

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported): October 27, 2022**

**EMPLOYERS HOLDINGS, INC.**

(Exact Name of Registrant as Specified in its Charter)

**Nevada**

(State or Other Jurisdiction of Incorporation)

**001-33245**

(Commission File Number)

**04-3850065**

(I.R.S. Employer Identification No.)

**10375 Professional Circle**

**Reno, Nevada**

(Address of Principal Executive Offices)

**89521**

(Zip Code)

Registrant's telephone number including area code: **(888) 682-6671**

**No change since last report**

(Former Name or Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	EIG	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## Section 2 – Financial Information

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

On October 27, 2022, Employers Holdings, Inc. (the “Company”) issued a press release and financial supplement announcing results for the quarter ended September 30, 2022. The press release and financial supplement are attached hereto as Exhibits 99.1 and 99.2, respectively, and are incorporated herein by reference, and are being furnished, not filed, under Item 2.02 to this Current Report on Form 8-K.

## Section 8 – Other Information

### Item 8.01. Other Events.

On October 26, 2022, the Company's Board of Directors declared a regular quarterly dividend of \$0.26 per share on the Company's common stock. The dividend is payable on November 23, 2022 to stockholders of record as of November 9, 2022.

## Section 9 – Financial Statements and Exhibits

### Item 9.01. Financial Statements and Exhibits.

99.1 Employers Holdings, Inc. press release, dated October 27, 2022.

99.2 Employers Holdings, Inc. financial supplement, dated October 27, 2022.

104 Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document

## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EMPLOYERS HOLDINGS, INC.

Dated: October 27, 2022

/s/ Michael S. Paquette

Michael S. Paquette  
Executive Vice President,  
Chief Financial Officer

## Exhibit Index

<u>Exhibit No.</u>	<u>Exhibit</u>	
99.1	<a href="#">Employers Holdings, Inc. press release, dated</a>	October 27, 2022
99.2	<a href="#">Employers Holdings, Inc. financial supplement, dated</a>	October 27, 2022

**Employers Holdings, Inc. Reports Third Quarter 2022 Financial Results;  
Declares Quarterly Cash Dividend of \$0.26 per Share****Company to Host Conference Call on Friday, October 28, 2022, at 11:00 a.m. Eastern Daylight Time**

**Reno, Nevada - October 27, 2022 - Employers Holdings, Inc. (the "Company") (NYSE:EIG)**, a holding company with subsidiaries that are specialty providers of workers' compensation insurance and services focused on select, small businesses engaged primarily in low-to-medium hazard industries, today reported financial results for its third quarter ended September 30, 2022.

**Financial Highlights**

- Gross premiums written of \$188.6 million, up 24% year-over-year;
- Net premiums earned of \$178.7 million, up 21% year-over-year;
- Record number of ending policies in-force of 120,147, up 9.4% year-over-year;
- Net investment income of \$23.7 million, up 29% year-over-year;
- Net income of \$19.1 million, \$0.70 per diluted share;
- Adjusted net income of \$15.5 million, \$0.56 per diluted share;
- The Company repurchased 186,799 shares of its common stock at an average price of \$39.72 per share.

**Management Commentary**

Chief Executive Officer Katherine Antonello commented: "I am very pleased with our third quarter 2022 results. Our written and earned premiums have risen sharply in both the current quarter and the first nine months, and for the eighth consecutive quarter we achieved a record number of policies in-force. This growth resulted from strong new and renewal business writings within our Employers segment, robust new business writings within our Cerity segment and further audit premium recognition.

We maintained our current accident year loss and LAE ratio on voluntary business at 64.0%, largely consistent with the 63.5% we recorded throughout 2021. We did not adjust our loss and LAE reserves this period as our third quarter reserve review was consistent with our expectations. We will evaluate our prior year reserves in more detail at year-end when we routinely perform a full reserve study."

Ms. Antonello continued, "We remain committed to maintaining the highest level of underwriting discipline as we continue to thoughtfully execute our growth strategy for both Employers and Cerity. The additional classes of business that we are writing are complementary to our business model and are contributing nicely to our top-line growth. In addition, our consolidated underwriting expense ratio of 23.4% this quarter is the lowest it has been since the fourth quarter of 2018.

Our Cerity operations, which offers digital workers' compensation insurance solutions directly to consumers, experienced meaningful premium growth again this quarter, due to both its appetite expansion and its collaboration with Intuit's QuickBooks and, more recently, Thimble. Cerity expects to develop additional strategic opportunities which will support our growth initiatives by attracting an untapped segment of our target market.

The sharp increases in market interest rates that have occurred throughout the first nine months of 2022 have significantly benefited our net investment income while generating unrealized investment losses from our short-duration fixed maturity portfolio. When coupled with unrealized losses from our equity portfolio, the impact was a decline in our book value and book value per share metrics.

Our balance sheet and underwriting capital remain very strong and are highly supportive of our continued growth and success."

## Summary of Third Quarter 2022 Results

(All comparisons vs. the third quarter of 2021, unless noted otherwise).

Gross premiums written were \$188.6 million, an increase of 24%. The increase was primarily due to higher new and renewal premiums and higher final audit premiums. Net premiums earned were \$178.7 million, an increase of 21%.

Losses and loss adjustment expenses were \$112.3 million, an increase of 23%. The increase was primarily due to higher earned premiums. The Company did not recognize any prior year loss reserve development on its voluntary business during the third quarters of 2022 and 2021.

Commission expenses were \$25.3 million, an increase of 27%. The increase was due primarily to higher earned premiums and higher 2022 agency incentive accruals.

Underwriting and general and administrative expenses were \$41.9 million, an increase of 12%. The increase resulted primarily from higher premium taxes, assessments and bad debt expenses, each of which vary with earned premium.

Net investment income was \$23.7 million, an increase of 29%. The increase was primarily due to higher bond yields and higher invested balances of fixed maturity securities and cash and cash equivalents, as measured by amortized cost.

Income tax expense was \$4.7 million (19.7% effective rate) versus \$3.6 million (19.4% effective rate). The effective rates during each of the periods presented included income tax benefits and exclusions associated with tax-advantaged investment income, LPT adjustments, and deferred gain amortization.

The Company's book value per share of \$33.79 and book value per share including the Deferred Gain of \$37.77 decreased by 5% and 4% during the third quarter of 2022, respectively, computed after taking into account dividends declared. These measures were adversely impacted by \$60.3 million of after-tax unrealized losses arising from fixed maturity securities (which are reflected on the balance sheet) and \$2.4 million of net after tax unrealized losses arising from equity securities and other investments (which are reflected on the income statement).

## Summary of Results by Segment

(see page 14 of the Financial Supplement for a description of our reportable segments. All comparisons vs. the third quarter of 2021, unless noted otherwise).

### Employers Segment

The Employers segment reported net income before income taxes of \$26.1 million versus net income of \$22.4 million.

Highlights include the following:

- Underwriting income of \$3.2 million versus \$2.8 million;
- Earned premium of \$177.9 million versus \$146.9 million;
- Combined ratio of 98.3% versus 98.1%;
- Current accident year loss and LAE ratio of 64.1% versus 63.4%;
- Calendar year loss and LAE ratio of 64.0% versus 63.4%;
- Commission expense ratio of 14.2% versus 13.5%;
- Underwriting expense ratio of 20.1% versus 21.2%;
- Net investment income of \$21.4 million versus \$17.5 million; and
- Net realized and unrealized gains on investments recorded through the income statement of \$2.4 million versus net gains of \$3.1 million.

### Cerity Segment

The Cerity segment reported a net loss before income taxes of \$2.4 million versus a net loss of \$2.7 million.

Highlights include the following:

- Underwriting loss of \$3.3 million in each period;
- Written premium of \$1.5 million versus \$0.3 million;
- Earned premium of \$0.8 million versus \$0.2 million;
- Underwriting expenses of \$3.4 million versus \$3.3 million;
- Net investment income of \$1.2 million versus \$0.7 million; and
- Net realized and unrealized losses on investments recorded through the income statement of \$0.3 million versus net losses of \$0.1 million.

### Corporate and Other

Corporate and Other activities reported net income before income taxes of \$0.1 million versus a net loss of \$1.1 million.

Highlights include the following:

- LPT amortization, which served to reduce losses and LAE, of \$2.1 million in each period;
- General and administrative expenses of \$2.8 million versus \$3.0 million;
- Net investment income of \$1.1 million versus \$0.2 million; and
- Net realized and unrealized losses on investments recorded through the income statement of \$0.2 million versus net losses of \$0.3 million.

#### **Share Repurchases and Fourth Quarter 2022 Dividend Declarations**

During the third quarter of 2022, the Company repurchased 186,799 shares of its common stock at an average price of \$39.72 per share. The Company currently has a remaining share repurchase authorization of \$49.1 million.

On October 26, 2022, the Board of Directors declared a third quarter 2022 dividend of \$0.26 per share. The dividend is payable on November 23, 2022 to stockholders of record as of November 9, 2022.

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

The Company will host a conference call on Friday, October 28, 2022, at 11:00 a.m. Eastern Daylight Time / 8:00 a.m. Pacific Daylight Time.

To participate in the live conference call you must first register [here](#). Once registered you will receive dial-in numbers and a unique PIN number.

The webcast will be accessible on the Company's web site at [www.employers.com](http://www.employers.com) through the "[Investors](#)" link. An archived version of the webcast will be accessible on the Company's website following the live call.

#### **Reconciliation of Non-GAAP Financial Measures to GAAP**

The information in this press release should be read in conjunction with the Financial Supplement that is attached to this press release and is available on our website.

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

#### **Forward-Looking Statements**

In this press release, the Company and its management discuss and make statements based on currently available information regarding their intentions, beliefs, current expectations, and projections of, among other things: the Company's future performance, economic or market conditions, including the evolving nature of the COVID-19 pandemic, current levels of inflation, labor market expectations, catastrophic events or geo-political conditions, legislative or regulatory actions or court decisions taken in response to the COVID-19 pandemic or otherwise, business growth, retention rates, loss costs, claim trends and the impact of key business initiatives, future technologies and planned investments. Certain of these statements may constitute "forward-looking" statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and are often identified by words such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "target," "project," "intend," "believe," "estimate," "predict," "potential," "pro forma," "seek," "likely," or "continue," or other comparable terminology and their negatives. The Company and its management caution investors that such forward-looking statements are not guarantees of future performance. Risks and uncertainties are inherent in the Company's future performance. Factors that could cause the Company's actual results to differ materially from those indicated by such forward-looking statements include, among other things, those discussed or identified from time to time in the Company's public filings with the U.S. Securities and Exchange Commission (the "SEC"), including the risks detailed in the Company's Quarterly Reports on Form 10-Q and the Company's Annual Reports on Form 10-K. Except as required by applicable securities laws, the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

**Filings with the SEC**

The Company's filings with the SEC and its quarterly investor presentations can be accessed through the "[Investors](#)" link on the Company's website, [www.employers.com](http://www.employers.com). The Company's filings with the SEC can also be accessed through the SEC's EDGAR Database at [www.sec.gov](http://www.sec.gov) (EDGAR CIK No. 0001379041).

**About Employers Holdings, Inc.**

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

**Contact Information**

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**Employers Holdings, Inc.**  
Third Quarter 2022  
Financial Supplement

***EMPLOYERS***<sup>®</sup>

*America's small business insurance specialist*<sup>®</sup>

# EMPLOYERS HOLDINGS, INC.

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

	Three Months Ended			Nine Months Ended		
	September 30,			September 30,		
	2022	2021	% change	2022	2021	% change
<b>Selected financial highlights:</b>						
Gross premiums written	\$ 188.6	\$ 152.3	24 %	\$ 540.4	\$ 447.7	21 %
Net premiums written	186.8	149.8	25	535.3	442.7	21
Net premiums earned	178.7	147.1	21	494.1	418.0	18
Net investment income	23.7	18.4	29	62.8	54.9	14
Net income (loss) before impact of the LPT <sup>(1)</sup>	17.0	12.9	32	(5.0)	58.4	n/m
Adjusted net income <sup>(1)</sup>	15.5	11.6	34	46.7	38.3	22
Net income (loss) before income taxes	23.8	18.6	28	(0.1)	78.6	n/m
Net income	19.1	15.0	27	1.3	64.5	(98)
Comprehensive (loss) income	(45.1)	5.6	n/m	(218.2)	27.8	n/m
Total assets				3,708.7	3,801.5	(2)
Stockholders' equity				919.0	1,189.9	(23)
Stockholders' equity including the Deferred Gain <sup>(2)</sup>				1,027.1	1,309.1	(22)
Adjusted stockholders' equity <sup>(2)</sup>				1,186.0	1,230.7	(4)
Annualized adjusted return on stockholders' equity <sup>(3)</sup>	5.2 %	3.8 %	37 %	5.1 %	4.2 %	21 %
<b>Amounts per share:</b>						
Cash dividends declared per share	\$ 0.26	\$ 0.25	4 %	\$ 1.77	\$ 0.75	136 %
Earnings per share <sup>(4)</sup>	0.70	0.53	32	0.05	2.24	(98)%
Earnings (loss) per share before impact of the LPT <sup>(4)</sup>	0.62	0.45	38	(0.18)	2.03	n/m
Adjusted earnings per diluted share <sup>(4)</sup>	0.56	0.41	37	1.69	1.33	27
Book value per share <sup>(2)</sup>				33.79	42.55	(21)
Book value per share including the Deferred Gain <sup>(2)</sup>				37.77	46.81	(19)
Adjusted book value per share <sup>(2)</sup>				43.61	44.01	(1)
<b>Financial information by Segment<sup>(5)</sup>:</b>						
Net income (loss) before income taxes						
Employers	\$ 26.1	\$ 22.4	17 %	\$ 16.5	\$ 91.6	(82)%
Cerity	(2.4)	(2.7)	11	(8.2)	(7.2)	(14)
Corporate and Other	0.1	(1.1)	n/m	(8.4)	(5.8)	(45)

n/m - not meaningful

(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**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
<b>ASSETS</b>		
Investments, cash and cash equivalents	\$ 2,630.3	\$ 2,811.3
Accrued investment income	19.7	14.5
Premiums receivable, net	301.0	244.7
Reinsurance recoverable, net of allowance, on paid and unpaid losses and LAE	463.1	483.8
Deferred policy acquisition costs	49.7	43.7
Deferred income tax asset, net	71.2	—
Contingent commission receivable—LPT Agreement	13.9	13.9
Other assets	159.8	171.3
Total assets	<u>\$ 3,708.7</u>	<u>\$ 3,783.2</u>
<b>LIABILITIES</b>		
Unpaid losses and LAE	\$ 1,979.9	\$ 1,981.2
Unearned premiums	345.8	304.7
Commissions and premium taxes payable	53.4	42.1
Deferred Gain	108.1	114.4
FHLB Advances <sup>(1)</sup>	182.5	—
Deferred income tax liability, net	—	7.7
Other liabilities	120.0	120.0
Total liabilities	<u>\$ 2,789.7</u>	<u>\$ 2,570.1</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock and additional paid-in capital	\$ 413.5	\$ 411.3
Retained earnings	1,290.4	1,338.5
Accumulated other comprehensive (loss) income, net	(158.9)	60.6
Treasury stock, at cost	(626.0)	(597.3)
Total stockholders' equity	<u>919.0</u>	<u>1,213.1</u>
Total liabilities and stockholders' equity	<u>\$ 3,708.7</u>	<u>\$ 3,783.2</u>
Stockholders' equity including the Deferred Gain <sup>(2)</sup>	\$ 1,027.1	\$ 1,327.5
Adjusted stockholders' equity <sup>(2)</sup>	1,186.0	1,266.9
Book value per share <sup>(2)</sup>	\$ 33.79	\$ 43.73
Book value per share including the Deferred Gain <sup>(2)</sup>	37.77	47.85
Adjusted book value per share <sup>(2)</sup>	43.61	45.67

(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**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Revenues:</b>				
Net premiums earned	\$ 178.7	\$ 147.1	\$ 494.1	\$ 418.0
Net investment income	23.7	18.4	62.8	54.9
Net realized and unrealized gains (losses) on investments <sup>(1)</sup>	1.9	2.7	(65.5)	29.6
Other income	0.1	0.1	0.3	0.8
<b>Total revenues</b>	<b>204.4</b>	<b>168.3</b>	<b>491.7</b>	<b>503.3</b>
<b>Expenses:</b>				
Losses and LAE incurred	(112.3)	(91.2)	(299.7)	(244.5)
Commission expense	(25.3)	(19.9)	(69.9)	(54.7)
Underwriting and general and administrative expenses	(41.9)	(37.4)	(120.6)	(121.0)
Interest and financing expenses	(1.1)	(0.1)	(1.6)	(0.4)
Other expenses	—	(1.1)	—	(4.1)
<b>Total expenses</b>	<b>(180.6)</b>	<b>(149.7)</b>	<b>(491.8)</b>	<b>(424.7)</b>
Net income (loss) before income taxes	23.8	18.6	(0.1)	78.6
Income tax (expense) benefit	(4.7)	(3.6)	1.4	(14.1)
<b>Net income</b>	<b>19.1</b>	<b>15.0</b>	<b>1.3</b>	<b>64.5</b>
Unrealized AFS investment losses arising during the period, net of tax <sup>(2)</sup>	(60.3)	(8.8)	(222.2)	(33.8)
Reclassification adjustment for net realized AFS investment (gains) losses in net income, net of tax <sup>(2)</sup>	(3.9)	(0.6)	2.7	(2.9)
<b>Total comprehensive (loss) income</b>	<b>\$ (45.1)</b>	<b>\$ 5.6</b>	<b>\$ (218.2)</b>	<b>\$ 27.8</b>
<b>Net income</b>	<b>\$ 19.1</b>	<b>\$ 15.0</b>	<b>\$ 1.3</b>	<b>\$ 64.5</b>
Amortization of the Deferred Gain - losses	(1.7)	(1.7)	(5.1)	(5.0)
Amortization of the Deferred Gain - contingent commission	(0.4)	(0.4)	(1.2)	(1.1)
<b>Net income (loss) before impact of the LPT Agreement<sup>(3)</sup></b>	<b>17.0</b>	<b>12.9</b>	<b>(5.0)</b>	<b>58.4</b>
Net realized and unrealized losses (gains) on investments	(1.9)	(2.7)	65.5	(29.6)
Severance costs and asset impairment charges	—	1.1	—	4.1
Income tax expense (benefit) related to items excluded from Net income or loss	0.4	0.3	(13.8)	5.4
<b>Adjusted net income</b>	<b>\$ 15.5</b>	<b>\$ 11.6</b>	<b>\$ 46.7</b>	<b>\$ 38.3</b>

(1) Includes net realized and unrealized (losses) gains on equity securities and other investments of \$(3.1) million and \$1.9 million for the three months ended September 30, 2022 and 2021, respectively, and \$(62.1) million and \$25.9 million for the nine months ended September 30, 2022 and 2021, respectively.

(2) AFS = Available for Sale securities.

(3) See Page 13 regarding our use of Non-GAAP Financial Measures.

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

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
<b>Three Months Ended September 30, 2022</b>				
Gross premiums written	\$ 187.1	\$ 1.5	\$ —	\$ 188.6
Net premiums written	185.3	1.5	—	186.8
Net premiums earned	<b>A</b> 177.9	0.8	—	178.7
Net investment income	21.4	1.2	1.1	23.7
Net realized and unrealized gains (losses) on investments	2.4	(0.3)	(0.2)	1.9
Other income	0.1	—	—	0.1
Total revenues	<u>201.8</u>	<u>1.7</u>	<u>0.9</u>	<u>204.4</u>
Losses and LAE incurred <sup>(2)</sup>	<b>B</b> (113.8)	(0.6)	2.1	(112.3)
Commission expense	<b>C</b> (25.2)	(0.1)	—	(25.3)
Underwriting and general and administrative expenses	<b>D</b> (35.7)	(3.4)	(2.8)	(41.9)
Interest and financing expenses	(1.0)	—	(0.1)	(1.1)
Total expenses	<u>(175.7)</u>	<u>(4.1)</u>	<u>(0.8)</u>	<u>(180.6)</u>
<b>Net income (loss) before income taxes</b>	<b>\$ 26.1</b>	<b>\$ (2.4)</b>	<b>\$ 0.1</b>	<b>\$ 23.8</b>
<b>Underwriting income (loss)</b>	<b>A+B+C+D</b> 3.2	<b>(3.3)</b>		
Loss and LAE expense ratio:				
Current year	64.1 %	n/m		
Prior years	<u>(0.1)</u>	<u>—</u>		
Loss and LAE ratio	64.0	n/m		
Commission expense ratio	14.2	n/m		
Underwriting expense ratio	20.1	n/m		
<b>Combined ratio</b>	<u>98.3 %</u>	<u>n/m</u>		

n/m - not meaningful

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

(2) Losses and LAE in Corporate and Other represent the impact of the LPT Agreement

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

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
<b>Three Months Ended September 30, 2021</b>				
Gross premiums written	\$ 152.0	\$ 0.3	\$ —	\$ 152.3
Net premiums written	149.5	0.3	—	149.8
Net premiums earned	<b>A</b> 146.9	0.2	—	147.1
Net investment income	17.5	0.7	0.2	18.4
Net realized and unrealized gains (losses) on investments	3.1	(0.1)	(0.3)	2.7
Other income	0.1	—	—	0.1
<b>Total revenues</b>	<u>167.6</u>	<u>0.8</u>	<u>(0.1)</u>	<u>168.3</u>
Losses and LAE incurred <sup>(2)</sup>	<b>B</b> (93.1)	(0.2)	2.1	(91.2)
Commission expense	<b>C</b> (19.9)	—	—	(19.9)
Underwriting and general and administrative expenses	<b>D</b> (31.1)	(3.3)	(3.0)	(37.4)
Interest and financing expenses	—	—	(0.1)	(0.1)
Other expenses	(1.1)	—	—	(1.1)
<b>Total expenses</b>	<u>(145.2)</u>	<u>(3.5)</u>	<u>(1.0)</u>	<u>(149.7)</u>
<b>Net income (loss) before income taxes</b>	<u>\$ 22.4</u>	<u>\$ (2.7)</u>	<u>\$ (1.1)</u>	<u>\$ 18.6</u>
<b>Underwriting income (loss)</b>	<b>A+B+C+D</b> \$ 2.8	\$ (3.3)		
Loss and LAE expense ratio:				
Current year	63.4 %	n/m		
Prior years	—	—		
Loss and LAE ratio	<u>63.4</u>	<u>n/m</u>		
Commission expense ratio	13.5	n/m		
Underwriting expense ratio	<u>21.2</u>	<u>n/m</u>		
<b>Combined ratio</b>	<u>98.1 %</u>	<u>n/m</u>		

n/m - not meaningful

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

(2) Losses and LAE in Corporate and Other represent the impact of the LPT Agreement

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

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
<b>Nine Months Ended September 30, 2022</b>				
Gross premiums written	\$ 536.8	\$ 3.6	\$ —	\$ 540.4
Net premiums written	531.7	3.6	—	535.3
Net premiums earned	<b>A</b> 492.1	2.0	—	494.1
Net investment income	57.7	2.7	2.4	62.8
Net realized and unrealized losses on investments	(56.0)	(1.6)	(7.9)	(65.5)
Other income	0.3	—	—	0.3
Total revenues	<u>494.1</u>	<u>3.1</u>	<u>(5.5)</u>	<u>491.7</u>
Losses and LAE incurred <sup>(2)</sup>	<b>B</b> (304.7)	(1.3)	6.3	(299.7)
Commission expense	<b>C</b> (69.8)	(0.1)	—	(69.9)
Underwriting and general and administrative expenses	<b>D</b> (101.8)	(9.9)	(8.9)	(120.6)
Interest and financing expenses	(1.3)	—	(0.3)	(1.6)
Total expenses	<u>(477.6)</u>	<u>(11.3)</u>	<u>(2.9)</u>	<u>(491.8)</u>
<b>Net income (loss) before income taxes</b>	<u>\$ 16.5</u>	<u>\$ (8.2)</u>	<u>\$ (8.4)</u>	<u>\$ (0.1)</u>
<b>Underwriting income (loss)</b>	<b>A+B+C+D</b> 15.8	(9.3)		
Loss and LAE expense ratio:				
Current year	64.0 %	n/m		
Prior years	<u>(2.1)</u>	<u>—</u>		
Loss and LAE ratio	61.9	n/m		
Commission expense ratio	14.2	n/m		
Underwriting expense ratio	20.7	n/m		
<b>Combined ratio</b>	<u>96.8 %</u>	<u>n/m</u>		

n/m - not meaningful

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

(2) Losses and LAE in Corporate and Other represent the impact of the LPT Agreement

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

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
<b>Nine Months Ended September 30, 2021</b>				
Gross premiums written	\$ 446.7	\$ 1.0	\$ —	\$ 447.7
Net premiums written	441.7	1.0	—	442.7
Net premiums earned	<b>A</b> 417.6	0.4	—	418.0
Net investment income	52.5	2.1	0.3	54.9
Net realized and unrealized gains (losses) on investments	29.7	0.2	(0.3)	29.6
Other income	0.8	—	—	0.8
<b>Total revenues</b>	<u>500.6</u>	<u>2.7</u>	<u>—</u>	<u>503.3</u>
Losses and LAE incurred <sup>(2)</sup>	<b>B</b> (250.3)	(0.3)	6.1	(244.5)
Commission expense	<b>C</b> (54.7)	—	—	(54.7)
Underwriting and general and administrative expenses	<b>D</b> (99.9)	(9.6)	(11.5)	(121.0)
Interest and financing expenses	—	—	(0.4)	(0.4)
Other expenses	(4.1)	—	—	(4.1)
<b>Total expenses</b>	<u>(409.0)</u>	<u>(9.9)</u>	<u>(5.8)</u>	<u>(424.7)</u>
<b>Net income (loss) before income taxes</b>	<u>\$ 91.6</u>	<u>\$ (7.2)</u>	<u>\$ (5.8)</u>	<u>\$ 78.6</u>
<b>Underwriting income (loss)</b>	<b>A+B+C+D</b> \$ 12.7	\$ (9.5)		
Loss and LAE expense ratio:				
Current year	63.7 %	n/m		
Prior years	(3.8)	—		
Loss and LAE ratio	59.9	n/m		
Commission expense ratio	13.1	n/m		
Underwriting expense ratio	23.9	n/m		
<b>Combined ratio</b>	<u>96.9 %</u>	<u>n/m</u>		

n/m - not meaningful

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

(2) Losses and LAE in Corporate and Other represent the impact of the LPT Agreement

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

		<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
		<b>September 30,</b>		<b>September 30,</b>	
		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Net income</b>	<b>A</b>	\$ 19.1	\$ 15.0	\$ 1.3	\$ 64.5
Impact of the LPT Agreement		(2.1)	(2.1)	(6.3)	(6.1)
Net realized and unrealized (gains) losses on investments		(1.9)	(2.7)	65.5	(29.6)
Severance costs and asset impairment charges		—	1.1	—	4.1
Income tax expense (benefit) related to items excluded from Net income		0.4	0.3	(13.8)	5.4
<b>Adjusted net income <sup>(1)</sup></b>	<b>B</b>	<b>15.5</b>	<b>11.6</b>	<b>46.7</b>	<b>38.3</b>
Stockholders' equity - end of period		\$ 919.0	\$ 1,189.9	\$ 919.0	\$ 1,189.9
Stockholders' equity - beginning of period		977.5	1,203.6	1,213.1	1,212.8
<b>Average stockholders' equity</b>	<b>C</b>	<b>948.3</b>	<b>1,196.8</b>	<b>1,066.1</b>	<b>1,201.4</b>
Stockholders' equity - end of period		\$ 919.0	\$ 1,189.9	\$ 919.0	\$ 1,189.9
Deferred Gain - end of period		108.1	119.2	108.1	119.2
Accumulated other comprehensive loss (income) - end of period		201.1	(99.3)	201.1	(99.3)
Income taxes related to accumulated other comprehensive (loss) income - end of period		(42.2)	20.9	(42.2)	20.9
Adjusted stockholders' equity - end of period		1,186.0	1,230.7	1,186.0	1,230.7
Adjusted stockholders' equity - beginning of period		1,182.4	1,237.1	1,266.9	1,223.1
<b>Average adjusted stockholders' equity <sup>(1)</sup></b>	<b>D</b>	<b>1,184.2</b>	<b>1,233.9</b>	<b>1,226.5</b>	<b>1,226.9</b>
Return on stockholders' equity	<b>A / C</b>	2.0 %	1.3 %	0.1 %	5.4 %
<b>Annualized return on stockholders' equity</b>		<b>8.1</b>	<b>5.0</b>	<b>0.2</b>	<b>7.2</b>
Adjusted return on stockholders' equity <sup>(1)</sup>	<b>B / D</b>	1.3 %	0.9 %	3.8 %	3.1 %
<b>Annualized adjusted return on stockholders' equity <sup>(1)</sup></b>		<b>5.2</b>	<b>3.8</b>	<b>5.1</b>	<b>4.2</b>

(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**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Unpaid losses and LAE at beginning of period	\$ 1,972.8	\$ 2,007.6	\$ 1,981.2	\$ 2,069.4
Reinsurance recoverable, excluding CECL allowance, on unpaid losses and LAE	462.4	483.5	476.9	497.0
Net unpaid losses and LAE at beginning of period	1,510.4	1,524.1	1,504.3	1,572.4
Losses and LAE incurred:				
Current year losses	114.6	93.4	316.3	266.2
Prior year losses on voluntary business	—	—	(9.6)	(15.0)
Prior year losses on involuntary business	(0.3)	(0.1)	(0.7)	(0.6)
Total losses incurred	114.3	93.3	306.0	250.6
Losses and LAE paid:				
Current year losses	27.3	22.1	50.4	42.6
Prior year losses	73.9	71.6	236.4	256.7
Total paid losses	101.2	93.7	286.8	299.3
Net unpaid losses and LAE at end of period	1,523.5	1,523.7	1,523.5	1,523.7
Reinsurance recoverable, excluding CECL allowance, on unpaid losses and LAE	456.4	478.4	456.4	478.4
Unpaid losses and LAE at end of period	<u>\$ 1,979.9</u>	<u>\$ 2,002.1</u>	<u>\$ 1,979.9</u>	<u>\$ 2,002.1</u>

Total losses and LAE shown in the above table exclude amortization of the Deferred Gain, which totaled \$2.1 million for each of the three months ended September 30, 2022 and 2021 and \$6.3 million and \$6.1 million for the nine months ended September 30, 2022 and 2021, respectively.

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

	September 30, 2022				December 31, 2021	
	Cost or Amortized Cost <sup>(1)</sup>	Net Unrealized Gain (Loss)	Fair Value	%	Fair Value	%
<b>Investment Positions:</b>						
Fixed maturity securities	\$ 2,440.9	\$ (201.1)	\$ 2,235.1	85 %	\$ 2,342.7	83 %
Equity securities	152.8	35.7	188.5	7	344.4	12
Short-term investments	—	—	—	—	10.5	—
Other invested assets	52.9	5.5	58.4	2	38.4	1
Cash and cash equivalents	148.1	—	148.1	6	75.1	3
Restricted cash and cash equivalents	0.2	—	0.2	—	0.2	—
Total investments and cash	<u>\$ 2,794.9</u>	<u>\$ (159.9)</u>	<u>\$ 2,630.3</u>	<u>100 %</u>	<u>\$ 2,811.3</u>	<u>100 %</u>
<b>Breakout of Fixed Maturity Securities:</b>						
U.S. Treasuries and agencies	\$ 97.4	\$ (4.6)	\$ 92.8	4 %	\$ 68.1	3 %
States and municipalities	366.3	(11.1)	355.1	16	436.1	19
Corporate securities	1,011.4	(108.0)	901.7	40	1,080.3	46
Mortgage-backed securities	465.0	(54.0)	411.0	18	414.1	18
Asset-backed securities	67.9	(8.4)	59.5	3	68.5	3
Collateralized loan obligations	267.3	(7.7)	259.6	12	85.4	4
Bank loans and other	165.6	(7.3)	155.4	7	190.2	8
Total fixed maturity securities	<u>\$ 2,440.9</u>	<u>\$ (201.1)</u>	<u>\$ 2,235.1</u>	<u>100 %</u>	<u>\$ 2,342.7</u>	<u>100 %</u>
Weighted average book yield			3.6%		3.0%	
Average credit quality (S&P)			A+		A+	
Duration			4.0		3.4	

(1) Amortized cost excludes allowance for current expected credit losses (CECL) of \$4.7 million.

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

		September 30, 2022	June 30, 2022	December 31, 2021	September 30, 2021
<b>Numerators:</b>					
<b>Stockholders' equity</b>	<b>A</b>	\$ 919.0	\$ 977.5	\$ 1,213.1	\$ 1,189.9
Plus: Deferred Gain		108.1	110.2	114.4	119.2
<b>Stockholders' equity including the Deferred Gain<sup>(1)</sup></b>	<b>B</b>	1,027.1	1,087.7	1,327.5	1,309.1
Accumulated other comprehensive loss (income)		201.1	119.8	(76.7)	(99.3)
Income taxes related to accumulated other comprehensive (loss) income		(42.2)	(25.1)	16.1	20.9
<b>Adjusted stockholders' equity<sup>(1)</sup></b>	<b>C</b>	<u>\$ 1,186.0</u>	<u>\$ 1,182.4</u>	<u>\$ 1,266.9</u>	<u>\$ 1,230.7</u>
<b>Denominator (shares outstanding)</b>	<b>D</b>	27,196,333	27,383,132	27,741,400	27,964,380
Book value per share <sup>(1)</sup>	<b>A / D</b>	\$ 33.79	\$ 35.70	\$ 43.73	\$ 42.55
Book value per share including the Deferred Gain <sup>(1)</sup>	<b>B / D</b>	37.77	39.72	47.85	46.81
Adjusted book value per share <sup>(1)</sup>	<b>C / D</b>	43.61	43.18	45.67	44.01
<b>YTD Change in:<sup>(2)</sup></b>					
Book value per share			(18.7)%		2.0 %
Book value per share including the Deferred Gain			(17.4)		1.5
Adjusted book value per share			(0.6)		4.5

(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 \$1.77 and \$0.75 for the nine months ended September 30, 2022 and 2021, respectively.

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

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2022	2021	2022	2021
<b>Numerators:</b>					
<b>Net income</b>	<b>A</b>	\$ 19.1	\$ 15.0	\$ 1.3	\$ 64.5
Impact of the LPT Agreement		(2.1)	(2.1)	(6.3)	(6.1)
<b>Net income (loss) before impact of the LPT <sup>(1)</sup></b>	<b>B</b>	17.0	12.9	(5.0)	58.4
Net realized and unrealized (gains) losses on investments		(1.9)	(2.7)	65.5	(29.6)
Severance costs and asset impairment charges		—	1.1	—	4.1
Income tax expense (benefit) related to items excluded from Net income		0.4	0.3	(13.8)	5.4
<b>Adjusted net income <sup>(1)</sup></b>	<b>C</b>	\$ 15.5	\$ 11.6	\$ 46.7	\$ 38.3
<b>Denominators:</b>					
Average common shares outstanding (basic)	<b>D</b>	27,312,409	28,236,398	27,504,566	28,409,612
Average common shares outstanding (diluted)	<b>E</b>	27,436,428	28,455,062	27,681,666	28,743,221
<b>Earnings per share:</b>					
Basic	<b>A / D</b>	\$ 0.70	\$ 0.53	\$ 0.05	\$ 2.27
Diluted <sup>(2)</sup>	<b>A / E</b>	0.70	0.53	0.05	2.24
<b>Earnings (loss) per share before impact of the LPT: <sup>(1)</sup></b>					
Basic	<b>B / D</b>	\$ 0.62	\$ 0.46	\$ (0.18)	\$ 2.06
Diluted	<b>B / E</b>	0.62	0.45	(0.18)	2.03
<b>Adjusted earnings per share: <sup>(1)</sup></b>					
Basic	<b>C / D</b>	\$ 0.57	\$ 0.41	\$ 1.70	\$ 1.35
Diluted	<b>C / E</b>	0.56	0.41	1.69	1.33

(1) See Page 13 for information regarding our use of Non-GAAP Financial Measures.

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

## **Non-GAAP Financial Measures**

Within this earnings release we present the following measures, each of which are "non-GAAP financial measures." A reconciliation of these measures to the Company's most directly comparable GAAP financial measures is included herein. Management believes that these non-GAAP measures are important to the Company's investors, analysts and other interested parties who benefit from having an objective and consistent basis for comparison with other companies within our industry. Management further believes that these measures are more relevant than comparable GAAP measures in evaluating our financial performance.

**The LPT Agreement** is a non-recurring transaction that does not result in ongoing cash benefits to the Company. Management believes that providing non-GAAP measures that exclude the effects of the LPT Agreement (amortization of deferred reinsurance gain, adjustments to LPT Agreement ceded reserves and adjustments to contingent commission receivable) is useful in providing investors, analysts and other interested parties a meaningful understanding of the Company's ongoing underwriting performance.

**Deferred reinsurance gain (Deferred Gain)** reflects the unamortized gain from the LPT Agreement. This gain has been deferred and is being amortized using the recovery method, whereby the amortization is determined by the proportion of actual reinsurance recoveries to total estimated recoveries, except for the contingent profit commission, which is being amortized through June 30, 2024. Amortization is reflected in losses and LAE incurred.

**Adjusted net income** (see Page 3 for calculations) is net income excluding the effects of the LPT Agreement, and net realized and unrealized gains and losses on investments (net of tax), and any miscellaneous non-recurring transactions (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 determined that it has two reportable segments: Employers and Cerity. Each of these segments represents a separate and distinct distribution channel 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 represents the traditional business offered through the EMPLOYERS brand name (Employers) through its agents, including business originated from its strategic partnerships and alliances;
- The Cerity segment represents the 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.