

**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): February 17, 2021**

**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 February 17, 2021, Employers Holdings, Inc. (the “Company”) issued a press release and financial supplement announcing results for the fourth quarter and fiscal year ended December 31, 2020. The press release and financial supplement are attached hereto as Exhibits 99.1 and 99.2, respectively, and are incorporated herein by reference, and are being furnished, not filed, under Item 2.02 to this Current Report on Form 8-K.

## Section 8 – Other Information

### Item 8.01. Other Events.

On February 17, 2021, the Company's Board of Directors declared a first quarter 2021 cash dividend of \$0.25 per share on the Company's common stock. The dividend is payable on March 17, 2021 to stockholders of record as of March 3, 2021.

## Section 9 – Financial Statements and Exhibits

### Item 9.01. Financial Statements and Exhibits.

99.1 Employers Holdings, Inc. press release, dated February 17, 2021.

99.2 Employers Holdings, Inc. financial supplement, dated February 17, 2021.

## 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: February 17, 2021

/s/ Michael S. Paquette

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Michael S. Paquette  
Executive Vice President,  
Chief Financial Officer

## Exhibit Index

<u>Exhibit No.</u>	<u>Exhibit</u>	
99.1	<a href="#">Employers Holdings, Inc. press release, dated</a>	February 17, 2021
99.2	<a href="#">Employers Holdings, Inc. financial supplement, dated</a>	February 17, 2021



America's small business insurance specialist®

Exhibit 99.1

news release  
For Immediate Release

**Employers Holdings, Inc. Reports Fourth Quarter 2020 and Year End Financial Results;  
Declares Quarterly Cash Dividend of \$0.25 per Share**

**Company to Host Conference Call on Thursday, February 18, 2021, at 11:30 a.m. Eastern Standard Time**

**Reno, Nevada – February 17, 2021 – Employers Holdings, Inc. (the “Company”) (NYSE:EIG)**, a holding company with subsidiaries that are specialty providers of workers' compensation insurance and services focused on select, small businesses engaged in low-to-medium hazard industries, today reported financial results for its fourth quarter and year ended December 31, 2020.

**2020 Highlights**

- Record number of ending policies in-force (103,506), up 5% year-over-year;
- Net income of \$119.8 million, or \$3.97 per diluted share;
- Adjusted net income of \$93.5 million, or \$3.10 per diluted share;
- Net investment income of \$76.3 million, down 13% year-over-year;
- Net realized and unrealized gains on investments recorded through the income statement of \$19.0 million;
- Net premiums earned of \$615.3 million, down 12% year-over-year;
- Favorable prior year loss reserve development of \$81.6 million, versus \$77.5 million a year ago;
- The Company repurchased 3,020,016 shares of its common stock at an average price of \$33.05 per share;
- Book value per share including the Deferred Gain of \$46.85, up 15.2% year-over-year including dividends declared.

**Fourth Quarter 2020 Highlights**

- Net income of \$64.0 million, or \$2.19 per diluted share;
- Adjusted net income of \$42.8 million, or \$1.46 per diluted share;
- Net investment income of \$18.0 million, down 20% year-over-year;
- Net realized and unrealized gains on investments recorded through the income statement of \$21.3 million;
- Net premiums earned of \$151.5 million, down 11% year-over-year;
- Favorable prior year loss reserve development of \$39.7 million, versus \$11.4 million a year ago;
- The Company repurchased 529,146 shares of its common stock at an average price of \$32.50 per share.

**Management Commentary**

Chief Executive Officer Douglas Dirks commented on the results: “2020 was a truly remarkable year for Employers in that: (i) we closed the year with nearly 104,000 policies, the first time we have ever reached that goal; (ii) our stockholders’ equity and book value per share each grew to record levels; (iii) we generated more submissions, quotes, and binds than at any time in the history of the Company; and (iv) we accomplished these feats during a pandemic while working from home. For the year, we delivered a 7.6% return on adjusted equity and increased our book value per share including the deferred gain by 15.2%, each representing terrific results in any operating environment.

Our record number of ending policies in-force demonstrates that our policyholders are enduring the pandemic, albeit with lower payroll levels. We remain optimistic that, as more vaccines are delivered and state restrictions are lifted, we will be able to replace the premium we have lost in 2020. In support of this anticipated recovery, we have continued to pursue and advance the significant investments we have made in delivering a superior customer experience for our agents and insureds and have actively managed our underwriting expenses with a view towards achieving our targeted expense ratios, despite the meaningful reductions in earned premium we are currently experiencing.

We expected to incur a lower current accident year loss and LAE ratio in 2020 than we experienced in 2019. Nonetheless, through the first three quarters of 2020, we maintained our loss ratio at our 2019 level (65.5%) in recognition of the uncertainty brought by the pandemic in terms of expected premium levels, the extent and duration of regulatory actions and overall claims frequency and severity. During the fourth quarter, in response to consistently favorable indemnity claims frequency trends experienced throughout the year, we reduced our 2020 accident year loss and LAE ratio to 64.3%.”

Mr. Dirks continued, “It has been my pleasure to lead Employers for over 27 years, and I feel that the Company is in the strongest financial position in its history. I will soon be handing control of the Company over to our next CEO, Kathy Antonello, whose background and experience is ideal to move Employers forward into the future. The executive team and I have been working very closely with Kathy over the past few months to ensure a smooth transition and you will hear from her tomorrow as she leads our earnings call. I am very excited for Kathy and for the future of our Company.”

## **Summary of Consolidated Fourth Quarter 2020 Operating Results**

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

Gross premiums written were \$123.9 million, a decrease of 14%. The decrease was primarily due to declines in new business writings, particularly in California, and declines in average premium per policy. Net earned premiums were \$151.5 million, a decrease of 11% year-over-year.

Losses and loss adjustment expenses were \$47.9 million, a decrease of 51%. The decrease was the result of lower earned premium, a lower current accident year loss and LAE ratio and a greater amount of favorable prior accident year loss reserve development. The Company recognized \$39.7 million of favorable prior accident year loss reserve development during the current period versus \$11.4 million of favorable prior accident year loss reserve development a year ago.

Commission expenses were \$18.9 million, a decrease of 7%. The decrease was primarily due to lower earned premiums.

Underwriting and general and administrative expenses were \$43.4 million, a decrease of 15%. The decrease was the result of lower earned premium, as well as lower professional fees, travel expenses, incentive compensation and bad debt expenses.

Net investment income of \$18.0 million decreased 20%. The decrease was primarily due to lower yields on our fixed maturity investments.

Income tax expense was \$16.4 million (20.4% effective rate) versus \$9.6 million (23.2% effective rate). The decrease in the effective rate was due primarily to lower state income taxes incurred during the current period.

The Company’s book value per share of \$42.46 and book value per share including the Deferred Gain of \$46.85 increased by 16.9% and 15.2% during 2020, respectively, each computed after taking into account dividends declared. These measures were favorably impacted by \$11.5 million of net after tax unrealized gains arising from equity securities and other investments (which are reflected on the income statement) and \$53.4 million of after tax unrealized gains arising from fixed income securities (which are reflected on the balance sheet).

## **Summary of Fourth Quarter 2020 Results by Segment**

(see page 16 of the Financial Supplement for a description of our reportable segments. All comparisons are vs. fourth quarter 2019, unless noted otherwise).

### **Employers Segment**

The Employers segment reported net income before income taxes of \$83.4 million versus \$46.9 million.

Highlights included the following:

- Underwriting income of \$45.2 million versus \$7.6 million;
- Combined ratio of 70.2% versus 95.5%;
- Current accident year loss and LAE ratio of 60.8% versus 65.6%;
- Favorable prior year loss reserve development of 26.2 percentage points versus 6.7 percentage points;
- Commission expense ratio of 12.5% versus 12.0%;
- Underwriting expense ratio of 23.1% versus 24.6%;
- Net investment income of \$17.2 million versus \$21.8 million; and
- Net realized and unrealized gains on investments of \$20.8 million versus \$17.4 million.

### **Cerity Segment**

The Cerity segment reported a net loss before income tax of \$3.6 million versus \$4.2 million, and an underwriting loss of \$4.6 million versus \$4.3 million.

## Corporate and Other

Corporate and Other activities reported net income (loss) before income taxes of \$0.6 million versus \$(1.3) million. Highlights included the following:

- LPT amortization, which served to reduce losses and LAE, of \$3.1 million versus \$2.2 million;
- Net investment income of \$0.2 million versus \$0.7 million; and
- General and administrative expenses of \$3.8 million versus \$4.8 million.

## Share Repurchases and First Quarter 2021 Dividend Declarations

During the fourth quarter of 2020, the Company repurchased 529,146 shares of its common stock at an average price of \$32.50 per share. During the period from January 1, 2021 through February 16, 2021, the Company repurchased a further 287,513 shares of its common stock at an average price of \$32.17 per share. The Company currently has a remaining share repurchase authorization of \$19.3 million.

On February 17, 2021, the Board of Directors declared a first quarter 2021 dividend of \$0.25 per share. The dividend is payable on March 17, 2021 to stockholders of record as of March 3, 2021.

## Earnings Conference Call and Webcast / Availability of Financial Supplement and Investor Presentation

The Company will host a conference call on Thursday, February 18, 2021 at 11:30 a.m. Eastern Standard Time / 8:30 a.m. Pacific Standard Time.

To participate in the live conference call by telephone, dial +1 (888) 364-8443 or +1 (484) 747-6630 and use the conference call access code 1177535.

The webcast will be accessible on the Company's web site at [www.employers.com](http://www.employers.com) through the "Investors" link. An archived version of the webcast will remain on the Company's web site for up to seven days following the live webcast. To listen to a recording of the call by telephone, dial +1 (855) 859-2056 or +1 (404) 537-3406 and use the conference call access code 1177535.

## 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 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, including the effects of the Coronavirus (COVID-19) pandemic, 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 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).

The Company also provides its quarterly Investor Presentations on its web site at [www.employers.com](http://www.employers.com).

## **About Employers Holdings, Inc.**

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

## **Contact Information**

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Investor relations contact:

Adam Prior, The Equity Group Inc. (212) 836-9606 or [aprior@equityny.com](mailto:aprior@equityny.com)

**Employers Holdings, Inc.**  
Fourth Quarter and Full Year 2020  
Financial Supplement

February 17, 2021

**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			Years Ended		
	December 31,			December 31,		
	2020	2019	% change	2020	2019	% change
<b>Selected financial highlights:</b>						
Gross premiums written	\$ 123.9	\$ 143.8	(14)%	\$ 580.1	\$ 696.9	(17)%
Net premiums written	122.9	142.4	(14)	574.9	691.5	(17)
Net premiums earned	151.5	169.7	(11)	615.3	695.8	(12)
Net investment income	18.0	22.6	(20)	76.3	88.1	(13)
Net income before impact of the LPT <sup>(1)</sup>	59.5	29.6	101	107.9	144.4	(25)
Adjusted net income <sup>(1)</sup>	42.8	15.5	176	93.5	104.0	(10)
Net income before income taxes	80.4	41.4	94	147.7	193.8	(24)
Net income	64.0	31.8	101	119.8	157.1	(24)
Comprehensive income	67.4	29.0	132	169.6	236.1	(28)
Total assets				3,922.6	4,004.1	(2)
Stockholders' equity				1,212.8	1,165.8	4
Stockholders' equity including the Deferred Gain <sup>(2)</sup>				1,338.2	1,302.9	3
Adjusted stockholders' equity <sup>(2)</sup>				1,223.1	1,237.6	(1)
Annualized adjusted return on stockholders' equity <sup>(3)</sup>	14.2 %	5.0 %	184 %	7.6 %	8.6 %	(12)
<b>Amounts per share:</b>						
Cash dividends declared per share	\$ 0.25	\$ 0.22	14 %	\$ 1.00	\$ 0.88	14 %
Earnings per diluted share <sup>(4)</sup>	2.19	0.99	121	3.97	4.83	(18)
Earnings per diluted share before impact of the LPT <sup>(4)</sup>	2.04	0.92	122	3.57	4.44	(20)
Adjusted earnings per diluted share <sup>(4)</sup>	1.46	0.48	204	3.10	3.20	(3)
Book value per share <sup>(2)</sup>				42.46	37.18	14
Book value per share including the Deferred Gain <sup>(2)</sup>				46.85	41.55	13
Adjusted book value per share <sup>(2)</sup>				42.82	39.47	8
<b>Financial information by Segment<sup>(5)</sup>:</b>						
Net income (loss) before income taxes:						
Employers	\$ 83.4	\$ 46.9	78 %	\$ 164.0	\$ 208.0	(21)%
Cerity	(3.6)	(4.2)	14	(13.5)	(15.6)	13
Corporate and Other	0.6	(1.3)	146	(2.8)	1.4	(300)

(1) See Page 5 for calculations and Page 15 for information regarding our use of Non-GAAP Financial Measures.

(2) See Page 13 for calculations and Page 15 for information regarding our use of Non-GAAP Financial Measures.

(3) See Page 10 for calculations and Page 15 for information regarding our use of Non-GAAP Financial Measures.

(4) See Page 14 for calculations and Page 15 for information regarding our use of Non-GAAP Financial Measures.

(5) See Pages 6-9 for details and Page 16 for a description of our reportable segments.

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<b>ASSETS</b>		
Investments, cash and cash equivalents	\$ 2,917.8	\$ 2,933.6
Accrued investment income	15.3	16.4
Premiums receivable, net	232.1	285.7
Reinsurance recoverable, net of allowance, on paid and unpaid losses and LAE	504.2	539.7
Deferred policy acquisition costs	43.2	47.9
Contingent commission receivable—LPT Agreement	13.4	13.2
Other assets	196.6	167.6
<b>Total assets</b>	<b>\$ 3,922.6</b>	<b>\$ 4,004.1</b>
<b>LIABILITIES</b>		
Unpaid losses and LAE	\$ 2,069.4	\$ 2,192.8
Unearned premiums	299.1	337.1
Commissions and premium taxes payable	43.0	48.6
Deferred Gain	125.4	137.1
FHLB Advances <sup>(1)</sup>	20.0	—
Other liabilities	152.9	122.7
<b>Total liabilities</b>	<b>\$ 2,709.8</b>	<b>\$ 2,838.3</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock and additional paid-in capital	\$ 404.9	\$ 397.0
Retained earnings	1,247.9	1,158.8
Accumulated other comprehensive income, net	115.1	65.3
Treasury stock, at cost	(555.1)	(455.3)
<b>Total stockholders' equity</b>	<b>1,212.8</b>	<b>1,165.8</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,922.6</b>	<b>\$ 4,004.1</b>
<b>Stockholders' equity including the Deferred Gain <sup>(2)</sup></b>	<b>\$ 1,338.2</b>	<b>\$ 1,302.9</b>
<b>Adjusted stockholders' equity <sup>(2)</sup></b>	<b>1,223.1</b>	<b>1,237.6</b>
<b>Book value per share <sup>(2)</sup></b>	<b>\$ 42.46</b>	<b>\$ 37.18</b>
<b>Book value per share including the Deferred Gain <sup>(2)</sup></b>	<b>46.85</b>	<b>41.55</b>
<b>Adjusted book value per share <sup>(2)</sup></b>	<b>42.82</b>	<b>39.47</b>

(1) FHLB = Federal Home Loan Bank

(2) See Page 13 for calculations and Page 15 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>Years Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Revenues:</b>				
Net premiums earned	\$ 151.5	\$ 169.7	\$ 615.3	\$ 695.8
Net investment income	18.0	22.6	76.3	88.1
Net realized and unrealized gains on investments <sup>(1)</sup>	21.3	17.8	19.0	51.1
Other income	0.3	0.2	0.8	0.9
<b>Total revenues</b>	<b>191.1</b>	<b>210.3</b>	<b>711.4</b>	<b>835.9</b>
<b>Expenses:</b>				
Losses and LAE incurred	(47.9)	(97.6)	(302.4)	(365.9)
Commission expense	(18.9)	(20.4)	(78.8)	(88.1)
Underwriting and general and administrative expenses	(43.4)	(50.9)	(181.3)	(187.5)
Interest and financing expenses	(0.4)	—	(0.4)	(0.6)
Other expenses	(0.1)	—	(0.8)	—
<b>Total expenses</b>	<b>(110.7)</b>	<b>(168.9)</b>	<b>(563.7)</b>	<b>(642.1)</b>
Net income before income taxes	80.4	41.4	147.7	193.8
Income tax expense	(16.4)	(9.6)	(27.9)	(36.7)
<b>Net income</b>	<b>64.0</b>	<b>31.8</b>	<b>119.8</b>	<b>157.1</b>
Unrealized AFS investment gains (losses) arising during the period, net of tax <sup>(2)</sup>	5.3	(2.0)	53.4	82.1
Reclassification adjustment for realized AFS investment gains in net income, net of tax <sup>(2)</sup>	(1.9)	(0.8)	(3.6)	(3.1)
<b>Total Comprehensive income</b>	<b>\$ 67.4</b>	<b>\$ 29.0</b>	<b>\$ 169.6</b>	<b>\$ 236.1</b>
<b>Net income</b>	<b>\$ 64.0</b>	<b>\$ 31.8</b>	<b>\$ 119.8</b>	<b>\$ 157.1</b>
Amortization of the Deferred Gain - losses	(2.6)	(1.8)	(8.7)	(8.9)
Amortization of the Deferred Gain - contingent commission	(0.5)	(0.4)	(1.8)	(1.8)
LPT reserve adjustment	(1.2)	—	(1.2)	(1.8)
LPT contingent commission adjustments	(0.2)	—	(0.2)	(0.2)
<b>Net income before impact of the LPT Agreement <sup>(3)</sup></b>	<b>\$ 59.5</b>	<b>\$ 29.6</b>	<b>\$ 107.9</b>	<b>\$ 144.4</b>
Net realized and unrealized gains on investments	(21.3)	(17.8)	(19.0)	(51.1)
Abandonment of operating leases	0.1	—	0.8	—
Income tax expense related to items excluded from Net income	4.5	3.7	3.8	10.7
<b>Adjusted net income <sup>(3)</sup></b>	<b>\$ 42.8</b>	<b>\$ 15.5</b>	<b>\$ 93.5</b>	<b>\$ 104.0</b>

(1) Includes unrealized gains and losses on equity securities and other invested assets of \$17.8 million and \$16.3 million for the three months ended December 31, 2020 and 2019, respectively, and \$(6.3) million and \$33.8 million for the year ended December 31, 2020 and 2019, respectively.

(2) AFS = Available for Sale securities

(3) See Page 15 regarding our use of Non-GAAP Financial Measures.

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

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
<b>Year Ended December 31, 2020</b>	(in millions)			
Gross premiums written	\$ 579.8	\$ 0.3	\$ —	\$ 580.1
Net premiums written	574.6	0.3	—	574.9
Net premiums earned	<b>A</b> 615.1	0.2	—	615.3
Net investment income	72.1	3.1	1.1	76.3
Net realized and unrealized gains (losses) on investments	20.9	—	(1.9)	19.0
Other income	0.8	—	—	0.8
<b>Total revenues</b>	<b>708.9</b>	<b>3.3</b>	<b>(0.8)</b>	<b>711.4</b>
Losses and LAE incurred	<b>B</b> (314.2)	(0.1)	11.9	(302.4)
Commission expense	<b>C</b> (78.8)	—	—	(78.8)
Underwriting expenses	<b>D</b> (151.1)	(16.6)	—	(167.7)
General and administrative expenses	—	—	(13.6)	(13.6)
Interest and financing expenses	(0.1)	—	(0.3)	(0.4)
Other expenses	(0.7)	(0.1)	—	(0.8)
<b>Total expenses</b>	<b>(544.9)</b>	<b>(16.8)</b>	<b>(2.0)</b>	<b>(563.7)</b>
<b>Net income (loss) before income taxes</b>	<b>\$ 164.0</b>	<b>\$ (13.5)</b>	<b>\$ (2.8)</b>	<b>\$ 147.7</b>
<b>Underwriting income (loss)</b>	<b>A+B+C+D</b> \$ 71.0	\$ (16.5)		
Loss and LAE expense ratio:				
Current year	64.3 %	n/m		
Prior years	(13.2)	—		
Loss and LAE ratio	51.1	n/m		
Commission expense ratio	12.8	n/m		
Underwriting expense ratio	24.6	n/m		
<b>Combined ratio</b>	<b>88.5 %</b>	<b>n/m</b>		

n/m - not meaningful

(1) See Page 16 for a description of our reportable segments.

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

<b>Year Ended December 31, 2019</b>	<b>Employers</b>	<b>Cerity</b>	<b>Corporate and Other</b>	<b>Consolidated</b>
	(in millions)			
Gross premiums written	\$ 696.8	\$ 0.1	\$ —	\$ 696.9
Net premiums written	691.4	0.1	—	691.5
Net premiums earned	<b>A</b> 695.8	—	—	695.8
Net investment income	84.1	0.3	3.7	88.1
Net realized and unrealized gains on investments	47.7	0.1	3.3	51.1
Other income	0.9	—	—	0.9
<b>Total revenues</b>	<b>828.5</b>	<b>0.4</b>	<b>7.0</b>	<b>835.9</b>
Losses and LAE incurred	<b>B</b> (378.6)	—	12.7	(365.9)
Commission expense	<b>C</b> (88.1)	—	—	(88.1)
Underwriting expenses	<b>D</b> (153.2)	(16.0)	—	(169.2)
General and administrative expenses	—	—	(18.3)	(18.3)
Interest and financing expenses	(0.6)	—	—	(0.6)
<b>Total expenses</b>	<b>(620.5)</b>	<b>(16.0)</b>	<b>(5.6)</b>	<b>(642.1)</b>
<b>Net income (loss) before income taxes</b>	<b>\$ 208.0</b>	<b>\$ (15.6)</b>	<b>\$ 1.4</b>	<b>\$ 193.8</b>
<b>Underwriting income (loss)</b>	<b>A+B+C+D</b> \$ 75.9	\$ (16.0)		
Loss and LAE expense ratio:				
Current year	65.6 %	n/m		
Prior years	(11.2)	—		
Loss and LAE ratio	54.4	n/m		
Commission expense ratio	12.7	n/m		
Underwriting expense ratio	22.0	n/m		
<b>Combined ratio</b>	<b>89.1 %</b>	<b>n/m</b>		

n/m - not meaningful

(1) See Page 16 for a description of our reportable segments.

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

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
(in millions)				
<b>Three Months Ended December 31, 2020</b>				
Gross premiums written	\$ 123.7	\$ 0.2	\$ —	\$ 123.9
Net premiums written	122.7	0.2	—	122.9
Net premiums earned	<b>A</b> 151.4	0.1	—	151.5
Net investment income	17.2	0.6	0.2	18.0
Net realized and unrealized gains on investments	20.8	0.5	—	21.3
Other income	0.3	—	—	0.3
<b>Total revenues</b>	<b>189.7</b>	<b>1.2</b>	<b>0.2</b>	<b>191.1</b>
Losses and LAE incurred	<b>B</b> (52.4)	—	4.5	(47.9)
Commission expense	<b>C</b> (18.9)	—	—	(18.9)
Underwriting expenses	<b>D</b> (34.9)	(4.7)	—	(39.6)
General and administrative expenses	—	—	(3.8)	(3.8)
Interest and financing expenses	(0.1)	—	(0.3)	(0.4)
Other expenses	—	(0.1)	—	(0.1)
<b>Total expenses</b>	<b>(106.3)</b>	<b>(4.8)</b>	<b>0.4</b>	<b>(110.7)</b>
<b>Net income (loss) before income taxes</b>	<b>\$ 83.4</b>	<b>\$ (3.6)</b>	<b>\$ 0.6</b>	<b>\$ 80.4</b>
<b>Underwriting income (loss)</b>	<b>A+B+C+D</b> \$ 45.2	<b>\$ (4.6)</b>		
Loss and LAE expense ratio:				
Current year	60.8 %	n/m		
Prior years	(26.2)	—		
Loss and LAE ratio	34.6	n/m		
Commission expense ratio	12.5	n/m		
Underwriting expense ratio	23.1	n/m		
<b>Combined ratio</b>	<b>70.2 %</b>	<b>n/m</b>		

n/m - not meaningful

(1) See Page 16 for a description of our reportable segments.

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

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
(in millions)				
<b>Three Months Ended December 31, 2019</b>				
Gross premiums written	\$ 143.8	\$ —	\$ —	\$ 143.8
Net premiums written	142.4	—	—	142.4
Net premiums earned	<b>A</b> 169.7	—	—	169.7
Net investment income	21.8	0.1	0.7	22.6
Net realized and unrealized gains on investments	17.4	—	0.4	17.8
Other income	0.1	—	0.1	0.2
Total revenues	<u>209.0</u>	<u>0.1</u>	<u>1.2</u>	<u>210.3</u>
Losses and LAE incurred	<b>B</b> (99.9)	—	2.3	(97.6)
Commission expense	<b>C</b> (20.4)	—	—	(20.4)
Underwriting expenses	<b>D</b> (41.8)	(4.3)	—	(46.1)
General and administrative expenses	—	—	(4.8)	(4.8)
Total expenses	<u>(162.1)</u>	<u>(4.3)</u>	<u>(2.5)</u>	<u>(168.9)</u>
<b>Net income (loss) before income taxes</b>	<u>\$ 46.9</u>	<u>\$ (4.2)</u>	<u>\$ (1.3)</u>	<u>\$ 41.4</u>
<b>Underwriting income (loss)</b>	<b>A+B+C+D</b> \$ 7.6	\$ (4.3)		
Loss and LAE expense ratio:				
Current year	65.6 %	n/m		
Prior years	<u>(6.7)</u>	<u>—</u>		
Loss and LAE ratio	58.9	n/m		
Commission expense ratio	12.0	n/m		
Underwriting expense ratio	<u>24.6</u>	<u>n/m</u>		
<b>Combined ratio</b>	<u>95.5 %</u>	<u>n/m</u>		

n/m - not meaningful

(1) See Page 16 for a description of our reportable segments.

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

		Three Months Ended		Years Ended	
		December 31,		December 31,	
		2020	2019	2020	2019
<b>Net income</b>	<b>A</b>	\$ 64.0	\$ 31.8	\$ 119.8	\$ 157.1
Impact of the LPT Agreement		(4.5)	(2.2)	(11.9)	(12.7)
Net realized and unrealized gains on investments		(21.3)	(17.8)	(19.0)	(51.1)
Abandonment of operating leases		0.1	—	0.8	—
Income tax expense related to items excluded from Net income		4.5	3.7	3.8	10.7
<b>Adjusted net income<sup>(1)</sup></b>	<b>B</b>	\$ 42.8	\$ 15.5	\$ 93.5	\$ 104.0
Stockholders' equity - end of period		\$ 1,212.8	\$ 1,165.8	\$ 1,212.8	\$ 1,165.8
Stockholders' equity - beginning of period		1,167.4	1,160.4	1,165.8	1,018.2
<b>Average stockholders' equity</b>	<b>C</b>	\$ 1,190.1	\$ 1,163.1	\$ 1,189.3	\$ 1,092.0
Stockholders' equity - end of period		\$ 1,212.8	\$ 1,165.8	\$ 1,212.8	\$ 1,165.8
Deferred Gain - end of period		125.4	137.1	125.4	137.1
Accumulated other comprehensive income, before taxes - end of period		(145.7)	(82.6)	(145.7)	(82.6)
Income tax related to accumulated other comprehensive income - end of period		30.6	17.3	30.6	17.3
Adjusted stockholders' equity - end of period		1,223.1	1,237.6	1,223.1	1,237.6
Adjusted stockholders' equity - beginning of period		1,185.4	1,231.7	1,237.6	1,181.5
<b>Average adjusted stockholders' equity<sup>(1)</sup></b>	<b>D</b>	\$ 1,204.3	\$ 1,234.7	\$ 1,230.4	\$ 1,209.6
Return on stockholders' equity	<b>A / C</b>	5.4 %	2.7 %	10.1 %	14.4 %
<b>Annualized return on stockholders' equity</b>		21.5	10.9		
Adjusted return on stockholders' equity <sup>(1)</sup>	<b>B / D</b>	3.6	1.3	7.6	8.6
<b>Annualized adjusted return on stockholders' equity<sup>(1)</sup></b>		14.2	5.0		

(1) See Page 15 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 December 31,</b>		<b>Years Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Unpaid losses and LAE at beginning of period	\$ 2,141.4	\$ 2,197.3	\$ 2,192.8	\$ 2,207.9
Less reinsurance recoverable on unpaid losses and LAE	513.7	527.1	532.5	504.4
Net unpaid losses and LAE at beginning of period	1,627.7	1,670.2	1,660.3	1,703.5
Losses and LAE incurred:				
Current year	92.1	111.3	395.9	456.1
Prior years - voluntary business	(38.7)	(11.5)	(80.2)	(77.5)
Prior years - involuntary business	(1.0)	0.1	(1.4)	—
Total losses incurred	52.4	99.9	314.3	378.6
Losses and LAE paid:				
Current year	32.9	43.1	83.6	106.6
Prior years	74.8	66.7	318.6	315.2
Total paid losses	107.7	109.8	402.2	421.8
Net unpaid losses and LAE at end of period	1,572.4	1,660.3	1,572.4	1,660.3
Reinsurance recoverable, excluding CECL allowance, on unpaid losses and LAE	497.0	532.5	497.0	532.5
Unpaid losses and LAE at end of period	\$ 2,069.4	\$ 2,192.8	\$ 2,069.4	\$ 2,192.8

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 \$4.5 million and \$2.2 million for the three months ended December 31, 2020 and 2019, respectively, and \$11.9 million and \$12.7 million for the year ended December 31, 2020 and 2019, respectively.

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

	December 31, 2020				December 31, 2019	
	Cost or Amortized Cost	Net Unrealized Gain (Loss)	Fair Value	%	Fair Value	%
<b>Investment Positions:</b>						
Fixed maturity securities	\$ 2,333.6	\$ 145.6	\$ 2,479.2	85 %	\$ 2,485.9	85 %
Equity securities	119.1	96.1	215.2	7	263.4	9
Other invested assets	36.8	(0.6)	36.2	1	29.1	1
Short-term investments	26.5	0.1	26.6	1	—	—
Cash and cash equivalents	160.4	—	160.4	5	154.9	5
Restricted cash and cash equivalents	0.2	—	0.2	—	0.3	—
<b>Total investments and cash</b>	<b>\$ 2,676.6</b>	<b>\$ 241.2</b>	<b>\$ 2,917.8</b>	<b>100 %</b>	<b>\$ 2,933.6</b>	<b>100 %</b>
<b>Breakout of Fixed Maturity Securities:</b>						
U.S. Treasuries and Agencies	\$ 77.1	\$ 4.3	\$ 81.4	3 %	\$ 88.5	4 %
States and Municipalities	449.4	33.3	482.7	19	484.5	19
Corporate Securities	963.5	82.9	1,046.4	42	1,079.0	43
Mortgage-Backed Securities	539.3	24.1	563.4	23	591.0	24
Asset-Backed Securities	42.0	0.6	42.6	2	61.2	2
Collateralized loan obligations	84.4	(0.8)	83.6	3	—	—
Bank loans and other	177.9	1.2	179.1	7	181.7	7
<b>Total fixed maturity securities</b>	<b>\$ 2,333.6</b>	<b>\$ 145.6</b>	<b>\$ 2,479.2</b>	<b>100 %</b>	<b>\$ 2,485.9</b>	<b>100 %</b>
Weighted average ending book yield				3.0 %		3.3 %
Average credit quality (S&P)				A+		A+
Duration				3.2		3.3

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

		<u>December 31, 2020</u>	<u>December 31, 2019</u>
<b>Numerators:</b>			
<b>Stockholders' equity</b>	<b>A</b>	\$ 1,212.8	\$ 1,165.8
Plus: Deferred Gain		125.4	137.1
<b>Stockholders' equity including the Deferred Gain<sup>(1)</sup></b>	<b>B</b>	1,338.2	1,302.9
Accumulated other comprehensive income, before taxes		(145.7)	(82.6)
Income taxes related to accumulated other comprehensive income, before taxes		30.6	17.3
<b>Adjusted stockholders' equity<sup>(1)</sup></b>	<b>C</b>	\$ 1,223.1	\$ 1,237.6
<b>Denominator (shares outstanding)</b>	<b>D</b>	28,564,798	31,355,378
Book value per share <sup>(1)</sup>	<b>A / D</b>	\$ 42.46	\$ 37.18
Book value per share including the Deferred Gain <sup>(1)</sup>	<b>B / D</b>	46.85	41.55
Adjusted book value per share <sup>(1)</sup>	<b>C / D</b>	42.82	39.47
Cash dividends declared per share		\$ 1.00	\$ 0.88
<b>YTD Change in:<sup>(2)</sup></b>			
Book value per share		16.9 %	22.5 %
Book value per share including the Deferred Gain		15.2	19.1
Adjusted book value per share		11.0	11.9

(1) See Page 15 for information regarding our use of Non-GAAP Financial Measures.

(2) Reflects the change per share after taking into account dividends declared in the period.

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

		Three Months Ended December 31,		Years Ended December 31,	
		2020	2019	2020	2019
<b>Numerators:</b>					
<b>Net income</b>	<b>A</b>	\$ 64.0	\$ 31.8	\$ 119.8	\$ 157.1
Impact of the LPT Agreement		(4.5)	(2.2)	(11.9)	(12.7)
<b>Net income before impact of the LPT <sup>(1)</sup></b>	<b>B</b>	\$ 59.5	\$ 29.6	\$ 107.9	\$ 144.4
Net realized and unrealized gains on investments		(21.3)	(17.8)	(19.0)	(51.1)
Abandonment of operating leases		0.1	—	0.8	—
Income tax expense related to items excluded from Net income		4.5	3.7	3.8	10.7
<b>Adjusted net income <sup>(1)</sup></b>	<b>C</b>	\$ 42.8	\$ 15.5	\$ 93.5	\$ 104.0
<b>Denominators:</b>					
Average common shares outstanding (basic)	<b>D</b>	28,931,963	31,700,259	29,912,063	32,120,578
Average common shares outstanding (diluted)	<b>E</b>	29,227,878	32,120,929	30,204,864	32,539,718
<b>Earnings per share:</b>					
Basic	<b>A / D</b>	\$ 2.21	\$ 1.00	\$ 4.01	\$ 4.89
Diluted	<b>A / E</b>	2.19	0.99	3.97	4.83
<b>Earnings per share before impact of the LPT: <sup>(1)</sup></b>					
Basic	<b>B / D</b>	\$ 2.06	\$ 0.93	\$ 3.61	\$ 4.50
Diluted	<b>B / E</b>	2.04	0.92	3.57	4.44
<b>Adjusted earnings per share: <sup>(1)</sup></b>					
Basic	<b>C / D</b>	\$ 1.48	\$ 0.49	\$ 3.13	\$ 3.24
Diluted	<b>C / E</b>	1.46	0.48	3.10	3.20

(1) See Page 15 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 5 for calculations) is net income excluding the effects of the LPT Agreement, 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 13 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 13 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 10 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 13 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 5 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**

In 2019, the Company 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. As a result, 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.