



EMPLOYERS[®]

America's small business insurance specialist.[®]

NYSE: EIG
INVESTOR PRESENTATION
AUGUST 2020

Forward-Looking Statements

In this presentation, the Company and its management discuss and make statements based on currently available information regarding their intentions, beliefs, current expectations, and projections of, among other things, the Company's future performance, 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 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 U.S. Securities and Exchange Commission (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).

Reconciliation of Non-GAAP Financial Measures to GAAP

Within this investor presentation we present various financial measures, some of which are "non-GAAP financial measures" as defined in Regulation G pursuant to Section 401 of the Sarbanes-Oxley Act of 2002. A description of these non-GAAP financial measures, as well as a reconciliation of such non-GAAP measures to our most directly comparable GAAP financial measures is included in the attached Financial Supplement. Management believes that these non-GAAP measures are important to the Company's investors, analysts and other interested parties who benefit from having an objective and consistent basis for comparison with other companies within our industry. Management further believes that these measures are more relevant than comparable GAAP measures in evaluating our financial performance.

These measures should not be viewed as a substitute for those determined in accordance with GAAP. Reconciliation of these measures to their most comparable GAAP financial measures are included in the attachment to this presentation. They are also included in the earnings release Form 8-Ks filed with the Securities and Exchange Commission (SEC) and available in the "Investors" section of our website at www.employers.com.

| At a Glance | |
|--|---|
| Ticker | NYSE: EIG |
| Headquarters | Reno, Nevada |
| Stock Price* | \$34.26 |
| Common Shares Outstanding at 6/30/2020 | 29.4 Million |
| Float at 6/30/2020 | 28.5 Million |
| Average Daily Volume | 250,000 shares |
| Market Cap* | \$1.0 Billion |
| Book Value per Share at 6/30/2020 | \$43.43** |
| Analyst Coverage | Boenning & Scattergood Dowling & Partners JMP Securities SunTrust Robinson Humphrey |

* As of August 10, 2020

** Including the Deferred Gain

COVID-19 Discussion

(excerpt from the Company's Form 10-Q filed July 28, 2020)

On March 11, 2020, the World Health Organization formally declared the COVID-19 outbreak to be a pandemic. The global spread of COVID-19 has caused illness, death, quarantines, cancellation of events and travel, business and school shutdowns, reduction in business activity, widespread unemployment, supply chain interruptions, and overall economic and financial market instability.

All states, including California, where we generated nearly one-half of our in-force premiums as of June 30, 2020, declared states of emergency and imposed various restrictions on business operations and social gatherings. Certain classes of business that we insure, especially those related to the restaurant and hospitality industries, have been particularly affected by these restrictions.

During most of the first quarter of 2020, we experienced strong new business opportunities, as evidenced by record levels of submissions, quotes, and binds, as well as strong renewal business. Given the abrupt and severe economic impacts attributable to the COVID-19 pandemic, the number of submissions, quotes, and binds decreased significantly beginning in the latter half of March 2020 and this trend continued through May 2020. In June 2020, as many businesses began to reopen, we experienced a year-over-year increase in new business submissions and new policies bound. New business premium fell, however, principally driven by a significant decline in policies with premium greater than \$25,000. Unlike our entire book of business, California's new business submissions, binds and estimated annual premium declined in both the first and second quarters of 2020 and, although new business opportunities in California improved in June and July, they have not been as strong as we have observed in other states.

We currently expect that our new business premium will continue to be down, as compared to that of the prior year, until such time as our insureds and businesses can reopen, resume their operations, and begin increasing staffing and payroll. Although our new business growth, as defined by number of policies, has been strong, it was insufficient as of June 30, 2020, to offset the decline in premium that we have experienced. The amount of the decrease in premium that we will ultimately experience remains uncertain. This is largely due to: (i) concerns that many small business owners face permanent closure or heavy reliance on newly-established federal government programs, such as the Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act), in order to retain their businesses and the ultimate success of these programs remains unknown; and (ii) uncertainty as to when our insureds and targeted businesses will be permitted to fully reopen and resume their normal operations.

COVID-19 Discussion - continued

(excerpt from the Company's Form 10-Q filed July 28, 2020)

We continually review and adjust to changes in our 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 that 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. For all other policyholders, payroll adjustments are made periodically through midterm endorsements and/or premium audits. We experienced a significant increase in mid-term endorsement requests that served to reduce policy premiums beginning in late March 2020 and continuing into the second quarter; although these premium reducing endorsements moderated beginning in the latter half of the second quarter.

We have been fully functional since we closed our buildings to employees and the general public on March 20, 2020, and it is expected that our business can remain fully functional while our employees work-from-home for an indefinite period of time. In addition, we currently plan to continue to execute on our strategic business plan despite being in a work-from-home status.

We are taking precautions to protect the safety and well-being of our employees while providing uninterrupted service to our policyholders and claimants. However, no assurance can be given that these actions will be sufficient, nor can we predict the level of disruption that will occur should the COVID-19 pandemic and its related macro-economic risks continue for an extended period of time. Additional information regarding risks and uncertainties related to the COVID-19 pandemic to our business, financial condition, and results of operations are set forth in Part II, Item 1A of our Form 10-Q filed on July 28, 2020.

Overview

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

\$322 Million Written Premium YTD 2020
\$697 Million Written Premium 2019

\$1.18 Adjusted EPS YTD 2020
\$3.20 Adjusted EPS 2019

104,574 in-force policies at 6/30/2020
\$5,966 average policy size

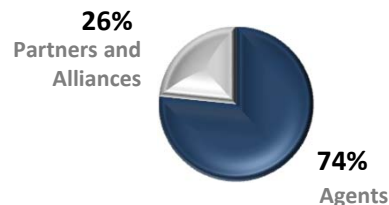
GROWTH and MARKETS

Low Hazard Focus

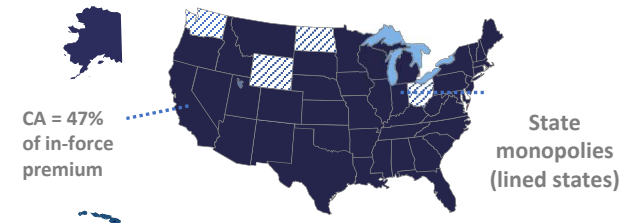
98%
of in-force premium in NCCI low to medium (hazard groups A-D)

2%
of in-force premium in NCCI higher (hazard group E)

Premium Contribution



Nationwide



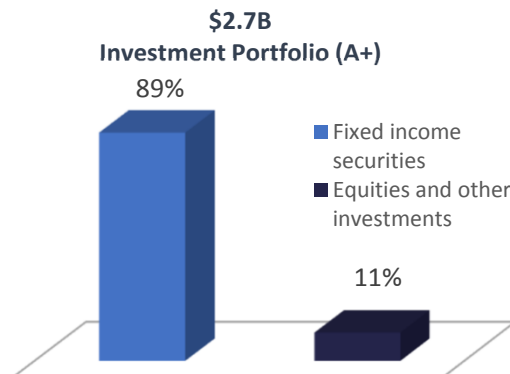
CAPITAL STRENGTH

Growing Statutory Surplus



A- (Excellent) rating from A.M. Best

Investment Portfolio Complements Structure



Shareholder Friendly While Focused on Long-term Stability

\$717M
returned to shareholders since IPO in share repurchases and dividends

Reinsurance
\$190 million in excess of \$10 million retention

Highlights

OVER 100 YEAR OPERATING HISTORY

Strong underwriting focus with established presence in attractive markets

Realized growth with excellent operating ratios

Unique, long-standing strategic distribution relationships

Conservative risk profile and prudent capital management

Solid financial position and strong balance sheet

Experienced management team with deep knowledge of workers' compensation

UNIQUE GROWTH DRIVERS SPECIFIC TO EMPLOYERS[®]

Transforming the way small businesses and insurance agents utilize digital capabilities to improve their customer experience:

(i) improving the agent experience and enhancing agent efficiency;

(ii) providing direct-to-customer workers' compensation insurance policies through Cerity, a subsidiary separate from EMPLOYERS' other insurance businesses.

The Workers' Compensation Market...

Background

Workers' compensation is a form of insurance providing wage replacement and medical benefits to employees injured in the course of employment. Approximately 1,500 companies write workers' compensation in the U.S.

Size

Approximately \$54 Billion in Direct Written Premium in 2019*

Trends

Industry wide Direct Written Premiums CAGR of approximately 1.5% over past 5 years
Loss Ratio declines each of last 5 years

...and Employers' Place in it!


| 2019 Rank | | 2019 Direct Premiums Written (\$000) (TOTAL LINES) | 2019 Direct Premiums Written (\$000) (WORKERS' COMP.) | % in Workers' Compensation | |
|-----------|---|--|---|-------------------------------|-----------------------|
| 1 | Travelers | \$28,016,966 | \$4,211,529 | 15% | |
| 2 | The Hartford | \$12,676,025 | \$3,365,298 | 27% | |
| 3 | Zurich | \$12,850,673 | \$2,640,320 | 21% | |
| 4 | Liberty Mutual | \$35,600,051 | \$2,447,306 | 7% | |
| 5 | Chubb | \$23,388,385 | \$2,430,118 | 10% | |
| 6 | Berkshire Hathaway Inc. | \$46,106,971 | \$2,311,261 | 5% | |
| 7 | AmTrust Financial | \$5,128,435 | \$2,172,219 | 42% | |
| 8 | State Ins Fund Workers' Comp (NY) | \$1,996,372 | \$1,996,372 | 100% | New York State Fund |
| 9 | AF Group / Blue Cross Blue Shield of Michigan | \$1,921,268 | \$1,744,640 | 91% | |
| 10 | AIG | \$14,031,480 | \$1,453,477 | 10% | |
| 11 | Old Republic Insurance | \$4,531,699 | \$1,408,124 | 31% | |
| 12 | Great American Insurance | \$6,383,232 | \$1,312,919 | 21% | |
| 13 | W. R. Berkley Corp. | \$6,321,804 | \$1,260,683 | 20% | |
| 14 | State Compensation Ins Fund (CA) | \$1,206,038 | \$1,206,038 | 100% | California State Fund |
| 15 | Texas Mutual Insurance Co. | \$1,069,298 | \$1,069,298 | 100% | Texas State Fund |
| 16 | ICW | \$1,109,064 | \$1,040,567 | 94% | |
| 17 | Fairfax Financial | \$6,936,451 | \$852,111 | 12% | |
| 18 | CNA | \$11,075,776 | \$827,537 | 7% | |
| 19 | STARR Cos. | \$3,321,831 | \$699,511 | 21% | |
| 20 | Employers | \$687,426 | \$687,426 | 100% | |
| 21 | Arch Capital | \$4,218,409 | \$636,147 | 15% | |
| 22 | Pinnacol Assurance | \$588,500 | \$588,500 | 100% | Colorado State Fund |
| 23 | CopperPoint Insurance Companies | \$643,087 | \$560,987 | 87% | |
| 24 | Markel | \$5,851,672 | \$551,011 | 9% | |
| 25 | Everest Re | \$2,445,373 | \$550,408 | 23% | |
| 26 | Erie Insurance | \$7,482,059 | \$502,146 | 7% | |

100% focused on Workers' Compensation
Low-Medium Hazard Risk

Market Conditions



Markets are competitive with generally declining loss costs reflected in rates. Net investment income is challenged by low interest rates.



For EMPLOYERS[®], in-force policy counts are up and retention remains very high.

Book Mix By Hazard Group:

Workers' Compensation classifications that have relatively similar expected excess loss factors over a broad range of limits

98% in Hazard Groups A-D

Focus on Select Low to Medium Hazard Groups

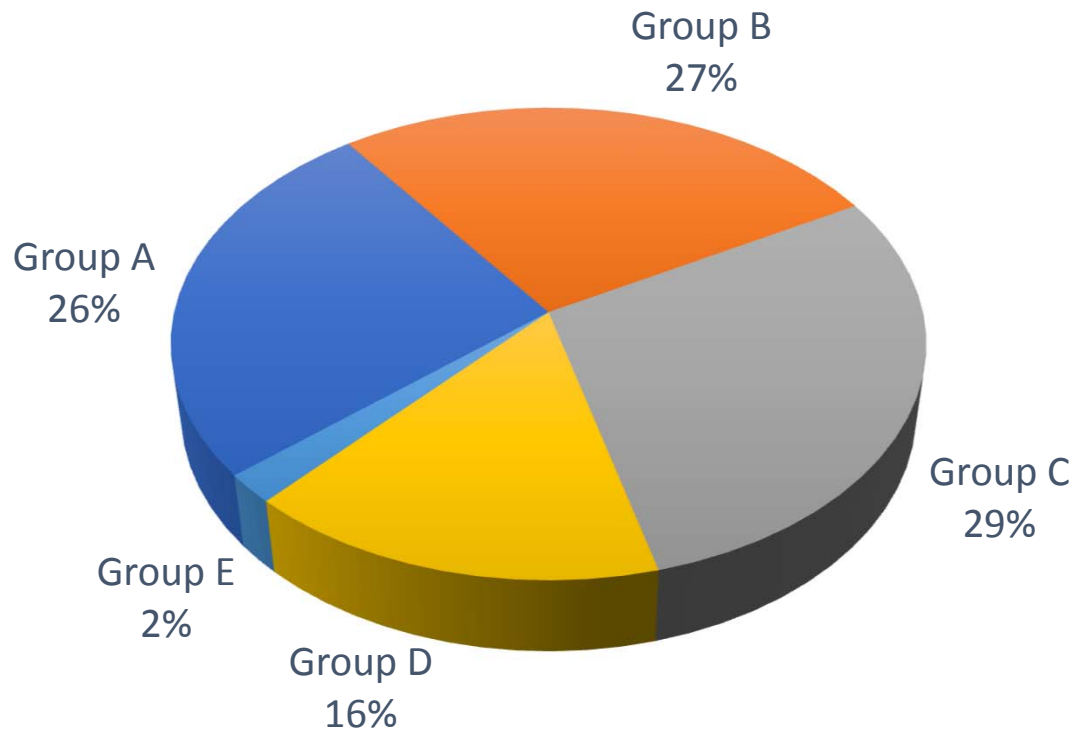
Data shown as a % of in-force premium

June 30, 2020

Lower Risk



Higher Risk



Employers' Target Market: Small Business / Lower Risk



EMPLOYERS[®]

Top 10 types of insureds:

- Restaurants
- Hotels, Motels
- Clubs
- Automobile Service or Repair Shops
- Dentists, Optometrists, and Physicians
- Stores
- Real Estate Management
- Wholesale Stores
- Professional Services
- Groceries and Provisions

In-Force Growth (YoY)

OVERALL

- Premiums: **DOWN 7%**
- Policies: **UP 9%**
- Average policy size: **DOWN 15%**
- Payroll exposure: **UP 8%**

CALIFORNIA

47%
of total
in-force premiums

**Premium
DOWN
-16%**

41%
of total
in-force policies

**Policies
DOWN
-3%**



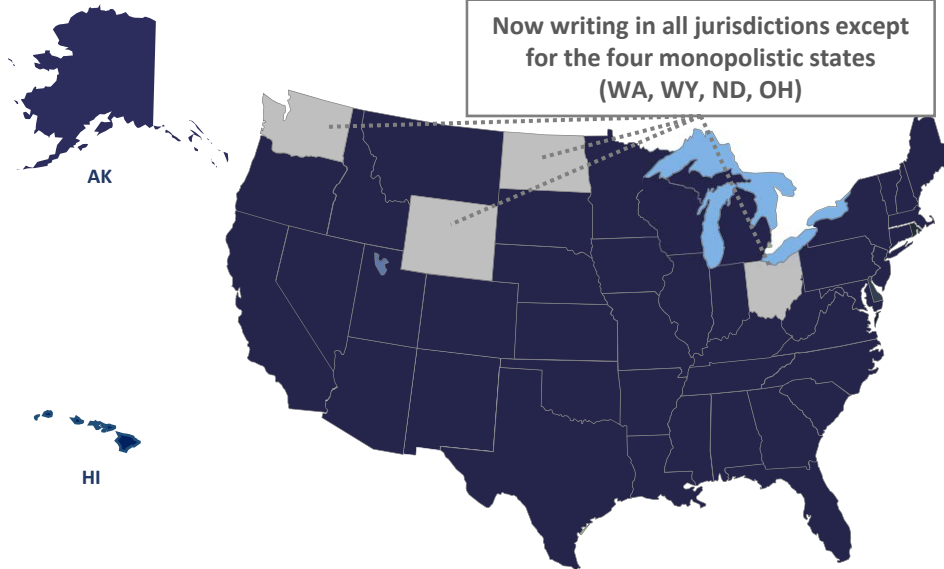
ALL OTHER STATES

53%
of total
in-force premiums

**Premium
UP
3%**

59%
of total
in-force policies

**Policies
UP
18%**

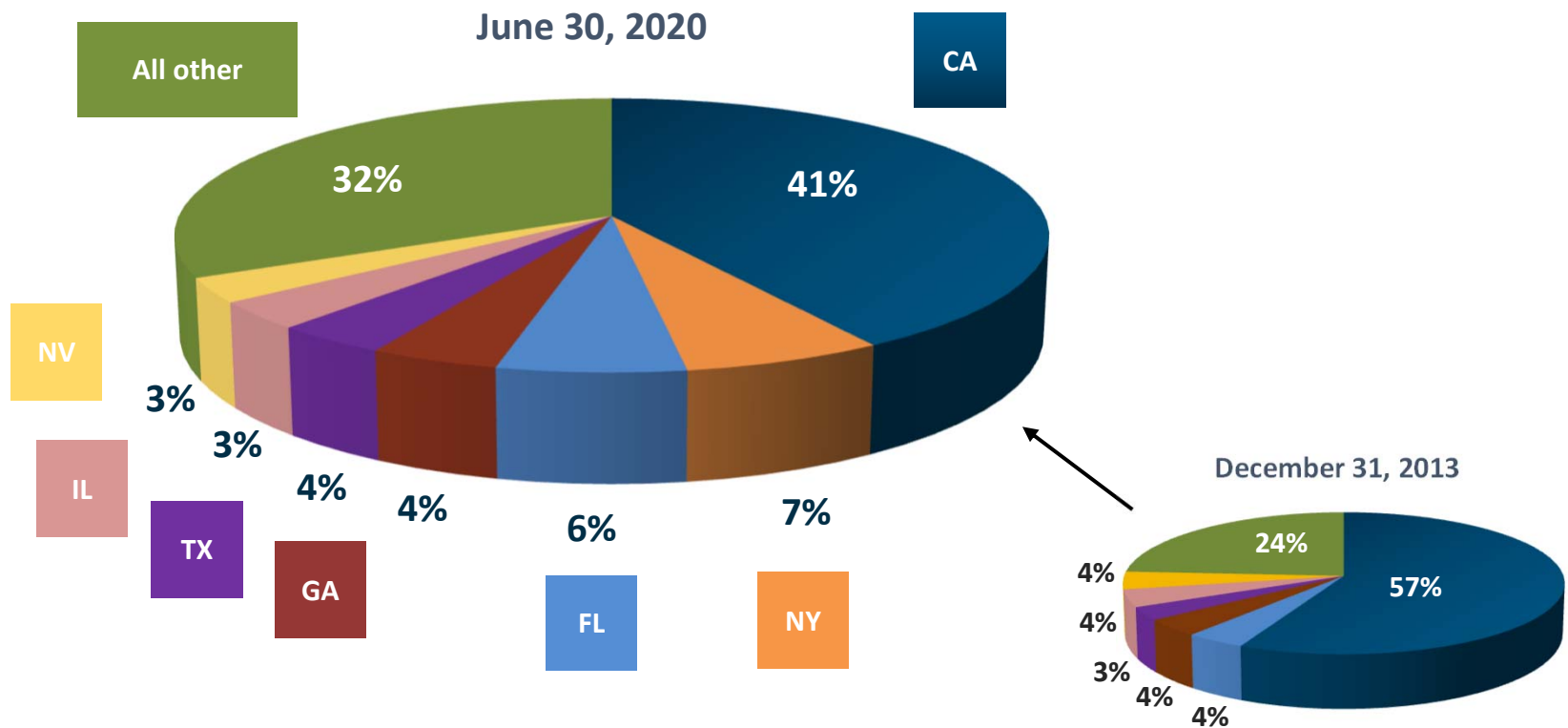


Geographic Spread

(by policies in-force)

Continual diversification outside of CA

Now writing business throughout the United States, with the exception of four states that are served exclusively by their state funds.



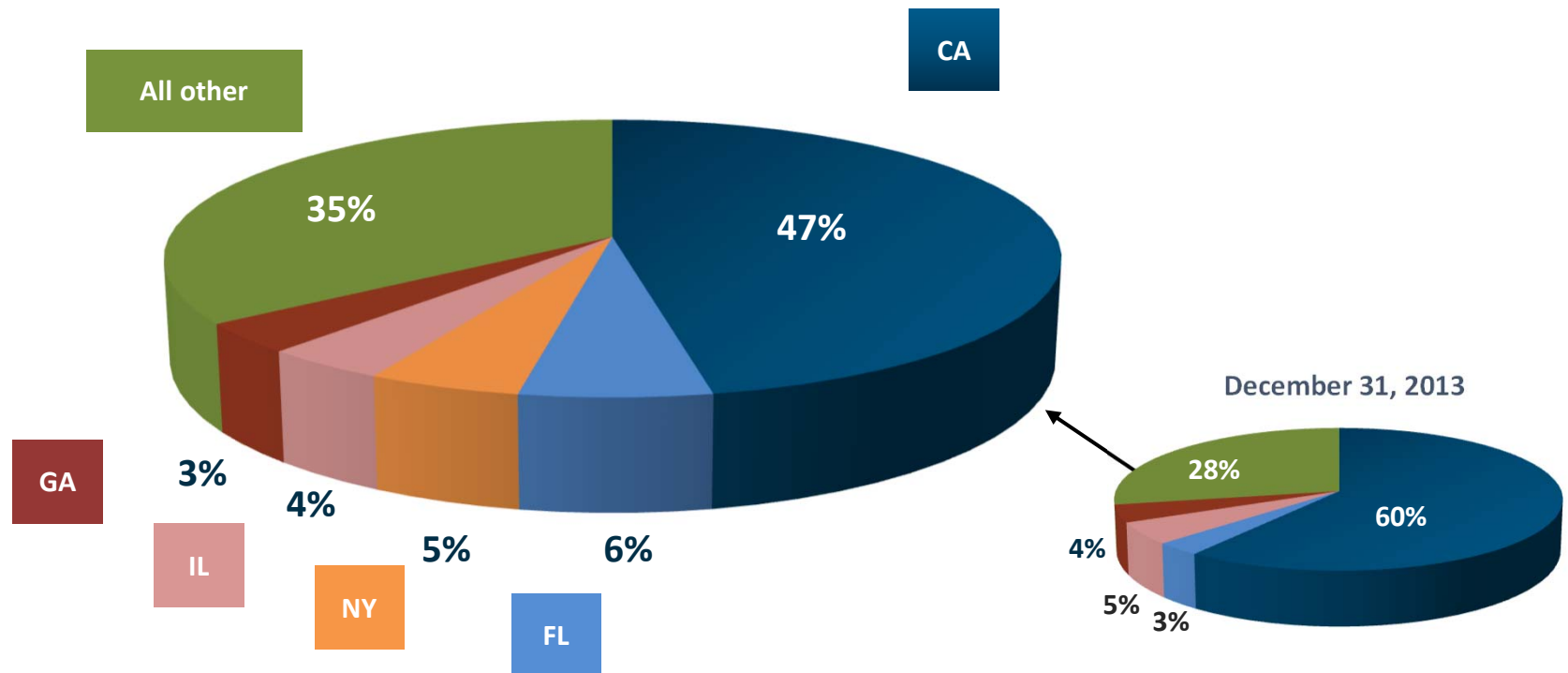
Geographic Spread

(by in-force premium)

Continual diversification outside of CA

Now writing business throughout the United States, with the exception of four states that are served exclusively by their state funds.

June 30, 2020



History of Reserve Strength

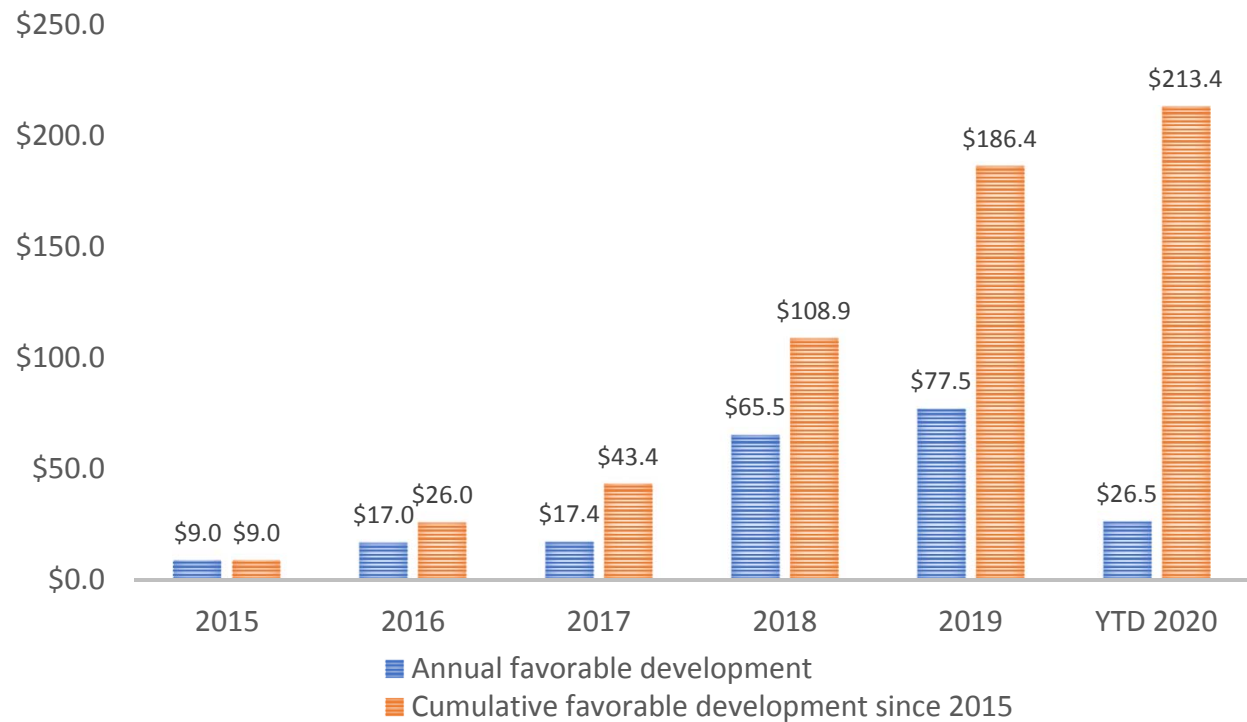
Reserve Review

Reserves are reviewed internally each quarter

Management's best estimate is presented to the Audit Committee of the Board of Directors each quarter

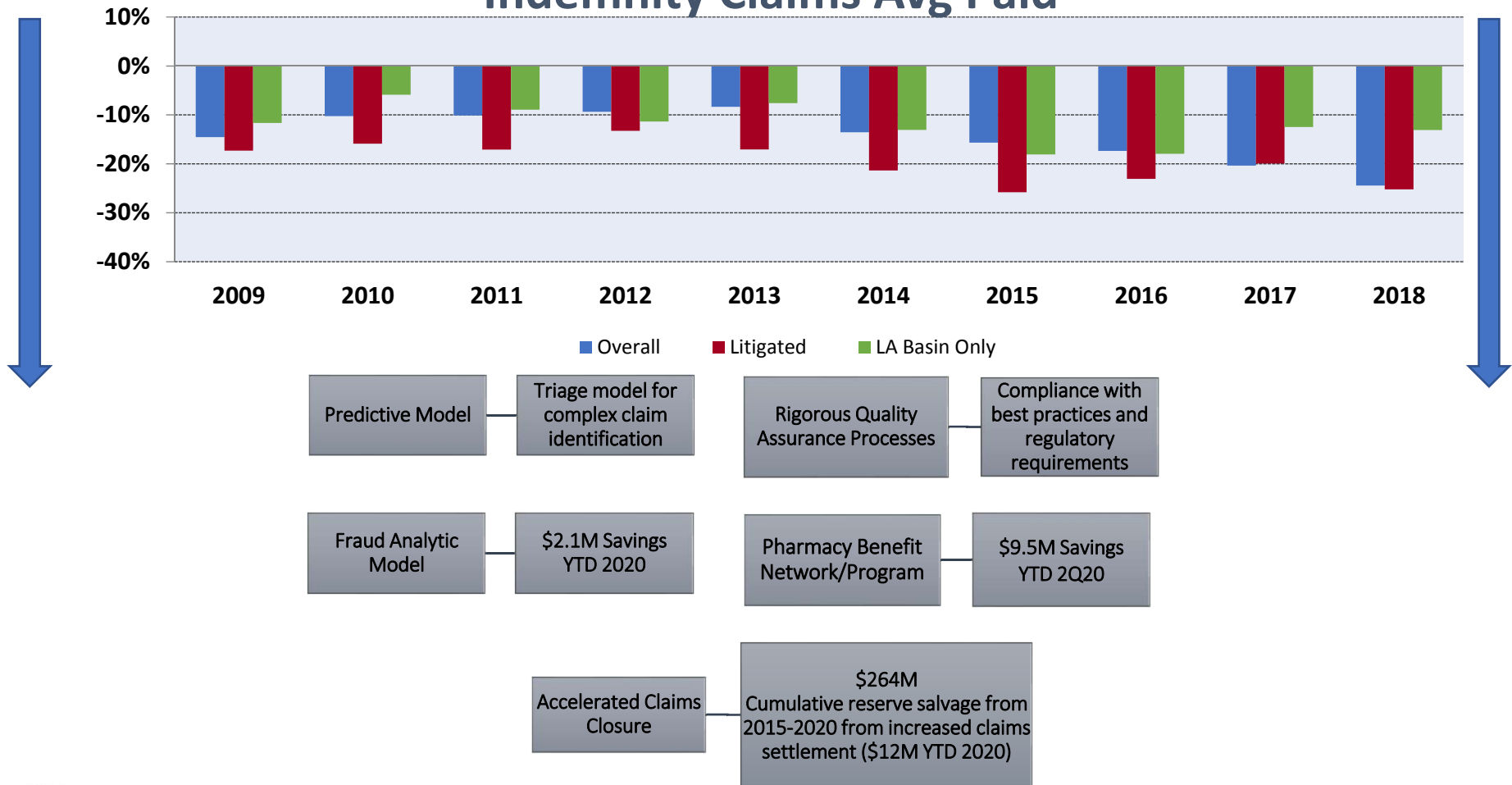
Net Calendar Year Reserve Development in Recent Prior Accident Years

(\$ millions, excludes involuntary business)



Superior Claims Handling

CA - % Variance to Industry – Indemnity Claims Avg Paid*



Impactful Opioid Policy

Through our robust pharmacy benefit management programs we are successfully preventing long term opioid use and have achieved exceptional results over the past 5 years

| | % Reduction |
|---------------------------------------|--------------------|
| <i>Claims Receiving Opioids</i> | -63% |
| <i>Opioid Rx Transactions</i> | -60% |
| <i>Opioid Rxs w/in 90 Days of DOI</i> | -77% |
| <i>Morphine Equivalent Dosages</i> | -59% |
| <i>Opioid Spend</i> | -60% |

- *Formularies (General and EMPLOYERS-specific)*
- *Utilization Review*
- *Pharmacy Benefit Management Program (Includes PBN in CA)*
- *Robust Analytics*
- *Peer to Peer Review / Discussion*
- *Prior Authorization Intervention*
- *Pain Management Program*

Source: Optum Data 2014-2019.



Workers' comp
insurance for small
business



What is Cerity?



Headquartered in Austin, TX, Cerity is a digital, direct-to-customer company dedicated to providing small/micro businesses with workers' compensation insurance policies that meet their specific needs.

- Cerity is a different kind of company, one that wants to make insurance easy because it should be. Cerity's goal is to make it easy for small business owners to protect their business. Cerity believes that small business owners need a simple no-hassle way to buy workers' comp insurance.
- Using innovative digital solutions, Cerity created a product that made the process simple while being transparent about what its customers are buying. Cerity's top priority is to provide a product that helps small business owners protect their business when the unexpected happens.
- Cerity is a team of advisors, educators and partners working to help small business owners save more in the long-run.



How is Certy Different?

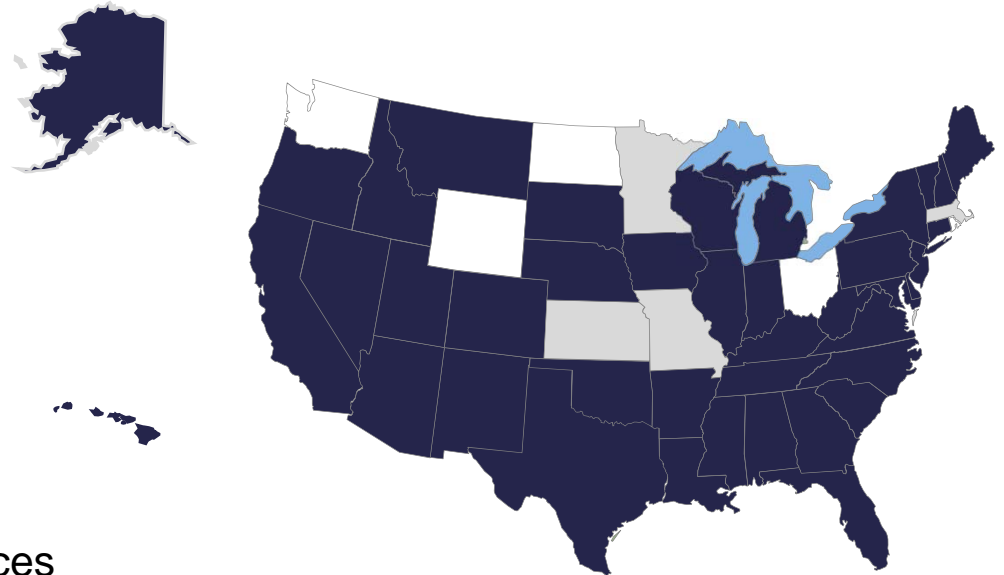


- Built from scratch with a focus exclusively on small business.
- Leverages modern technology and advanced data and analytics including a predictive model with up to 100 price points, making it fast and precise.
- Gives small businesses the ability to get a quote and purchase a policy in ***less than five minutes.***
- Enables small business owners to quote, purchase and maintain a policy from one organization.

To Whom Will Certy Sell?



- Certy is currently open for business in 42 states and the District of Columbia, with the intention of expanding to all non-monopolistic markets.
- Certy currently covers the following businesses:
 - Food & beverage
 - Tech and Scientific services
 - Legal and Financial services
 - General retail
 - Educational services
 - Manufacturing
 - Personal and Therapeutic services
 - Clothing retail
 - Personal product retail
 - Medical professions
 - Architecture and Engineering services
 - Office, Home and Garden
 - Certy plans to expand into other classes of business in the future



Target Customer



- 76% of small business owners within Cerity's target market indicate they would like to purchase commercial insurance online, reinforcing our belief customer buying behaviors are changing and the market is ready for a simple, digital purchasing solution.
- There are nearly 30 million small businesses in the United States and Cerity believes this number will continue to grow.
- Cerity's focus is on low-hazard business with 25 or fewer employees.

How will the U.S. Small Business Owner buy workers' compensation over the next 5, 10, 20 years???

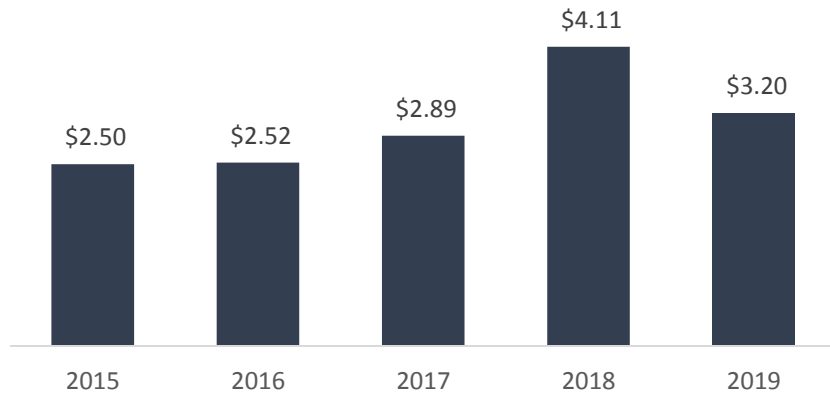




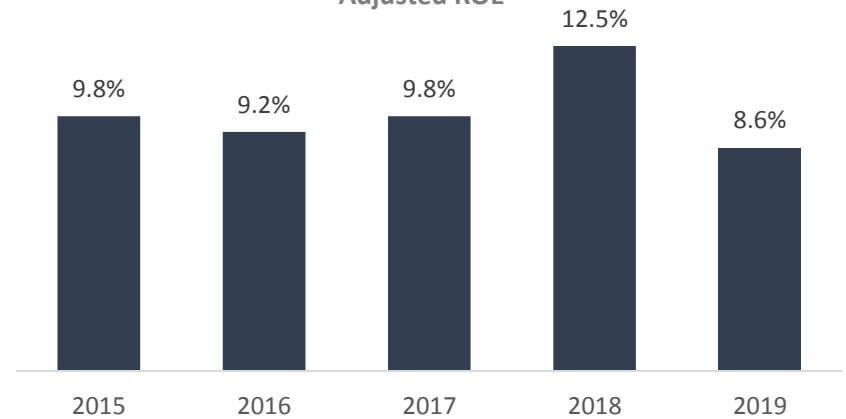
FINANCIAL PERFORMANCE

Five-Year Performance

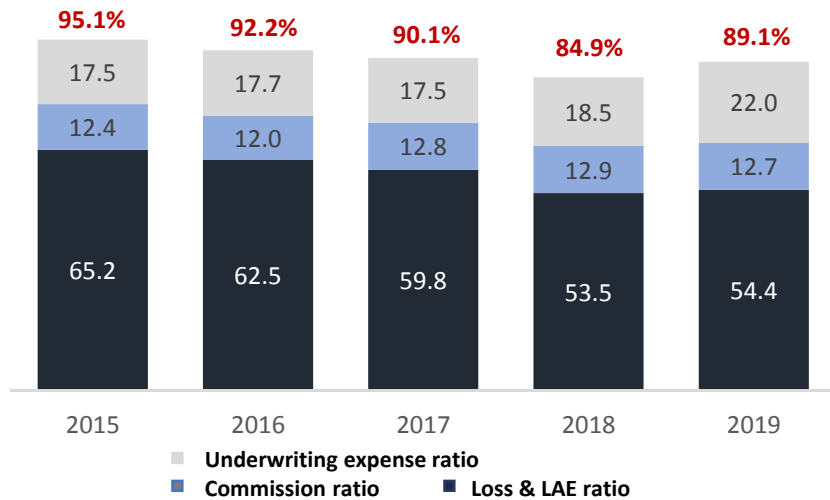
Adjusted EPS (Diluted)



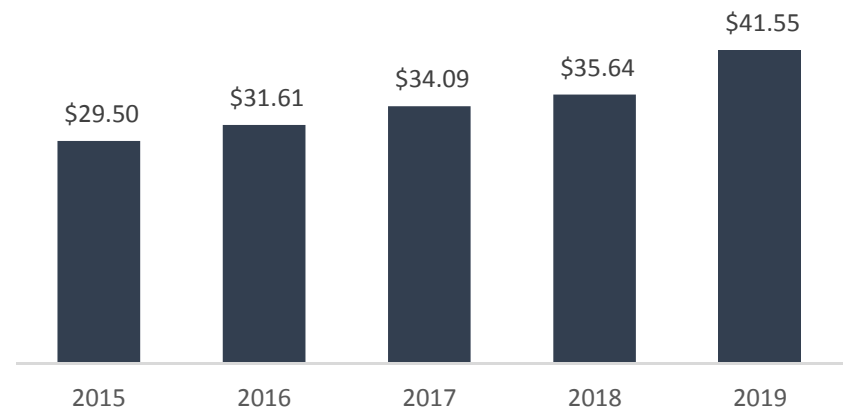
Adjusted ROE



Combined Ratio – Employers Segment



Book Value per Share including Deferred Gain



Adjusted Net Income

| \$ in millions | YTD | Years ended December 31, | | | |
|----------------------------------|-----------------------|--------------------------|------------------------|-----------------------|-----------------------|
| | June 30, 2020 | 2019 | 2018 | 2017 | 2016 |
| Net investment income | \$ 39.8 | \$ 88.1 | \$ 81.2 | \$ 74.6 | \$ 73.2 |
| Underwriting income (CAY ex LPT) | (15.6) | (17.6) | 39.2 | 53.3 | 37.6 |
| Underwriting income (PAY devel.) | 26.5 | 77.5 | 65.5 | 17.4 | 17.0 |
| Other operating items | <u>(5.2)</u> | <u>(18.0)</u> | <u>(17.7)</u> | <u>(14.6)</u> | <u>(14.5)</u> |
| Adjusted income (pretax) | 45.5 | 130.0 | 168.2 | 130.7 | 113.3 |
| Income taxes | <u>(8.8)</u> | <u>(26.0)</u> | <u>(31.4)</u> | <u>(35.2)</u> | <u>(30.3)</u> |
| Adjusted net income | <u>\$ 36.7</u> | <u>\$ 104.0</u> | <u>\$ 136.8</u> | <u>\$ 95.5</u> | <u>\$ 83.0</u> |

2Q20 Highlights (YoY)

| | NON-GAAP | GAAP | |
|---|---|--|---|
| <i>DOWN</i> 12% | Adjusted Net Income \$25.7 million | Net Income \$59.6 million | <i>UP</i> 46% |
| <i>DOWN</i> 0.8 <i>ppts</i> | Annualized Adjusted ROE 8.9% | Annualized ROE 21.7% | <i>UP</i> 6.9 <i>ppts</i> |
| <i>UP</i> 11% QTD <i>including</i> <i>dividends</i> | Book Value per Share Including Deferred Gain \$43.43 | Book Value per Share \$38.93 | <i>UP</i> 13% QTD <i>including</i> <i>dividends</i> |
| <i>UP</i> 63% | Net Income before the LPT* \$57.1 million | Effective Income Tax Rate 19.8 % | <i>VS</i> 18.1% |

YTD 2020 Highlights (YoY)

| | NON-GAAP | GAAP | |
|---|---|--|---|
| <i>DOWN</i> 39% | Adjusted Net Income \$36.7 million | Net Income \$24.7 million | <i>DOWN</i> 73% |
| <i>DOWN</i> 4.0 ppts | Annualized Adjusted ROE 6.1% | Annualized ROE 4.3% | <i>DOWN</i> 13.0 ppts |
| <i>UP</i> 6% YTD including dividends | Book Value per Share Including Deferred Gain \$43.43 | Book Value per Share \$38.93 | <i>UP</i> 6% YTD including dividends |
| <i>DOWN</i> 77% | Net Income before the LPT* \$19.8 million | Effective Income Tax Rate 14.8 % | <i>VS</i> 17.0% |

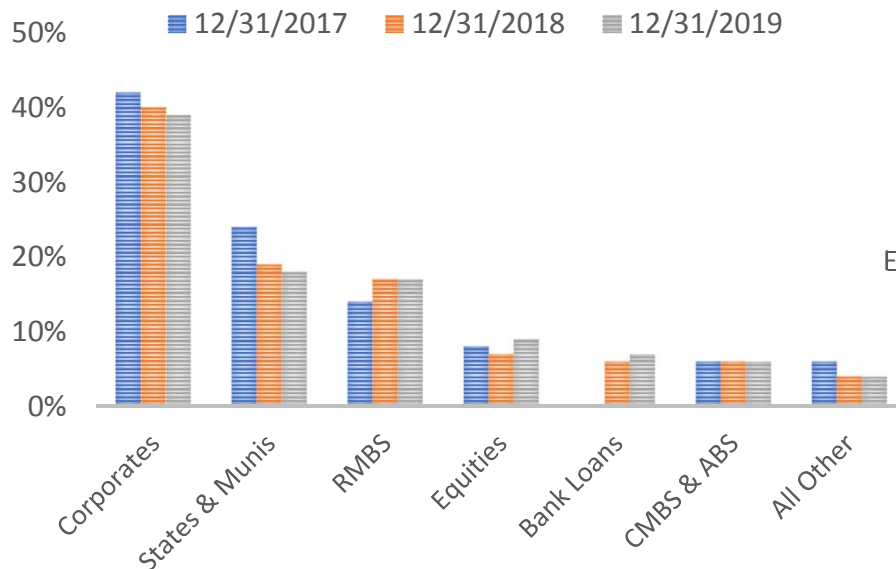
Investment Portfolio

2020: \$2.8 billion fair market value (\$2.9 billion including cash)

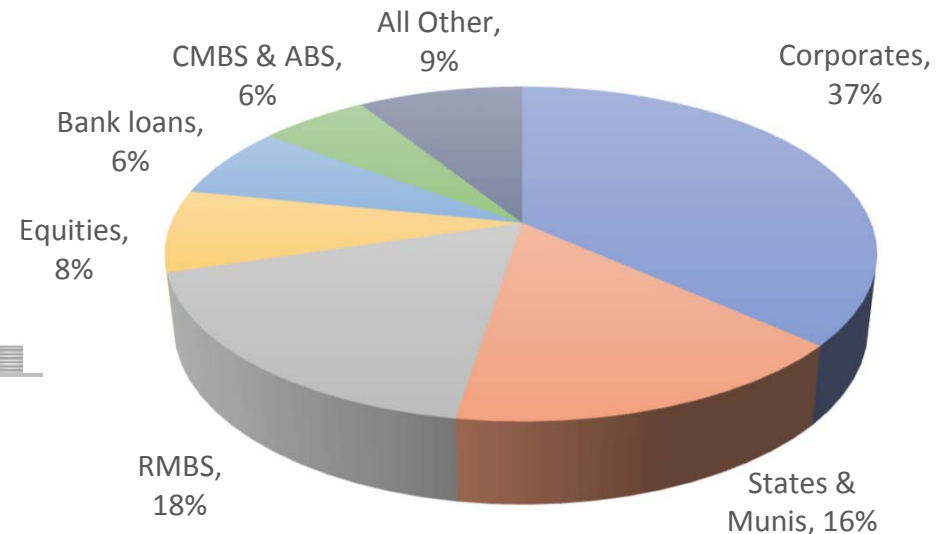
- High quality (average credit quality of A+)
- Highly liquid (\$1.2 billion is unencumbered and available within 3 business days)
- Duration of 2.7 years
- 2019 total investment return of 8.7%, annualized 2020 YTD total investment return of 5.0%
- 3.2% average ending pre-tax book yield

Investment Portfolio Allocation

Last Three Years



At 6/30/2020



The History of the LPT

In 1999, the Nevada State Industrial Insurance System (our predecessor) entered into a retroactive 100% quota share reinsurance agreement for all losses incurred 6/30/95 and prior through a loss portfolio transfer transaction with third party reinsurers (LPT Agreement).

Upon entry into the LPT Agreement, an initial deferred reinsurance gain (Deferred Gain) was recorded as a liability on our GAAP Balance Sheets which is being periodically amortized to income as a reduction to our losses and loss adjustment expenses.



So What Does that Mean?

Pursuant to the LPT Agreement, through 2024 we are entitled to receive a contingent profit commission which is based on both actual paid results to-date and projections of expected paid losses under the LPT Agreement.

The LPT Agreement is a non-recurring transaction that provides us with no significant ongoing cash benefits.

As a result of the LPT Agreement, within each of our non-GAAP measures we include the remaining Deferred Gain in our book value calculations and exclude the current period amortization of the Deferred Gain from our operating results and underwriting ratios.

LPT Status

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



Gain booked as statutory surplus; deferred & amortized under GAAP



Non-recurring transaction
No significant ongoing cash benefits



Gain includes ITD adjustments to LPT reserves and a contingent profit commission



Collateralized: largely cash/short-term securities, US Treasuries, and equities



3 Reinsurers:
Chubb (ACE), Berkshire (NICO), XL Group

\$369M
remaining liabilities

1,747
open claims

| THE LPT AGREEMENT | (\$ million) |
|---|---------------|
| Total coverage | \$2,000 |
| Original reserves (liabilities) transferred | 1,525 |
| Consideration | <u>775</u> |
| Unamortized gain at 9/30/1999 | 750 |
| Subsequent LPT reserve adjustments | (348) |
| Subsequent LPT contingent commission adjustments (profit sharing) | 69 |
| <i>Unamortized gain at 6/30/20</i> | \$ 470 |
| Accounting at 6/30/20 | |
| Statutory surplus created | \$ 470 |
| Cumulative amortization to date | (338) |
| GAAP: Deferred Reinsurance Gain-LPT Agreement | \$ 132 |

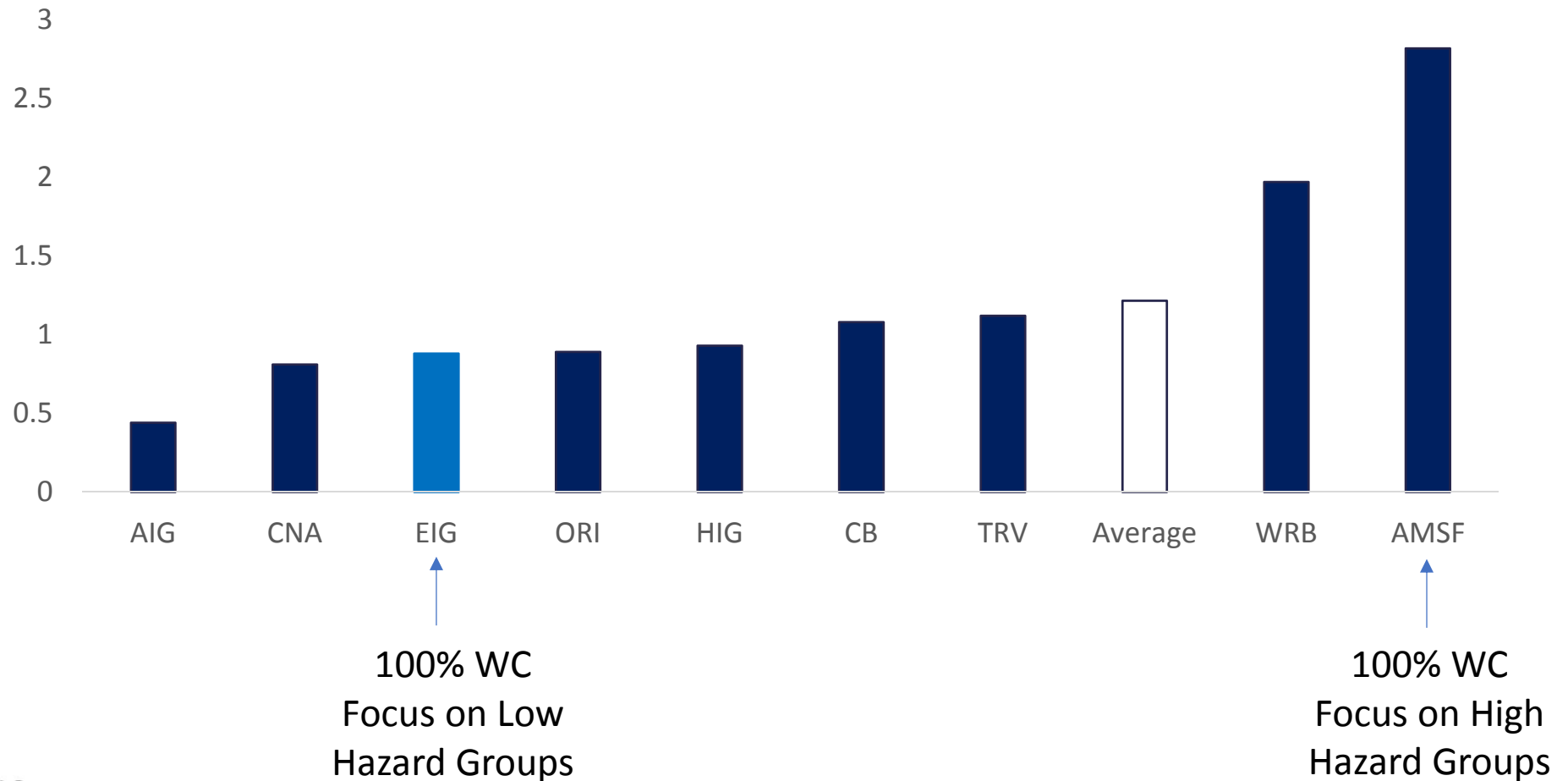
The current unamortized gain represents the balance that would have existed at the inception of the LPT Agreement had all subsequent adjustments been known at that time.

Valuation and Comparing Public Comps

Price to Book ratios as of 8/10/2020 for top 20 publicly-held workers' compensation writers

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

(based on 6/30/2020 GAAP book value)





America's small business insurance specialist.®

Douglas D. Dirks

President and
Chief Executive Officer

Stephen V. Festa

Executive Vice President and
Chief Operating Officer

Michael Paquette

Executive Vice President and
Chief Financial Officer

About Employers Holdings, Inc.

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EMPLOYERS® and *America's small business insurance specialist*® are registered trademarks of EIG Services, Inc. Employers Holdings, Inc. is a holding company with subsidiaries that are specialty providers of workers' compensation insurance and services focused on select, small businesses engaged in low-to-medium hazard industries. The Company operates throughout the United States, with the exception of four states that are served exclusively by their state funds. Insurance is offered through Employers Insurance Company of Nevada, Employers Compensation Insurance Company, Employers Preferred Insurance Company, Employers Assurance Company and Cerity Insurance Company, all rated A- (Excellent) by the A.M. Best Company. Not all companies do business in all jurisdictions. See www.employers.com and www.cerity.com for coverage availability.

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APPENDIX

Q2 2020 FINANCIAL SUPPLEMENT

EIG
LISTED
NYSE

www.employers.com

EMPLOYERS HOLDINGS, INC.

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EMPLOYERS HOLDINGS, INC.
Consolidated Financial Highlights (unaudited)
\$ in millions, except per share amounts

| | Three Months Ended June 30, | | | Six Months Ended June 30, | | |
|--|--------------------------------|----------|----------|------------------------------|----------|----------|
| | 2020 | 2019 | % change | 2020 | 2019 | % change |
| Selected financial highlights: | | | | | | |
| Gross premiums written | \$ 140.2 | \$ 176.6 | (21)% | \$ 324.9 | \$ 386.6 | (16)% |
| Net premiums written | 139.0 | 175.2 | (21) | 322.4 | 383.9 | (16) |
| Net premiums earned | 151.5 | 175.5 | (14) | 319.4 | 350.3 | (9) |
| Net investment income | 19.9 | 21.4 | (7) | 39.8 | 43.2 | (8) |
| Net income before impact of the LPT ⁽¹⁾ | 57.1 | 35.0 | 63 | 19.8 | 84.4 | (77) |
| Adjusted net income ⁽¹⁾ | 25.7 | 29.2 | (12) | 36.7 | 60.1 | (39) |
| Net income before income taxes | 74.3 | 49.7 | 49 | 29.0 | 111.6 | (74) |
| Net income | 59.6 | 40.7 | 46 | 24.7 | 92.6 | (73) |
| Comprehensive income | 123.0 | 70.4 | 75 | 64.4 | 159.6 | (60) |
| Total assets | | | | 4,004.0 | 3,954.3 | 1 |
| Stockholders' equity | | | | 1,144.0 | 1,121.5 | 2 |
| Stockholders' equity including the Deferred Gain ⁽²⁾ | | | | 1,276.2 | 1,263.2 | 1 |
| Adjusted stockholders' equity ⁽²⁾ | | | | 1,171.2 | 1,209.9 | (3) |
| Annualized adjusted return on stockholders' equity ⁽³⁾ | 8.9 % | 9.7 % | (8)% | 6.1 % | 10.1 % | (40) |
| Amounts per share: | | | | | | |
| Cash dividends declared per share | \$ 0.25 | \$ 0.22 | 14 % | \$ 0.50 | \$ 0.44 | 14 % |
| Earnings per diluted share ⁽⁴⁾ | 1.97 | 1.25 | 58 | 0.80 | 2.84 | (72) |
| Earnings per diluted share before impact of the LPT ⁽⁴⁾ | 1.89 | 1.08 | 75 | 0.62 | 2.59 | (76) |
| Adjusted earnings per diluted share ⁽⁴⁾ | 0.85 | 0.90 | (6) | 1.18 | 1.84 | (36) |
| Book value per share ⁽²⁾ | | | | 38.93 | 35.15 | 11 |
| Book value per share including the Deferred Gain ⁽²⁾ | | | | 43.43 | 39.59 | 10 |
| Adjusted book value per share ⁽²⁾ | | | | 39.86 | 37.92 | 5 |
| Financial information by Segment⁽⁵⁾: | | | | | | |
| Net income (loss) before income taxes | | | | | | |
| Employers | \$ 75.5 | \$ 50.3 | 50 % | \$ 37.8 | \$ 114.2 | (67)% |
| Cerity | (2.0) | (4.1) | (51) | (6.7) | (7.6) | 12 |
| Corporate and Other | 0.8 | 3.5 | (77) | (2.1) | 5.0 | (142) |

(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, 2020 | December 31, 2019 |
|--|--------------------------|------------------------------|
| ASSETS | | |
| Investments, cash and cash equivalents | \$ 2,882.9 | \$ 2,933.6 |
| Accrued investment income | 16.2 | 16.4 |
| Premiums receivable, net | 284.2 | 285.7 |
| Reinsurance recoverable, net of allowance, on paid and unpaid losses and LAE | 530.8 | 539.7 |
| Deferred policy acquisition costs | 49.3 | 47.9 |
| Contingent commission receivable—LPT Agreement | 13.2 | 13.2 |
| Other assets | 227.4 | 167.6 |
| Total assets | \$ 4,004.0 | \$ 4,004.1 |
| LIABILITIES | | |
| Unpaid losses and LAE | \$ 2,170.7 | \$ 2,192.8 |
| Unearned premiums | 341.5 | 337.1 |
| Commissions and premium taxes payable | 48.5 | 48.6 |
| Deferred Gain | 132.2 | 137.1 |
| FHLB Advances ⁽¹⁾ | 35.0 | — |
| Other liabilities | 132.1 | 122.7 |
| Total liabilities | \$ 2,860.0 | \$ 2,838.3 |
| STOCKHOLDERS' EQUITY | | |
| Common stock and additional paid-in capital | \$ 399.8 | \$ 397.0 |
| Retained earnings | 1,167.8 | 1,158.8 |
| Accumulated other comprehensive income, net | 105.0 | 65.3 |
| Treasury stock, at cost | (528.6) | (455.3) |
| Total stockholders' equity | 1,144.0 | 1,165.8 |
| Total liabilities and stockholders' equity | \$ 4,004.0 | \$ 4,004.1 |
| Stockholders' equity including the Deferred Gain ⁽²⁾ | \$ 1,276.2 | \$ 1,302.9 |
| Adjusted stockholders' equity ⁽²⁾ | 1,171.2 | 1,237.6 |
| Book value per share ⁽²⁾ | \$ 38.93 | \$ 37.18 |
| Book value per share including the Deferred Gain ⁽²⁾ | 43.43 | 41.55 |
| Adjusted book value per share ⁽²⁾ | 39.86 | 39.47 |

(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, | |
| | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | |
| Gross premiums written | \$ 140.2 | \$ 176.6 | \$ 324.9 | \$ 386.6 |
| Premiums ceded | (1.2) | (1.4) | (2.5) | (2.7) |
| Net premiums written | 139.0 | 175.2 | 322.4 | 383.9 |
| Net premiums earned | \$ 151.5 | \$ 175.5 | \$ 319.4 | \$ 350.3 |
| Net investment income | 19.9 | 21.4 | 39.8 | 43.2 |
| Net realized and unrealized gains (losses) on investments ⁽¹⁾ | 39.7 | 7.4 | (21.4) | 30.7 |
| Other income | 0.3 | — | 0.6 | 0.4 |
| Total revenues | 211.4 | 204.3 | 338.4 | 424.6 |
| Expenses: | | | | |
| Losses and LAE incurred | (73.1) | (86.8) | (177.4) | (175.3) |
| Commission expense | (19.2) | (23.8) | (40.5) | (45.8) |
| Underwriting and general and administrative expenses | (44.8) | (43.8) | (91.5) | (91.3) |
| Interest and financing expenses | — | (0.2) | — | (0.6) |
| Total expenses | (137.1) | (154.6) | (309.4) | (313.0) |
| Net income before income taxes | 74.3 | 49.7 | 29.0 | 111.6 |
| Income tax expense | (14.7) | (9.0) | (4.3) | (19.0) |
| Net income | 59.6 | 40.7 | 24.7 | 92.6 |
| Unrealized AFS investment gains arising during the period, net of tax ⁽²⁾ | 69.3 | 29.9 | 40.2 | 67.7 |
| Reclassification adjustment for realized AFS investment gains in net income, net of tax ⁽²⁾ | (5.9) | (0.2) | (0.5) | (0.7) |
| Total comprehensive income | \$ 123.0 | \$ 70.4 | \$ 64.4 | \$ 159.6 |
| Net income | \$ 59.6 | \$ 40.7 | \$ 24.7 | \$ 92.6 |
| Amortization of the Deferred Gain - losses | (2.1) | (3.2) | (4.1) | (5.2) |
| Amortization of the Deferred Gain - contingent commission | (0.4) | (0.5) | (0.8) | (1.0) |
| LPT reserve adjustment | — | (1.8) | — | (1.8) |
| LPT contingent commission adjustments | — | (0.2) | — | (0.2) |
| Net income before impact of the LPT Agreement⁽³⁾ | 57.1 | 35.0 | 19.8 | 84.4 |
| Net realized and unrealized (gains) losses on investments | (39.7) | (7.4) | 21.4 | (30.7) |
| Income tax expense (benefit) related to items excluded from Net income | 8.3 | 1.6 | (4.5) | 6.4 |
| Adjusted net income | \$ 25.7 | \$ 29.2 | \$ 36.7 | \$ 60.1 |

(1) Includes unrealized gains (losses) on equity securities of \$42.3 million and \$6.8 million for the three months ended June 30, 2020 and 2019, respectively, and \$(26.9) million and \$28.0 million for the six months ended June 30, 2020 and 2019, 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, 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 | 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 | <u>49.9</u> | <u>n/m</u> | | |
| Commission expense ratio | 12.7 | n/m | | |
| Underwriting expense ratio | <u>25.4</u> | <u>n/m</u> | | |
| 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

EMPLOYERS HOLDINGS, INC.
Net Income Before Income Taxes by Segment ⁽¹⁾ (unaudited)
\$ in millions

| Three Months Ended June 30, 2019 | Employers | Cerity | Corporate and Other | Consolidated |
|--|------------------------|-----------------|--------------------------------|---------------------|
| Gross premiums written | \$ 176.6 | \$ — | \$ — | \$ 176.6 |
| Net premiums written | 175.2 | — | — | 175.2 |
| Net premiums earned | A 175.5 | — | — | 175.5 |
| Net investment income | 20.3 | — | 1.1 | 21.4 |
| Net realized and unrealized gains on investments | 6.9 | — | 0.5 | 7.4 |
| Total revenues | <u>202.7</u> | <u>—</u> | <u>1.6</u> | <u>204.3</u> |
| Losses and LAE incurred | B (92.5) | — | 5.7 | (86.8) |
| Commission expense | C (23.8) | — | — | (23.8) |
| Underwriting and general and administrative expenses | D (35.9) | (4.1) | (3.8) | (43.8) |
| Interest and financing expenses | (0.2) | — | — | (0.2) |
| Total expenses | <u>(152.4)</u> | <u>(4.1)</u> | <u>1.9</u> | <u>(154.6)</u> |
| Net income (loss) before income taxes | <u>\$ 50.3</u> | <u>\$ (4.1)</u> | <u>\$ 3.5</u> | <u>\$ 49.7</u> |
| Underwriting income (loss) | A+B+C+D \$ 23.3 | \$ (4.1) | | |
| Loss and LAE expense ratio: | | | | |
| Current year | 66.2 % | n/m | | |
| Prior years | (13.5) | — | | |
| Loss and LAE ratio | 52.7 | n/m | | |
| Commission expense ratio | 13.6 | n/m | | |
| Underwriting expense ratio | 20.5 | n/m | | |
| Combined ratio | <u>86.8 %</u> | <u>n/m</u> | | |

n/m - not meaningful

(1) See Page 14 for a description of our reportable segments

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 | 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 | (8.5) | — | | |
| Loss and LAE ratio | <u>57.1</u> | <u>n/m</u> | | |
| 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

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, 2019 | | | | |
| Gross premiums written | \$ 386.6 | \$ — | \$ — | \$ 386.6 |
| Net premiums written | 383.9 | — | — | 383.9 |
| Net premiums earned | A 350.3 | — | — | 350.3 |
| Net investment income | 40.9 | — | 2.3 | 43.2 |
| Net realized and unrealized gains on investments | 27.7 | — | 3.0 | 30.7 |
| Other income | 0.4 | — | — | 0.4 |
| Total revenues | <u>419.3</u> | <u>—</u> | <u>5.3</u> | <u>424.6</u> |
| Losses and LAE incurred | B (183.5) | — | 8.2 | (175.3) |
| Commission expense | C (45.8) | — | — | (45.8) |
| Underwriting and general and administrative expenses | D (75.2) | (7.6) | (8.5) | (91.3) |
| Interest and financing expenses | (0.6) | — | — | (0.6) |
| Total expenses | <u>(305.1)</u> | <u>(7.6)</u> | <u>(0.3)</u> | <u>(313.0)</u> |
| Net income (loss) before income taxes | <u>\$ 114.2</u> | <u>\$ (7.6)</u> | <u>\$ 5.0</u> | <u>\$ 111.6</u> |
| Underwriting income (loss) | A+B+C+D \$ 45.8 | \$ (7.6) | | |
| Loss and LAE expense ratio: | | | | |
| Current year | 65.5 % | n/m | | |
| Prior years | (13.1) | — | | |
| Loss and LAE ratio | <u>52.4</u> | <u>n/m</u> | | |
| Commission expense ratio | 13.1 | n/m | | |
| Underwriting expense ratio | <u>21.5</u> | <u>n/m</u> | | |
| Combined ratio | <u>87.0 %</u> | <u>n/m</u> | | |

n/m - not meaningful

(1) See Page 14 for a description of our reportable segments

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

| | | Three Months Ended | | Six Months Ended | |
|--|--------------|---------------------------|----------------|-------------------------|----------------|
| | | June 30, | | June 30, | |
| | | 2020 | 2019 | 2020 | 2019 |
| Net income | A | \$ 59.6 | \$ 40.7 | \$ 24.7 | \$ 92.6 |
| Impact of the LPT Agreement | | (2.5) | (5.7) | (4.9) | (8.2) |
| Net realized and unrealized (gains) losses on investments | | (39.7) | (7.4) | 21.4 | (30.7) |
| Income tax expense (benefit) related to items excluded from Net income | | 8.3 | 1.6 | (4.5) | 6.4 |
| Adjusted net income ⁽¹⁾ | B | 25.7 | 29.2 | 36.7 | 60.1 |
| Stockholders' equity - end of period | | \$ 1,144.0 | \$ 1,121.5 | \$ 1,144.0 | \$ 1,121.5 |
| Stockholders' equity - beginning of period | | 1,057.3 | 1,071.7 | 1,165.8 | 1,018.2 |
| Average stockholders' equity | C | 1,100.7 | 1,096.6 | 1,154.9 | 1,069.9 |
| Stockholders' equity - end of period | | \$ 1,144.0 | \$ 1,121.5 | \$ 1,144.0 | \$ 1,121.5 |
| Deferred Gain - end of period | | 132.2 | 141.7 | 132.2 | 141.7 |
| Accumulated other comprehensive income - end of period | | (132.9) | (67.5) | (132.9) | (67.5) |
| Income taxes related to accumulated other comprehensive income - end of period | | 27.9 | 14.2 | 27.9 | 14.2 |
| Adjusted stockholders' equity - end of period | | 1,171.2 | 1,209.9 | 1,171.2 | 1,209.9 |
| Adjusted stockholders' equity - beginning of period | | 1,150.4 | 1,195.2 | 1,237.6 | 1,181.5 |
| Average adjusted stockholders' equity ⁽¹⁾ | D | 1,160.8 | 1,202.6 | 1,204.4 | 1,195.7 |
| Return on stockholders' equity | A / C | 5.4 % | 3.7 % | 2.1 % | 8.7 % |
| Annualized return on stockholders' equity | | 21.7 | 14.8 | 4.3 | 17.3 |
| Adjusted return on stockholders' equity ⁽¹⁾ | B / D | 2.2 % | 2.4 % | 3.0 % | 5.0 % |
| Annualized adjusted return on stockholders' equity ⁽¹⁾ | | 8.9 | 9.7 | 6.1 | 10.1 |

(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 | | Six Months Ended | |
|---|--------------------|------------|------------------|------------|
| | June 30, | | June 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Unpaid losses and LAE at beginning of period | \$ 2,191.7 | \$ 2,189.3 | \$ 2,192.8 | \$ 2,207.9 |
| Reinsurance recoverable on unpaid losses and LAE | 527.0 | 498.7 | 532.5 | 504.4 |
| Net unpaid losses and LAE at beginning of period | 1,664.7 | 1,690.6 | 1,660.3 | 1,703.5 |
| Losses and LAE incurred: | | | | |
| Current year losses | 99.2 | 116.1 | 209.4 | 229.4 |
| Prior year losses on voluntary business | (23.5) | (24.0) | (26.5) | (46.0) |
| Prior year losses on involuntary business | (0.1) | 0.3 | (0.6) | 0.1 |
| Total losses incurred | 75.6 | 92.4 | 182.3 | 183.5 |
| Losses and LAE paid: | | | | |
| Current year losses | 17.1 | 23.2 | 24.0 | 30.6 |
| Prior year losses | 76.1 | 82.2 | 171.5 | 178.8 |
| Total paid losses | 93.2 | 105.4 | 195.5 | 209.4 |
| Net unpaid losses and LAE at end of period | 1,647.1 | 1,677.6 | 1,647.1 | 1,677.6 |
| Reinsurance recoverable, excluding CECL allowance, on unpaid losses and LAE | 523.6 | 484.2 | 523.6 | 484.2 |
| Unpaid losses and LAE at end of period | \$ 2,170.7 | \$ 2,161.8 | \$ 2,170.7 | \$ 2,161.8 |

Total losses and LAE shown in the above table exclude amortization of the Deferred Gain, LPT Reserve Adjustments, and LPT Contingent Commission Adjustments which totaled \$2.5 million and \$5.7 million for the three months ended June 30, 2020 and 2019, respectively and \$4.9 million and \$8.2 million for the six months ended June 30, 2020 and 2019, respectively.

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

| | June 30, 2020 | | | | December 31, 2019 | |
|---|---------------------------------------|---------------------------------------|-------------------|--------------|--------------------------|--------------|
| | Cost or Amortized Cost | Net Unrealized Gain (Loss) | Fair Value | % | Fair Value | % |
| Investment Positions: | | | | | | |
| Fixed maturity securities | \$ 2,318.9 | \$ 132.5 | \$ 2,451.4 | 85 % | \$ 2,485.9 | 85 % |
| Equity securities | 148.8 | 74.2 | 223.0 | 8 | 263.4 | 9 |
| Short-term investments | 42.7 | 0.4 | 43.1 | 1 | — | — |
| Other invested assets | 33.3 | — | 33.3 | 1 | 29.1 | 1 |
| Cash and cash equivalents | 131.8 | — | 131.8 | 5 | 154.9 | 5 |
| Restricted cash and cash equivalents | 0.3 | — | 0.3 | — | 0.3 | — |
| Total investments and cash | <u>\$ 2,675.8</u> | <u>\$ 207.1</u> | <u>\$ 2,882.9</u> | <u>100 %</u> | <u>\$ 2,933.6</u> | <u>100 %</u> |
| Breakout of Fixed Maturity Securities: | | | | | | |
| U.S. Treasuries and agencies | \$ 89.7 | \$ 5.4 | \$ 95.1 | 4 % | \$ 88.5 | 4 % |
| States and municipalities | 401.6 | 32.5 | 434.1 | 18 | 484.5 | 19 |
| Corporate securities | 952.4 | 76.1 | 1,028.5 | 42 | 1,079.0 | 43 |
| Mortgage-backed securities | 584.2 | 27.0 | 611.2 | 25 | 591.0 | 24 |
| Asset-backed securities | 42.0 | (0.2) | 41.8 | 2 | 61.2 | 2 |
| Collateralized loan obligations | 84.4 | (3.5) | 80.9 | 3 | — | — |
| Bank loans | 164.6 | (4.8) | 159.8 | 7 | 181.7 | 7 |
| Total fixed maturity securities | <u>\$ 2,318.9</u> | <u>\$ 132.5</u> | <u>\$ 2,451.4</u> | <u>100 %</u> | <u>\$ 2,485.9</u> | <u>100 %</u> |
| Weighted average book yield | | | 3.2% | | 3.3% | |
| Average credit quality (S&P) | | | A+ | | A+ | |
| Duration | | | 2.7 | | 3.3 | |

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

| | | <u>June 30, 2020</u> | <u>March 31, 2020</u> | <u>December 31, 2019</u> | <u>June 30, 2019</u> |
|--|--------------|--------------------------|---------------------------|------------------------------|--------------------------|
| Numerators: | | | | | |
| Stockholders' equity | A | \$ 1,144.0 | \$ 1,057.3 | \$ 1,165.8 | \$ 1,121.5 |
| Plus: Deferred Gain | | 132.2 | 134.7 | 137.1 | 141.7 |
| Stockholders' equity including the Deferred Gain ⁽¹⁾ | B | 1,276.2 | 1,192.0 | 1,302.9 | 1,263.2 |
| Accumulated other comprehensive (income) loss | | (132.9) | (52.7) | (82.6) | (67.5) |
| Income taxes related to accumulated other comprehensive gains and losses | | 27.9 | 11.1 | 17.3 | 14.2 |
| Adjusted stockholders' equity ⁽¹⁾ | C | <u>\$ 1,171.2</u> | <u>\$ 1,150.4</u> | <u>\$ 1,237.6</u> | <u>\$ 1,209.9</u> |
| Denominator (shares outstanding) | D | 29,382,894 | 30,403,012 | 31,355,378 | 31,904,916 |
| Book value per share ⁽¹⁾ | A / D | \$ 38.93 | \$ 34.78 | \$ 37.18 | \$ 35.15 |
| Book value per share including the Deferred Gain ⁽¹⁾ | B / D | 43.43 | 39.21 | 41.55 | 39.59 |
| Adjusted book value per share ⁽¹⁾ | C / D | 39.86 | 37.84 | 39.47 | 37.92 |
| YTD Change in: ⁽²⁾ | | | | | |
| Book value per share | | 6.1 % | | | 14.5 % |
| Book value per share including the Deferred Gain | | 5.7 | | | 12.3 |
| Adjusted book value per share | | 2.3 | | | 6.4 |

(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 and \$0.44 for the six months ended June 30, 2020 and 2019, respectively.

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

| | | Three Months Ended | | Six Months Ended | |
|--|--------------|--------------------|------------|------------------|------------|
| | | June 30, | | June 30, | |
| | | 2020 | 2019 | 2020 | 2019 |
| Numerators: | | | | | |
| Net income | A | \$ 59.6 | \$ 40.7 | \$ 24.7 | \$ 92.6 |
| Impact of the LPT Agreement | | (2.5) | (5.7) | (4.9) | (8.2) |
| Net income before impact of the LPT ⁽¹⁾ | B | 57.1 | 35.0 | 19.8 | 84.4 |
| Net realized and unrealized (gains) losses on investments | | (39.7) | (7.4) | 21.4 | (30.7) |
| Income tax expense related to items excluded from Net income | | 8.3 | 1.6 | (4.5) | 6.4 |
| Adjusted net income ⁽¹⁾ | C | \$ 25.7 | \$ 29.2 | \$ 36.7 | \$ 60.1 |
| Denominators: | | | | | |
| Average common shares outstanding (basic) | D | 30,043,900 | 32,077,698 | 30,697,975 | 32,197,523 |
| Average common shares outstanding (diluted) | E | 30,229,553 | 32,450,628 | 31,020,128 | 32,639,885 |
| Earnings per share: | | | | | |
| Basic | A / D | \$ 1.98 | \$ 1.27 | \$ 0.80 | \$ 2.88 |
| Diluted | A / E | 1.97 | 1.25 | 0.80 | 2.84 |
| Earnings per share before impact of the LPT: ⁽¹⁾ | | | | | |
| Basic | B / D | \$ 1.90 | \$ 1.09 | \$ 0.64 | \$ 2.62 |
| Diluted | B / E | 1.89 | 1.08 | 0.62 | 2.59 |
| Adjusted earnings per share: ⁽¹⁾ | | | | | |
| Basic | C / D | \$ 0.86 | \$ 0.91 | \$ 1.20 | \$ 1.87 |
| Diluted | C / E | 0.85 | 0.90 | 1.18 | 1.84 |

(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). 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 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.