

**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): April 23, 2020

**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. o

## Section 2 – Financial Information

### Item 2.02. Results of Operations and Financial Condition.

On April 23, 2020, Employers Holdings, Inc. (the “Company”) issued a press release and financial supplement announcing results for the quarter ended March 31, 2020. 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 April 22, 2020, the Board of Directors declared a second quarter 2020 cash dividend of \$0.25 per share on the Company’s common stock. The dividend is payable on May 20, 2020 to stockholders of record as of May 6, 2020.

## Section 9 – Financial Statements and Exhibits

### Item 9.01. Financial Statements and Exhibits.

- 99.1 Employers Holdings, Inc. press release, dated April 23, 2020.
- 99.2 Employers Holdings, Inc. financial supplement, dated April 23, 2020.

## 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: April 23, 2020

/s/ Michael S. Paquette

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Michael S. Paquette  
Executive Vice President,  
Chief Financial Officer

## Exhibit Index

<u>Exhibit No.</u>	<u>Exhibit</u>	
99.1	<a href="#">Employers Holdings, Inc. press release, dated</a>	April 23, 2020
99.2	<a href="#">Employers Holdings, Inc. financial supplement, dated</a>	April 23, 2020

**Employers Holdings, Inc. Reports First Quarter 2020 Results;  
Declares Second Quarter 2020 Dividend of \$0.25 per Share**

**Company to Host Conference Call on Friday, April 24, 2020, at 11:30 a.m. Eastern Daylight Time**

**Reno, Nevada-April 23, 2020-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 first quarter ended March 31, 2020.

**Financial Highlights**

- Net loss of \$34.9 million (\$1.14 per share);
- Adjusted net income of \$11.0 million (\$0.35 per diluted share);
- Net realized and unrealized losses on investments of \$61.1 million, largely driven by unrealized losses in the fair value of equity securities and other investments;
- Net investment income of \$19.9 million, down 9% year-over-year;
- Net premiums earned of \$167.9 million, down 4% year-over-year;
- Favorable prior year loss reserve development of \$3.5 million, compared to \$22.2 million a year ago;
- The Company repurchased 1,143,581 shares of its common stock at an average price of \$37.17 per share (\$42.5 million); and
- Book value per share including the Deferred Gain of \$39.21, down 5.0% from year-end including dividends declared

**Management Commentary**

Chief Executive Officer Douglas Dirks commented on the results: "During the first quarter we delivered a 3.7% annualized return on adjusted equity, which is satisfying given the chaos and disruption currently being experienced throughout the world attributable to the COVID-19 pandemic. Although our underwriting results were solid for the majority of the first quarter, reflecting the strength of our business model, our financial results were adversely impacted by unrealized net investment losses. The Company has invested significantly in the last several years in an operating model that drives superior customer experiences and enhanced efficiencies. Not only has it met those goals, but it added a critical resiliency to our business. The Company has been fully functional since we closed all of our buildings to employees and the general public on March 20, 2020. We have taken the necessary precautions to protect the safety and well-being of our employees and their families while continuing to provide uninterrupted service to our policyholders and claimants. We were able to successfully transition 99% of our employees to a work-from-home environment in a five day period of time without any business interruption.

Both our income statement and balance sheet were negatively impacted in the quarter by the dramatic value declines across nearly all investment asset classes. We were favorably impacted by a higher allocation to cash, the result of sound decision making and swift action by our investment team. Notwithstanding the negative impact of investment valuations, our balance sheet and our capital position remain strong and supportive of aggressive business objectives."

Mr. Dirks continued, "In the most recent periods, we experienced strong new business opportunities, as evidenced by record numbers of submissions, quotes, and binds, as well as steady renewal business. In fact, that strong performance continued for the first quarter of 2020. However, our levels of submissions, quotes, and binds have decreased significantly since the onset of business interruption created by the pandemic and we expect our new business opportunities and writings to be impacted until such time as our insureds and targeted businesses can reopen and resume their operations.

As a workers' compensation writer, we continually review and adjust to changes in policyholders' payrolls, economic conditions, and seasonality, as experience develops or new information becomes known. Any such adjustments are included in our current operations. Approximately 25% of our current payroll exposure, including payroll exposure associated with policies generated by our largest payroll partners, is considered to be "pay as you go," where the associated premium charged to the underlying policyholder is adjusted in real-time based on changes in the underlying payroll. Consequently, economic disruptions are observed in real-time for these policies. For all other policyholders, payroll adjustments are made periodically through midterm endorsements and/or premium audits. As a result of the COVID-19 pandemic, we have experienced a significant increase in mid-term endorsement requests that alter estimated payroll for the policy period downward. Endorsements processed in the month of March 2020 served to reduce policyholder premiums by \$5.3 million, compared to \$3.8 million for January and February combined. Endorsements

processed in April (through April 17) served to reduce policyholder premiums by \$6.0 million and we expect this to continue for an indeterminable period of time.

Finally, I thank all of our 700 employees nationwide for their unwavering dedication, flexibility and patience as we continue to seamlessly operate our business and execute our strategy despite being in work-from-home status.”

### **Summary of First Quarter 2020 Operating Results**

(All comparisons vs. first quarter 2019, unless noted otherwise).

Gross premiums written were \$184.7 million, a decrease of 12%. The decrease was primarily due to declines in new business premiums written in California, where the Company continued to act as a price leader in achieving rate adequacy, as well as a decrease in new business premiums nationwide associated with the abrupt and severe economic impacts attributable to the COVID-19 pandemic. Net premiums earned were \$167.9 million, a decrease of 4% year-over-year.

Losses and loss adjustment expenses were \$104.3 million, an increase of 18%. The Company recognized \$3.5 million of favorable prior year loss reserve development during the current period versus \$22.2 million of favorable prior year loss reserve development a year ago.

Commission expenses were \$21.3 million, a decrease of 3%. The decrease was primarily due to the decrease in earned premiums.

Underwriting and general and administrative expenses were \$46.7 million, a decrease of 2%. The decrease was largely the result of lower premium taxes and assessments, partially offset by higher information technology and bad debt expenses.

Net investment income of \$19.9 million increased 9%. The decrease was primarily due to a sharp increase in the amortization of bond premiums associated with the Company's residential mortgage-backed securities, which was caused by a distortion of near-term mortgage loan prepayment speed assumptions during the current period.

Income tax (benefit) expense was \$(10.4) million (23.0% effective rate) versus \$10.0 million (16.2% effective rate). The increase in the effective rate was due primarily to having a higher proportion of fully deductible losses in the current period versus the proportion of fully taxable income a year ago, as well as the impact of state income taxes.

The Company's book value per share of \$34.78 and book value per share including the Deferred Gain of \$39.21 decreased by 5.8% and 5.0% during the first quarter of 2020, respectively, each computed after taking into account dividends declared. These measures were unfavorable impacted by \$42.8 million of net after tax unrealized losses from equity securities and other investments (which are reflected on the income statement) and \$29.2 million of after tax unrealized losses from fixed maturity securities (which are reflected on the balance sheet).

### **Summary of Results by Segment**

(See page 12 of the Financial Supplement for a description of our reportable segments. All comparisons vs. first quarter 2019, unless noted otherwise).

#### **Employers Segment**

The Employers segment reported net (loss) income before income taxes of \$(37.7) million versus \$63.8 million.

Highlights included the following:

- Underwriting income of \$0.7 million versus \$22.4 million;
- Combined ratio of 99.5% versus 87.2%;
- Current accident year loss and LAE ratio of 65.6% versus 64.8%;
- Favorable prior year loss reserve development of 2.1 percentage points versus 12.7 percentage points;
- Underwriting expense ratio of 23.3% versus 22.5%;
- Net investment income of \$18.6 million versus \$20.6 million; and
- Net realized and unrealized (losses) gains on investments of \$(57.3) million versus \$20.8 million.

#### **Cerity Segment**

The Cerity segment reported a net loss before income taxes of \$4.7 million versus \$3.5 million, and an underwriting loss of \$3.8 million versus \$3.5 million.

#### **Corporate and Other**

Corporate and Other activities reported net (loss) income before income taxes of \$(2.9) million versus \$1.5 million. Highlights included the following:

- LPT amortization, which served to reduce losses and LAE, of \$2.4 million versus \$2.5 million;
- Net investment income of \$0.5 million versus \$1.2 million;
- Net realized and unrealized (losses) gains on investments of \$(2.1) million versus \$2.5 million; and
- General and administrative expenses of \$3.7 million versus \$4.7 million.

#### **Share Repurchases and Second Quarter Dividend Declaration**

During the first quarter of 2020, the Company repurchased 1,143,581 shares of its common stock at an average price of \$37.17 per share. As of March 31, 2020, the Company's remaining share repurchase authorization was \$35.8 million.

On April 22, 2020, the Board of Directors declared a second quarter 2020 dividend of \$0.25 per share. The dividend is payable on May 20, 2020 to stockholders of record as of May 6, 2020.

#### **Earnings Conference Call and Webcast**

The Company will host a conference call on Friday, April 24, 2020, at 11:30 a.m. Eastern Daylight Time / 8:30 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 4594137.

The webcast will be accessible on the Company's web site at [www.employers.com](http://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 webcast. 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 4594137.

#### **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, 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).

#### **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](http://www.employers.com) and [www.cerity.com](http://www.cerity.com) for coverage availability.

**Contact Information**

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**Employers Holdings, Inc.**

First Quarter 2020

Financial Supplement



*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		
	March 31,		
	2020	2019	% change
<b>Selected financial highlights:</b>			
Gross premiums written	\$ 184.7	\$ 210.0	(12)%
Net premiums written	183.4	208.7	(12)
Net premiums earned	167.9	174.8	(4)
Net investment income	19.9	21.8	(9)
Net (loss) income before impact of the LPT <sup>(1)</sup>	(37.3)	49.3	(176)
Adjusted net income <sup>(1)</sup>	11.0	30.9	(64)
Net (loss) income before income taxes	(45.3)	61.8	(173)
Net (loss) income	(34.9)	51.8	(167)
Comprehensive (loss) income	(58.6)	89.1	(166)
Total assets	3,912.2	3,973.1	(2)
Stockholders' equity	1,057.3	1,071.7	(1)
Stockholders' equity including the Deferred Gain <sup>(2)</sup>	1,192.0	1,218.8	(2)
Adjusted stockholders' equity <sup>(2)</sup>	1,150.4	1,195.2	(4)
Annualized adjusted return on stockholders' equity <sup>(3)</sup>	3.7%	10.4%	(64)
<b>Amounts per share:</b>			
Cash dividends declared per share	\$ 0.25	\$ 0.22	14 %
Earnings (loss) per share <sup>(4)</sup>	(1.14)	1.57	(173)
Earnings (loss) per share before impact of the LPT <sup>(4)</sup>	(1.22)	1.50	(181)
Adjusted earnings per diluted share <sup>(4)</sup>	0.35	0.94	(63)
Book value per share <sup>(2)</sup>	34.78	33.22	5
Book value per share including the Deferred Gain <sup>(2)</sup>	39.21	37.78	4
Adjusted book value per share <sup>(2)</sup>	37.84	37.04	2
<b>Financial information by Segment<sup>(5)</sup>:</b>			
Net (loss) income before income taxes			
Employers	\$ (37.7)	\$ 63.8	(159)%
Cerity	(4.7)	(3.5)	(34)
Corporate and Other	(2.9)	1.5	(293)

(1) See Page 3 for calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

(2) See Page 9 for calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

(3) See Page 6 for calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

(4) See Page 10 for description and calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

(5) See Page 4-5 for details and Page 12 for a description of our reportable segments.

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

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
<b>ASSETS</b>		
Investments, cash and cash equivalents	\$ 2,794.9	\$ 2,933.6
Accrued investment income	16.8	16.4
Premiums receivable, net	292.2	285.7
Reinsurance recoverable, net of allowance, on paid and unpaid losses and LAE	534.1	539.7
Deferred policy acquisition costs	51.6	47.9
Deferred income taxes, net	19.8	—
Contingent commission receivable—LPT Agreement	13.2	13.2
Other assets	189.6	167.6
<b>Total assets</b>	<b>\$ 3,912.2</b>	<b>\$ 4,004.1</b>
<b>LIABILITIES</b>		
Unpaid losses and LAE	\$ 2,191.7	\$ 2,192.8
Unearned premiums	353.8	337.1
Commissions and premium taxes payable	47.6	48.6
Deferred Gain	134.7	137.1
Other liabilities	127.1	122.7
<b>Total liabilities</b>	<b>\$ 2,854.9</b>	<b>\$ 2,838.3</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock and additional paid-in capital	\$ 397.6	\$ 397.0
Retained earnings	1,115.9	1,158.8
Accumulated other comprehensive income, net	41.6	65.3
Treasury stock, at cost	(497.8)	(455.3)
<b>Total stockholders' equity</b>	<b>1,057.3</b>	<b>1,165.8</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,912.2</b>	<b>\$ 4,004.1</b>
Stockholders' equity including the Deferred Gain <sup>(1)</sup>	\$ 1,192.0	\$ 1,302.9
Adjusted stockholders' equity <sup>(1)</sup>	1,150.4	1,237.6
Book value per share <sup>(1)</sup>	\$ 34.78	\$ 37.18
Book value per share including the Deferred Gain <sup>(1)</sup>	39.21	41.55
Adjusted book value per share <sup>(1)</sup>	37.84	39.47

(1) See Page 9 for calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Revenues:</b>		
Net premiums earned	\$ 167.9	\$ 174.8
Net investment income	19.9	21.8
Net realized and unrealized (losses) gains on investments <sup>(1)</sup>	(61.1)	23.3
Other income	0.3	0.4
<b>Total revenues</b>	<b>127.0</b>	<b>220.3</b>
<b>Expenses:</b>		
Losses and LAE incurred	(104.3)	(88.6)
Commission expense	(21.3)	(22.0)
Underwriting and general and administrative expenses	(46.7)	(47.5)
Interest and financing expenses	—	(0.4)
<b>Total expenses</b>	<b>(172.3)</b>	<b>(158.5)</b>
Net (loss) income before income taxes	(45.3)	61.8
Income tax benefit (expense)	10.4	(10.0)
<b>Net (loss) income</b>	<b>(34.9)</b>	<b>51.8</b>
Unrealized AFS investment (losses) gains arising during the period, net of tax <sup>(2)</sup>	(29.2)	37.8
Reclassification adjustment for realized AFS investment losses (gains) in net income, net of tax <sup>(2)</sup>	5.5	(0.5)
<b>Total comprehensive (loss) income</b>	<b>\$ (58.6)</b>	<b>\$ 89.1</b>
Net (loss) income	\$ (34.9)	\$ 51.8
Amortization of the Deferred Gain - losses	(2.0)	(2.0)
Amortization of the Deferred Gain - contingent commission	(0.4)	(0.5)
<b>Net (loss) income before impact of the LPT Agreement <sup>(3)</sup></b>	<b>(37.3)</b>	<b>49.3</b>

Net realized and unrealized losses (gains) on investments	61.1	(23.3)
Income tax (benefit) expense related to items excluded from Net income	(12.8)	4.9
<b>Adjusted net income</b>	\$ 11.0	\$ 30.9

(1) Includes unrealized (losses) gains on equity securities of \$(69.2) million and \$21.2 million for the three months ended March 31, 2020 and 2019.

(2) AFS = Available for Sale securities.

(3) See Page 11 regarding our use of Non-GAAP Financial Measures.

**EMPLOYERS HOLDINGS, INC.**  
**Net Income Before Income Taxes by Segment <sup>(1)</sup> (unaudited)**  
**\$ in millions**

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
<b>Three Months Ended March 31, 2020</b>				
Gross premiums written	\$ 184.7	\$ —	\$ —	\$ 184.7
Net premiums written	183.4	—	—	183.4
Net premiums earned	<b>A</b> 167.9	—	—	167.9
Net investment income	18.6	0.8	0.5	19.9
Net realized and unrealized losses on investments	(57.3)	(1.7)	(2.1)	(61.1)
Other income	0.3	—	—	0.3
Total revenues	<u>129.5</u>	<u>(0.9)</u>	<u>(1.6)</u>	<u>127.0</u>
Losses and LAE incurred	<b>B</b> (106.7)	—	2.4	(104.3)
Commission expense	<b>C</b> (21.3)	—	—	(21.3)
Underwriting and general and administrative expenses	<b>D</b> (39.2)	(3.8)	(3.7)	(46.7)
Total expenses	<u>(167.2)</u>	<u>(3.8)</u>	<u>(1.3)</u>	<u>(172.3)</u>
<b>Net loss before income taxes</b>	<b>\$ (37.7)</b>	<b>\$ (4.7)</b>	<b>\$ (2.9)</b>	<b>\$ (45.3)</b>
<b>Underwriting income (loss)</b>	<b>A+B+C+D</b> 0.7	(3.8)		
Loss and LAE expense ratio:				
Current year	65.6 %	n/m		
Prior years	(2.1)	—		
Loss and LAE ratio	<u>63.5</u>	<u>n/m</u>		
Commission expense ratio	12.7	n/m		
Underwriting expense ratio	<u>23.3</u>	<u>n/m</u>		
<b>Combined ratio</b>	<b><u>99.5 %</u></b>	<b><u>n/m</u></b>		

n/m - not meaningful

(1) See Page 12 for a description of our reportable segments

**EMPLOYERS HOLDINGS, INC.**  
**Net Income Before Income Taxes by Segment <sup>(1)</sup> (unaudited)**  
**\$ in millions**

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
<b>Three Months Ended March 31, 2019</b>				
Gross premiums written	\$ 210.0	\$ —	\$ —	\$ 210.0
Net premiums written	208.7	—	—	208.7
Net premiums earned	<b>A</b> 174.8	—	—	174.8
Net investment income	20.6	—	1.2	21.8
Net realized and unrealized gains on investments	20.8	—	2.5	23.3
Other income	0.4	—	—	0.4
Total revenues	216.6	—	3.7	220.3
Losses and LAE incurred	<b>B</b> (91.1)	—	2.5	(88.6)
Commission expense	<b>C</b> (22.0)	—	—	(22.0)
Underwriting and general and administrative expenses	<b>D</b> (39.3)	(3.5)	(4.7)	(47.5)
Interest and financing expenses	(0.4)	—	—	(0.4)
Total expenses	(152.8)	(3.5)	(2.2)	(158.5)
<b>Net income (loss) before income taxes</b>	<b>\$ 63.8</b>	<b>\$ (3.5)</b>	<b>\$ 1.5</b>	<b>\$ 61.8</b>
<b>Underwriting income (loss)</b>	<b>A+B+C+D \$ 22.4</b>	<b>\$ (3.5)</b>		
Loss and LAE expense ratio:				
Current year	64.8 %	n/m		
Prior years	(12.7)	—		
Loss and LAE ratio	52.1	n/m		
Commission expense ratio	12.6	n/m		
Underwriting expense ratio	22.5	n/m		
<b>Combined ratio</b>	<b>87.2 %</b>	<b>n/m</b>		

n/m - not meaningful

(1) See Page 12 for a description of our reportable segments

**EMPLOYERS HOLDINGS, INC.**  
**Return on Equity (unaudited)**  
**\$ in millions**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Net (loss) income</b>	<b>A</b> \$ (34.9)	\$ 51.8
Impact of the LPT Agreement	(2.4)	(2.5)
Net realized and unrealized losses (gains) on investments	61.1	(23.3)
Income tax (benefit) expense related to items excluded from Net income	(12.8)	4.9
<b>Adjusted net income <sup>(1)</sup></b>	<b>B</b> 11.0	30.9
Stockholders' equity - end of period	\$ 1,057.3	\$ 1,071.7
Stockholders' equity - beginning of period	1,165.8	1,018.2
<b>Average stockholders' equity</b>	<b>C</b> 1,111.6	1,045.0
Stockholders' equity - end of period	\$ 1,057.3	\$ 1,071.7
Deferred Gain - end of period	134.7	147.1
Accumulated other comprehensive loss (income) - end of period	(52.7)	(29.9)
Income taxes related to accumulated other comprehensive gains and losses - end of period	11.1	6.3
Adjusted stockholders' equity - end of period	1,150.4	1,195.2
Adjusted stockholders' equity - beginning of period	1,237.6	1,181.5
<b>Average adjusted stockholders' equity <sup>(1)</sup></b>	<b>D</b> 1,194.0	1,188.4
Return on stockholders' equity	<b>A / C</b> (3.1)%	5.0%
<b>Annualized return on stockholders' equity</b>	(12.6)	19.8
Adjusted return on stockholders' equity <sup>(1)</sup>	<b>B / D</b> 0.9 %	2.6%
<b>Annualized adjusted return on stockholders' equity <sup>(1)</sup></b>	3.7	10.4

(1) See Page 11 for information regarding our use of Non-GAAP Financial Measures.

**EMPLOYERS HOLDINGS, INC.**  
**Roll-forward of Unpaid Losses and LAE (unaudited)**  
**\$ in millions**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
Unpaid losses and LAE at beginning of period	\$ 2,192.8	\$ 2,207.9
Reinsurance recoverable on unpaid losses and LAE	532.5	504.4
Net unpaid losses and LAE at beginning of period	<u>1,660.3</u>	<u>1,703.5</u>
Losses and LAE incurred:		
Current year losses	110.2	113.3
Prior year losses on voluntary business	(3.0)	(22.0)
Prior year losses on involuntary business	(0.5)	(0.2)
Total losses incurred	<u>106.7</u>	<u>91.1</u>
Losses and LAE paid:		
Current year losses	6.9	7.4
Prior year losses	95.4	96.6
Total paid losses	<u>102.3</u>	<u>104.0</u>
Net unpaid losses and LAE at end of period	1,664.7	1,690.6
Reinsurance recoverable, excluding CECL allowance, on unpaid losses and LAE	527.0	498.7
Unpaid losses and LAE at end of period	<u>\$ 2,191.7</u>	<u>\$ 2,189.3</u>

Total losses and LAE shown in the above table exclude amortization of the Deferred Gain, which totaled \$2.4 million and \$2.5 million for the three months ended March 31, 2020 and 2019, respectively.



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

	March 31, 2020				December 31, 2019	
	Cost or Amortized Cost	Net Unrealized Gain (Loss)	Fair Value	%	Fair Value	%
<b>Investment Positions:</b>						
Fixed maturity securities	\$ 2,314.7	\$ 52.7	\$ 2,367.4	85%	\$ 2,485.9	85%
Equity securities	180.5	31.9	212.4	8	263.4	9
Short-term investments	9.3	—	9.3	—	—	—
Other invested assets	31.1	0.3	31.4	1	29.1	1
Cash and cash equivalents	174.1	—	174.1	6	154.9	5
Restricted cash and cash equivalents	0.3	—	0.3	—	0.3	—
Total investments and cash	\$ 2,710.0	\$ 84.9	\$ 2,794.9	100%	\$ 2,933.6	100%

**Breakout of Fixed Maturity Securities:**

U.S. Treasuries and agencies	\$ 88.8	\$ 5.4	\$ 94.2	4%	\$ 88.5	4%
States and municipalities	397.2	25.2	422.4	18	484.5	19
Corporate securities	947.4	24.5	971.9	41	1,079.0	43
Mortgage-backed securities	581.2	21.4	602.6	25	591.0	24
Asset-backed securities	52.0	(2.1)	49.9	2	61.2	2
Collateralized loan obligations	83.0	(8.7)	74.3	3	—	—
Bank loans	165.1	(13.0)	152.1	6	181.7	7
Total fixed maturity securities	\$ 2,314.7	\$ 52.7	\$ 2,367.4	100%	\$ 2,485.9	100%

Weighted average book yield	3.2%	3.3%
Average credit quality (S&P)	A+	A+
Duration	3.1	3.3

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

		March 31, 2020	December 31, 2019	March 31, 2019	December 31, 2018
<b>Numerators:</b>					
<b>Stockholders' equity</b>	<b>A</b>	\$ 1,057.3	\$ 1,165.8	\$ 1,071.7	\$ 1,018.2
Plus: Deferred Gain		134.7	137.1	147.1	149.6
<b>Stockholders' equity including the Deferred Gain <sup>(1)</sup></b>	<b>B</b>	1,192.0	1,302.9	1,218.8	1,167.8
Accumulated other comprehensive (income) loss		(52.7)	(82.6)	(29.9)	17.3
Income taxes related to accumulated other comprehensive gains and losses		11.1	17.3	6.3	(3.6)
<b>Adjusted stockholders' equity <sup>(1)</sup></b>	<b>C</b>	\$ 1,150.4	\$ 1,237.6	\$ 1,195.2	\$ 1,181.5
<b>Denominator (shares outstanding)</b>	<b>D</b>	30,403,012	31,355,378	32,263,810	32,765,792
Book value per share <sup>(1)</sup>	<b>A / D</b>	\$ 34.78	\$ 37.18	\$ 33.22	\$ 31.08
Book value per share including the Deferred Gain <sup>(1)</sup>	<b>B / D</b>	39.21	41.55	37.78	35.64
Adjusted book value per share <sup>(1)</sup>	<b>C / D</b>	37.84	39.47	37.04	36.06
<b>YTD Change in: <sup>(2)</sup></b>					
Book value per share		(5.8)%		7.6%	
Book value per share including the Deferred Gain		(5.0)		6.6	
Adjusted book value per share		(3.5)		3.3	

(1) See Page 11 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 \$0.25 and \$0.22 for the three months ended March 31, 2020 and 2019, respectively. .

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

		Three Months Ended	
		March 31,	
		2020	2019
<b>Numerators:</b>			
<b>Net (loss) income</b>	<b>A</b>	\$ (34.9)	\$ 51.8
Impact of the LPT Agreement		(2.4)	(2.5)
<b>Net (loss) income before impact of the LPT <sup>(1)</sup></b>	<b>B</b>	(37.3)	49.3
Net realized and unrealized losses (gains) on investments		61.1	(23.3)
Income tax expense related to items excluded from Net income		(12.8)	4.9
<b>Adjusted net income <sup>(1)</sup></b>	<b>C</b>	\$ 11.0	\$ 30.9
<b>Denominators:</b>			
Average common shares outstanding (basic)	<b>D</b>	30,697,496	32,442,287
Average common shares outstanding (diluted)	<b>E</b>	31,156,149	32,954,079
<b>Earnings (loss) per share:</b>			
Basic	<b>A / D</b>	\$ (1.14)	\$ 1.60
Diluted <sup>(2)</sup>	<b>A / E</b>	(1.14)	1.57
<b>Earnings (loss) per share before impact of the LPT: <sup>(1)</sup></b>			
Basic	<b>B / D</b>	\$ (1.22)	\$ 1.52
Diluted <sup>(2)</sup>	<b>B / E</b>	(1.22)	1.50
<b>Adjusted earnings per share: <sup>(1)</sup></b>			
Basic	<b>C / D</b>	\$ 0.36	\$ 0.95
Diluted	<b>C / E</b>	0.35	0.94

(1) See Page 11 for information regarding our use of Non-GAAP Financial Measures.

(2) Represents basic loss per share or diluted earnings per share, as appropriate.

## **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). Management believes that providing this non-GAAP measures 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 9 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 9 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 6 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 9 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 recently made changes to its corporate structure, mainly involving the launch and further development of a new digital insurance platform offered under the Cerity brand name (Cerity), resulting in changes to its 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 is defined as traditional business offered through the EMPLOYERS brand name (Employers) through its agents, including business originated from its strategic partnerships and alliances;
- The Cerity segment is defined 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.

Prior to December 31, 2019, the Company operated under a single reportable segment and presented its Combined Ratio on that basis. In light of its change in reporting segments, the Company now presents a separate Combined Ratio for each of its reporting segments.

All periods prior to December 31, 2019 presented herein have been conformed to the current presentation.