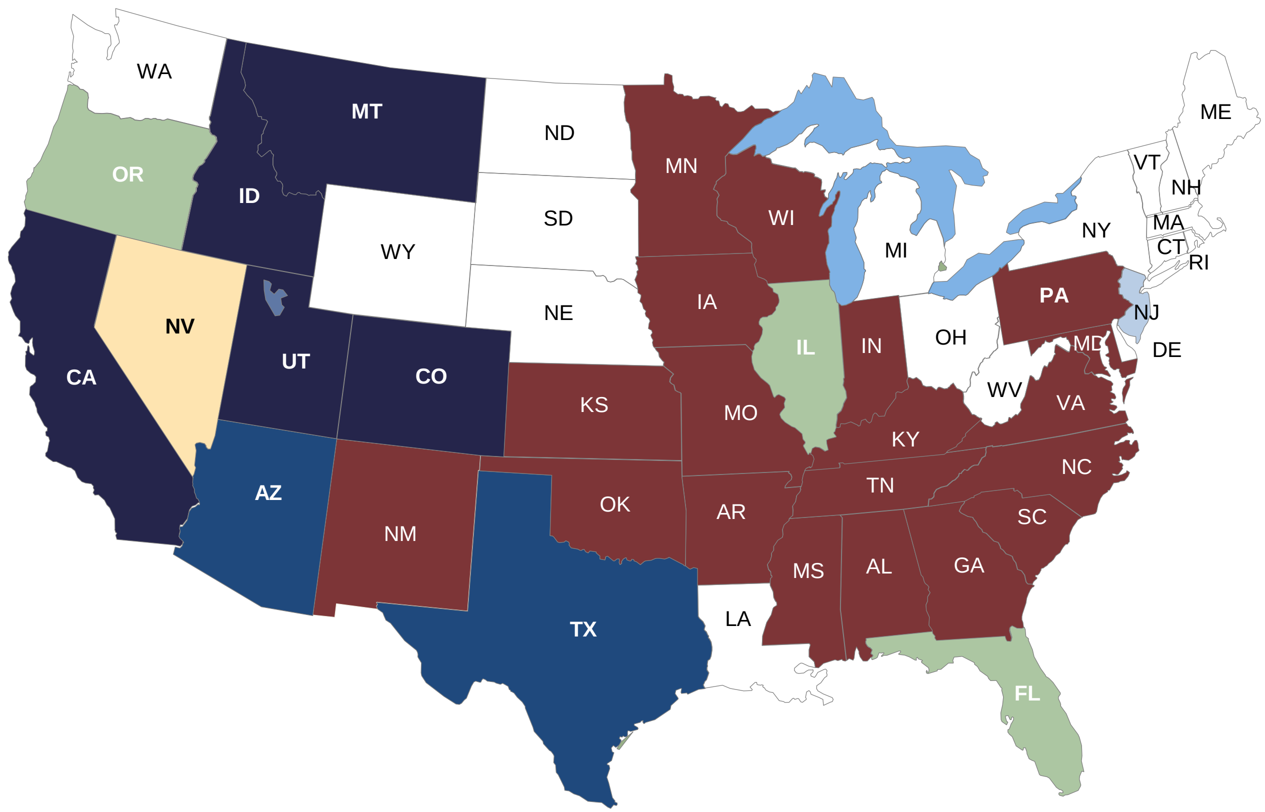
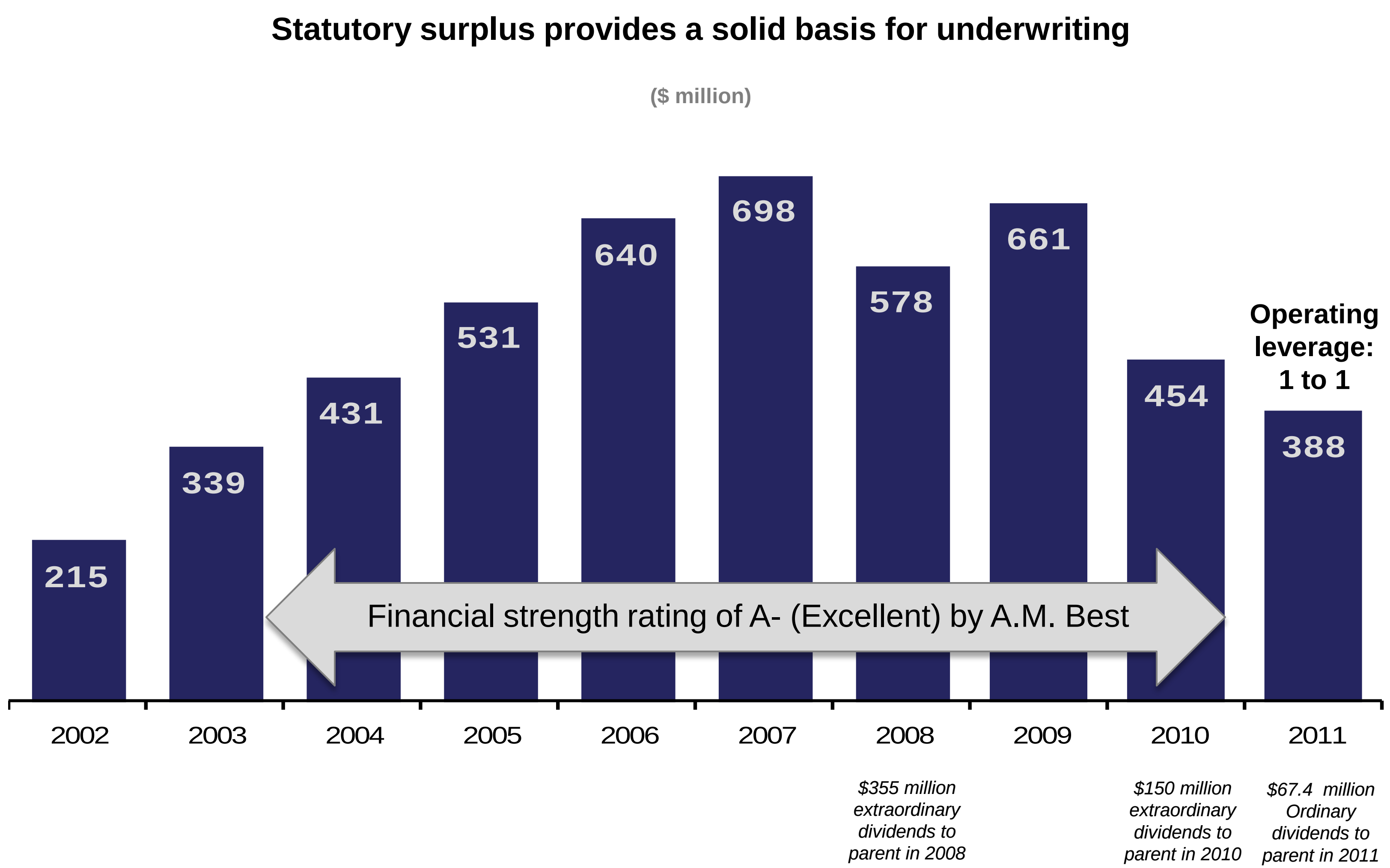
Selectively Expanding Footprint



	2000	2002	2006	2007	2008	2009–2011
HISTORY	1913 – 1999 State WC fund in NV 2000 Privatization	2002 Acquisition, book of business in CA, UT, ID, MT, CO	2005 Formation of mutual hold co 2006 Entry into TX, AZ	2007 Demutualization and IPO – entry into FL, IL and OR	2008 Acquisition of AmCOMP Incorporated, entry into IA	2009 – 2011 Focus on growth in existing states; entry into New Jersey

Strong Capital Position



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Loss Portfolio Transfer (LPT)

Retroactive 100% quota share reinsurance coverage for all losses prior to 6/30/95

Gain on transaction booked as statutory surplus; deferred and amortized under GAAP

Non-recurring transaction with no ongoing cash benefits or charges to current operations

Adjustments in LPT reserves do not impact adjusted surplus or equity

3 Reinsurers: ACE, Berkshire (NICO), XL
Collateralized under agreement: largely cash/short-term securities, U. S. Treasuries, and Wells Fargo stock

Contract	
	($ million)
Total Coverage	$ 2,000
Original Reserves (Liabilities) Transferred	$ 1,525
Consideration	$ 775
Gain at 1/1/2000	$ 750
Subsequent Reserve Adjustments	$ (147.5)
Gain at 12/30/11	$ 602.5

Accounting at 12/30/11	
	($ million)
Statutory Surplus Created	$ 602.5
Cumulative Amortization To Date	$ (249.3)
GAAP: Deferred Reinsurance Gain – LPT Agreement	**$ 353.2**

Claims 6/30/1995 and prior – Approximately 3,200 claims open as of 12/30/11 with 4.5% closing each year

Remaining liabilities at 12/30/11: $807.5 million

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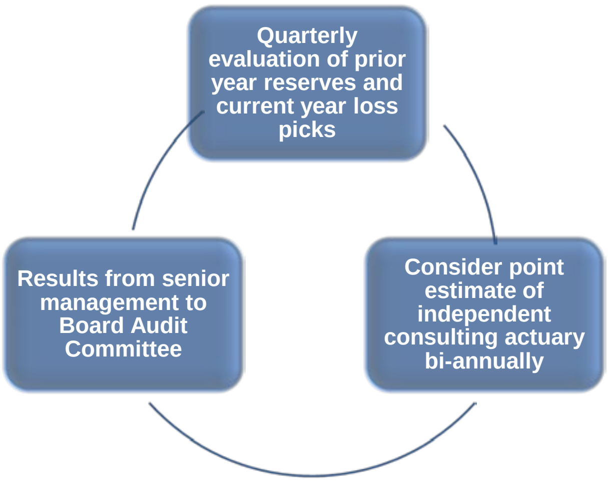
History of Reserve Strength

Net reserves for workers' comp industry estimated to be deficient by $10 Billion at 12/31/10 [(1)]

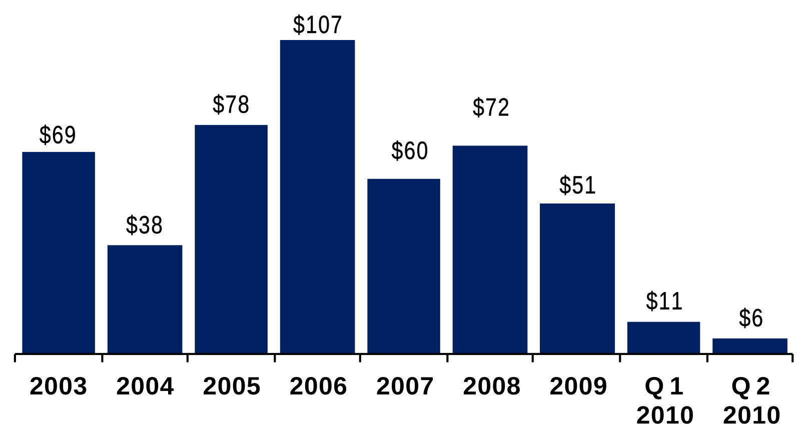
Reserve Review



(1) NCCI, "State of the Line" – June 2011 – an increase of over 50% from $6 billion in 2008

Reserve Development

Net Calendar Year Reserve Releases for Prior Accident Years (**$ million**)



No favorable or unfavorable prior period development for voluntary business since the second quarter of 2010

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Key Highlights: (Q 4, 2011 compared with Q 4, 2010 except where noted)

Net income	• GAAP net income $0.58 per diluted share, increase of 7cents/share • Net income before the LPT $0.46 per diluted share, increase of 7cents/share
Premium	• Increased net premiums written 29%, net premiums earned 20%
Policy count	• Increased 36% to 60,693 • Average policy size of $6,490
Underwriting and other operating expense	• UW expense ratio improved 4 points, underlying cost flat
Loss ratio before LPT	• 77.6%, an increase of 4.1 points due to an increases in premium and current accident year provision rate
Net rate (change)	• Positive in California, negative 1% overall • Change in net rate positive 1% Q 4 2011 compared to Q 3 2011 due to pricing and shift in business mix
Book value per share	• Book value per share of $25.07, growth of 14%

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Unique Distribution Network

Independent Agents and Brokers

- 3,742 agencies
- Strong relationships with agents

Strategic Partnerships

- Two key partners
  - ADP
  - Anthem Blue Cross

Restaurants and physicians are our top two classes of customers

Industry Focused

- California and Nevada Restaurant Associations' provider of choice
- California Medical Association sponsorship
- National Federation of Independent Business

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Increasing Points of Access

Partnerships

Provide … a distribution advantage by expanding market reach and providing local knowledge

Result … in high persistency

Contribute … about 24% of in-force premiums at 12/30/11

ADP (Automatic Data Processing, Inc.)	*Largest payroll services company in the U.S.* *Partner since 2002 – business originates with ADP's field sales staff and insurance agency with "Pay-by-Pay®" premium collection*
Anthem	*Largest group health carrier in CA – exclusive relationship – use medical provider network* *Partner since 2002 – business originated by health agents with a single bill to customers*
Granite Insurance Brokers / E-chx, Inc. Payroll Solutions	*Specialty provider of payroll services / insurance broker* *Partner since Q4 2006, expanded alliance in 2008*
INTEGO Insurance Services, LLC	*Provider of insurance software services – partner since Q4 2007*
Wells Fargo	*Small business payroll services – partner since Q2 2008*
Telepayroll.com, Inc.	*Online payroll services and payment processing* *One of the largest independent payroll processors in Southern CA* *Partner since Q1 2009*
HISCOX	*First company in the U.S. to offer insurance coverage on-line or direct for professional service businesses with 10 employees or less* *Partner – Q4 2010*

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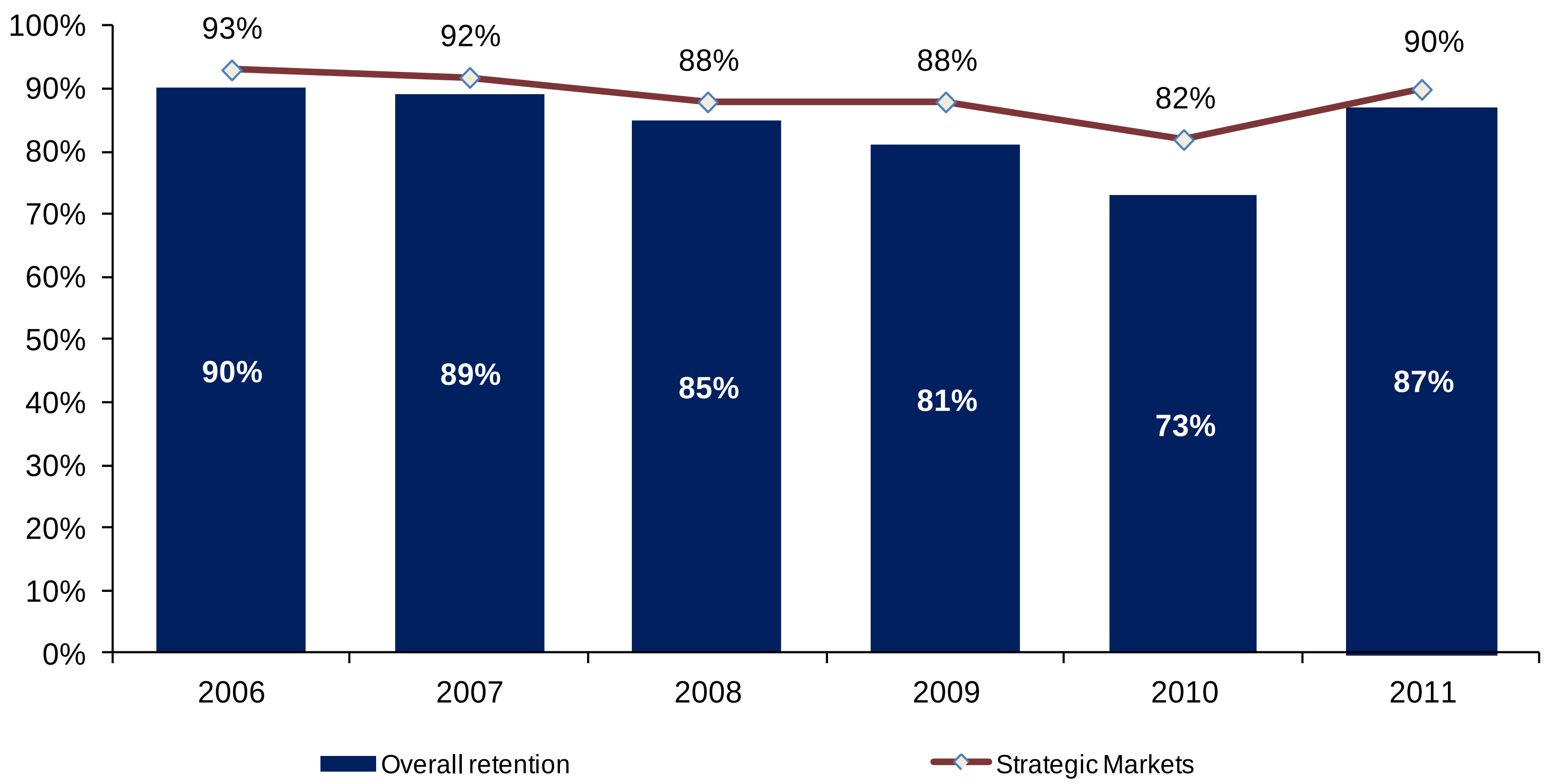
Strong Retention Rates

Strategic partnerships result in consistently higher retention rates



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Superior Claims Management

In-house medical management staff

- Coordinate care and manage medical costs

Comprehensive fraud program

- $4.5 million savings in 2011

Rigorous quality assurance processes

- Ensure compliance with best practices and regulatory requirements

Dedicated subrogation unit

- Recoveries over $2.3 million in 2011

Pharmacy benefit management program

- $3.6 million savings in 2011

Claims professionals average over a decade of experience

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Selected Operating Results

Income Statement ($ million)	2005	2006	2007	2008	2009	2010	2011
Gross written premium	$ 451.4	$ 386.8	$ 351.8	$ 318.4	$ 379.9	$ 322.3	$ 418.5
Net written premium	432.5	372.2	339.7	308.3	368.3	313.1	410.0
Net earned premium	438.3	393.0	346.9	328.9	404.2	321.8	363.4
Net investment income	54.4	68.2	78.6	78.1	90.5	83.0	80.1
Net income	137.6	171.6	120.3	101.8	83.0	62.8	48.3
Net income before LPT	93.8	152.2	102.2	83.4	65.0	44.6	31.2
Book value (equity including LPT deferred gain) per share	Pre-IPO	Pre-IPO	15.02	17.43	20.67	22.08	25.06
Balance Sheet ($ million)	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Total investments	$ 1,595.8	$ 1,715.7	$ 1,726.3	$ 2,042.9	$ 2,029.6	$ 2,080.5	$ 1,950.7
Cash and cash equivalents *	61.1	80.0	149.7	202.9	191.6	136.8	252.3
Total assets	3,188.8	3,266.8	3,264.3	3,825.1	3,676.7	3,480.1	3,481.7
Reserves for losses and LAE	2,350.0	2,307.8	2,269.7	2,506.5	2,425.7	2,279.7	2,272.4
Shareholders' equity	144.6	303.8	379.5	444.7	498.4	490.1	474.2
Equity Including LPT deferred gain	607.0	746.8	804.5	851.3	887.0	860.5	827.4

* Includes Restricted cash and cash equivalents

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High Quality Reinsurance

Reinsurance Management

Maintain a high quality reinsurance program

Focus on select small business provides a natural dispersion of exposure across markets

Long-term relationships with lead reinsurers

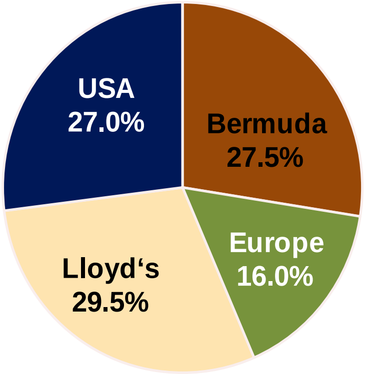
Rated A or better

Program Structure, Effective 7/1/11

Limits of $200M

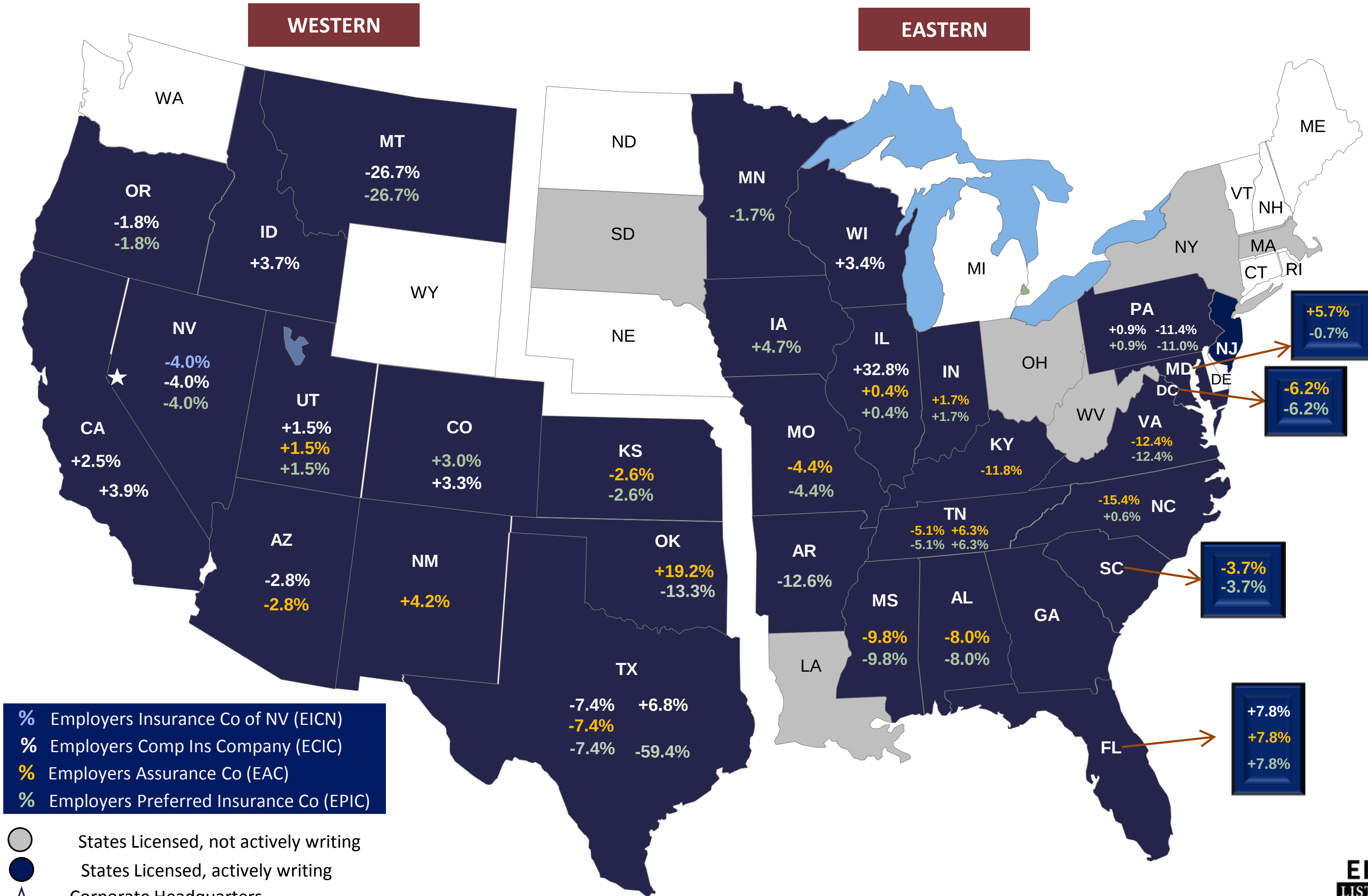
Retention of $5M plus $2M annual deductible

Reinsurers by Market



EIG
LISTED
NYSE

Filed Rate Changes: 01/01/11 thru 12/31/11



%	Employers Insurance Co of NV (EICN)
%	Employers Comp Ins Company (ECIC)
%	Employers Assurance Co (EAC)
%	Employers Preferred Insurance Co (EPIC)

States Licensed, not actively writing

States Licensed, actively writing

☆ Corporate Headquarters

EIG LISTED NYSE

Key Strategies

FOCUS

- Target attractive small business market
- Maintain disciplined risk selection, underwriting, pricing and claims operations
- Focus on underwriting profitability

GROWTH

- Increase penetration in current markets
- Leverage infrastructure, technology and systems
- Develop existing and new distribution partners

CAPITAL

- Invest in core operations
- Invest in strategic acquisitions
- Return capital to shareholders

EIG LISTED NYSE