EMPLOYERS®

America's small business insurance specialist.®

June, 2010

Employers Holdings, Inc.

Investor Presentation

EIG LISTED NYSE

Safe Harbor Disclosure

This slide presentation is for informational purposes only. It should be read in conjunction with our Form 10-K for the year 2009, our Form 10-Qs and our Form 8-Ks filed with the Securities and Exchange Commission (SEC), all of which are available on the "Investor Relations" section of our website at www.employers.com.

Non-GAAP Financial Measures

In presenting Employers Holdings, Inc.'s (EMPLOYERS) results, management has included and discussed certain non-GAAP financial measures, as defined in Regulation G. Management believes these non-GAAP measures better explain EMPLOYERS results allowing for a more complete understanding of underlying trends in our business. These measures should not be viewed as a substitute for those determined in accordance with GAAP. The reconciliation of these measures to their most comparable GAAP financial measures is included in this presentation or in our Form 10-K for the year 2009, our Form 10-Qs and our Form 8-Ks filed with the Securities and Exchange Commission (SEC) and available in the "Investor Relations" section of our website at www.employers.com.

Forward-looking Statements

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

Any forward-looking statements made in this presentation reflect EMPLOYERS current views with respect to future events, business transactions and business performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties, which may cause actual results to differ materially from those set forth in these statements.

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

Overview

Business	• **Specialty provider of workers' compensation insurance** • **Coverage generally required by statute** ➢ **Medical, temporary/permanent indemnity, death**	***$38 billion per year industry*** *(2010, A.M. Best)*
Customers	• **Small "main street" businesses** • **Low-to-medium hazard exposure industries** ➢ **Top classes include restaurants, physicians, dentists, clerical, retail stores** • **Distribution through agents and strategic partners**	***Highly focused business model***
Geographic	• **30 states with concentrations in CA, FL, WI, IL and NV** ➢ **Unique markets by state and area**	***Operate in 76% of total market*** *(2010, A.M. Best)*

Key Strategies

FOCUS

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

GROWTH

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

CAPITAL

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

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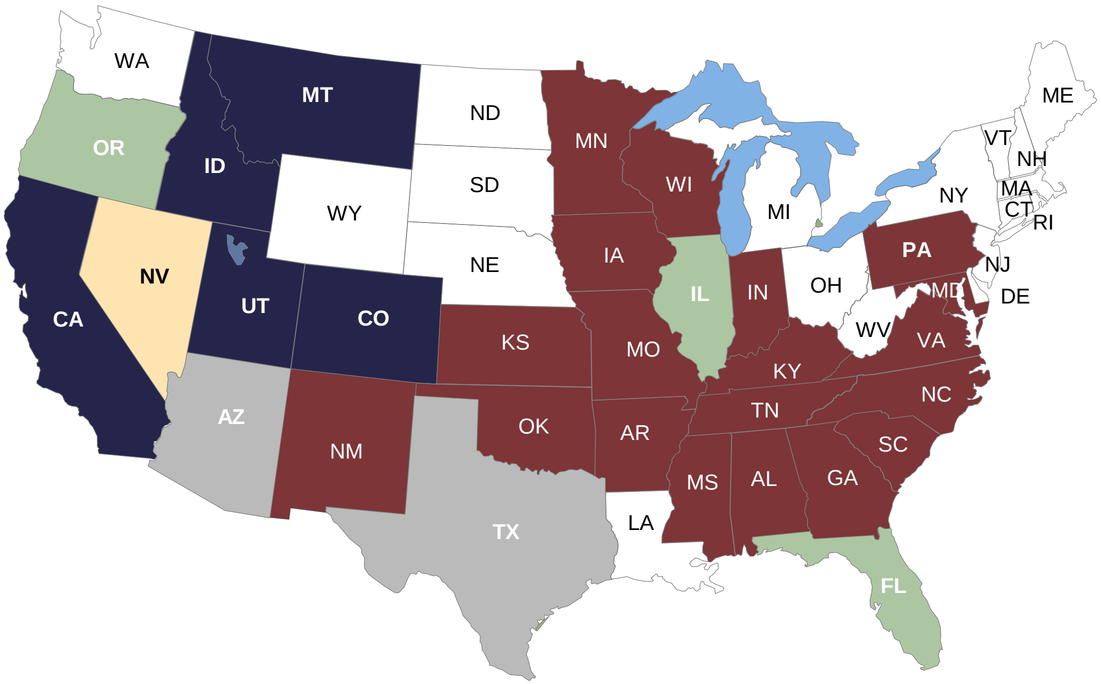
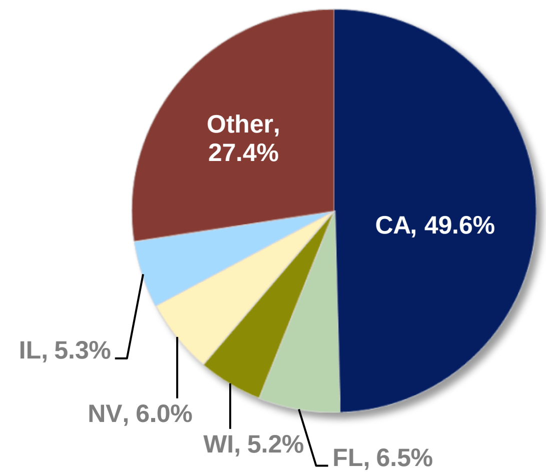
Selectively Expanding Footprint



2000	2002	2006	2007	2008
1913 – 1999 State WC fund in NV 2000 Privatization	2002 Acquisition, book of business in CA, UT, ID, MT, CO	2005 Formation of mutual hold co 2006 Entry into TX, AZ	2007 Demutualization and IPO – entry into FL, IL and OR	2008 Acquisition of AmCOMP Incorporated, entry into IA



In Force Premiums Written (%) 3/31/10

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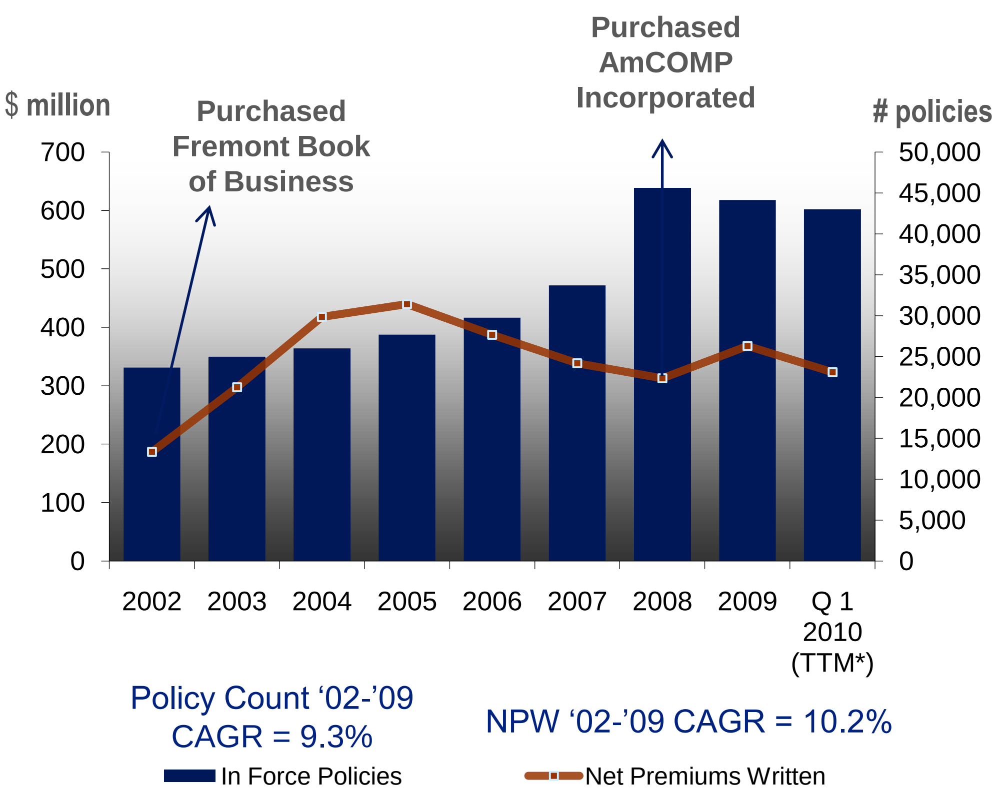
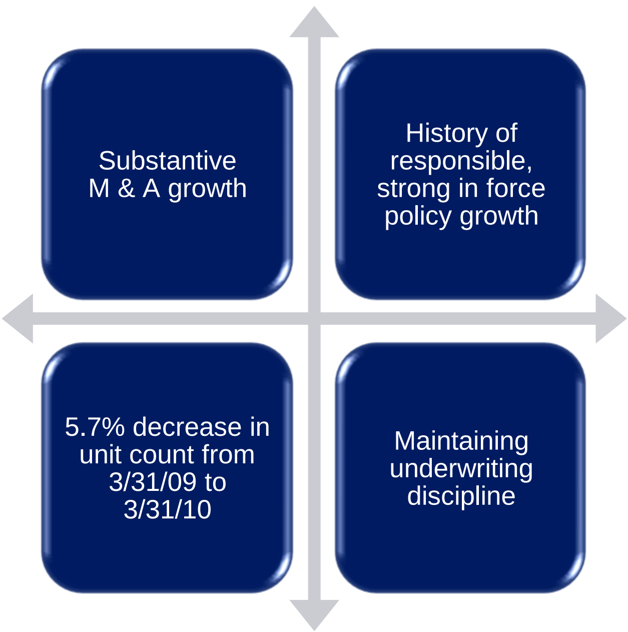
Market Penetration

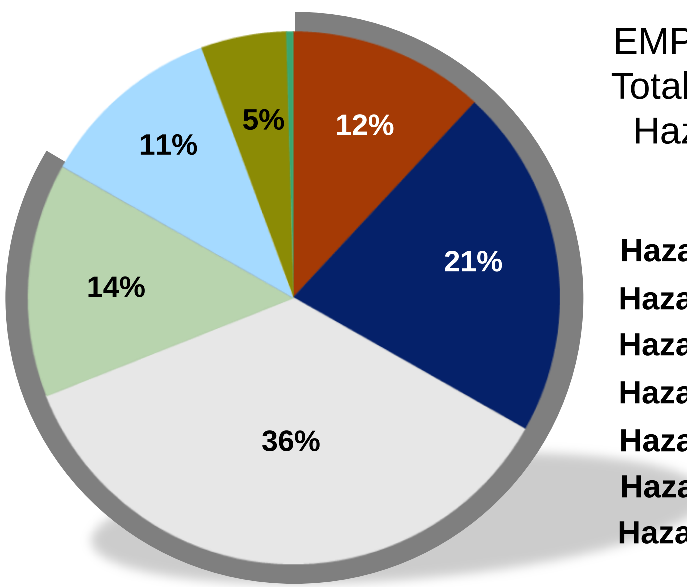


*** Trailing Twelve Months**



Disciplined Risk Selection

Focused Guidelines and Selection within Industry-defined Classes



EMPLOYERS = 83% of Total In Force Premium, Hazard Groups A – D

Hazard Group A
Hazard Group B
Hazard Group C
Hazard Group D
Hazard Group E
Hazard Group F
Hazard Group G

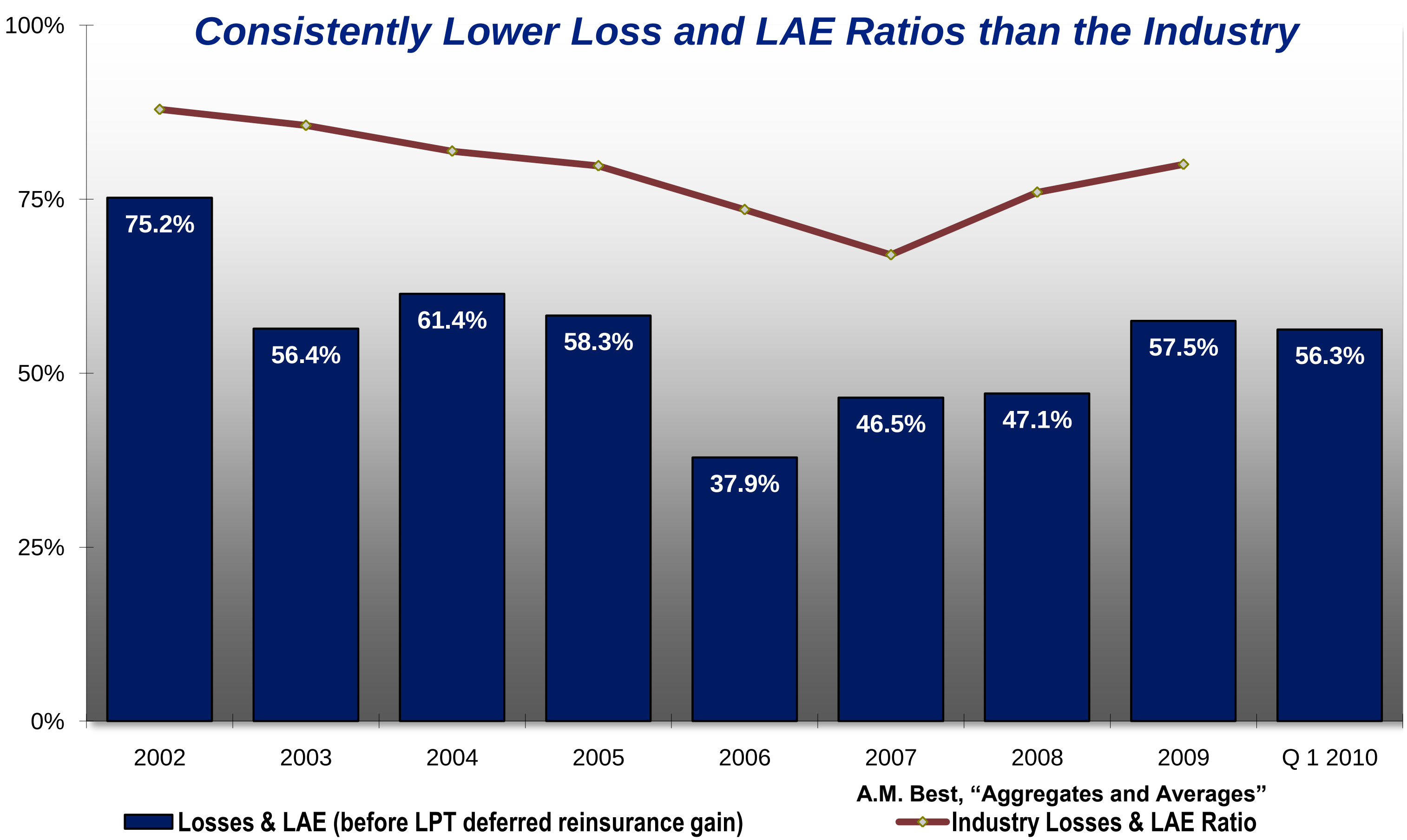
Lower Risk

Higher Risk

% In Force Premiums, 12/31/09

NCCI Hazard Group	EMPLOYERS Top 10 Classes	% In Force Premium
A	Restaurants	9.9
C	Physicians/Clerical	7.8
D	Automobile Services	6.6
B	Wholesale Stores	4.3
B	College Employees	2.6
B	Retail Stores	2.3
D	Machine Shops	1.8
C	Clerical	1.7
B	Hotel Employees	1.6
C	Grocery/Provisions Stores	1.6
	Total Top 10	**40.2**

Delivering Superior Loss Ratios



Unique Distribution Network

Independent Agents and Brokers

- 1,600 in place
- Strong relationships with agents

Strategic Partnerships

- Two key partners
  - ➢ ADP
  - ➢ Anthem Blue Cross

Restaurants and physicians are our top two classes of customers

Industry Focused

- California Restaurant Association provider of choice
- California Medical Association sponsorship
- NFIB (National Federation of Independent Business)

Increasing Points of Access

Partnerships

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

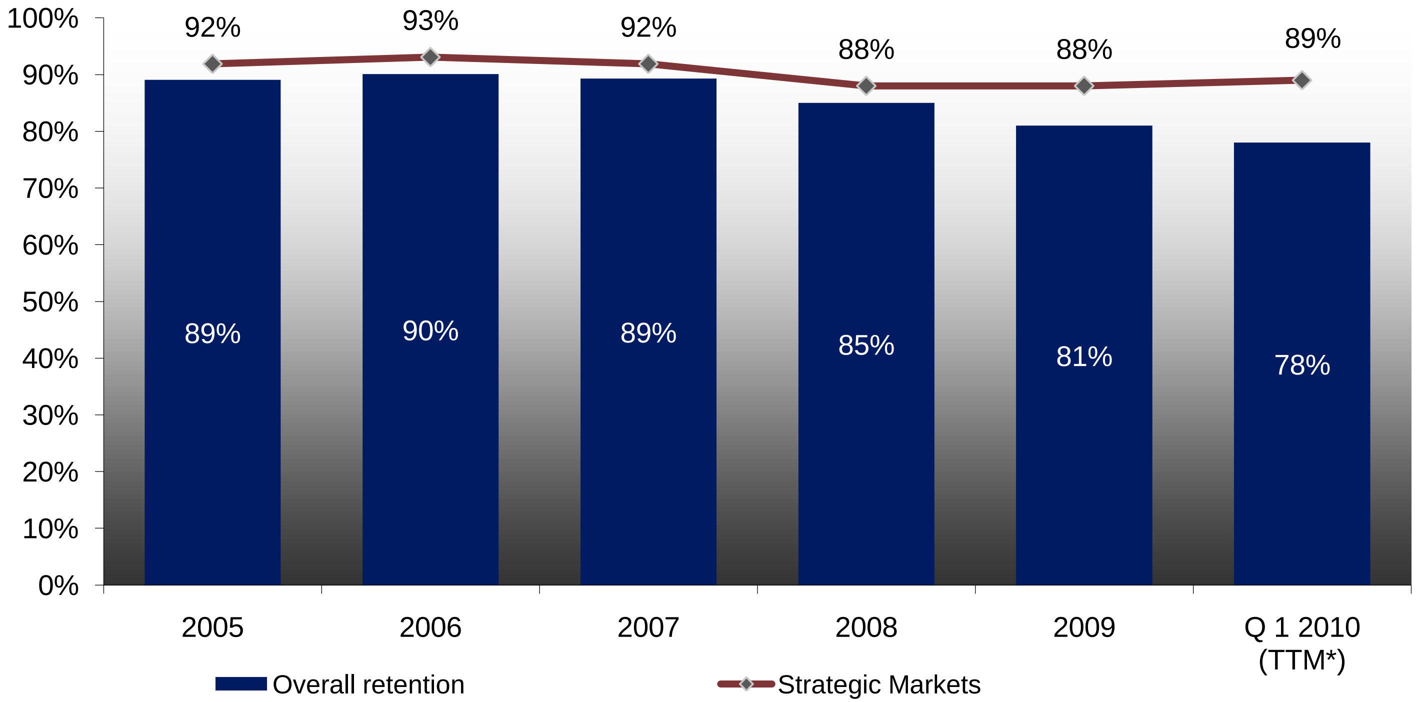
Result … in high persistency

Contribute … about 20% of in-force premiums at 3/31/10

ADP Automatic Data Processing, Inc.	*Largest payroll services company in the U.S.* *Partner since 2002 – business originates with ADP's field sales staff and insurance agency with "Pay-by-Pay" premium collection*
Anthem	*Largest group health carrier in CA – exclusive relationship – use medical provider network* *Partner since 2002 – business originated by health agents with a single bill to customers*
Granite Insurance Brokers / E-chx, Inc. Payroll Solutions	*Specialty provider of payroll services / insurance broker* *Partner since Q 4 2006, expanded alliance in 2008*
INTEGO Insurance Services, LLC	*Provider of insurance software services – partner since Q 4 2007*
Wells Fargo	*Small business payroll services – partner since Q 2 2008*
Telepayroll.com, Inc.	*Online payroll services and payment processing* *One of the largest independent payroll processors in Southern CA* *Partner since Q 1 2009*

Strong Retention Rates

Strategic Partnerships Result in Consistently Higher Retention Rates



***** Trailing Twelve Months***

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Superior Claims Management

In-house medical management staff

- Coordinate care and manage medical costs
- URAC accreditation in case management and utilization review

Comprehensive fraud program

- $5.9 million savings in 2009

Rigorous quality assurance processes

- Ensure compliance with best practices and regulatory requirements

Dedicated subrogation unit

- Recoveries over $4.1 million in 2009

Pharmacy benefit management program

- Savings over $2.9 million in 2009

Claims professionals average over a decade of experience

Key Highlights

Decreased underwriting and other operating expense $4.2 million or 11.6%

Continued positive net rate in California with little change in policy count

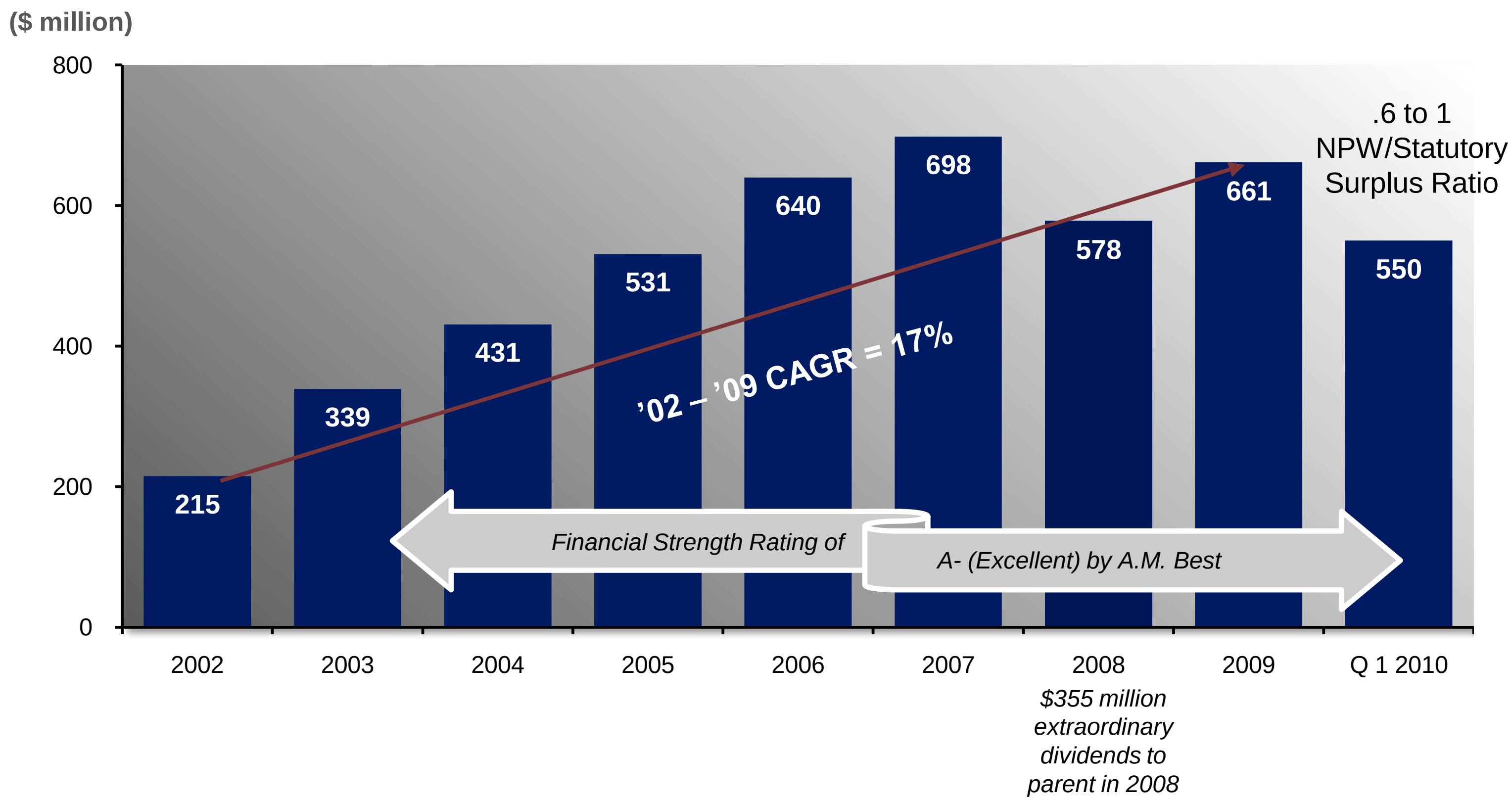
Continued favorable prior accident year reserve releases of $11.1 million

Book value per share growth of 1.2% since 12/31/09 from $20.67 to $20.91 at 3/31/10

INCOME STATEMENT ($ million except per share)	Q 1 2010	Q 1 2009
Net premiums earned	79.3	111.6
Net investment income	21.3	23.3
GAAP net income	16.1	20.9
Net income before the LPT	11.7	16.5
Earnings per share before the LPT	0.27	0.34
BALANCE SHEET ($ million)		
Total investments	2,027.4	2,029.6
Cash and cash equivalents	190.3	191.6
Total assets	3,651.5	3,676.7
Reserves for loss and LAE	2,393.9	2,425.7
Shareholders' equity	509.2	498.4
Equity including LPT deferred gain	893.4	887.0
UNDERWRITING		
Loss ratio before LPT	56.3%	56.9%
Combined ratio before LPT	111.3%	103.6%
Change in net rate (premium in-force/insured payroll)	-1% (since 12/31/09) -5% (since 3/31/09)	
Change in insured payroll	-7% (since 12/31/09) -17% (since 3/31/09)	
FINANCIAL		
Book value per share	$20.91	$20.67
Return on average adjusted equity (12 mos.)	6.9%	9.4%

Strong Capital Position

Strong Growth in Statutory Surplus Provides a Solid Basis for Underwriting



On June 3, 2010, an extraordinary dividend of $150 million was paid to the holding company.

Loss Portfolio Transfer (LPT)

Retroactive 100% quota share reinsurance coverage for all losses prior to 7/1/95

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

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

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

Contract	
	($ million)
Total Coverage	$2,000
Original Reserves (Liabilities) Transferred	$1,525
Consideration	$ 775
Gain at 1/1/2000	750
Subsequent Reserve Adjustments	(147.5)
Gain at 3/31/10	$602.5

Accounting at 3/31/10	
	($ million)
Statutory Surplus Created	$602.5
Cumulative Amortization To Date	(218.3)
GAAP: Deferred Reinsurance Gain – LPT Agreement	**$384.2**

Claims 6/30/1995 and prior – Approximately 3,500 claims open as of 3/31/10 with 5% closing each year

Remaining liabilities at 3/31/10: $878.5 million

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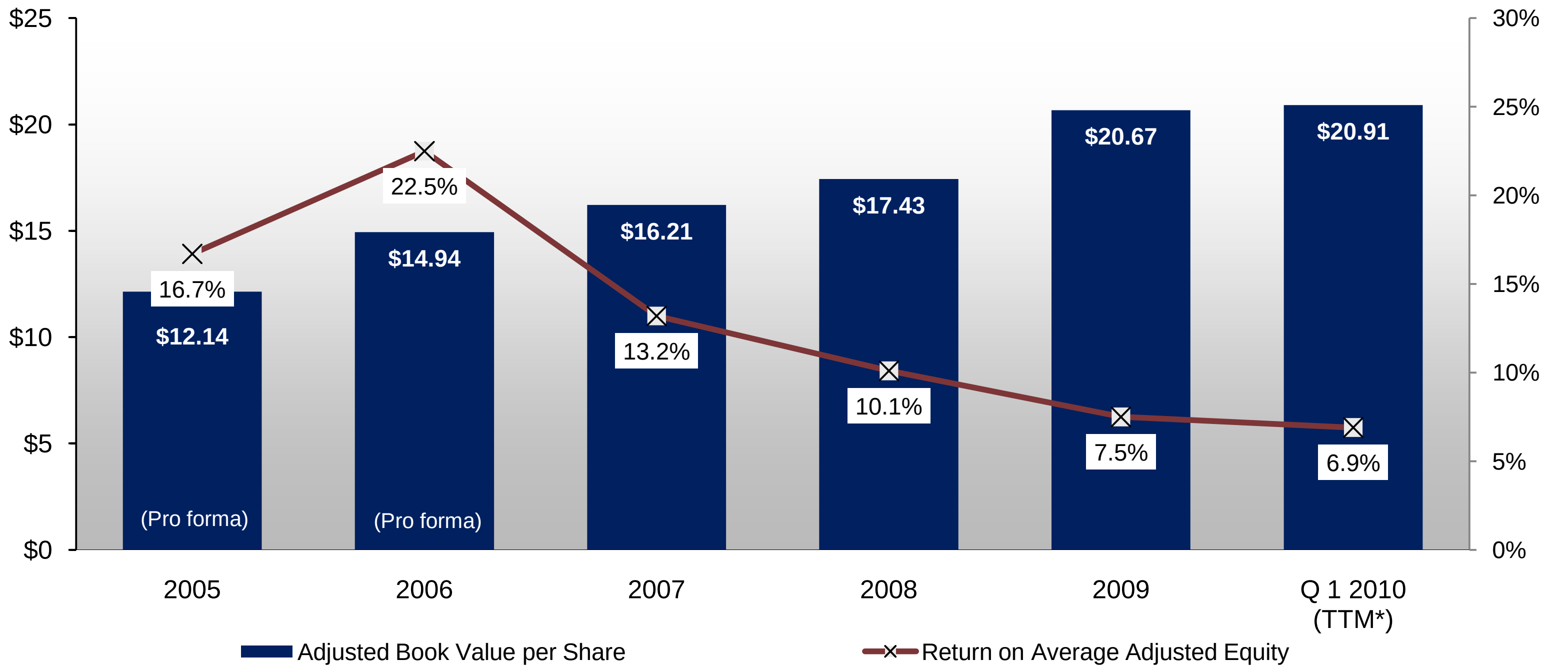
Return on Average Adjusted Equity, Increasing Book Value per Share



NOTE: 50,000,002 pro forma shares prior to February 5, 2007 (IPO date)
Return on Average Equity includes deferred gain related to the LPT – equity in the ROE calculation is averaged for the period

***** *Trailing Twelve Months***

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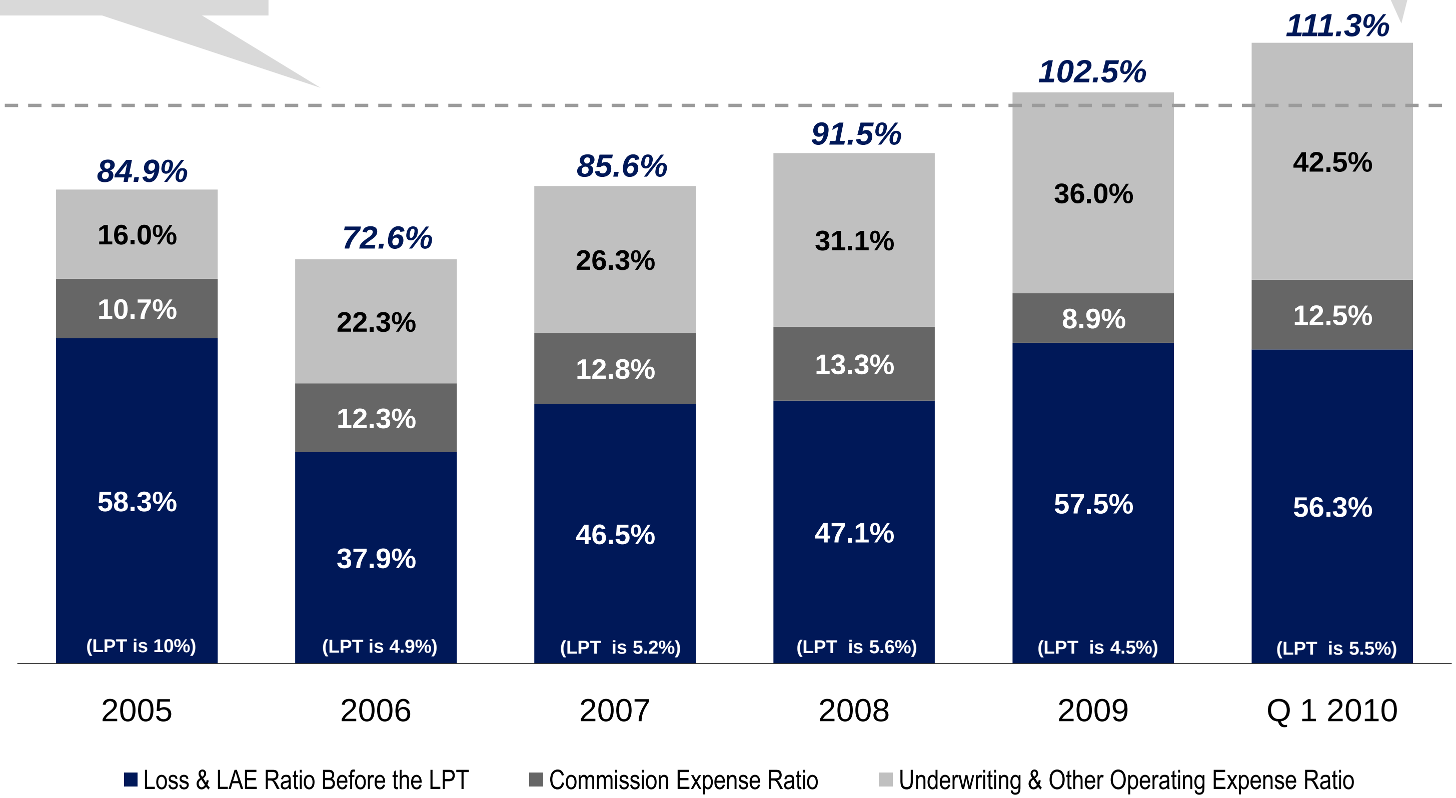
Consistently Profitable Underwriting

Expense ratio includes 1.2 points of non-recurring restructuring costs.

Underwriting model targets a 100% combined ratio and a 12-13% return on a premium dollar

Calendar Year Combined Ratio Before the LPT



NOTE: LPT percentages include reserve adjustments

History of Reserve Strength

Net reserves for workers' comp industry estimated to be deficient by $9 Billion at 12/31/09 [(1)]

Reserve Review

Quarterly evaluation of prior year reserves and current year loss picks

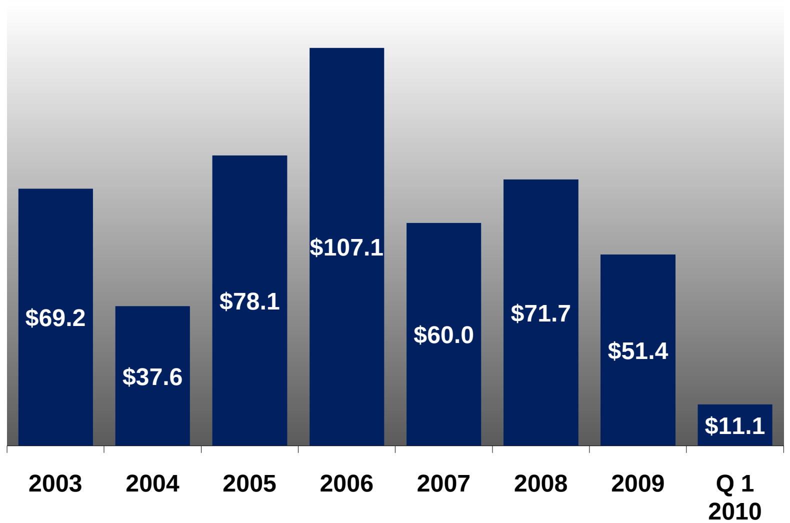
Consider point estimate of independent consulting actuary
- Twice annually

Results from senior management to Board Audit Committee

2009: changed external actuary
- Current AY loss estimates closer to consulting actuary pick, than historically

Reserve Development

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



(1) NCCI, "State of the Line" – May 6, 2010 – an increase of 50% from $6 billion in 2008

Prudent Capital Management

Holding Company Flexibility at 3/31/10

- ***Debt ratio – 12.9%***
  - Wells Fargo Secured Credit Facility – $100 million remaining
  - $32 million of acquired surplus notes
- ***$300 million in cash and securities*** (nearly half tied to Wells Fargo Secured Credit Facility)
  - Includes ordinary dividends of $112 million from operating subsidiaries
- ***Extraordinary dividend of $150 million paid June 3, 2010***

Investing in the Future

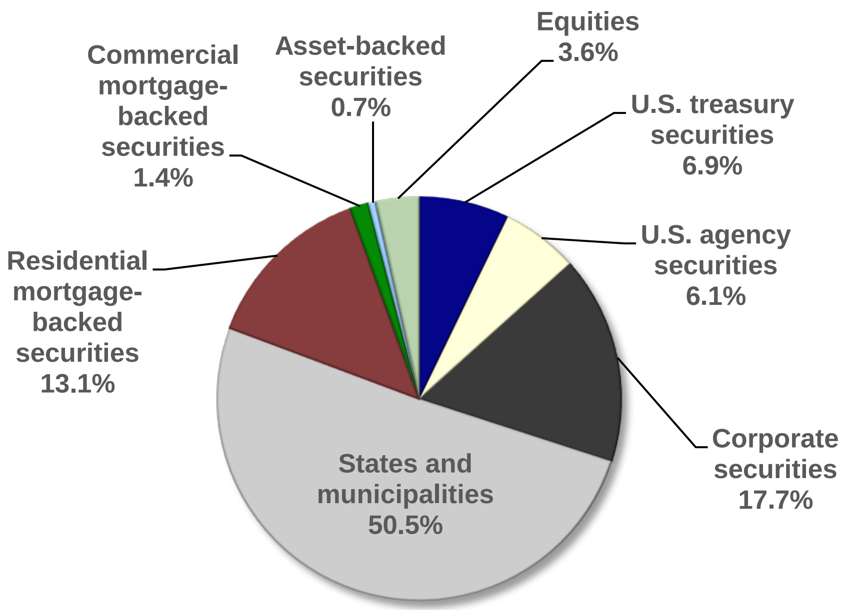
- ***Generating capital to invest in operations/securities***
- ***Deploying capital – opportunistic acquisitions***
  - Acquired AmCOMP (October, 2008) – equity value $189 million with expected savings of $20 - $22 million in 2010
- ***Controlling costs***
  - Underwriting and other operating expense declined 11.6% over prior year's first quarter
  - Extensive budget review with staff reductions in 2009 and 2010 (acquisition savings, consolidation and recognized efficiencies)

Returning Capital to Shareholders

Dividends – $0.24 per share or approximately $11 million per year – future dividends subject to Board approval

Share Repurchases
– Since the IPO (2/5/07), repurchased 11 million shares, average price = $15.32 per share
– $50 million authorized in 2010, approximately $45 million remaining at 3/31/10

High Quality Investment Portfolio



Portfolio at 3/31/10

$2.0 billion fair market value

- 97% fixed maturities with an average weighted AA+ rating
- Average book yield of 4.3%
- Tax equivalent book yield of 5.5%
- Effective duration of 5.00
- Managed by Conning Asset Management

High Quality Reinsurance

Reinsurance Management

Maintain a high quality reinsurance program

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

Long-term relationships with lead reinsurers

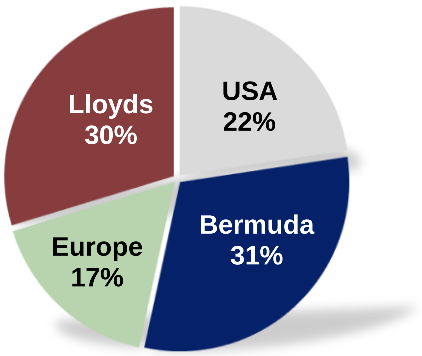
100% rated A or better

Program Structure, Effective 7/1/09

Limits of $200M

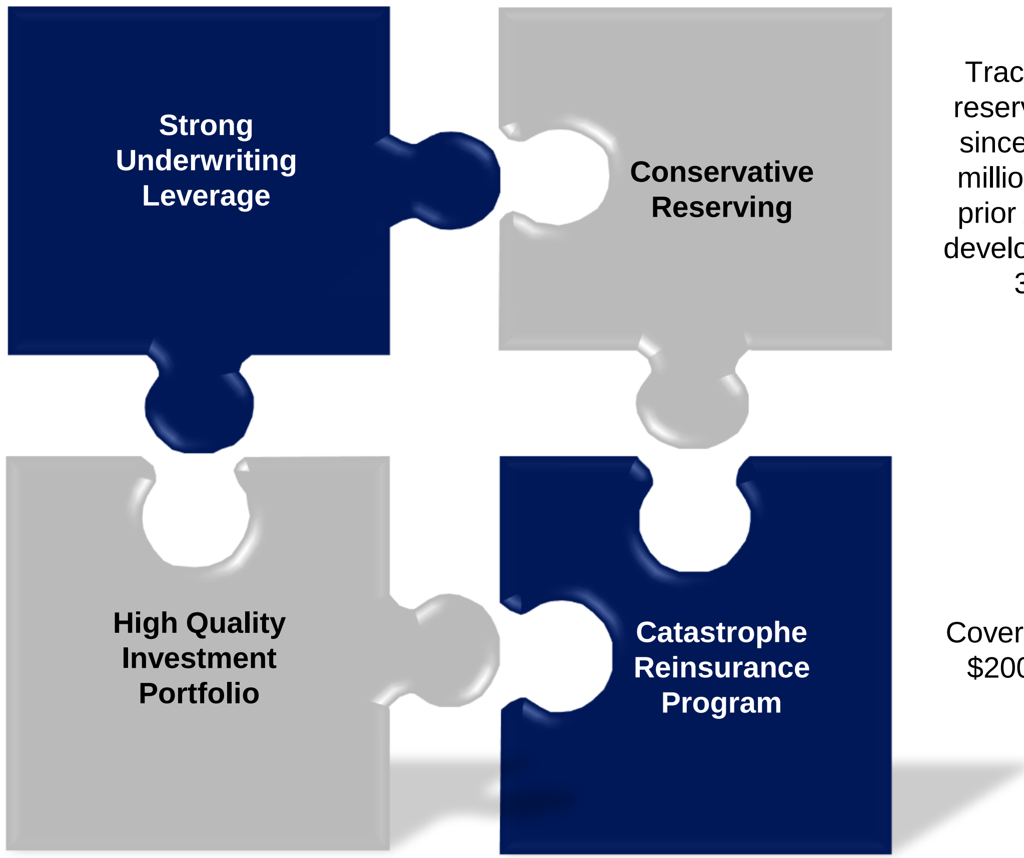
Retention of $5M

Reinsurers by Market



Summary of Financial Strength

.6 to 1 NPW to Surplus at 3/31/10



Track record of reserve strength: since IPO, $194 million favorable prior AY reserve development as of 3/31/10

$2 billion – nearly 97% invested in fixed maturities with average weighted rating of AA+

Coverage up to $200 M loss

Key Strengths

- ***Strong underwriting franchise with established presence in attractive markets***
  - 97 year operating history – attractive, underserved target market segment with growth opportunities
- ***Unique, long-standing strategic distribution relationships***
- ***Conservative risk profile and prudent capital management***
- ***Strong financial position and strong balance sheet***
  - rated A- by A.M. Best
- ***Experienced management team with deep knowledge of workers' compensation***
  - average 27 years experience with the ability to manage through challenging operating conditions

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Stock Ownership Limitations

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

- For a period of five years following the effective date of the Plan of Conversion of EMPLOYERS, which was February 5, 2007, no person may directly or indirectly acquire or offer to acquire in any manner beneficial ownership of 5% or more of any class of EMPLOYERS voting securities without the prior approval by the Nevada Commissioner of Insurance of an application for acquisition under Section 693A.500 of the Nevada Revised Statutes.

- Under Nevada insurance law, the Nevada Commissioner of Insurance may not approve an application for such acquisition unless the Commissioner finds that (1) the acquisition will not frustrate the plan of conversion as approved by our members and the Commissioner, (2) the board of directors of Employers Insurance Company of Nevada has approved the acquisition or extraordinary circumstances not contemplated in the plan of conversion have arisen which would warrant approval of the acquisition, and (3) the acquisition is consistent with the purpose of relevant Nevada insurance statutes to permit conversions on terms and conditions that are fair and equitable to the members eligible to receive consideration.

- Furthermore, any person or entity who individually or together with an affiliate (as defined by applicable law) seeks to directly or indirectly acquire in any manner, at any time, beneficial ownership of 5% or more of any class of EMPLOYERS voting securities, will be subject to certain requirements, including the prior approval of the proposed acquisition by certain state insurance regulators, depending upon the circumstances involved. Any such acquisition without prior satisfaction of applicable regulatory requirements may be deemed void under state law.

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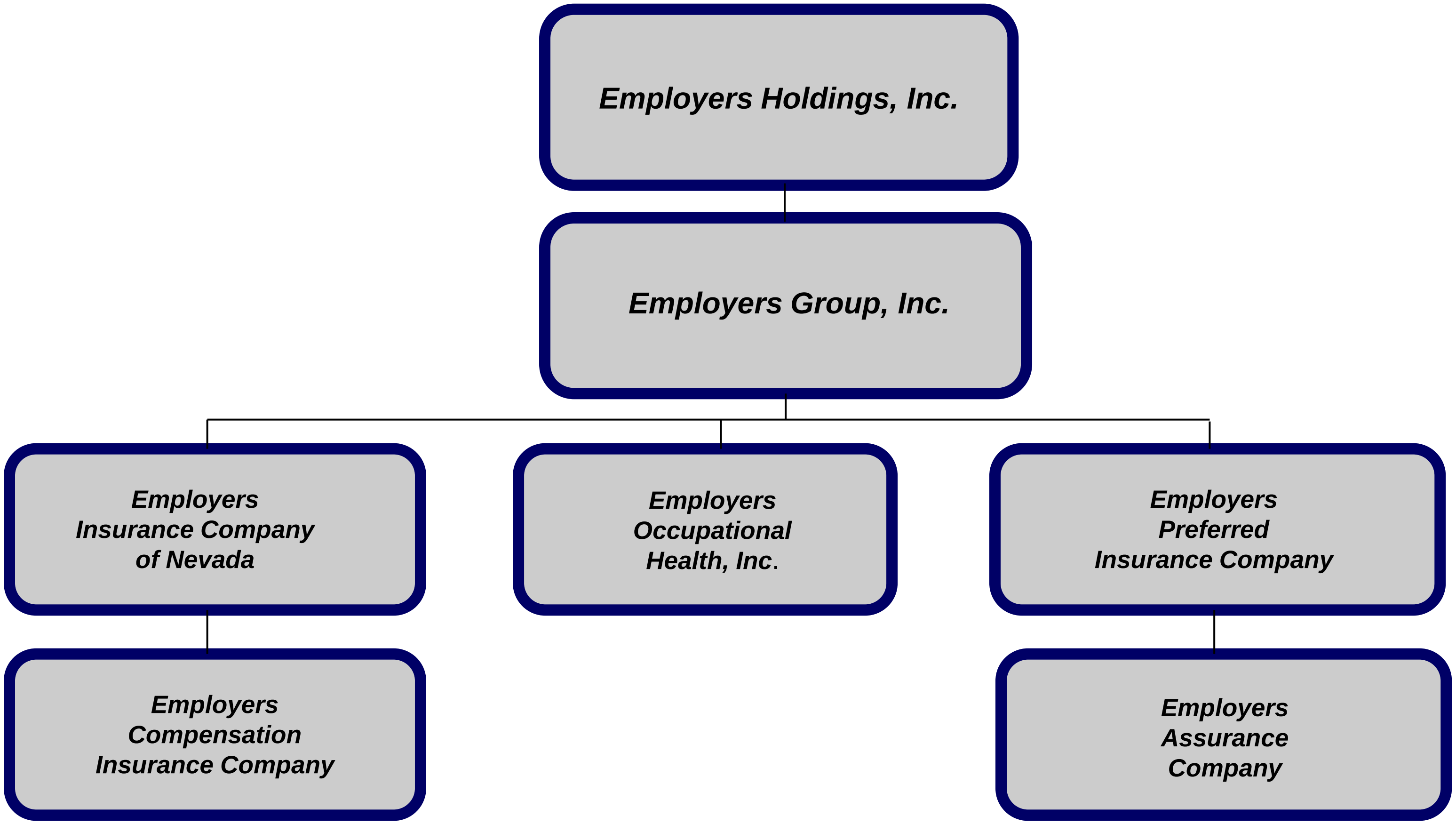
Appendix

Operating Organization



Selected Operating Results

Income Statement ($ million)	2005	2006	2007	2008	2009
Gross Written Premium	$ 451.4	$ 386.8	$ 351.8	$ 318.4	$ 379.9
Net Written Premium	432.5	372.2	339.7	308.3	368.3
Net Earned Premium	438.3	393.0	346.9	328.9	404.2
Net Investment Income	54.4	68.2	78.6	78.1	90.5
Net Income	137.6	171.6	120.3	101.8	83.0
Net Income Before LPT	93.8	152.2	102.2	83.4	65.0
Balance Sheet ($ million)	**2005**	**2006**	**2007**	**2008**	**2009**
Total Investments	$ 1,595.8	$ 1,715.7	$ 1,726.3	$ 2,042.9	$ 2,029.6
Cash and Cash Equivalents	61.1	80.0	149.7	202.9	191.6
Total Assets	3,188.8	3,266.8	3,264.3	3,825.1	3,676.7
Reserves for Loss and LAE	2,350.0	2,307.8	2,269.7	2,506.5	2,425.7
Shareholders' Equity	144.6	303.8	379.5	444.7	498.4
Equity Including LPT Deferred Gain	607.0	746.8	804.5	851.3	887.0

Regional, Pricing Trends 9/30/09 thru 7/01/10