



Employers Holdings, Inc.
Investor Presentation
November, 2011

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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 2010, 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 2010, 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. **In addition, EHI's ability to consummate a business combination transaction or to realize the benefits thereof are dependent on factors beyond EHI's control.** 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.

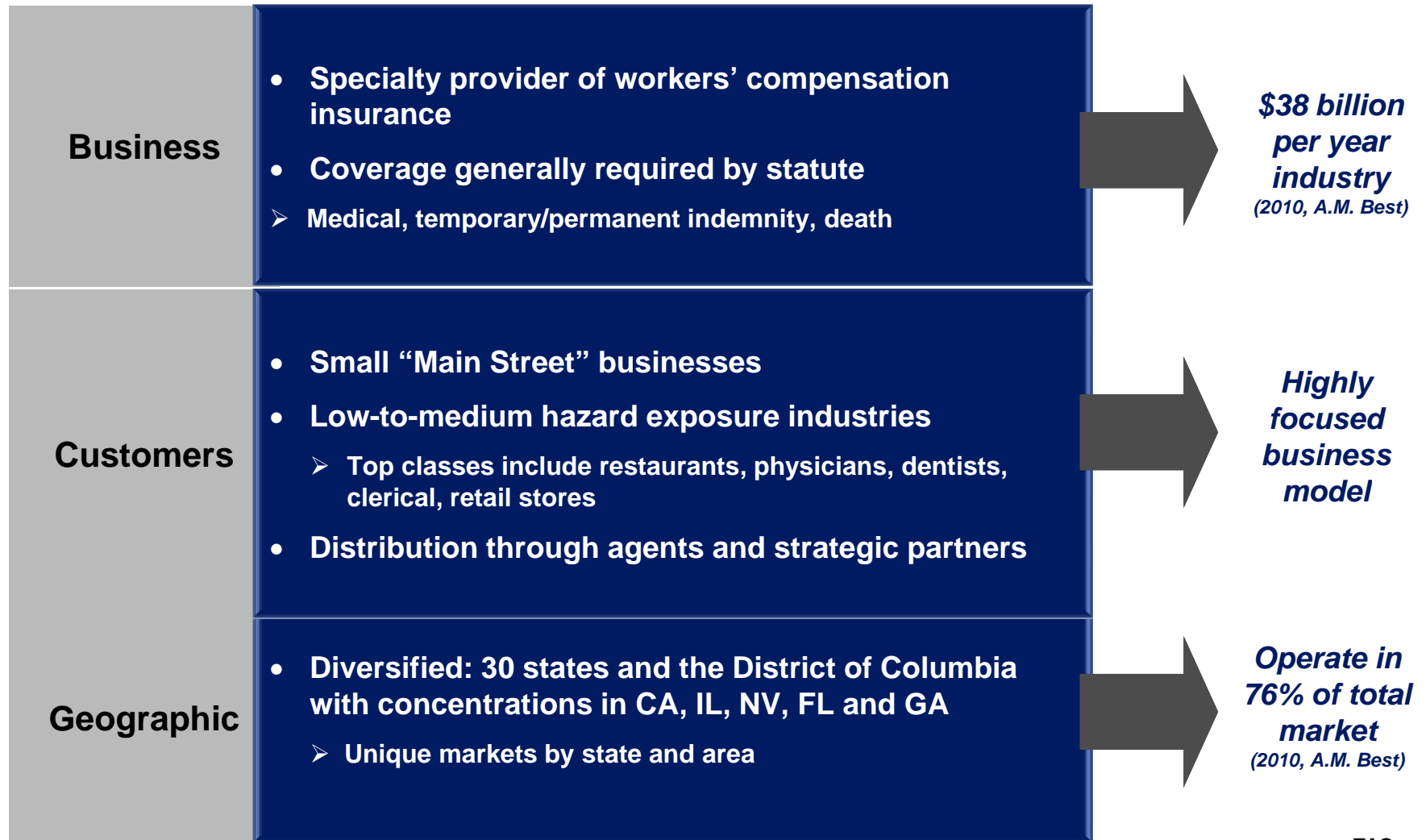
We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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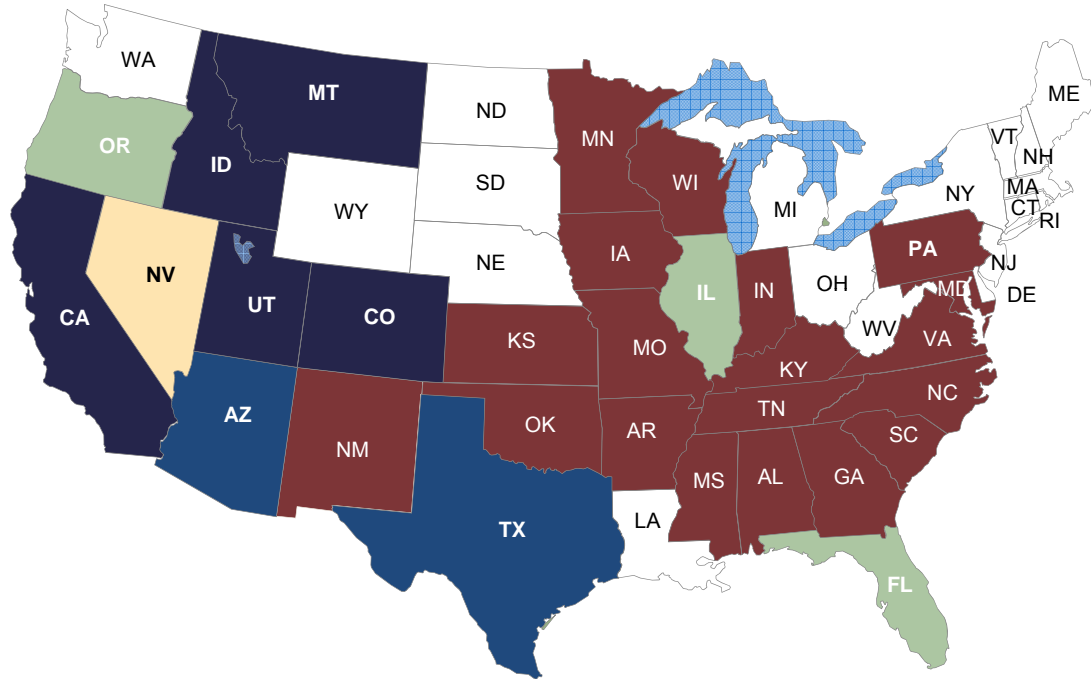
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Overview



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Selectively Expanding Footprint

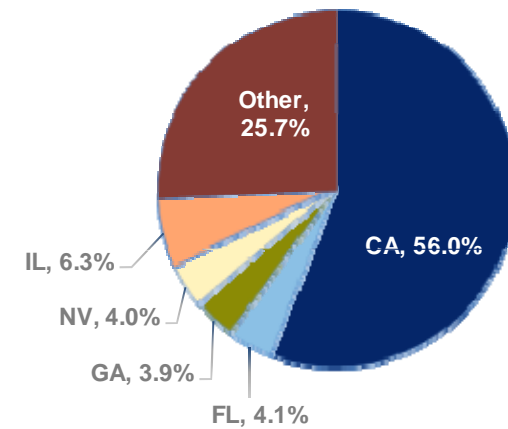


2000	2002	2006	2007	2008
1913 – 1999 State WC fund in NV 2000 Privatization	2002 Acquisition, book of business in CA, UT, ID, MT, CO	2005 Formation of mutual hold co 2006 Entry into TX, AZ	2007 Demutualization and IPO – entry into FL, IL and OR	2008 Acquisition of AmCOMP Incorporated, entry into IA

Highlights

(at September 30, 2011)

- YTD NPW: \$309.2 million
- Q3 Adjusted BV per share: \$23.83
- Q3 Combined ratio before LPT: 117.5%

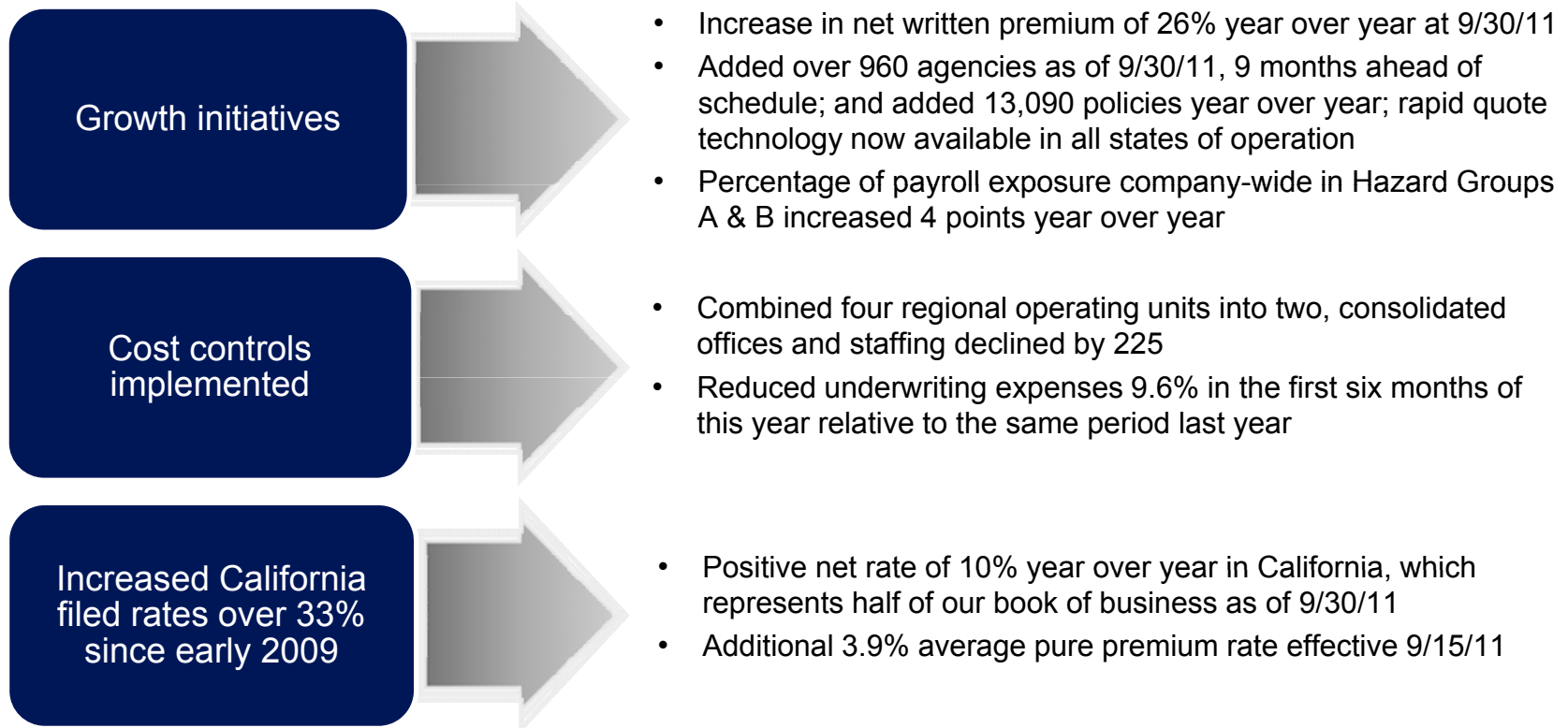


**In Force Premiums Written (%)
September 30, 2011**

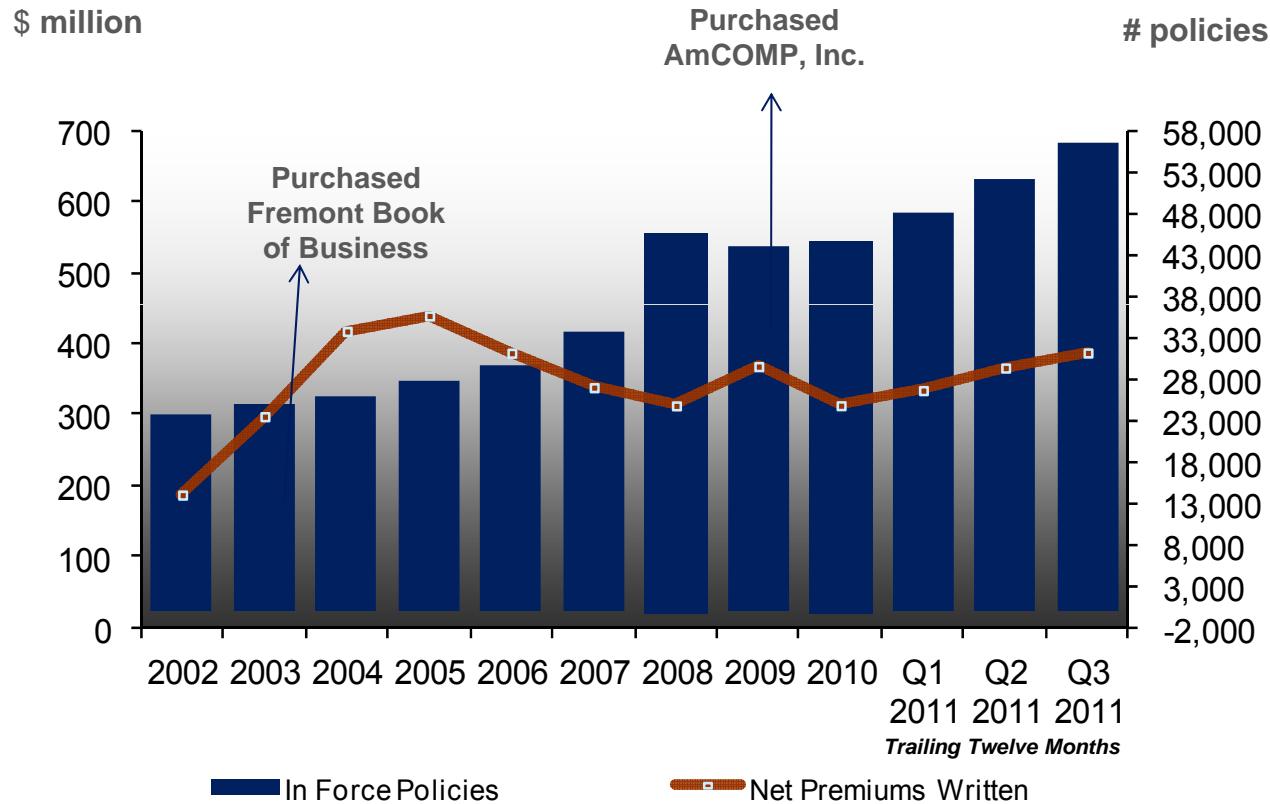
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Current Trends - Actions

Current operating environment is characterized by high levels of unemployment, reduced work hours, price competition and historically low yields.

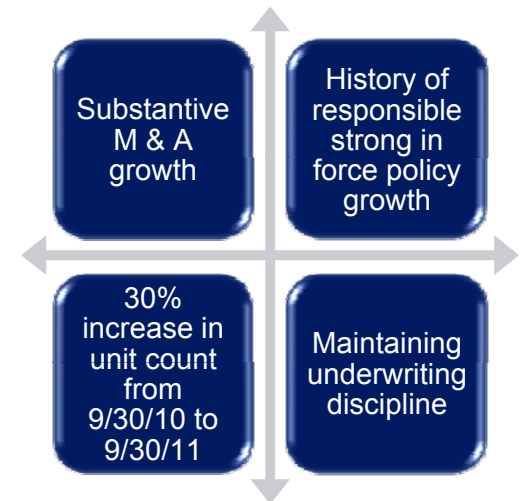


Market Penetration



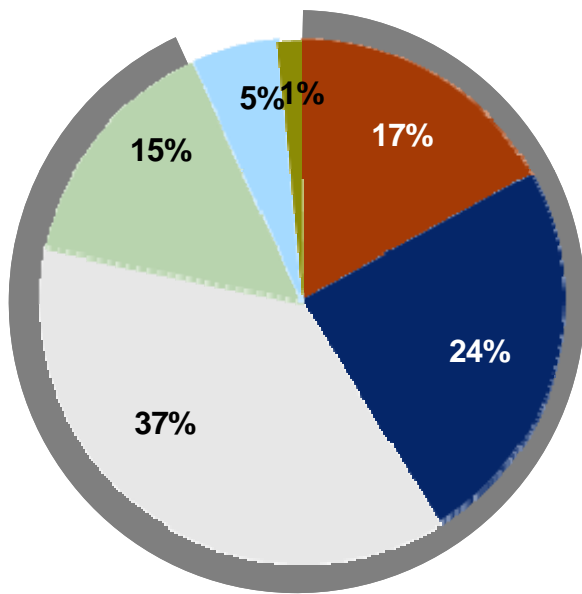
Policy Count 2002-2010
CAGR = 8.3%

NPW 2002-2010
CAGR = 6.7%



Disciplined Risk Selection

Focused guidelines and selection within industry-defined classes



% In Force Premiums, 09/30/11

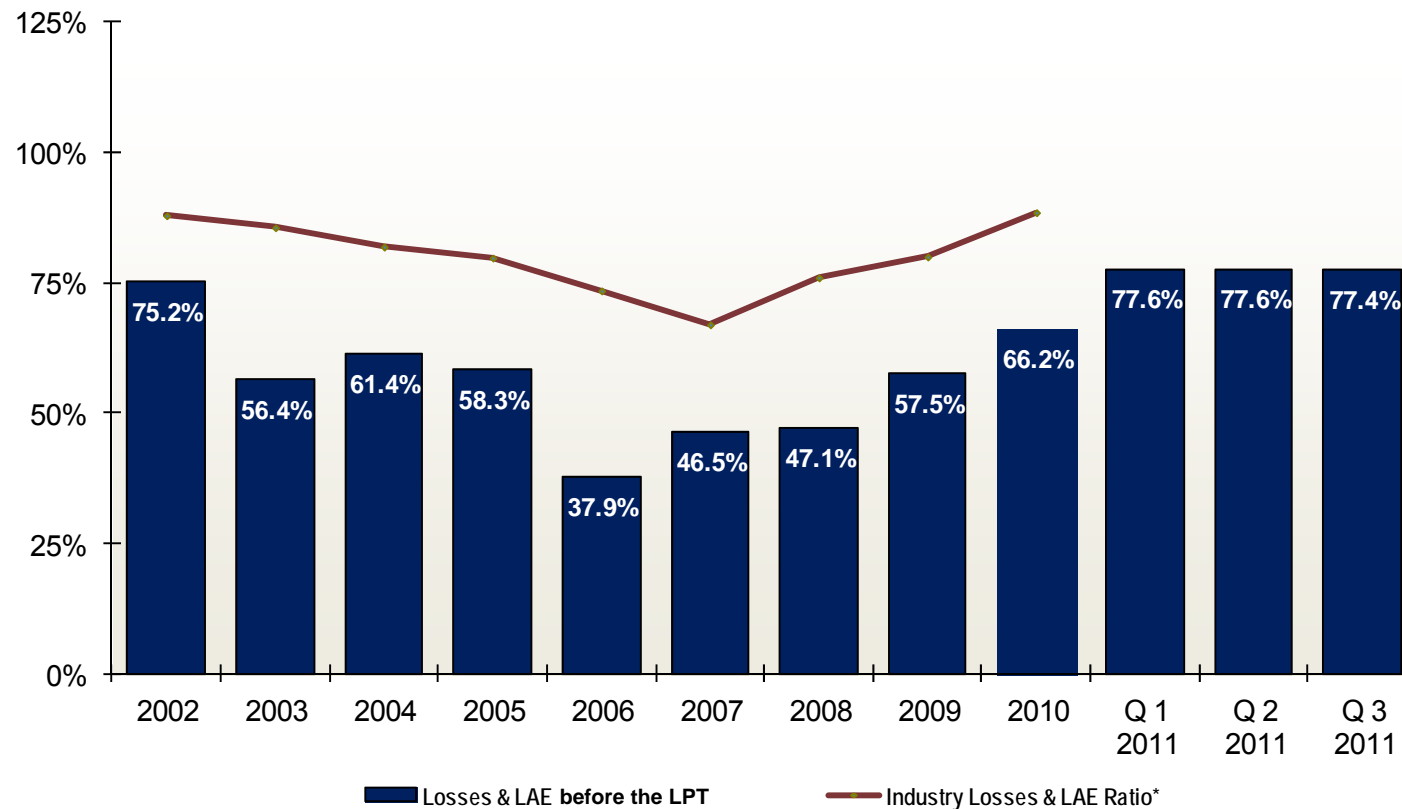
EMPLOYERS = 93% of Total In Force Premium, Hazard Groups A – D

- Hazard Group A ■ Lower Risk
 - Hazard Group B ■
 - Hazard Group C ■
 - Hazard Group D ■
 - Hazard Group E ■
 - Hazard Group F ■
 - Hazard Group G ■ Higher Risk
- ↑ Lower Risk
↓ Higher Risk

NCCI Hazard Group	EMPLOYERS Top 10 Classes	% In Force Premium
A	Restaurants	15.3
C	Physicians/Clerical	9.2
D	Automobile Services	8.4
B	Wholesale Stores	4.7
B	College Employees	3.2
B	Retail Stores	3.0
B	Hotel Employees	2.2
C	Grocery/Provisions Stores	1.9
D	Machine Shops	1.9
C	Clerical	1.8
	Total Top 10	51.6

Delivering Superior Loss Ratios

Consistently lower Loss and LAE Ratios than the industry composite



* A.M. Best, "Aggregates and Averages" and "QAR" (For 2010, estimate based on first nine months)

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Unique Distribution Network

September 30, 2011

Independent Agents and Brokers

- 3,500 agencies
- Strong relationships with agents
- Increase of 640 over last three quarters

Strategic Partnerships

- Two key partners
 - ADP
 - Anthem Blue Cross

Restaurants and physicians are our top two classes of customers

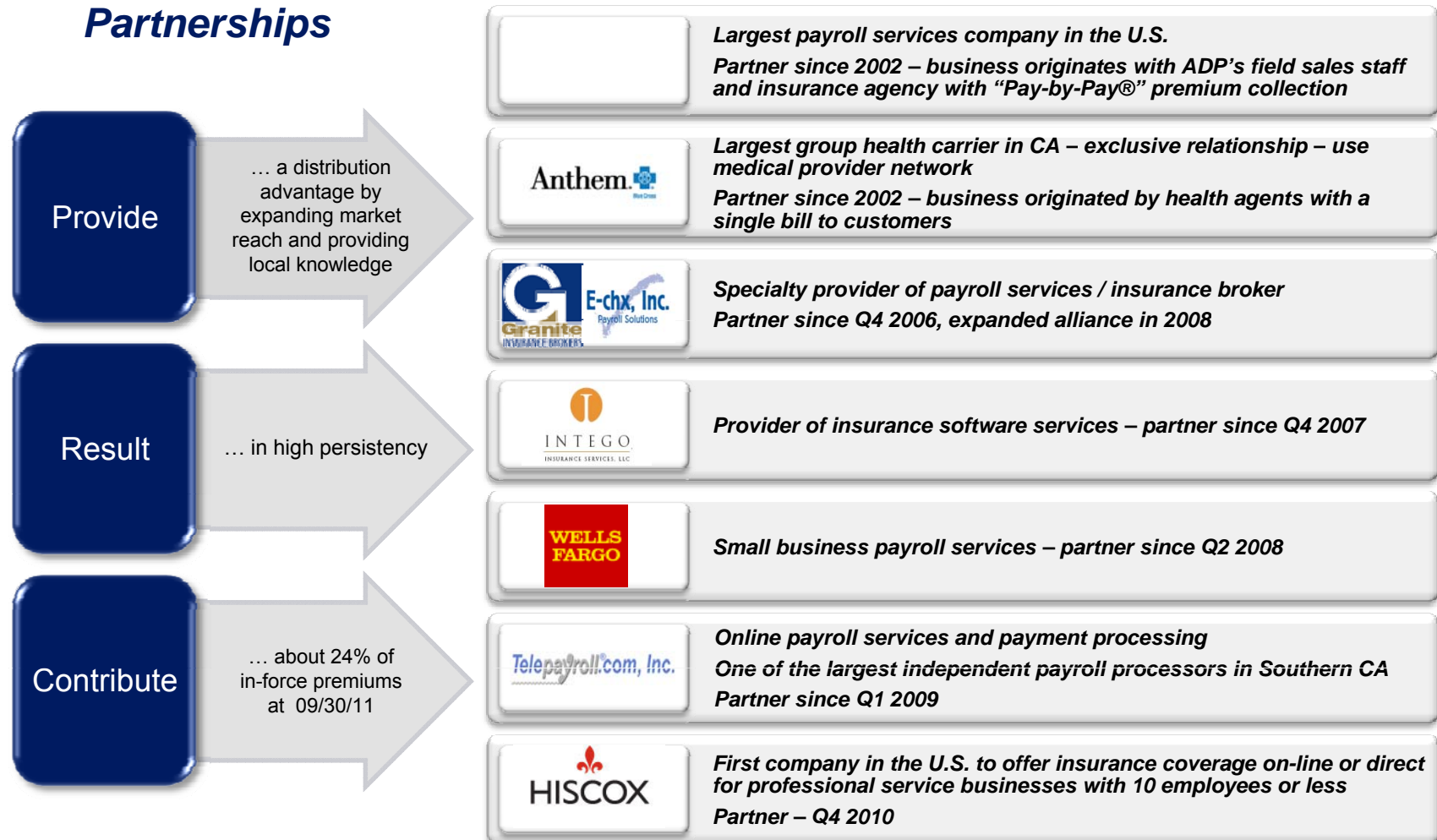
Industry Focused

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

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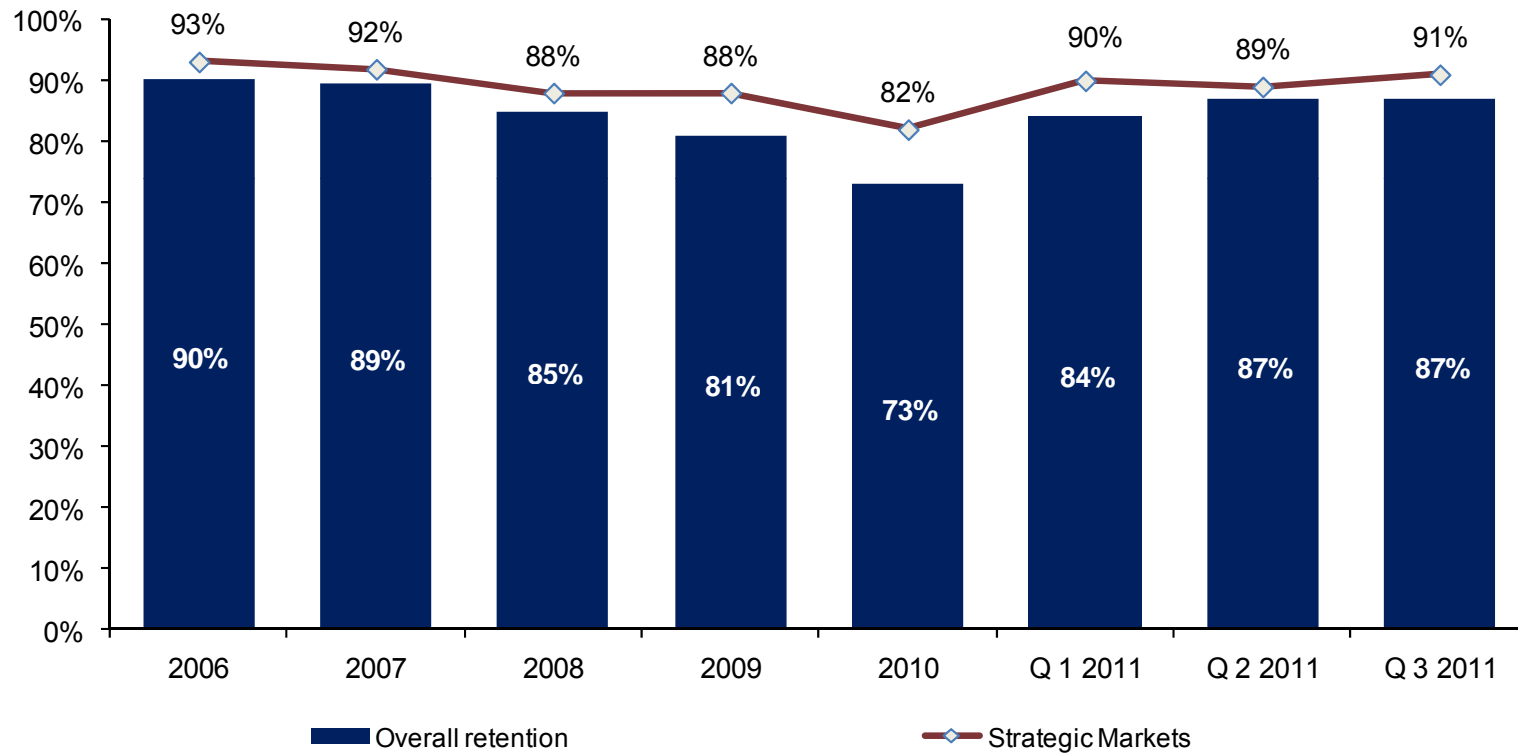
Increasing Points of Access

Partnerships



Strong Retention Rates

Strategic partnerships result in consistently higher retention rates



Superior Claims Management

In-house medical management staff

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

Comprehensive fraud program

- \$5.2 million savings in 2010

Rigorous quality assurance processes

- Ensure compliance with best practices and regulatory requirements

Dedicated subrogation unit

- Recoveries over \$2.9 million in 2010

Pharmacy benefit management program

- Savings over \$3.1 million in 2010

Claims professionals average over a decade of experience

Key Highlights: (Q 3, 2011 compared with Q 3, 2010 except where noted)

Net income	<ul style="list-style-type: none">• GAAP net income \$0.31 per diluted share, increase of 6 cents/share• Net income before the LPT \$0.20 per diluted share, increase of 7 cents/share
Premium	<ul style="list-style-type: none">• Increased net premiums written 26%, net premiums earned 15%
Policy count	<ul style="list-style-type: none">• Increased 30% to approximately 52,000• Average policy size of approximately \$6,500
Underwriting and other operating expense	<ul style="list-style-type: none">• UW expense ratio improved 4.5 points despite a \$1.1 million charge for acquisition-related due diligence
Loss ratio before LPT	<ul style="list-style-type: none">• 77.4%, an increase of 6.1 points due to an increase in current accident year provision rate
Tax benefit	<ul style="list-style-type: none">• \$4.4 million due to higher percentage of tax-exempt pre-tax income, impacts related to LPT, and favorable non-taxable prior period reserve development
Net rate (change)	<ul style="list-style-type: none">• Positive in California, negative 2% YTD, negative 3% YOY• Shift in payroll mix to lower hazard groups A and B
Book value per share	<ul style="list-style-type: none">• Book value per share of \$23.83, growth of 8% in first nine months

Loss Portfolio Transfer (LPT)



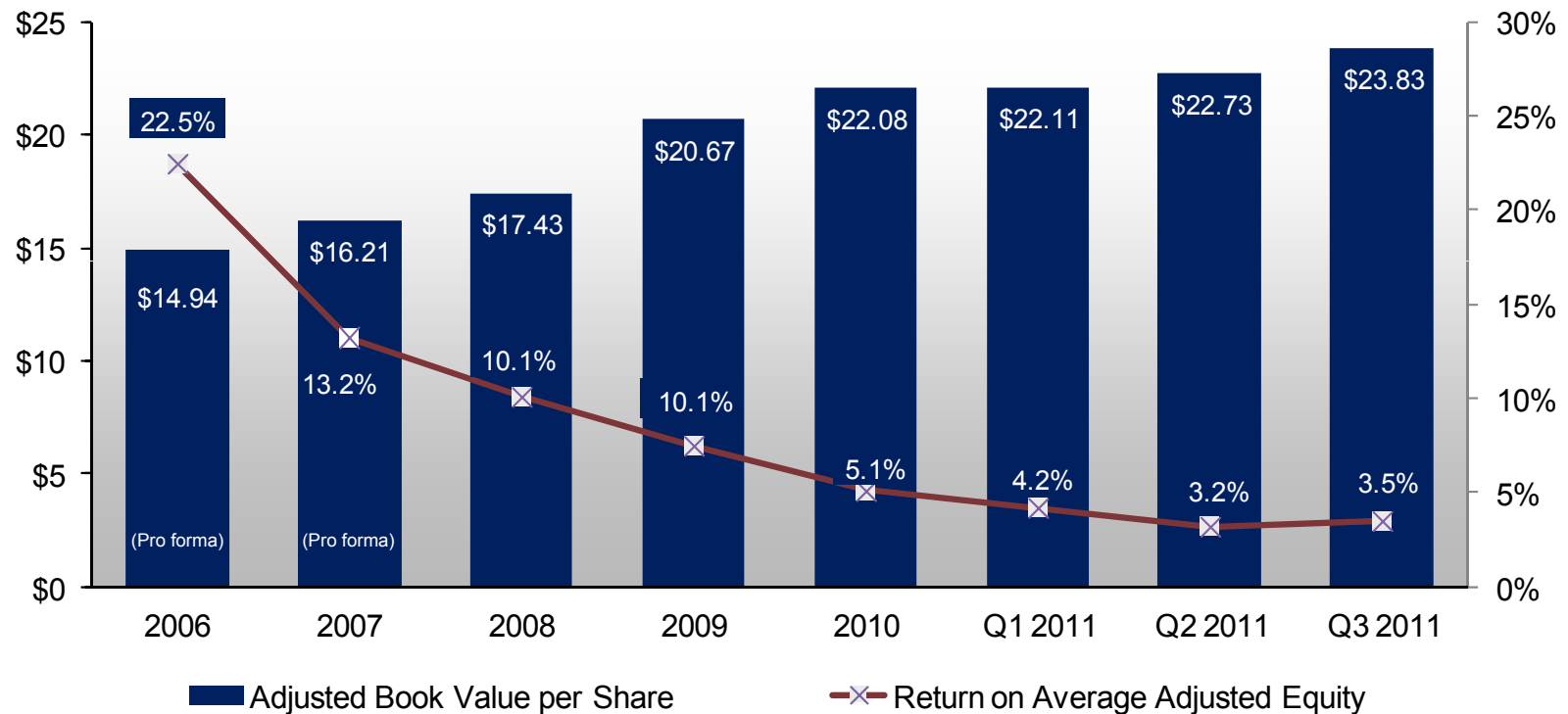
Contract	
	(\$ million)
Total Coverage	\$2,000
Original Reserves (Liabilities) Transferred	\$1,525
Consideration	\$ 775
Gain at 1/1/2000	750
Subsequent Reserve Adjustments	(147.5)
Gain at 9/30/11	\$602.5

Accounting at 9/30/11	
	(\$ million)
Statutory Surplus Created	\$602.5
Cumulative Amortization To Date	(245.1)
GAAP: Deferred Reinsurance Gain – LPT Agreement	\$357.4

Claims 9/30/1995 and prior – Approximately 3,300 claims open as of 9/30/11 with 4.5% closing each year

Remaining liabilities at 9/30/11: \$817.1 million

Return on Average Adjusted Equity, Increasing Book Value per Share

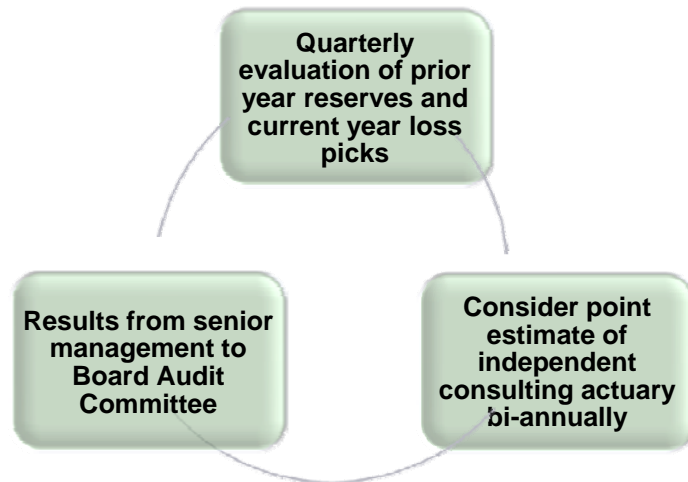


NOTE: 50,000,002 pro forma shares prior to February 5, 2007 (IPO date). Return on Average Equity includes deferred gain related to the LPT – equity in the ROE calculation is averaged for the trailing 12-month period

History of Reserve Strength

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

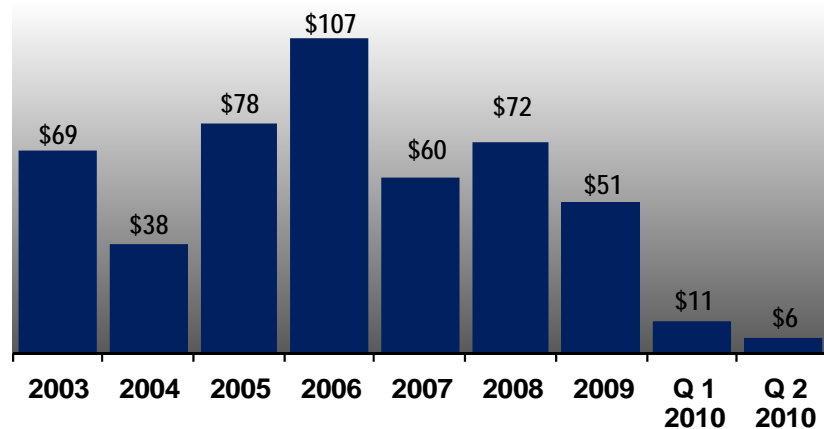
Reserve Review



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

Reserve Development

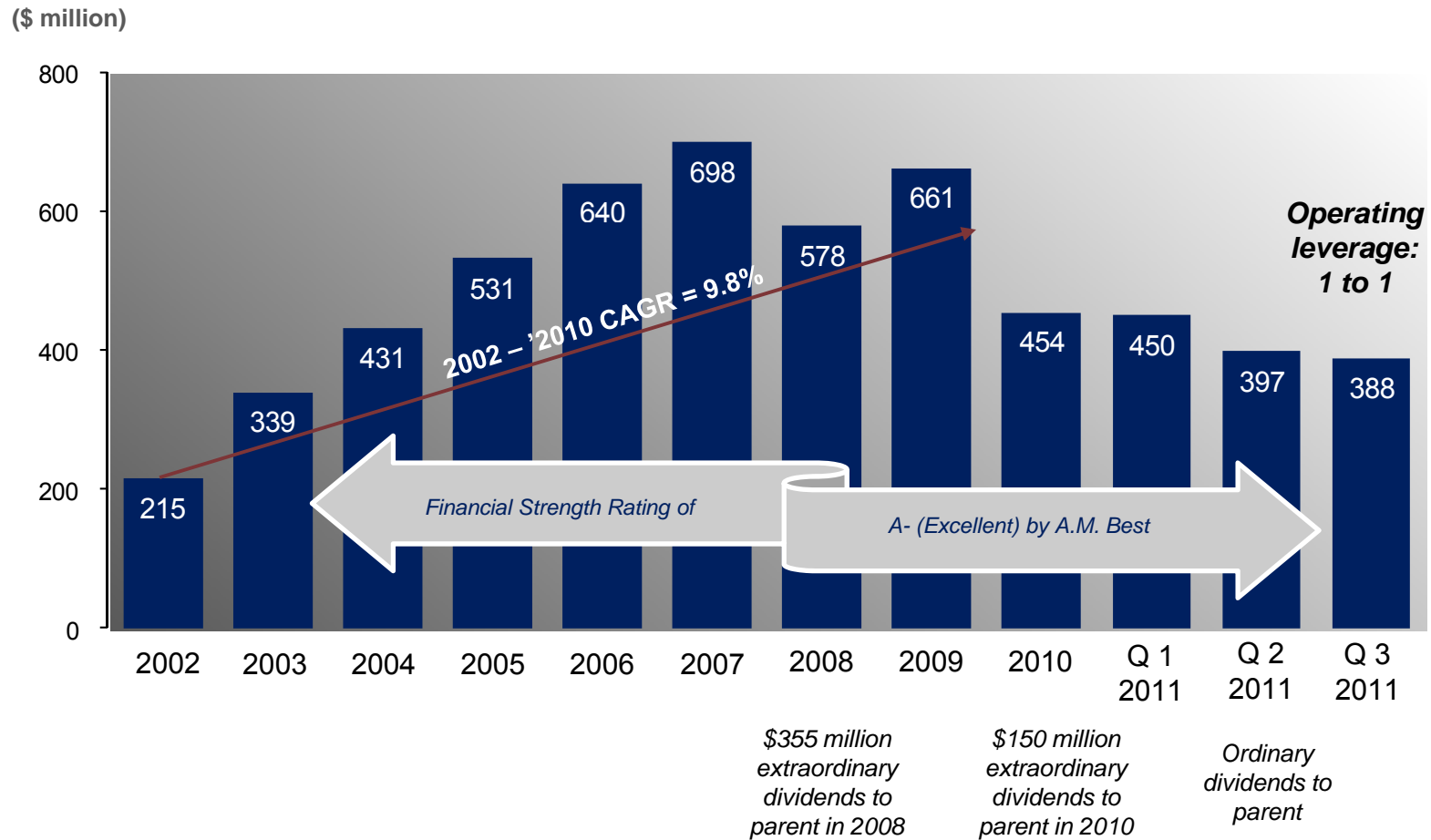
Net Calendar Year Reserve Releases for Prior Accident Years (\$ million)



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

Strong Capital Position

Statutory surplus provides a solid basis for underwriting



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Prudent Capital Management

Holding Company Flexibility at 09/30/11

- *Debt to total capital (including the deferred reinsurance gain, LPT) ratio – 13.3%*
- *\$412 million in cash and securities*

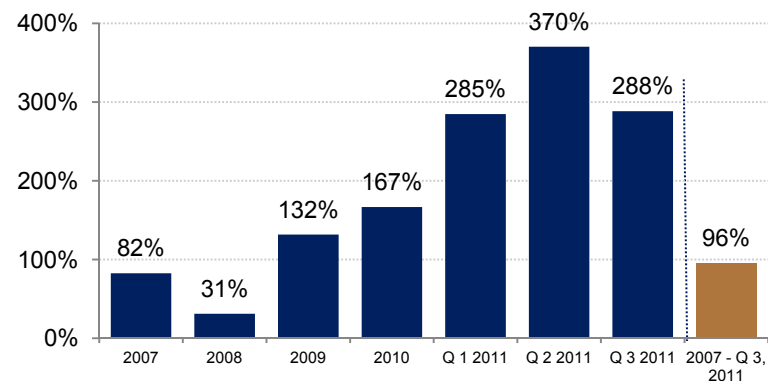
Investing in the Future

- *Generate capital to invest in operations/securities*
- *Deploy capital – opportunistic acquisitions*
- *Control costs*
 - Underwriting and other operating expense declined 9.6% year over year in the first nine months of the year

Returning Capital to Shareholders

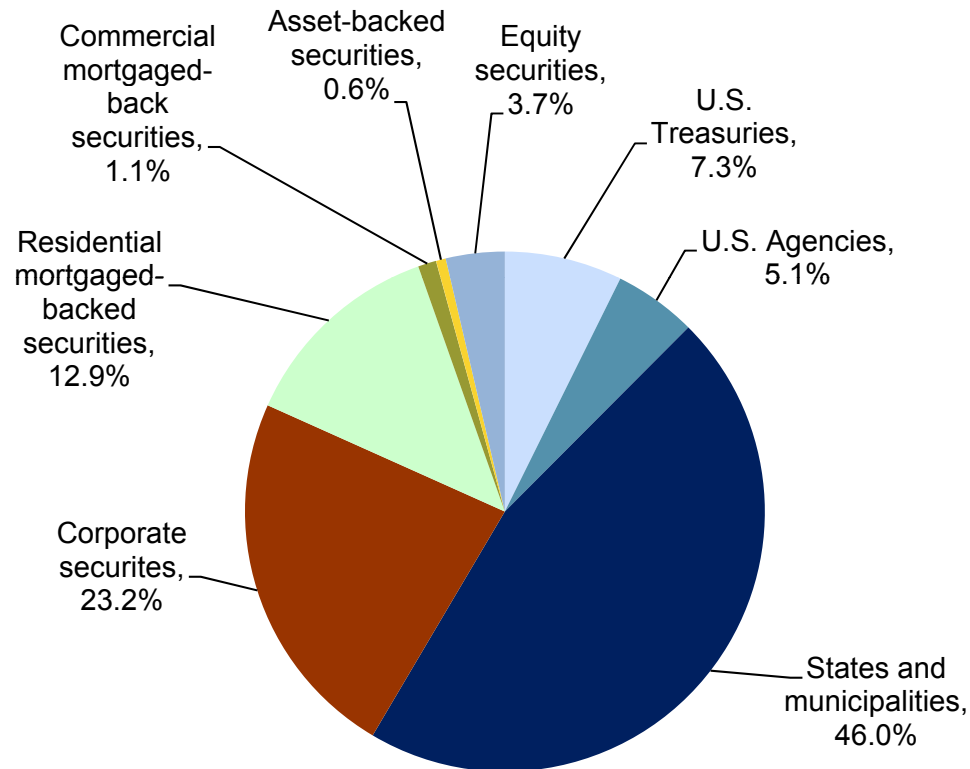
- *Dividends - \$0.24 per share – subject to Board approval*
- *Share Repurchases – \$40 million in 2011 YTD*
- *New \$100 million authorization*

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



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High Quality Investment Portfolio



Portfolio at 09/30/11

\$2.0 billion fair market value

- 96% fixed maturities with an average weighted rating of AA
- Average book yield of 4.0%
- Tax equivalent book yield of 5.2%
- Effective duration of 4.65
- Managed by Conning Asset Management

High Quality Reinsurance

Reinsurance Management

Maintain a high quality reinsurance program

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

Long-term relationships with lead reinsurers

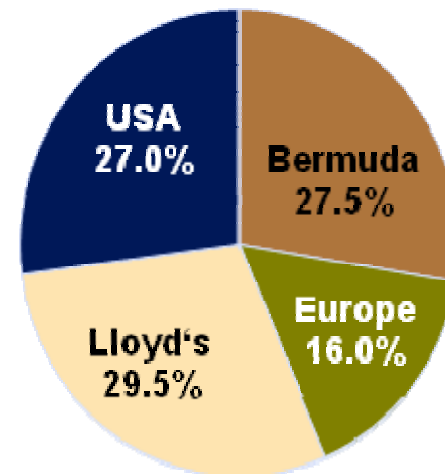
Rated A or better

Program Structure, Effective 7/1/11

Limits of \$200M

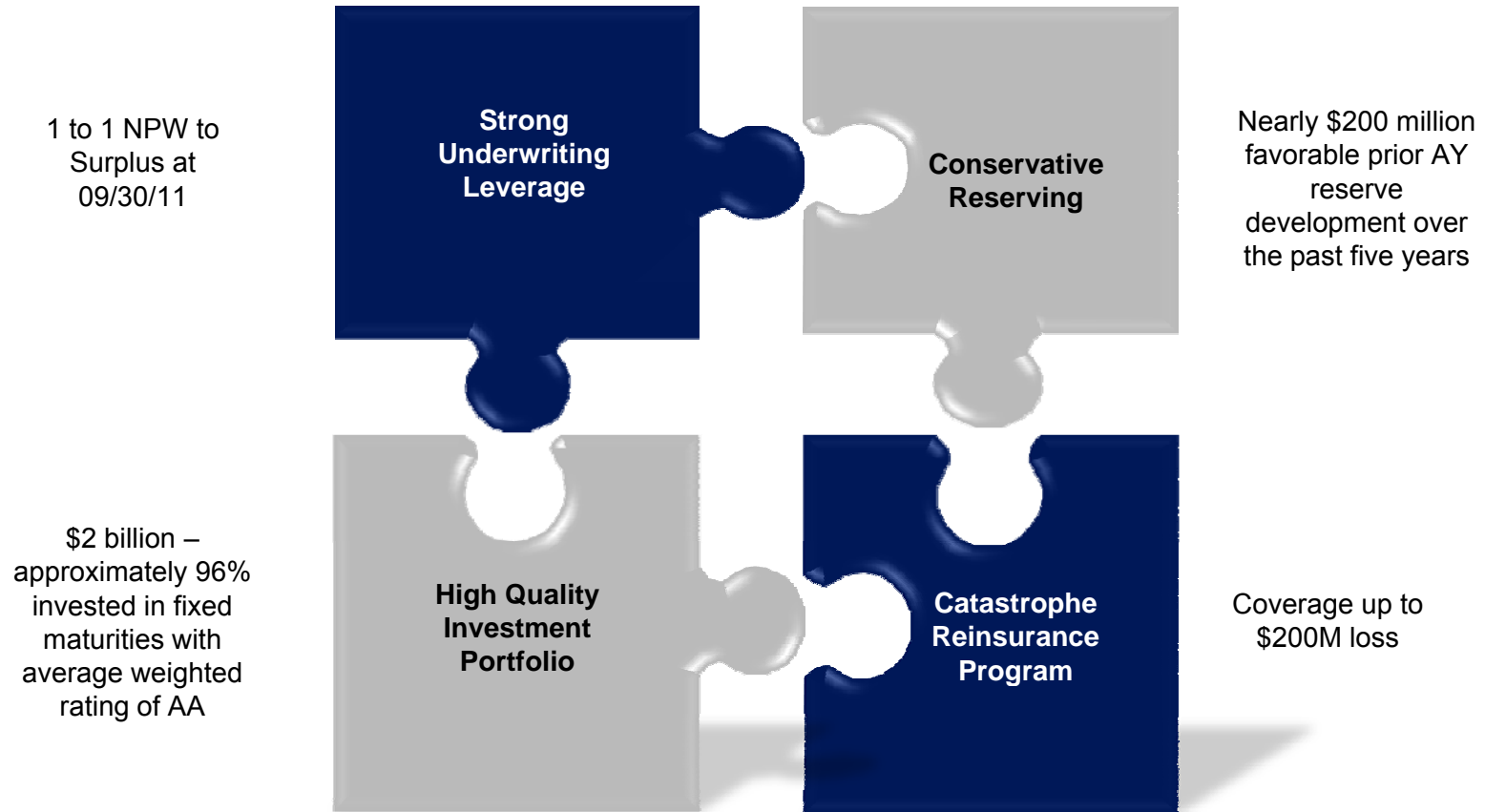
Retention of \$5M plus \$2M annual deductible

Reinsurers by Market

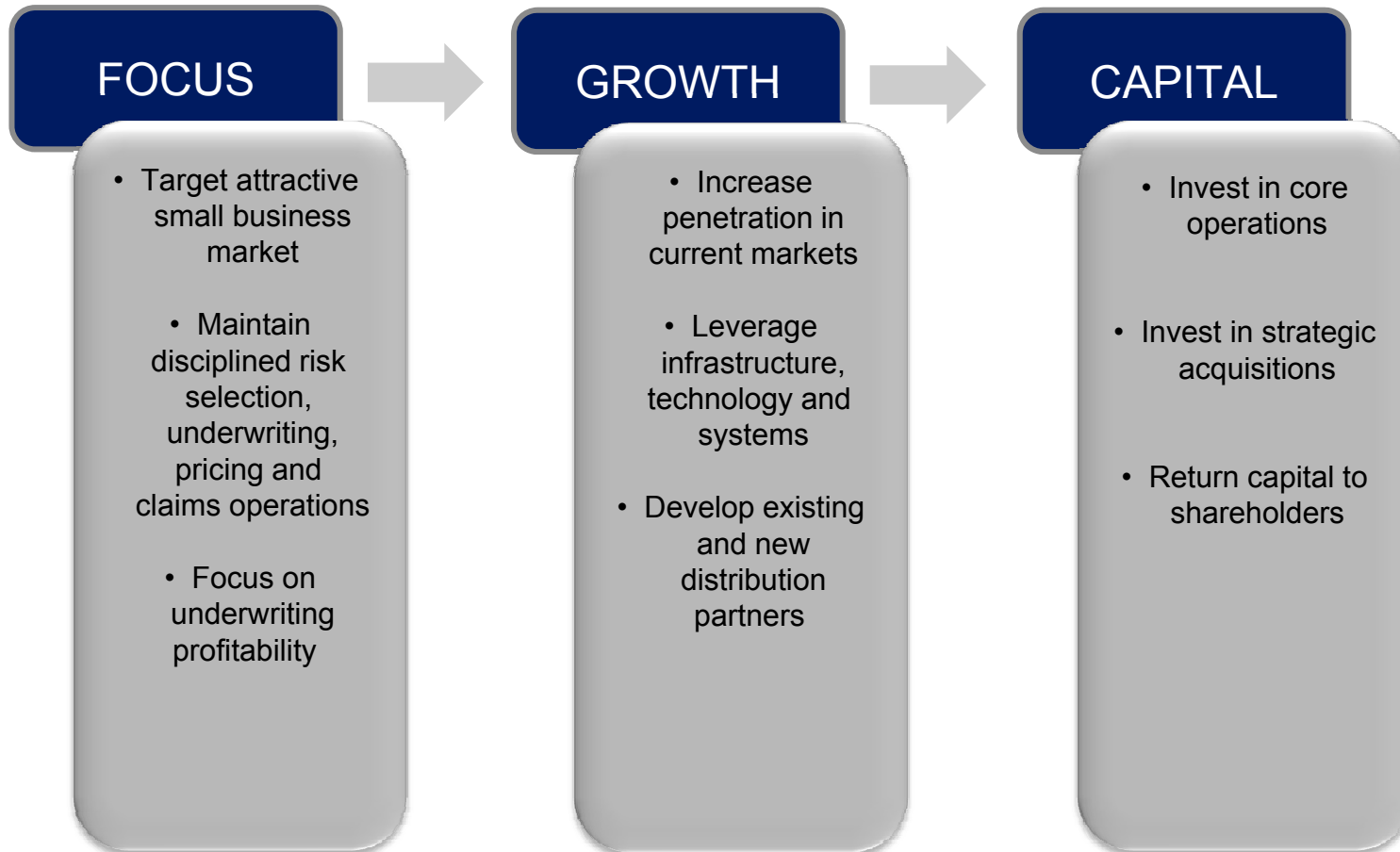


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Summary of Financial Strength



Key Strategies



Key Strengths

- ***Strong underwriting franchise with established presence in attractive markets***
 - 98 year operating history – attractive, target market segment with growth opportunities
- ***Unique, long-standing strategic distribution relationships***
- ***Conservative risk profile and prudent capital management***
- ***Strong financial position and strong balance sheet***
- ***Experienced management team with deep knowledge of workers' compensation***
 - average 28 years experience with the ability to manage through challenging operating conditions

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Appendix

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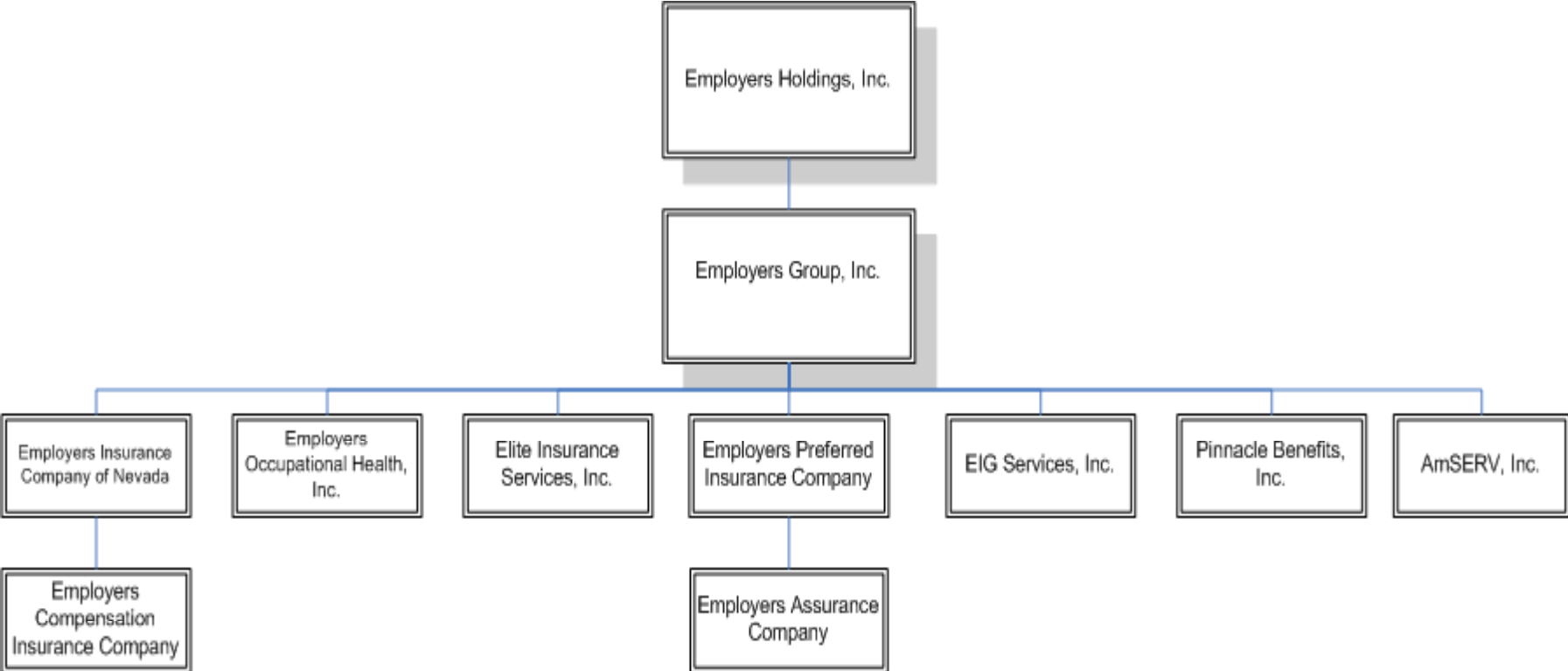
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Stock Ownership Limitations

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

- For a period of five years following the effective date of the Plan of Conversion of EMPLOYERS, which was February 5, 2007, no person may directly or indirectly acquire or offer to acquire in any manner beneficial ownership of 5% or more of any class of EMPLOYERS voting securities without the prior approval by the Nevada Commissioner of Insurance of an application for acquisition under Section 693A.500 of the Nevada Revised Statutes.
- Under Nevada insurance law, the Nevada Commissioner of Insurance may not approve an application for such acquisition unless the Commissioner finds that (1) the acquisition will not frustrate the plan of conversion as approved by our members and the Commissioner, (2) the board of directors of Employers Insurance Company of Nevada has approved the acquisition or extraordinary circumstances not contemplated in the plan of conversion have arisen which would warrant approval of the acquisition, and (3) the acquisition is consistent with the purpose of relevant Nevada insurance statutes to permit conversions on terms and conditions that are fair and equitable to the members eligible to receive consideration.
- Furthermore, any person or entity who individually or together with an affiliate (as defined by applicable law) seeks to directly or indirectly acquire in any manner, at any time, beneficial ownership of 5% or more of any class of EMPLOYERS voting securities, will be subject to certain requirements, including the prior approval of the proposed acquisition by certain state insurance regulators, depending upon the circumstances involved. Any such acquisition without prior satisfaction of applicable regulatory requirements may be deemed void under state law.

Corporate Structure

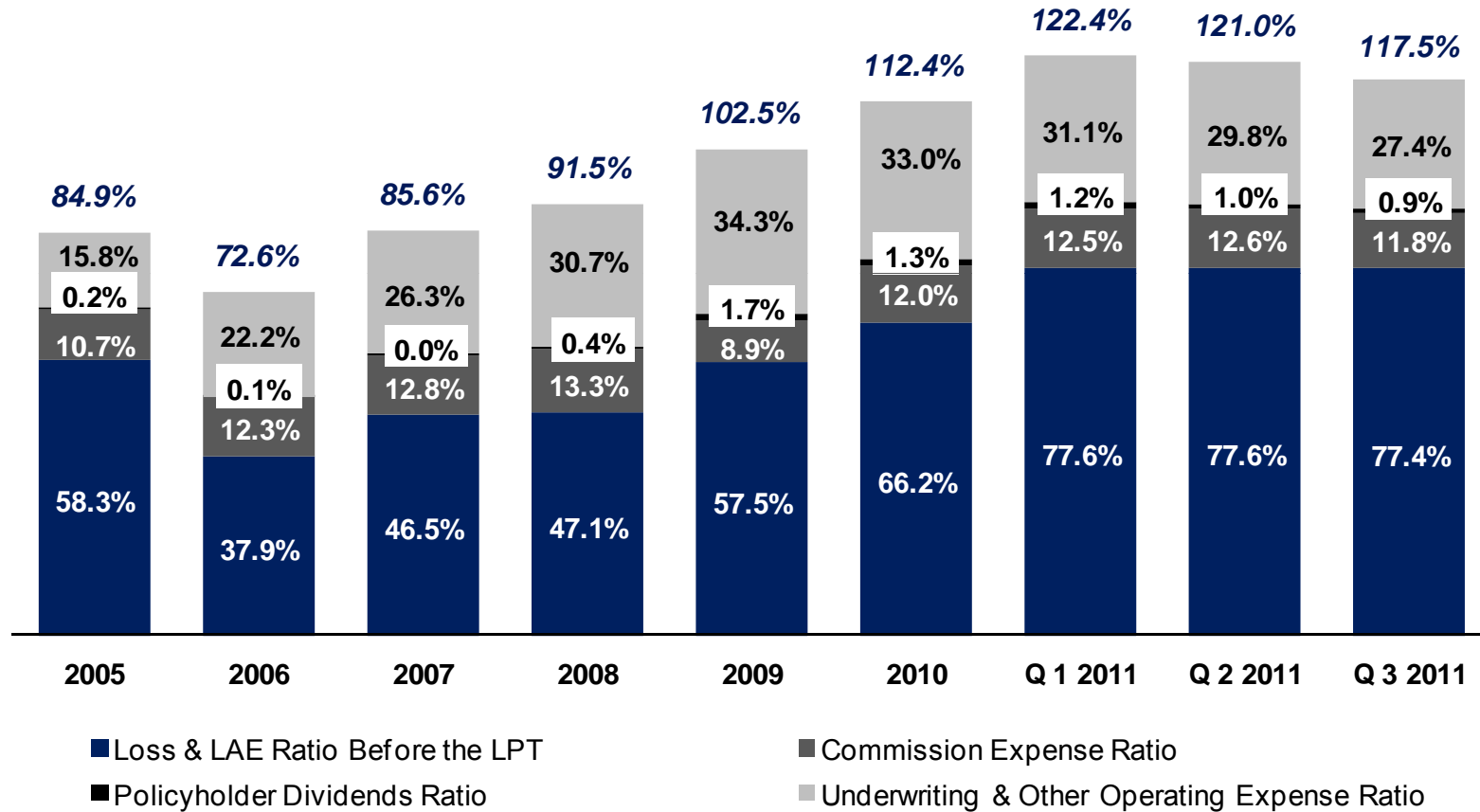


Selected Operating Results

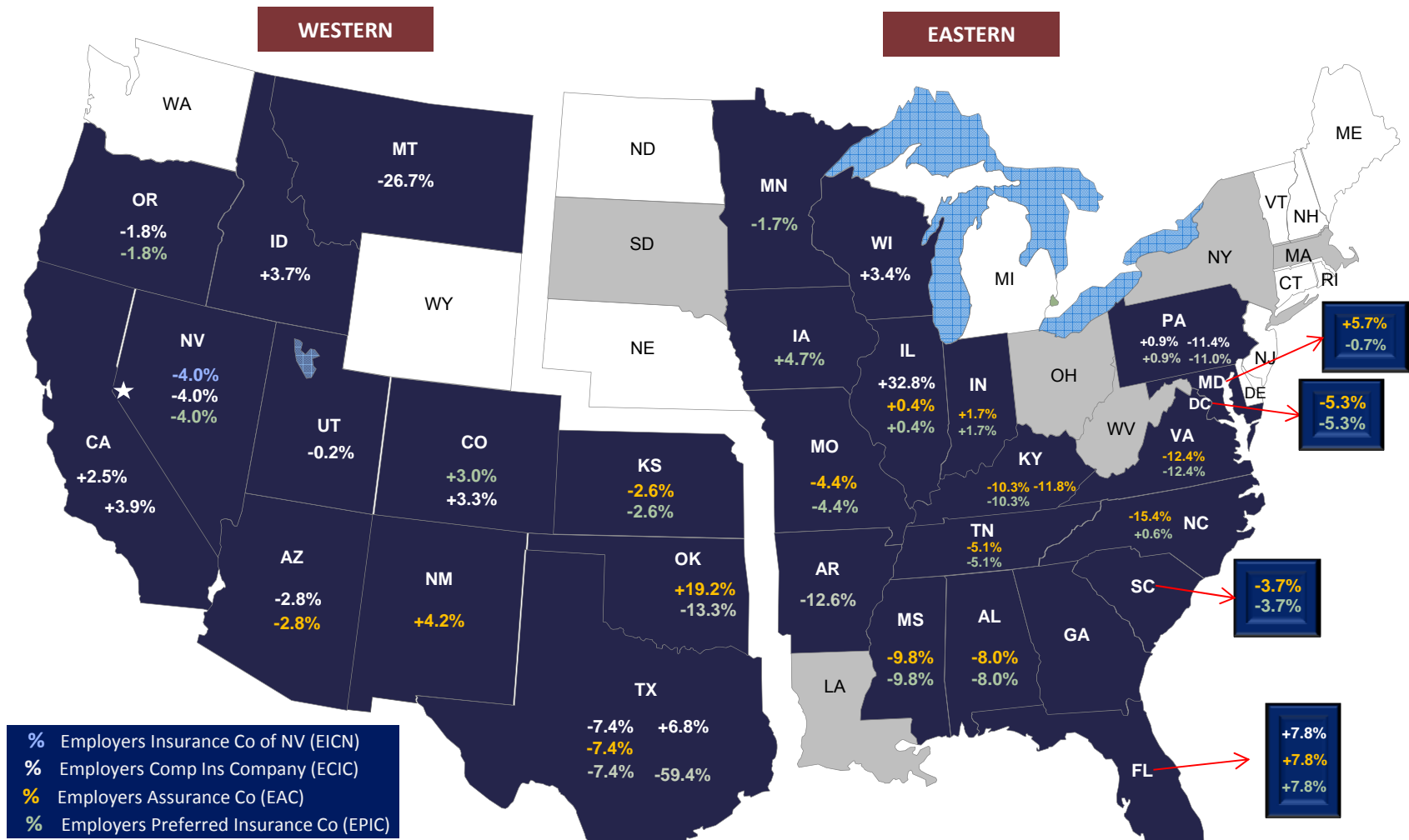
Income Statement (\$ million)	2005	2006	2007	2008	2009	2010
Gross Written Premium	\$ 451.4	\$ 386.8	\$ 351.8	\$ 318.4	\$ 379.9	\$ 322.3
Net Written Premium	432.5	372.2	339.7	308.3	368.3	313.1
Net Earned Premium	438.3	393.0	346.9	328.9	404.2	321.8
Net Investment Income	54.4	68.2	78.6	78.1	90.5	83.0
Net Income	137.6	171.6	120.3	101.8	83.0	62.8
Net Income Before LPT	93.8	152.2	102.2	83.4	65.0	44.6
Balance Sheet (\$ million)	2005	2006	2007	2008	2009	2010
Total Investments	\$ 1,595.8	\$ 1,715.7	\$ 1,726.3	\$ 2,042.9	\$ 2,029.6	\$ 2,080.5
Cash and Cash Equivalents *	61.1	80.0	149.7	202.9	191.6	136.8
Total Assets	3,188.8	3,266.8	3,264.3	3,825.1	3,676.7	3,480.1
Reserves for Loss and LAE	2,350.0	2,307.8	2,269.7	2,506.5	2,425.7	2,279.7
Shareholders' Equity	144.6	303.8	379.5	444.7	498.4	490.1
Equity Including LPT Deferred Gain	607.0	746.8	804.5	851.3	887.0	860.5

* Includes Restricted cash and cash equivalents

Calendar Year Combined Ratio



Filed Rate Changes: 10/01/10 thru 10/01/11



- % Employers Insurance Co of NV (EICN)
- % Employers Comp Ins Company (ECIC)
- % Employers Assurance Co (EAC)
- % Employers Preferred Insurance Co (EPIC)

- States Licensed, not actively writing
- States Licensed, actively writing
- ☆ Corporate Headquarters

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