Employers Holdings, Inc.

Investor Presentation

May, 2012

EMPLOYERS®

America's small business insurance specialist®

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

Non-GAAP Financial Measures

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

Forward-looking Statements

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

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

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

 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, through its subsidiaries, operates in 31 states and the District of Columbia. Insurance subsidiaries include Employers Insurance Company of Nevada, Employers Compensation Insurance Company, Employers Preferred Insurance Company, and Employers Assurance Company, all rated A- (Excellent) by A.M. Best Company. Additional information can be found at: http://www.employers.com.

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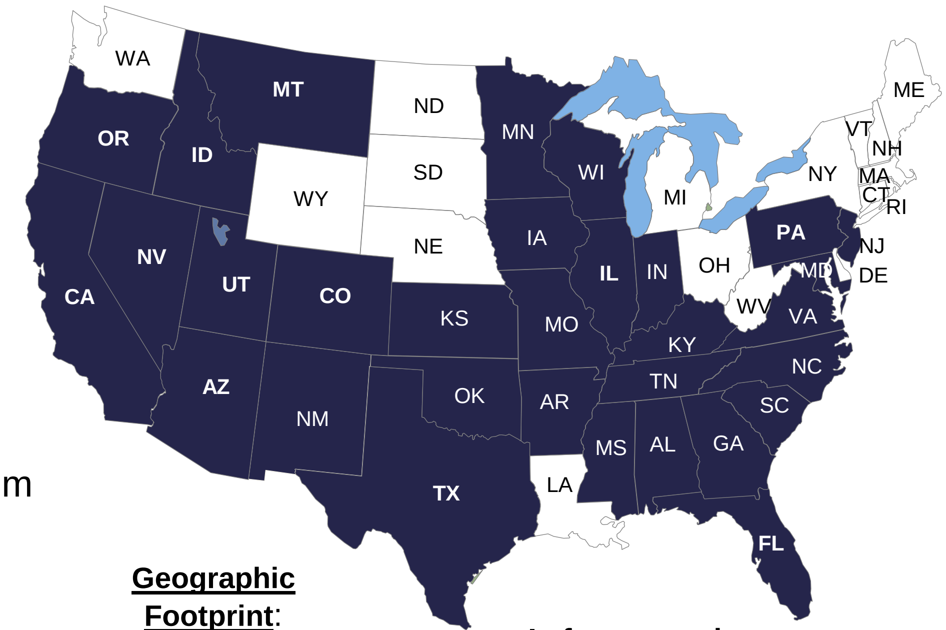
Overview

- Specialty provider of workers' compensation (WC)
- Small businesses, low to medium hazard
- Net premiums written: $140 million
  ($433.5 in force premium)
  - 66,608 policies
  - Average policy size: $6,508
- Distribution
  - 3,791 agencies = 76.4% in force premium
  - Strategic partners = 23.6% in force premium (principally ADP and Anthem Blue Cross)
- Writing in 31 states
- Combined ratio before LPT: 119.8%
  117.1% = adjusted for DAC accounting change
- Earnings before LPT per diluted share (adjusted for DAC accounting change) = $0.17 (+$0.7 per share YOY)
- Adjusted book value per share: $25.51



Geographic Footprint:

75% of total WC market

In force premium

- CA = 57%
- I L = 6%
- GA = 4%
- FL = 4%
- NV = 4%

Note: All data in this presentation is for Q 1 2012, unless stated otherwise and all data comparisons are year over year unless stated otherwise.

Strategy and Results

2009 - 2011	Strategies	Q 1, 2012
Cost controls	- Combined four regional operating units into two, consolidated offices and decreased staffing by 225 or 35% - Reduced underwriting expenses 5% at YE 2011	**Expense ratio decline of 4.5 points YOY (excluding DAC accounting change)**
Growth and technology initiatives	- Growth targets by mid-2012 to drive scale: Add over 20,000 policies Add over 900 agencies - Rapid quote technology implemented nationwide	**YOY 39% increase in net written premiums; 27% increase in agencies; 39% increase in policy count**
Pricing	- Observed signs of a firming market in 2011 – drive profitability through improved pricing - Increased CA filed rates over 41% since 2009 - Total net rate change turned positive in Q 4 vs. Q 3, 2011 - Rating bureaus filed rate increases in 19 states nationally in 2011	**Positive net rate YOY and YTD** **6% average rate increase in CA effective 6/15/12; 8.9% in FL 1/1/12; 13.6% in IL 3/1/12**
Capital and investments	- Q 4 2011, began repositioning portfolio to shorten duration, reduce exposure to tax exempt municipals, add high dividend equities - 3 uses of capital = deploy into business, strategic acquisitions, return to shareholders	**Portfolio repositioning complete** **$326.4 million cash/securities at holding company** **1.1 million shares repurchased in Q 1; $74 million left in current $200 million program; $0.6 per share div declared**

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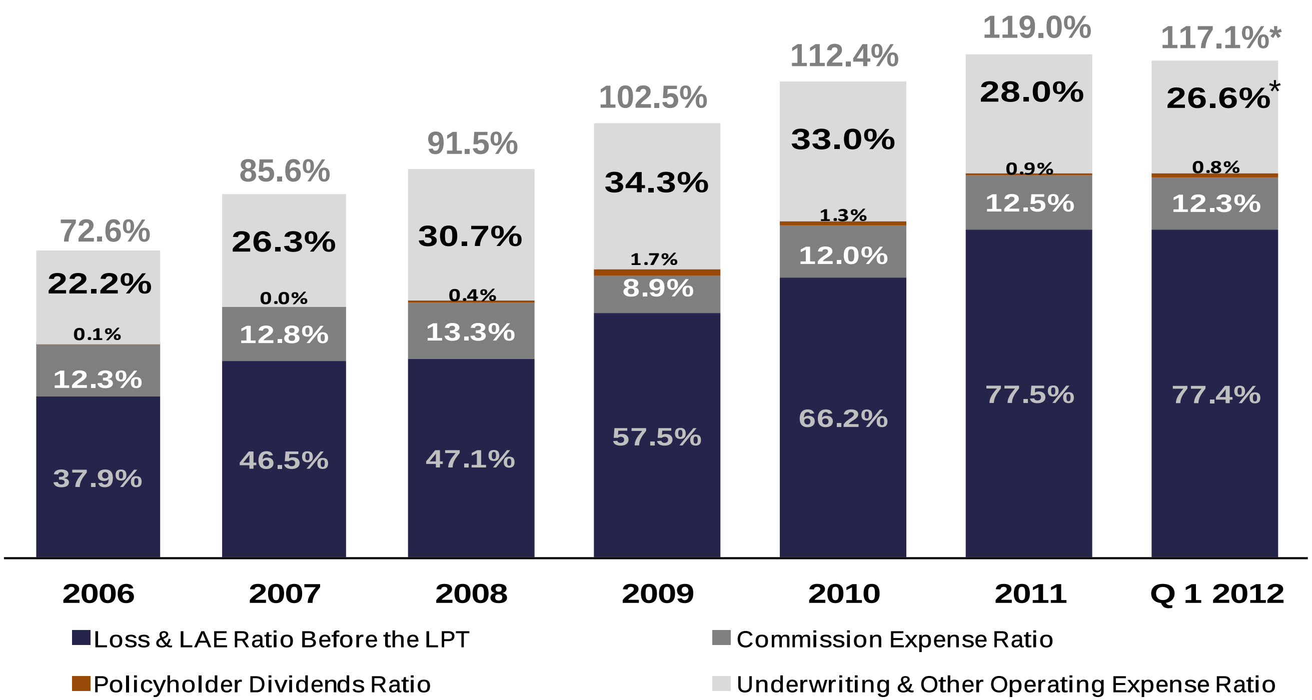
Calendar Year Combined Ratio

- Combined and underwriting expense ratios trending down with cost controls and increasing earned premiums; lowest annual expense ratio since 2008
- Loss ratios stable throughout 2011: impacted by loss provision rates and increasing earned premiums



*Adjusted to remove impact of the DAC accounting change (see Page 22 in the following Appendix and Form 8-K, Exhibit 99.1, filed with the Securities & Exchange Commission on May 8, 2012)

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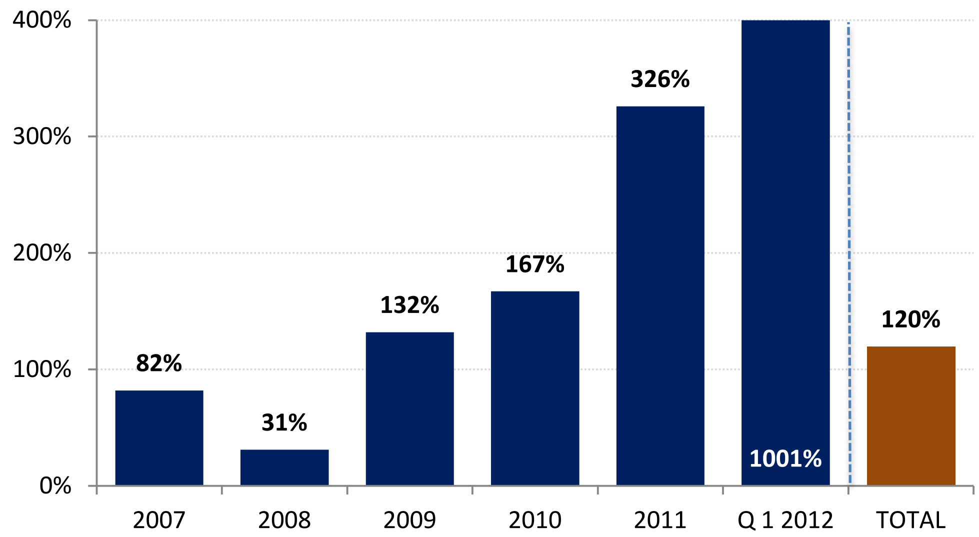
Uses of Capital

- $326 million in cash and securities at holding company
  - Statutory surplus of $397 at 3/31/2012; NPW to Surplus Ratio of 1.1:1
- Debt to total capital = 13%
- Three uses of capital
  1. Deploy into the business
  2. Opportunistic acquisitions/mergers
  3. Return to shareholders

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



- $200 million share repurchase program through mid-2013, $74 million remaining at 3/31/2012 –subject to market conditions and other factors
- Since IPO, 22 million shares repurchased; over $390 million returned to shareholders in dividends and repurchases
- Repurchases in Q 1, 2012 = $18.7 million; 1.1 million shares
- Annual dividends: 24 cents per share – subject to Board approval

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Net Rate

- Many variables impact net rate including rate changes, underwriting risk profiles, pricing, changes in business mix
- OVERALL change in net rate up 0.6% YOY
  - (1.2% Q 1 2012 YTD)
- CA net rate increase 13.6% YOY
  - CA payroll exposure increase 22.9%
  - CA in force premium increase 39.6%
  - CA policy count increase 28.8%
  - Average policy size increase 8%

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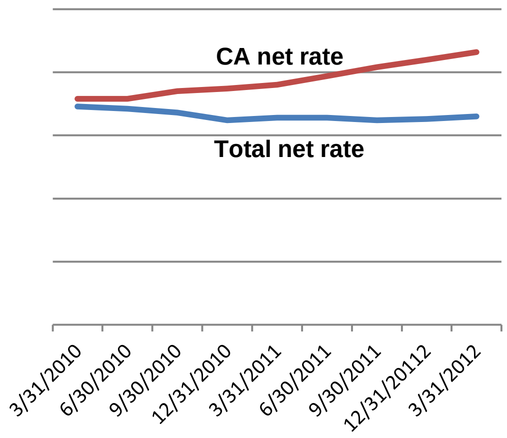
Net Rate per $100 of Payroll



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

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Key Strengths

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

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Appendix

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Stock Ownership Limitations

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

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

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

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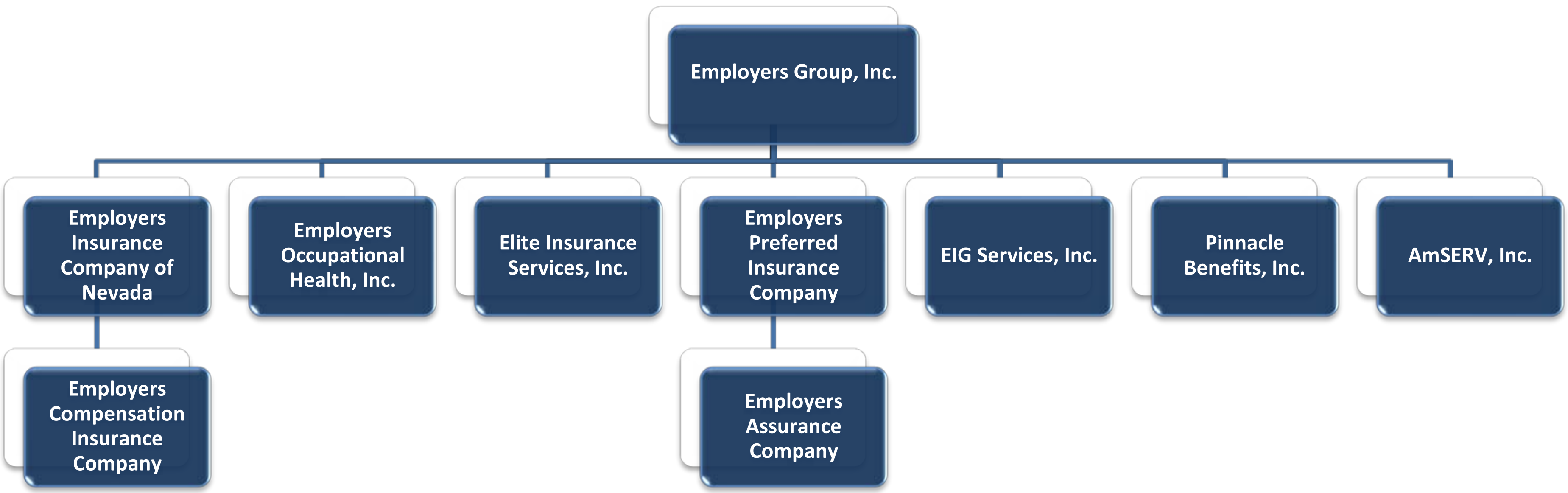
Corporate Structure



Key Strategies

FOCUS

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

GROWTH

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

CAPITAL

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

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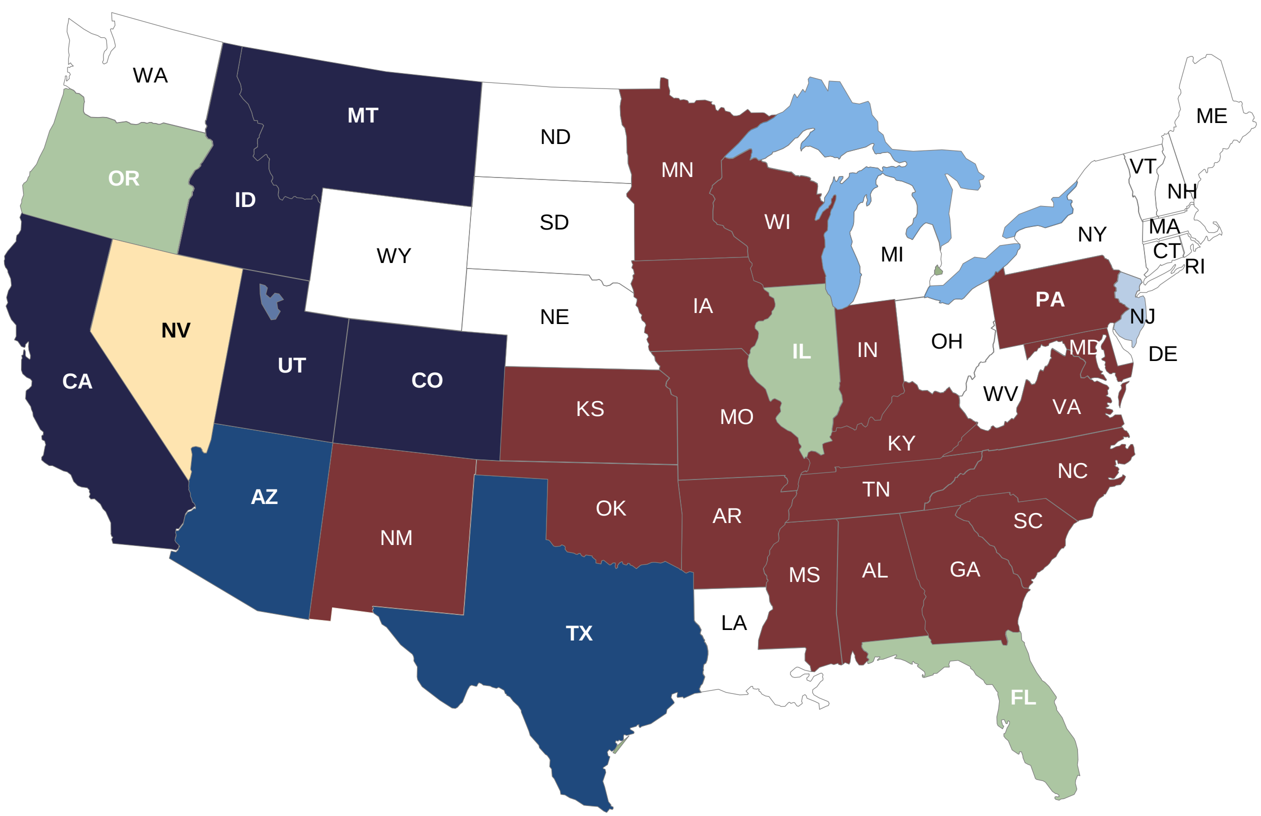
Selectively Expanding Footprint



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

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Operating Conditions

Economic conditions

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

Workers' compensation market

- High combined ratios
- Signs of a firming market
- Price increases in largest markets – CA, FL, IL

P & C Segment

- Over capitalization
- Soft market conditions

Solid financial position

- Significant capital
- Stable investment portfolio

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Unique Distribution Network

Independent Agents and Brokers

- 3,791 agencies
- Strong relationships with agents

Strategic Partnerships

- Two key partners
  - ADP
  - Anthem Blue Cross

Restaurants and physicians are our top two classes of customers

Industry Focused

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

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Increasing Points of Access

Partnerships

Provide	… a distribution advantage by expanding market reach and providing local knowledge
Result	… in high persistency
Contribute	… about 24% of in-force premiums at 3/31/12

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

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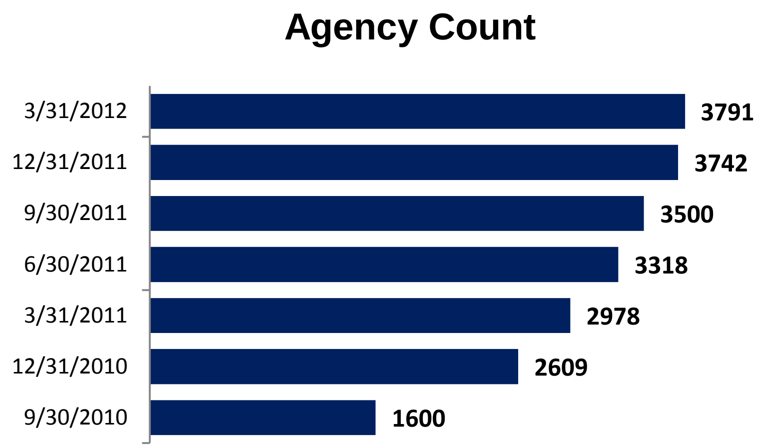
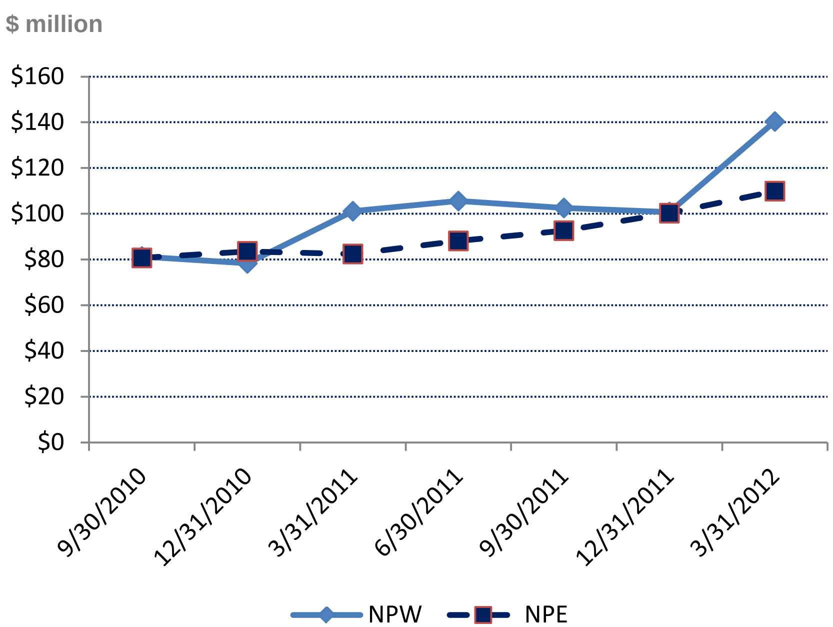
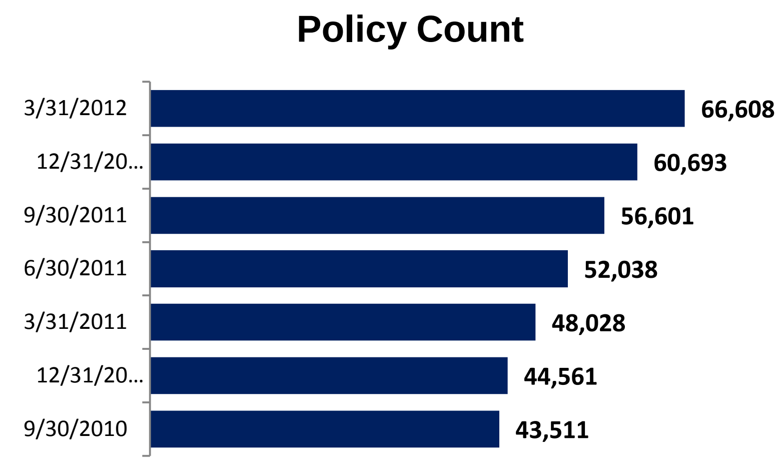
Building Growth/Scale

- Growth targets – implemented July, 2010
- Agency target objective achieved at 9/30/2011
- Policy target achieved at 3/31/2012







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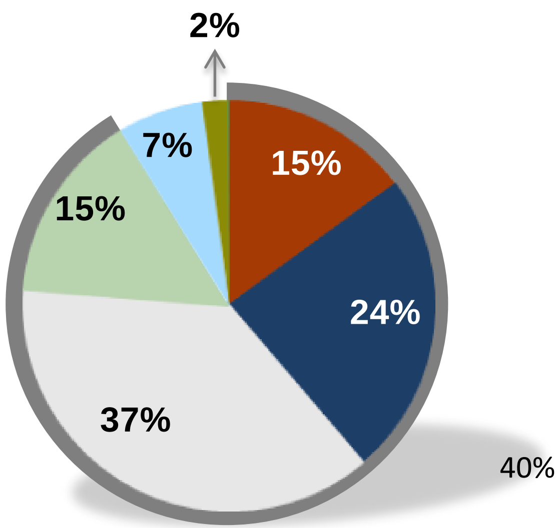
Focus on Low Risk

With growth, observable shift to lower risk hazard groups

(data shown as a % of in force premiums)



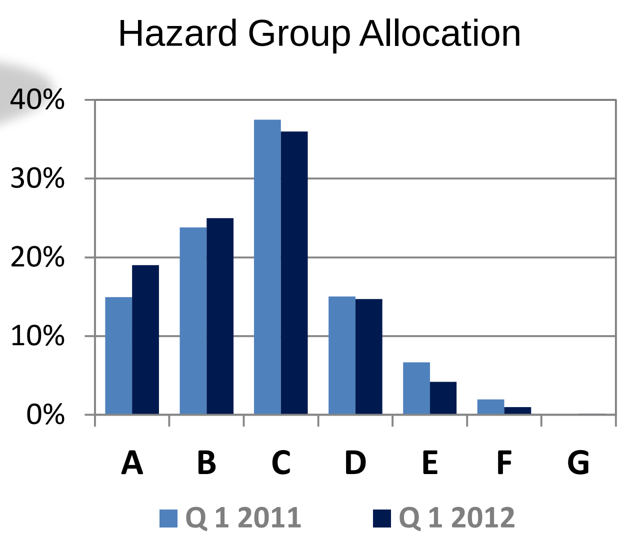
Hazard Group % at March 31, 2011
39% in Hazard Groups A – B
91% in Hazard Groups A – D

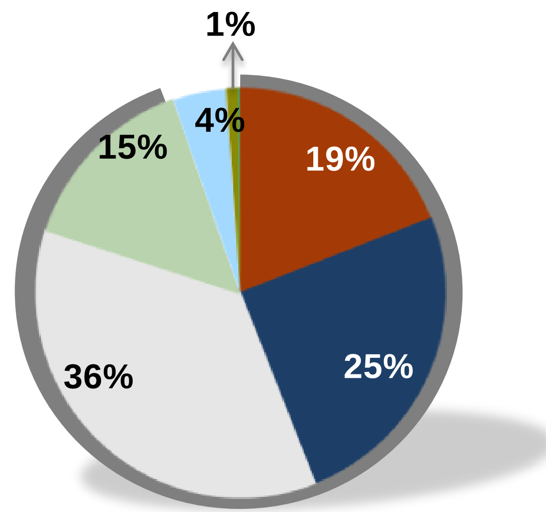
NCCI Hazard Groups

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

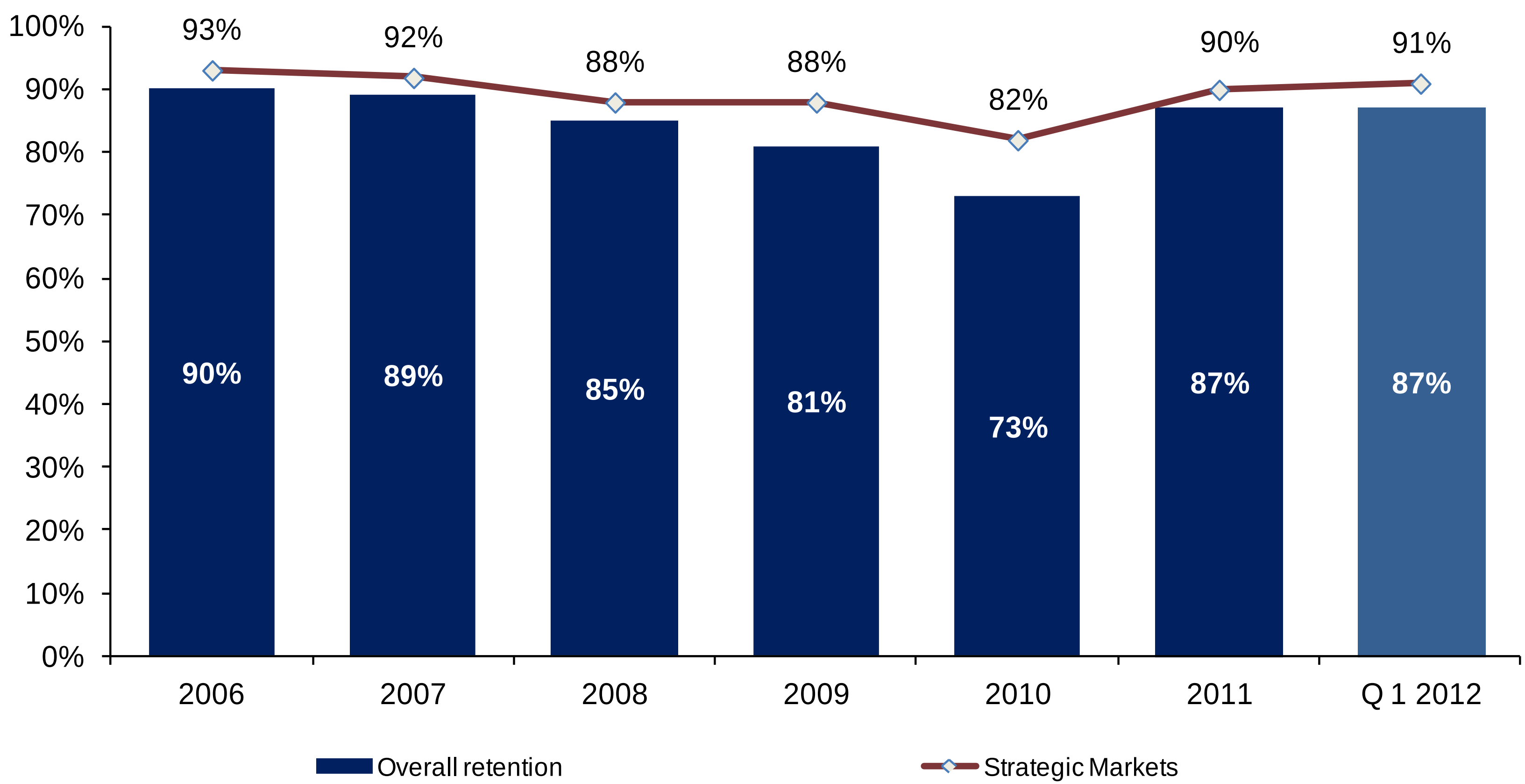




Hazard Group % at March 31, 2012
44% in Hazard Groups A – B
95% in Hazard Groups A – D

Strong Retention Rates

Strategic partnerships result in consistently higher retention rates



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Superior Claims Management

In-house medical management staff

- Coordinate care and manage medical costs

Comprehensive fraud program

- $4.5 million savings in 2011

Rigorous quality assurance processes

- Ensure compliance with best practices and regulatory requirements

Dedicated subrogation unit

- Recoveries over $2.3 million in 2011

Pharmacy benefit management program

- $3.6 million savings in 2011

Claims professionals average over a decade of experience

Loss Portfolio Transfer (LPT)

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

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

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

Adjustments in LPT reserves do not impact adjusted surplus or equity

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

Contract	
	($ million)
Total Coverage	$2,000
Original Reserves (Liabilities) Transferred	$1,525
Consideration	$ 775
Gain at 1/1/2000	750
Subsequent Reserve Adjustments	(147.5)
Gain at 3/31/12	$602.5

Accounting at 3/31/12	
	($ million)
Statutory Surplus Created	$602.5
Cumulative Amortization To Date	(253.5)
GAAP: Deferred Reinsurance Gain – LPT Agreement	**$349.0**

Claims 6/30/1995 and prior – Approximately 3,180 claims open as of 3/31/12 with 4.5% closing each year

Remaining liabilities at 3/31/12: $798 million

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Deferred Acquisition Cost Accounting Change

- **Estimated impact: 2012 increase of $7 million to underwriting and other operating costs and decrease to total assets**

We continue to expect the DAC accounting change to be recorded as follows:

Q 1 = 47% (ACTUAL: $3 million)
Q 2 = 31%
Q 3 = 16%
Q 4 = 6%

Reconciliation of GAAP to Non-GAAP combined ratio

($ thousand except for percentages)	Three Months Ended March 31, 2012			2011
	GAAP Results	Adjustments[1]	Non-GAAP Results	GAAP Results
Underwriting & other operating expenses	$ 32,142	$ 3,000	$ 29,142	$ 25,678
Underwriting & other operating expenses ratio	29.3%	2.7%	26.6%	31.1%
Total expenses	$ 127,441	$ 3,000	$ 124,441	$ 96,392
Combined ratio	116.0%	2.7%	113.3%	116.9%
Total expenses before LPT[3]	$ 131,597	$ 3,000	$ 128,597	$ 100,911
Combined ratio before LPT[3]	119.8%	2.7%	117.1%	122.4%
Net premiums earned used in the ratio calculations	$ 109,900	$ 109,900	$ 109,900	$ 82,427

Reconciliation of GAAP to Non-GAAP net income, earnings per share

($ thousand except per share)	Three Months Ended March 31, 2012			2011
	GAAP Results	Adjustments [1][2]	Non-GAAP Results	GAAP Results
Net income before taxes	$ 1,801	$ 3,000	$ 4,801	$ 5,965
Income tax benefit	(4,421)	(508)	(4,929)	(2,380)
Net income	$ 6,222	$ 3,508	$ 9,730	$ 8,345
Less: Amortization of the LPT[3]	4,156		4,156	4,519
Net income before LPT[3]	$ 2,066		$ 5,574	$ 3,826
Earnings per common diluted share	0.19	0.11	0.30	0.21
Earnings before the LPT per common diluted share[3]	0.06	0.11	0.17	0.10
Diluted shares used in per share calculations	32,826,091	32,826,091	32,826,091	38,877,124

1. Adjustment to exclude the deferred acquisition accounting change which added $3 million to underwriting and other operating expense in the three months ended March 31, 2012. The $3 million was comprised of expenses related to acquiring new or renewal insurance contracts.
2. Adjustment to include the tax benefit related to the exclusion of the DAC accounting change in the three months ended March 31, 2012.
3. The LPT adjustment is also a non-GAAP measure which is explained/reconciled in our May 8, 2012 earnings press release. This calculation is normally included in the Company's reports on financial and operating results.

<u>*Deferred Policy Acquisition Costs</u> (DAC)
• Financial Accounting Standards Board (FASB) revised the definition of acquisition costs – costs associated with acquiring and renewing insurance policies – which we are capitalizing and deferring beginning January 1, 2012 (Accounting Standards Update Number 2010-26)
• EHI adopted the guidance on a prospective basis

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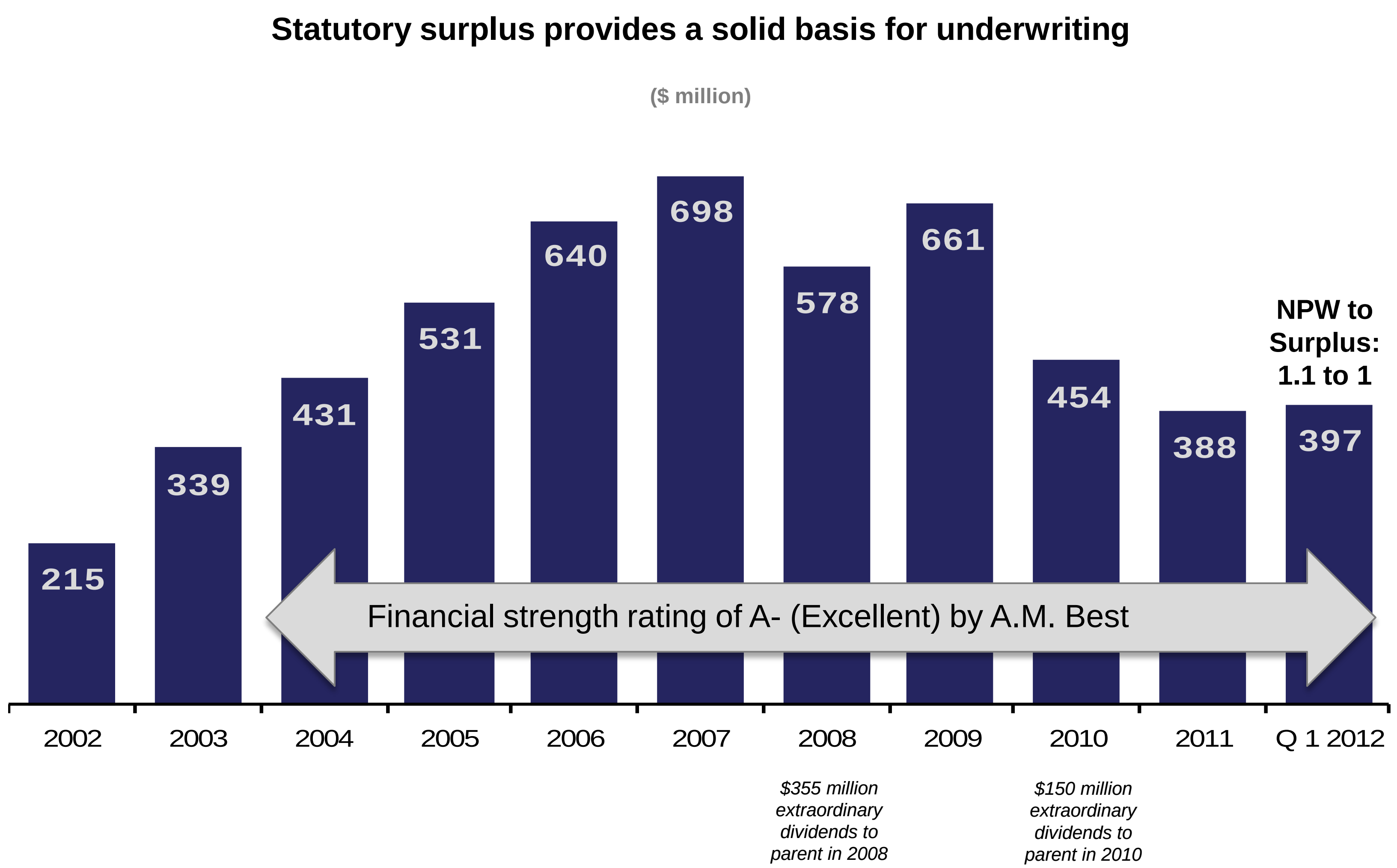
Strong Capital Position



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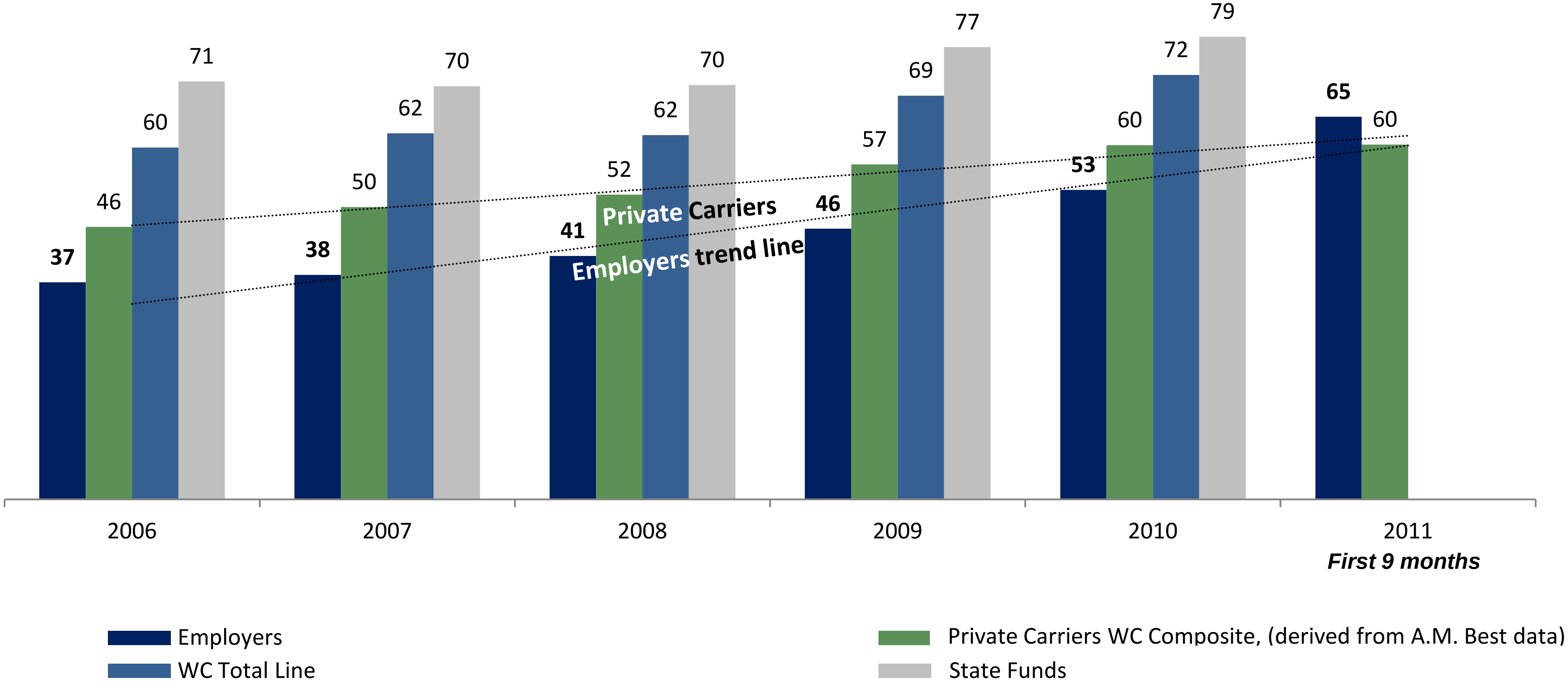
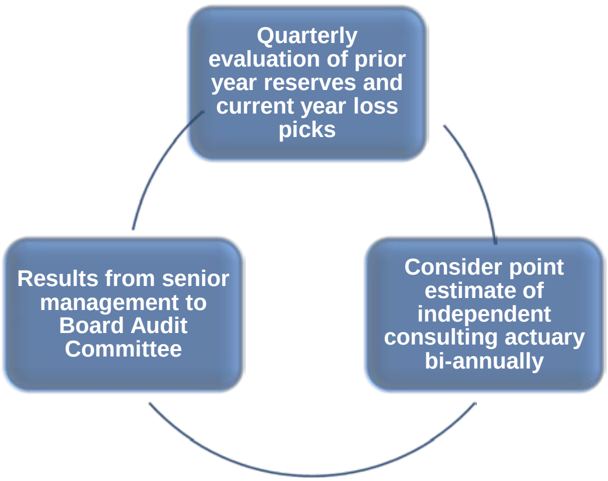
EMPLOYERS: Historically low loss ratios



History of Reserve Strength

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

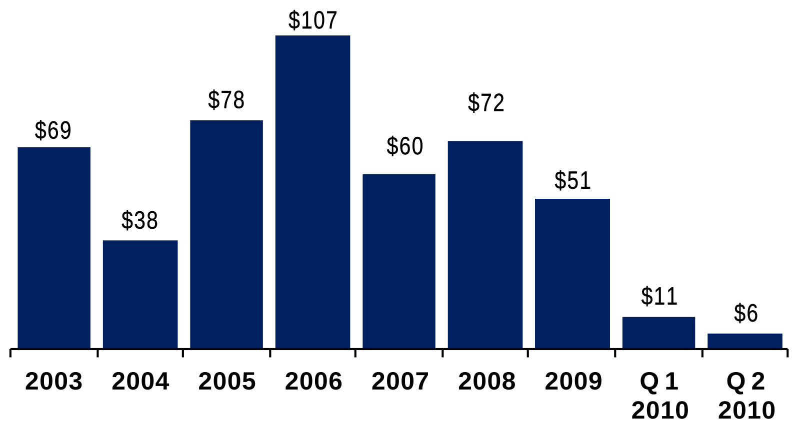
Reserve Review



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

Reserve Development

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



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

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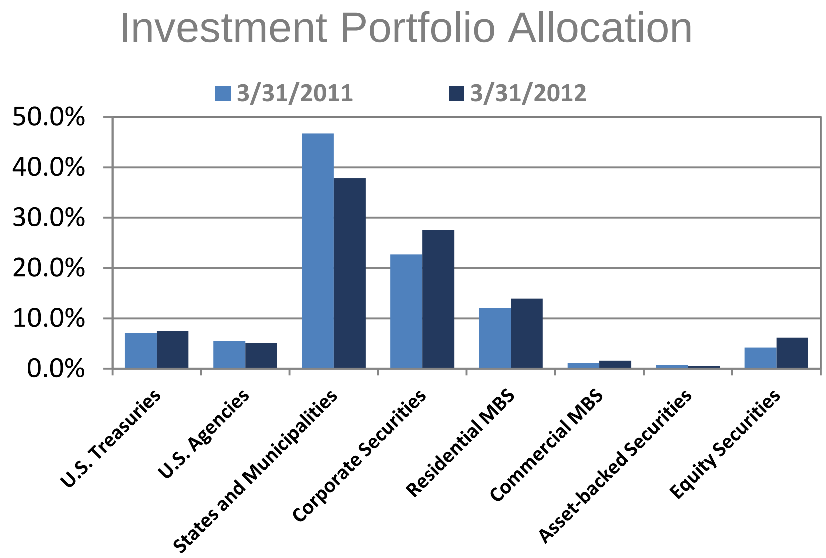
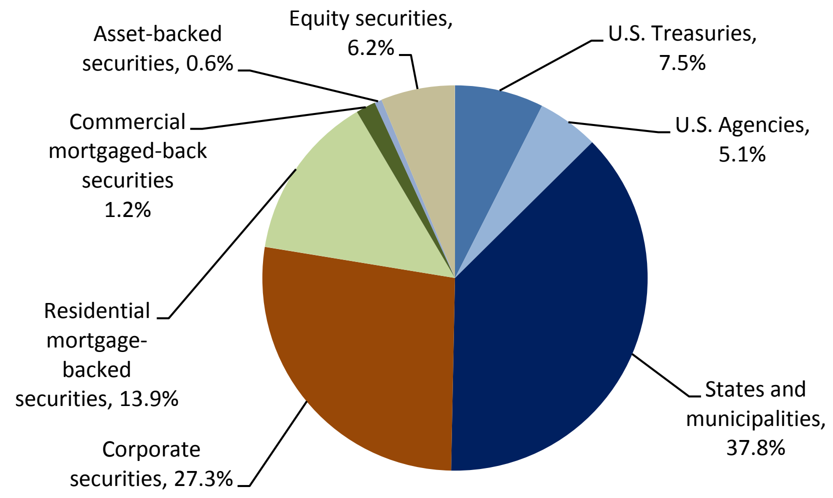
High Quality Investment Portfolio





Q 1 2011: $2 billion fair market value

- Increase equity securities with focus on higher dividend rates
- 96% fixed maturities with an average weighted rating, AA
- 4.3% average book yield
- 5.3% tax equivalent book yield
- Effective duration: 4.9

Q 1 2012: $2 billion fair market value

- Complete portfolio repositioning to reduce tax exempt municipals, shorten duration and increase high dividend equity securities
- 94% fixed maturities, average weighted rating of AA
- 4.1% average book yield
- 4.9% tax equivalent book yield
- Effective duration of 4.3

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High Quality Reinsurance

Reinsurance Management

Maintain a high quality reinsurance program

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

Long-term relationships with lead reinsurers

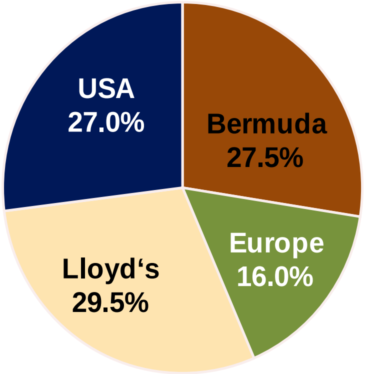
Rated A or better

Program Structure, Effective 7/1/11

Limits of $200M

Retention of $5M plus $2M annual deductible

Reinsurers by Market



Selected Operating Results

Income Statement ($ million)	2005	2006	2007	2008	2009	2010	2011
Gross written premium	$ 451.4	$ 386.8	$ 351.8	$ 318.4	$ 379.9	$ 322.3	$ 418.5
Net written premium	432.5	372.2	339.7	308.3	368.3	313.1	410.0
Net earned premium	438.3	393.0	346.9	328.9	404.2	321.8	363.4
Net investment income	54.4	68.2	78.6	78.1	90.5	83.0	80.1
Net income	137.6	171.6	120.3	101.8	83.0	62.8	48.3
Net income before LPT	93.8	152.2	102.2	83.4	65.0	44.6	31.2
Balance Sheet ($ million)	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Total investments	$ 1,595.8	$ 1,715.7	$ 1,726.3	$ 2,042.9	$ 2,029.6	$ 2,080.5	$ 1,950.7
Cash and cash equivalents *	61.1	80.0	149.7	202.9	191.6	136.8	258.6
Total assets	3,188.8	3,266.8	3,264.3	3,825.1	3,676.7	3,480.1	3,481.7
Reserves for losses and LAE	2,350.0	2,307.8	2,269.7	2,506.5	2,425.7	2,279.7	2,272.4
Shareholders’ equity	144.6	303.8	379.5	444.7	498.4	490.1	474.2
Equity Including LPT deferred gain	607.0	746.8	804.5	851.3	887.0	860.5	827.4
Book value (equity including LPT deferred gain) per share	Pre-IPO	Pre-IPO	16.21	17.43	20.67	22.08	25.07

* Includes Restricted cash and cash equivalents

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Filed Rate Changes: 07/01/11 thru 06/30/12