

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 19, 2020

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 19, 2020, Employers Holdings, Inc. (the “Company”) issued a press release, financial supplement, and annual review announcing results for the fourth quarter and fiscal year ended December 31, 2019. The press release, financial supplement, and annual review are attached hereto as Exhibits 99.1, 99.2, and 99.3, 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 19, 2020, the Company announced that its Board of Directors declared a first quarter 2020 cash dividend of \$0.25 per share on the Company’s common stock. The dividend is payable on March 18, 2020 to stockholders of record as of March 4, 2020.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

- 99.1 Employers Holdings, Inc. press release, dated February 19, 2020.
- 99.2 Employers Holdings, Inc. financial supplement, dated February 19, 2020.
- 99.3 Employers Holdings, Inc. 2019 Annual Review, dated February 19, 2020.

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 19, 2020

/s/ Michael S. Paquette

Michael S. Paquette
Executive Vice President,
Chief Financial Officer

Exhibit Index

<u>Exhibit No.</u>	<u>Exhibit</u>	
99.1	Employers Holdings, Inc. press release, dated	February 19, 2020
99.2	Employers Holdings, Inc. financial supplement, dated	February 19, 2020
99.3	Employers Holdings, Inc. 2019 annual review, dated	February 19, 2020



**Employers Holdings, Inc. Reports Fourth Quarter 2019 and Year End Financial Results
Highlighted by Record Annual Net Income;
Increases Regular Quarterly Cash Dividend to \$0.25 per Share**

Company to Host Conference Call on Thursday, February 20, 2020, at 11:30 a.m. Eastern Standard Time

Reno, Nevada – February 19, 2020 – 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, 2019.

2019 Highlights

- Net income of \$157.1 million (\$4.83 per diluted share), adjusted net income of \$104.0 million (\$3.20 per diluted share).
- Net investment income of \$88.1 million, up 8% year-over-year.
- Net premiums earned of \$695.8 million, down 5% year-over-year.
- Favorable prior year loss reserve development of \$77.5 million, compared to \$66.2 million a year ago.
- The Company repurchased 1,619,109 shares of its common stock at an average price of \$41.43 per share (\$67.1 million).
- Book value per share including the Deferred Gain of \$41.55, up 19.1% year-over-year including dividends declared.
- Nationwide platform now complete with five insurance companies covering all eligible states.
- Diversification strategy continued as California business now represents less than 50% of in-force premium and policies.
- Strong new business opportunities, as evidenced by record levels of submissions, quotes and binds.

Fourth Quarter 2019 Highlights

- Net income of \$31.8 million (\$0.99 per diluted share), adjusted net income of \$15.5 million (\$0.48 per diluted share).
- Net investment income of \$22.6 million, up 6% year-over-year.
- Net premiums earned of \$169.7 million, down 8% year-over-year.
- Favorable prior year loss reserve development of \$11.4 million, compared to \$25.4 million a year ago.
- The Company repurchased 465,350 shares of its common stock at an average price of \$42.32 per share (\$19.7 million).

Management Commentary

Chief Executive Officer Douglas Dirks commented on the results: “We delivered an 8.6% return on adjusted equity for the year while continuing to successfully execute our plan of aggressive development and implementation of new technologies and capabilities that we believe will fundamentally transform and enhance the digital experience of our customers. In addition, we remain focused on our other key business initiatives, including: achieving internal and customer-facing business process excellence to provide greater support and ease of use to our independent agents, brokers and policyholders; further diversifying our risk exposure across geographic markets; and utilizing a multi-company pricing platform and employing territory-specific pricing.”

Mr. Dirks continued, “These initiatives are already providing us with significant new business opportunities, as measured by the record levels of submissions we received and quotes we provided during 2019. Despite the sharp increase in new business opportunities, we are continuing to maintain pricing discipline, which has limited policy binds. Our renewal premiums continue to be very strong both in terms of price and unit retention.

During the current market cycle, we intend to remain committed to exercising pricing discipline while attempting to remain competitive. In the short-run, this will mean increasing pressure on the expense ratio to protect the loss ratio. We believe this disciplined approach will ultimately produce superior performance over time. Throughout the past several quarters, we have experienced favorable prior year loss reserve development for nearly every accident year through the utilization of advanced claims analytics as well as a continuation of our accelerated claims settlement initiatives.

We are also pleased with the development of our new digital insurance platform, Cerity, which we launched just a year ago. Cerity is now able to offer direct-to-customer worker's compensation insurance in 34 states and the District of Columbia and is expanding rapidly to cover more states and businesses every month. For the first time this quarter, we are breaking out our financial results to separate Cerity's operations from Employers' operations, and believe that a balanced approach toward digitized product offerings coupled with agent support properly positions the Company to adapt to a rapidly changing marketplace."

Summary of Consolidated Fourth Quarter 2019 Results

(All comparisons vs. fourth quarter 2018, unless noted otherwise).

Gross premiums written were \$143.8 million, a decrease of 11%. The decrease was primarily due to declines in new business premiums written in California, where the Company continued to act as a price leader in achieving rate adequacy, as well as an overall reduction in final audit premiums, partially offset by an increase in overall renewal premiums. Net earned premiums were \$169.7 million, a decrease of 8% year-over-year.

Losses and loss adjustment expenses were \$97.6 million, an increase of 12%. The Company recognized \$11.4 million of favorable prior year loss reserve development during the current period versus \$25.4 million of favorable prior year loss reserve development a year ago.

Commission expenses were \$20.4 million, a decrease of 4%. The decrease was primarily due to a decrease in 2019 agency incentive commissions, which were directly impacted by the decrease in premiums written.

Underwriting and general and administrative expenses were \$50.9 million, an increase of 26%. The increase was largely the result of our aggressive development and implementation of new digital technologies and capabilities, as well as a \$1.8 million increase in bad debt expense associated with 2018 policy year final audit premiums.

Net investment income of \$22.6 million increased 6%, primarily as a result of an increase in the average yield and size of the investment portfolio.

Income tax expense was \$9.6 million (23.2% effective rate) versus \$4.9 million (16.1% effective rate). The increase in the effective rate is due primarily to having a higher proportion of fully taxable income in the current period versus that of a year ago as well as the impact of state income taxes.

The Company's book value per share of \$37.18, book value per share including the Deferred Gain of \$41.55, and adjusted book value per share of \$39.47 increased by 22.5%, 19.1%, and 11.9% during 2019, respectively, each computed after taking into account dividends declared. During 2019, the Company's book value per share and book value per share including the Deferred Gain were favorably impacted by \$79.0 million of net after tax unrealized gains from its portfolio of fixed maturity securities.

Summary of Fourth Quarter 2019 Results by Segment

(see page 16 of the Financial Supplement for a description of our reportable segments. All comparisons vs. fourth quarter 2018, unless noted otherwise).

Beginning with this earnings release, the Company has separated its operations into two distinct reporting segments, Employers and Cerity, and will continue to do so in its future earnings releases and filings with the U.S. Securities and Exchange Commission (the "SEC").

Employers Segment

The Employers segment reported net income before income taxes of \$46.9 million versus \$35.5 million.

Highlights included the following:

- Underwriting income of \$7.6 million versus \$39.9 million;
- Combined ratio of 95.5% versus 78.2%;
- Current accident year loss and LAE ratio of 65.6% versus 62.5%;
- Favorable prior year loss reserve development of 9.1 percentage points versus 13.8 percentage points;
- Underwriting expense ratio of 24.6% versus 18.0%;
- Net investment income of \$21.8 million versus \$20.4 million; and
- Net realized and unrealized gains (losses) on investments of \$17.4 million versus \$(25.1) million.

Cerity Segment

The Cerity segment reported a net loss before income tax of \$4.2 million versus \$2.0 million, and an underwriting loss of \$4.3 million versus \$2.2 million.

Corporate and Other

Corporate and Other activities reported a net loss before income taxes of \$1.3 million versus \$3.0 million. Highlights included the following:

- LPT amortization, which served to reduce losses and LAE, of \$2.3 million versus \$2.5 million;
- Net investment income of \$0.7 million versus \$0.9 million;
- Net realized and unrealized gains (losses) on investments of \$0.4 million versus \$(1.3) million; and
- General and administrative expenses of \$4.8 million versus \$5.1 million.

Increase in Regular Quarterly Dividend

On February 14, 2020, the Board of Directors declared a first quarter 2020 dividend of \$0.25 per share, an increase of 14% from the previous quarterly dividend of \$0.22 per share. The dividend is payable on March 18, 2020 to stockholders of record as of March 4, 2020.

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

The Company will host a conference call on Thursday, February 20, 2020 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 9370517.

The webcast will be accessible on the Company's web site at 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 9370517.

Reconciliation of Non-GAAP Financial Measures to GAAP

The information in this press release should be read in conjunction with the Financial Supplement and the 2019 Annual Review that are 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, 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. The Company's filings with the SEC can also be accessed through the SEC's EDGAR Database at www.sec.gov (EDGAR CIK No. 0001379041).

The Company also provides its quarterly Investor Presentations on its web site at 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 and www.cerity.com for coverage availability.

Contact Information

Company contact:

Mike Paquette (775) 327-2562 or mpaquette@employers.com

Investor relations contact:

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

Employers Holdings, Inc.

Fourth Quarter and Full Year 2019

Financial Supplement

February 19, 2020

EMPLOYERS[®]

America's small business insurance specialist[®]

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,		
	2019	2018	% change	2019	2018	% change
Selected financial highlights:						
Gross premiums written	\$ 143.8	\$ 161.7	(11)%	\$ 696.9	\$ 748.9	(7)%
Net premiums written	142.4	160.4	(11)	691.5	742.8	(7)
Net premiums earned	169.7	183.6	(8)	695.8	731.1	(5)
Net investment income	22.6	21.3	6	88.1	81.2	8
Net income before impact of the LPT ⁽¹⁾	29.6	23.1	28	144.4	126.7	14
Adjusted net income ⁽¹⁾	15.5	43.6	(64)	104.0	136.8	(24)
Net income before income taxes	41.4	30.5	36	193.8	169.5	14
Net income	31.8	25.6	24	157.1	141.3	11
Comprehensive income	29.0	34.4	(16)	236.1	94.2	151
Total assets				4,004.1	3,919.2	2
Stockholders' equity				1,165.8	1,018.2	14
Stockholders' equity including the Deferred Gain ⁽²⁾				1,302.9	1,167.8	12
Adjusted stockholders' equity ⁽²⁾				1,237.6	1,181.5	5
Annualized adjusted return on stockholders' equity ⁽³⁾	5.0%	14.9%	(66)%	8.6%	12.5%	(31)
Amounts per share:						
Cash dividends declared per share	\$ 0.22	\$ 0.20	10 %	\$ 0.88	\$ 0.80	10 %
Earnings per diluted share ⁽⁴⁾	0.99	0.77	29	4.83	4.24	14
Earnings per diluted share before impact of the LPT ⁽⁴⁾	0.92	0.69	33	4.44	3.80	17
Adjusted earnings per diluted share ⁽⁴⁾	0.48	1.31	(63)	3.20	4.11	(22)
Book value per share ⁽²⁾				37.18	31.08	20
Book value per share including the Deferred Gain ⁽²⁾				41.55	35.64	17
Adjusted book value per share ⁽²⁾				39.47	36.06	9
Financial information by Segment⁽⁵⁾:						
Net income (loss) before income taxes:						
Employers	\$ 46.9	\$ 35.5	32 %	\$ 208.0	\$ 174.8	19 %
Cerity	(4.2)	(2.0)	(110)	(15.6)	(5.7)	(174)
Corporate and Other	(1.3)	(3.0)	57	1.4	0.4	250

(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

	December 31, 2019	December 31, 2018
ASSETS		
Investments, cash and cash equivalents	\$ 2,933.6	\$ 2,829.7
Accrued investment income	16.4	18.0
Premiums receivable, net	285.7	333.1
Reinsurance recoverable on paid and unpaid losses	539.7	511.1
Deferred policy acquisition costs	47.9	48.2
Deferred income taxes, net	—	26.9
Contingent commission receivable—LPT Agreement	13.2	32.0
Other assets	167.6	120.2
Total assets	\$ 4,004.1	\$ 3,919.2
LIABILITIES		
Unpaid losses and LAE	\$ 2,192.8	\$ 2,207.9
Unearned premiums	337.1	336.3
Commissions and premium taxes payable	48.6	57.3
Deferred Gain	137.1	149.6
Notes payable	—	20.0
Other liabilities	122.7	129.9
Total liabilities	\$ 2,838.3	\$ 2,901.0
STOCKHOLDERS' EQUITY		
Common stock and additional paid-in capital	\$ 397.0	\$ 389.4
Retained earnings	1,158.8	1,030.7
Accumulated other comprehensive income (loss), net	65.3	(13.7)
Treasury stock, at cost	(455.3)	(388.2)
Total stockholders' equity	1,165.8	1,018.2
Total liabilities and stockholders' equity	\$ 4,004.1	\$ 3,919.2
Stockholders' equity including the Deferred Gain ⁽¹⁾	\$ 1,302.9	\$ 1,167.8
Adjusted stockholders' equity ⁽¹⁾	1,237.6	1,181.5
Book value per share ⁽¹⁾	\$ 37.18	\$ 31.08
Book value per share including the Deferred Gain ⁽¹⁾	41.55	35.64
Adjusted book value per share ⁽¹⁾	39.47	36.06

(1) 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

	Three Months Ended		Years Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Revenues:				
Net premiums earned	\$ 169.7	\$ 183.6	\$ 695.8	\$ 731.1
Net investment income	22.6	21.3	88.1	81.2
Net realized and unrealized gains (losses) on investments ⁽¹⁾	17.8	(26.4)	51.1	(13.1)
Other income	0.2	0.9	0.9	1.2
Total revenues	210.3	179.4	835.9	800.4
Expenses:				
Losses and LAE incurred	(97.6)	(86.9)	(365.9)	(376.7)
Commission expense	(20.4)	(21.2)	(88.1)	(94.2)
Underwriting and general and administrative expenses	(50.9)	(40.4)	(187.5)	(158.5)
Interest and financing expenses	—	(0.4)	(0.6)	(1.5)
Total expenses	(168.9)	(148.9)	(642.1)	(630.9)
Net income before income taxes	41.4	30.5	193.8	169.5
Income tax expense	(9.6)	(4.9)	(36.7)	(28.2)
Net income	31.8	25.6	157.1	141.3
Unrealized AFS investment (losses) gains arising during the period, net of tax ⁽²⁾	(2.0)	7.8	82.1	(48.5)
Reclassification adjustment for realized AFS investment losses (gains) in net income, net of tax ⁽²⁾	(0.8)	1.0	(3.1)	1.4
Total Comprehensive income	\$ 29.0	\$ 34.4	\$ 236.1	\$ 94.2
Net income	\$ 31.8	\$ 25.6	\$ 157.1	\$ 141.3
Amortization of the Deferred Gain - losses	(1.8)	(2.1)	(8.9)	(9.9)
Amortization of the Deferred Gain - contingent commission	(0.4)	(0.4)	(1.8)	(2.0)
LPT reserve adjustment	—	—	(1.8)	(2.2)
LPT contingent commission adjustments	—	—	(0.2)	(0.5)
Net income before impact of the LPT Agreement ⁽³⁾	\$ 29.6	\$ 23.1	\$ 144.4	\$ 126.7
Net realized and unrealized (gains) losses on investments	(17.8)	26.4	(51.1)	13.1
Amortization of intangibles	—	—	—	0.2
Income tax expense (benefit) related to items excluded from Net income	3.7	(5.5)	10.7	(2.8)
Net impact of Federal tax reform	—	(0.4)	—	(0.4)
Adjusted net income ⁽¹⁾	\$ 15.5	\$ 43.6	\$ 104.0	\$ 136.8

(1) Includes \$16.3 million and \$(27.4) million for the three months ended December 31 2019 and 2018, respectively, and \$33.8 million and \$(25.6) million of unrealized gains and losses on equity securities and other invested assets for the year ended December 31, 2019 and 2018, 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⁽¹⁾ (unaudited)
\$ in millions

Year Ended December 31, 2019	Employers	Certy	Corporate and Other	Consolidated
	(in millions)			
Gross premiums written	\$ 696.8	\$ 0.1	\$ —	\$ 696.9
Net premiums written	691.4	0.1	—	691.5
Net premiums earned	A 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
Total revenues	828.5	0.4	7.0	835.9
Losses and LAE incurred	B (378.6)	—	12.7	(365.9)
Commission expense	C (88.1)	—	—	(88.1)
Underwriting expenses	D (153.2)	(16.0)	—	(169.2)
General and administrative expenses	—	—	(18.3)	(18.3)
Interest and financing expenses	(0.6)	—	—	(0.6)
Total expenses	(620.5)	(16.0)	(5.6)	(642.1)
Net income (loss) before income taxes	\$ 208.0	\$ (15.6)	\$ 1.4	\$ 193.8
Underwriting income (loss)	A+B+C+D \$ 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		
Combined ratio	89.1 %	n/m		

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⁽¹⁾ (unaudited)
\$ in millions

Year Ended December 31, 2018	Employers	Cerity	Corporate and Other	Consolidated
	(in millions)			
Gross premiums written	\$ 748.9	\$ —	\$ —	\$ 748.9
Net premiums written	742.8	—	—	742.8
Net premiums earned	A 731.1	—	—	731.1
Net investment income	78.6	—	2.6	81.2
Net realized and unrealized (losses) gains on investments	(13.9)	—	0.8	(13.1)
Other income	1.0	0.2	—	1.2
Total revenues	796.8	0.2	3.4	800.4
Losses and LAE incurred	B (391.3)	—	14.6	(376.7)
Commission expense	C (94.2)	—	—	(94.2)
Underwriting expenses	D (135.0)	(5.9)	—	(140.9)
General and administrative expenses	—	—	(17.6)	(17.6)
Interest and financing expenses	(1.5)	—	—	(1.5)
Total expenses	(622.0)	(5.9)	(3.0)	(630.9)
Net income (loss) before income taxes	\$ 174.8	\$ (5.7)	\$ 0.4	\$ 169.5
Underwriting income (loss)	A+B+C+D \$ 110.6	\$ (5.9)		
Loss and LAE expense ratio:				
Current year	62.6 %	n/m		
Prior years	(9.1)	—		
Loss and LAE ratio	53.5	n/m		
Commission expense ratio	12.9	n/m		
Underwriting expense ratio	18.5	n/m		
Combined ratio	84.9 %	n/m		

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⁽¹⁾ (unaudited)
\$ in millions

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

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⁽¹⁾ (unaudited)
\$ in millions

Three Months Ended December 31, 2018	Employers	Cerity	Corporate and Other	Consolidated
	(in millions)			
Gross premiums written	\$ 161.7	\$ —	\$ —	\$ 161.7
Net premiums written	160.4	—	—	160.4
Net premiums earned	A 183.6	—	—	183.6
Net investment income	20.4	—	0.9	21.3
Net realized and unrealized losses on investments	(25.1)	—	(1.3)	(26.4)
Other income	0.7	0.2	—	0.9
Total revenues	179.6	0.2	(0.4)	179.4
Losses and LAE incurred	B (89.4)	—	2.5	(86.9)
Commission expense	C (21.2)	—	—	(21.2)
Underwriting expenses	D (33.1)	(2.2)	—	(35.3)
General and administrative expenses	—	—	(5.1)	(5.1)
Interest and financing expenses	(0.4)	—	—	(0.4)
Total expenses	(144.1)	(2.2)	(2.6)	(148.9)
Net income (loss) before income taxes	\$ 35.5	\$ (2.0)	\$ (3.0)	\$ 30.5
Underwriting income (loss)	A+B+C+D \$ 39.9	\$ (2.2)		
Loss and LAE expense ratio:				
Current year	62.5 %	n/m		
Prior years	(13.8)	—		
Loss and LAE ratio	48.7	n/m		
Commission expense ratio	11.5	n/m		
Underwriting expense ratio	18.0	n/m		
Combined ratio	78.2 %	n/m		

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,			
	2019		2018		2019		2018	
Net income	A	\$ 31.8	\$ 25.6	\$ 157.1	\$ 141.3			
Impact of the LPT Agreement		(2.2)	(2.5)	(12.7)	(14.6)			
Net realized and unrealized (gains) losses on investments		(17.8)	26.4	(51.1)	13.1			
Amortization of intangibles		—	—	—	0.2			
Income tax expense (benefit) related to items excluded from Net income		3.7	(5.5)	10.7	(2.8)			
Net impact of Federal tax reform		—	(0.4)	—	(0.4)			
Adjusted net income⁽¹⁾	B	\$ 15.5	\$ 43.6	\$ 104.0	\$ 136.8			
Stockholders' equity - end of period		\$ 1,165.8	\$ 1,018.2	\$ 1,165.8	\$ 1,018.2			
Stockholders' equity - beginning of period		1,160.4	991.2	1,018.2	947.7			
Average stockholders' equity	C	\$ 1,163.1	\$ 1,004.7	\$ 1,092.0	\$ 983.0			
Stockholders' equity - end of period		\$ 1,165.8	\$ 1,018.2	\$ 1,165.8	\$ 1,018.2			
Deferred Gain - end of period		137.1	149.6	137.1	149.6			
Accumulated other comprehensive (income) loss, before taxes - end of period		(82.6)	17.3	(82.6)	17.3			
Income tax related to accumulated other comprehensive income (loss) - end of period		17.3	(3.6)	17.3	(3.6)			
Adjusted stockholders' equity - end of period		1,237.6	1,181.5	1,237.6	1,181.5			
Adjusted stockholders' equity - beginning of period		1,231.7	1,165.8	1,181.5	1,003.9			
Average adjusted stockholders' equity⁽¹⁾	D	\$ 1,234.7	\$ 1,173.7	\$ 1,209.6	\$ 1,092.7			
Return on stockholders' equity	A / C	2.7%	2.5%	14.4%	14.4%			
Annualized return on stockholders' equity		10.9	10.2					
Adjusted return on stockholders' equity ⁽¹⁾	B / D	1.3	3.7	8.6	12.5			
Annualized adjusted return on stockholders' equity⁽¹⁾		5.0	14.9					

(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

	Three Months Ended		Years Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Unpaid losses and LAE at beginning of period	\$ 2,197.3	\$ 2,233.7	\$ 2,207.9	\$ 2,266.1
Less reinsurance recoverable on unpaid losses and LAE	527.1	511.8	504.4	537.0
Net unpaid losses and LAE at beginning of period	1,670.2	1,721.9	1,703.5	1,729.1
Losses and LAE incurred:				
Current year	111.3	115.0	456.1	457.5
Prior years - voluntary business	(11.5)	(25.0)	(77.5)	(65.5)
Prior years - involuntary business	0.1	(0.4)	—	(0.7)
Total losses incurred	99.9	89.6	378.6	391.3
Losses and LAE paid:				
Current year	43.1	36.1	106.6	93.0
Prior years	66.7	71.9	315.2	323.9
Total paid losses	109.8	108.0	421.8	416.9
Net unpaid losses and LAE at end of period	1,660.3	1,703.5	1,660.3	1,703.5
Reinsurance recoverable on unpaid losses and LAE	532.5	504.4	532.5	504.4
Unpaid losses and LAE at end of period	\$ 2,192.8	\$ 2,207.9	\$ 2,192.8	\$ 2,207.9

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 \$2.2 million and \$2.5 million for the three months ended December 31, 2019 and 2018, respectively, and \$12.7 million and \$14.6 million for the year ended December 31, 2019 and 2018, respectively.

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

Investment Positions:	December 31, 2019				December 31, 2018	
	Cost or Amortized Cost	Net Unrealized Gains	Fair Value	%	Fair Value	%
Fixed maturities	\$ 2,403.3	\$ 82.6	\$ 2,485.9	85%	\$ 2,496.4	88%
Equity securities	162.3	101.1	263.4	9	206.3	7
Other invested assets	28.4	0.7	29.1	1	—	—
Short-term investments	—	—	—	—	25.0	1
Cash and cash equivalents	154.9	—	154.9	5	101.4	4
Restricted cash and cash equivalents	0.3	—	0.3	—	0.6	—
Total investments and cash	\$ 2,749.2	\$ 184.4	\$ 2,933.6	100%	\$ 2,829.7	100%
Breakout of Fixed Maturities:						
U.S. Treasuries and Agencies	\$ 86.5	\$ 2.0	\$ 88.5	4%	\$ 117.8	5%
States and Municipalities	458.2	26.3	484.5	19	528.0	21
Corporate Securities	1,038.6	40.4	1,079.0	43	1,090.4	44
Mortgage-Backed Securities	579.1	11.9	591.0	24	545.8	22
Asset-Backed Securities	60.4	0.8	61.2	2	64.5	3
Other	180.5	1.2	181.7	7	149.9	6
Total fixed maturities	\$ 2,403.3	\$ 82.6	\$ 2,485.9	100%	\$ 2,496.4	100%
Weighted average ending book yield				3.3%		3.4%
Average credit quality (S&P)				A+		AA-
Duration				3.3		4.1

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

		December 31, 2019	December 31, 2018
Numerators:			
Stockholders' equity	A	\$ 1,165.8	\$ 1,018.2
Plus: Deferred Gain		137.1	149.6
Stockholders' equity including the Deferred Gain⁽¹⁾	B	1,302.9	1,167.8
Accumulated other comprehensive (income) loss, before taxes		(82.6)	17.3
Income tax expense (benefit) related to accumulated other comprehensive (income) loss, before taxes		17.3	(3.6)
Adjusted stockholders' equity⁽¹⁾	C	\$ 1,237.6	\$ 1,181.5
Denominator (shares outstanding)	D	31,355,378	32,765,792
Book value per share ⁽¹⁾	A / D	\$ 37.18	\$ 31.08
Book value per share including the Deferred Gain ⁽¹⁾	B / D	41.55	35.64
Adjusted book value per share ⁽¹⁾	C / D	39.47	36.06
Cash dividends declared per share		\$ 0.88	\$ 0.80
YTD Change in:⁽²⁾			
Book value per share		22.5%	9.7%
Book value per share including the Deferred Gain		19.1	6.9
Adjusted book value per share		11.9	19.7

(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		Years Ended	
		December 31,		December 31,	
		2019	2018	2019	2018
Numerators:					
Net income	A	\$ 31.8	\$ 25.6	\$ 157.1	\$ 141.3
Impact of the LPT Agreement		(2.2)	(2.5)	(12.7)	(14.6)
Net income before impact of the LPT ⁽¹⁾	B	\$ 29.6	\$ 23.1	\$ 144.4	\$ 126.7
Net realized and unrealized (gains) losses on investments		(17.8)	26.4	(51.1)	13.1
Amortization of intangibles		—	—	—	0.2
Income tax expense (benefit) related to items excluded from Net income		3.7	(5.5)	10.7	(2.8)
Net impact of Federal tax reform		—	(0.4)	—	(0.4)
Adjusted net income ⁽¹⁾	C	\$ 15.5	\$ 43.6	\$ 104.0	\$ 136.8
Denominators:					
Average common shares outstanding (basic)	D	31,700,259	32,926,984	32,120,578	32,884,828
Average common shares outstanding (diluted)	E	32,120,929	33,390,486	32,539,718	33,311,337
Earnings per share:					
Basic	A / D	\$ 1.00	\$ 0.78	\$ 4.89	\$ 4.30
Diluted	A / E	0.99	0.77	4.83	4.24
Earnings per share before impact of the LPT:⁽¹⁾					
Basic	B / D	\$ 0.93	\$ 0.70	\$ 4.50	\$ 3.85
Diluted	B / E	0.92	0.69	4.44	3.80
Adjusted earnings per share:⁽¹⁾					
Basic	C / D	\$ 0.49	\$ 1.32	\$ 3.24	\$ 4.16
Diluted	C / E	0.48	1.31	3.20	4.11

(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), net impact of Federal tax reform, and amortization of intangible assets (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

The Company has recently 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 of December 31, 2019, 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.

Prior to December 31, 2019, the Company operated under a single reportable segment and presented its Combined Ratio on that basis. In light of its change in reporting segments, the Company now presents a separate Combined Ratio for each of its reporting segments.

All periods prior to December 31, 2019 have been conformed to the current presentation.



EMPLOYERS

America's small business insurance sp

2019 ANNUAL REVIEW
February 19, 2020

2019 HIGHLIGHTS

(The information in this presentation should be read in conjunction with the Financial Supplement that is included with this presentation and is available on our website)

Pricing Discipline / Strong Bottom Line	Expansion		Solid Balance Sheet
	<i>Operations</i>	<i>Geographic</i>	
<ul style="list-style-type: none">• The Company's customer service initiatives are delivering strong new business opportunities, as evidenced by record levels of submissions, quotes and binds.• Net income per diluted share of \$4.83, the highest reported result in the Company's history.• Net income of \$157.1 million, the highest result since the Company's 2007 IPO.	<ul style="list-style-type: none">• The Company now offers insurance through the EMPLOYERS brand (its traditional business) as well as the Cerity brand (its digital insurance platform introduced in 2019 which offers direct-to-customer business).• With the acquisition of Cerity Insurance Company in July 2019, the Company now operates through five multi-state insurance companies.• Production per employee is at or near an all-time high.	<ul style="list-style-type: none">• With the licensing of the states of Alaska and Hawaii, the Company now operates throughout the United States with the exception of four states that are served exclusively by their state funds.• Through geographic U.S. expansion efforts, California business now represents less than 50% of the Company's in-force premium and policies for the first time since the Company's 2007 IPO.	<ul style="list-style-type: none">• Total investments and cash at December 31, 2019 of greater than \$2.9 billion, the highest in the Company's history.• Ending Shareholders' equity including the Deferred Gain of \$1.3 billion and Statutory surplus of \$1.0 billion, the highest in the Company's history.• Common shares outstanding of 31.4 million at December 31, 2019, down 25.8 million shares since the Company's 2007 IPO.



IN-FORCE POLICIES AND PREMIUM

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IN-FORCE GROWTH (YOY)

OVERALL

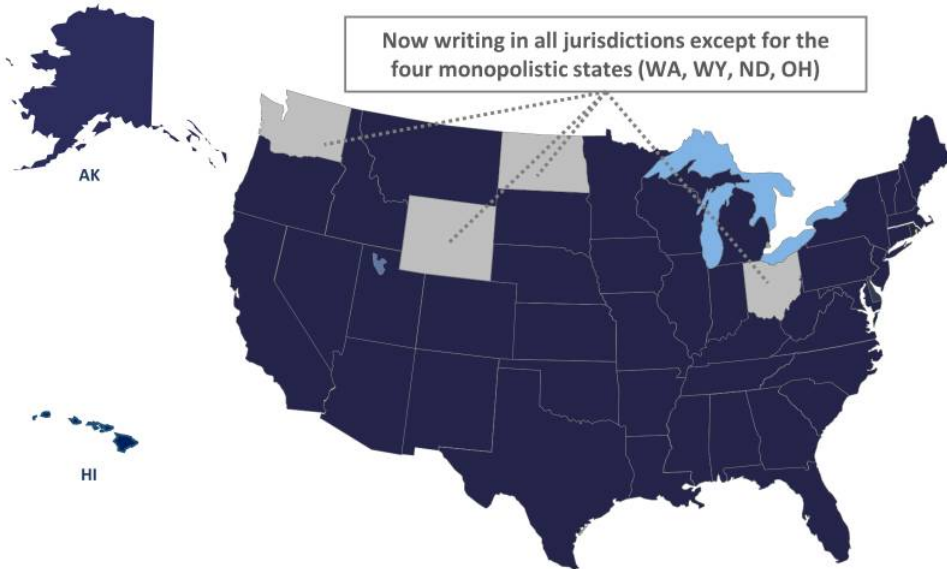
- Premium **DOWN** 0.2%
- Policies **UP** 7.8%
- Average policy size **DOWN** 7.5%
- Payroll exposure **UP** 17.5%

CALIFORNIA
49.6%
of total premium

Premium:
DOWN
(7.6%)



Policies
UP
2.6%



ALL OTHER STATES
50.4%
of total premium

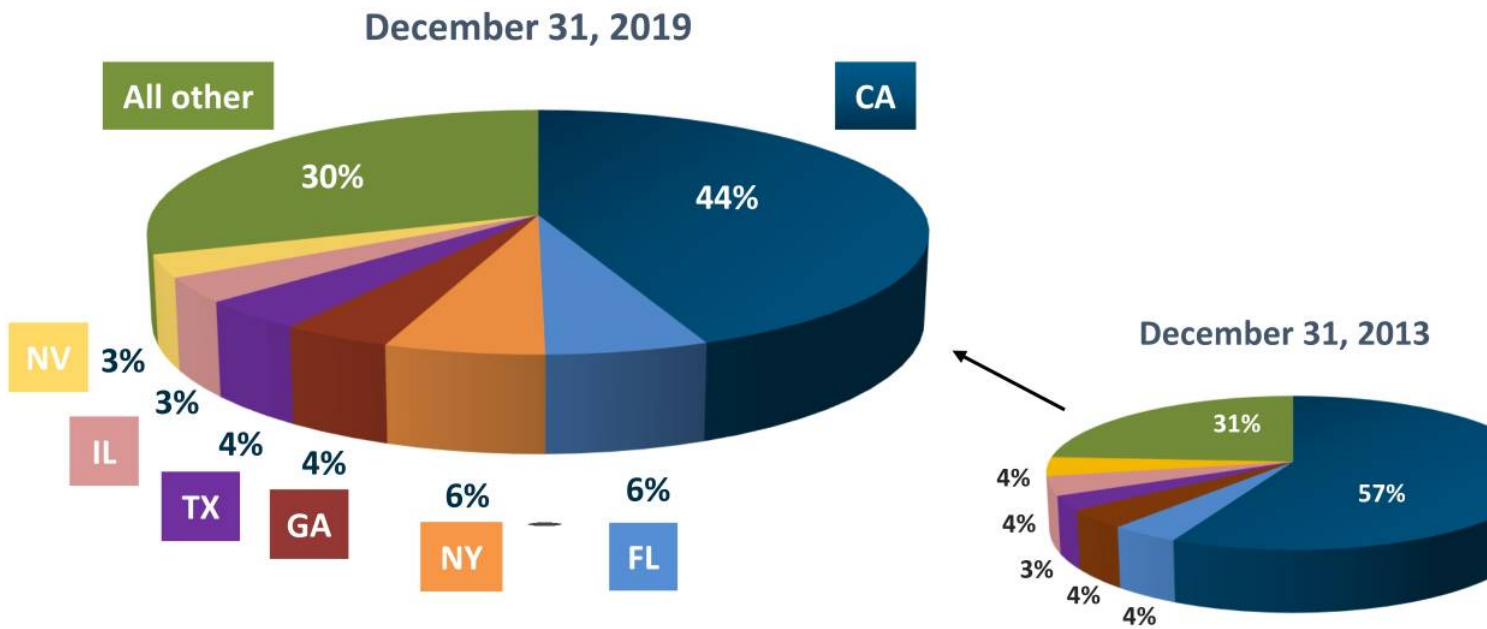
Premium:
UP
8.3%



Policies
UP
12.3%

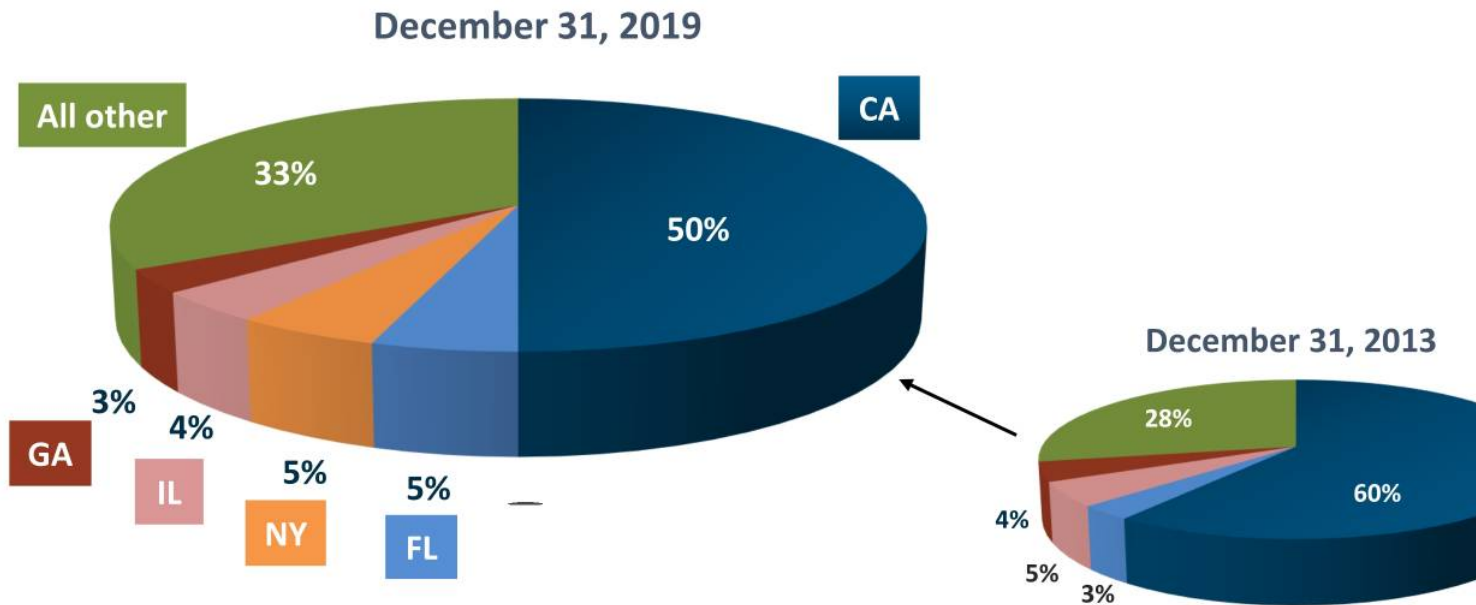
GEOGRAPHIC DIVERSIFICATION

(by policies in-force)



GEOGRAPHIC DIVERSIFICATION

(by in-force premium)



A grayscale, blurred photograph of an office interior, showing desks, chairs, and office equipment. The image is used as a background for the title and logo.

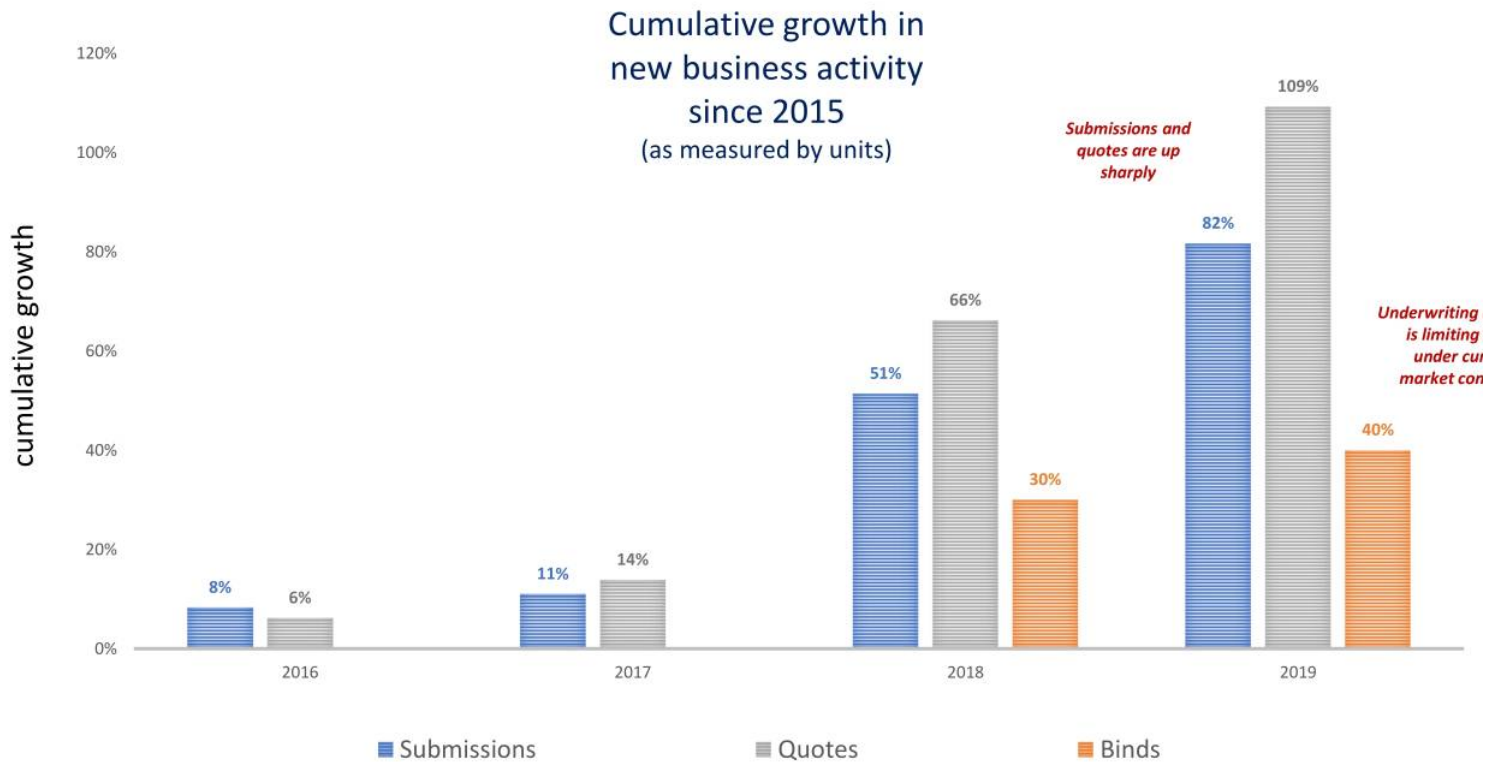
BUSINESS FLOW AND EFFICIENCIES

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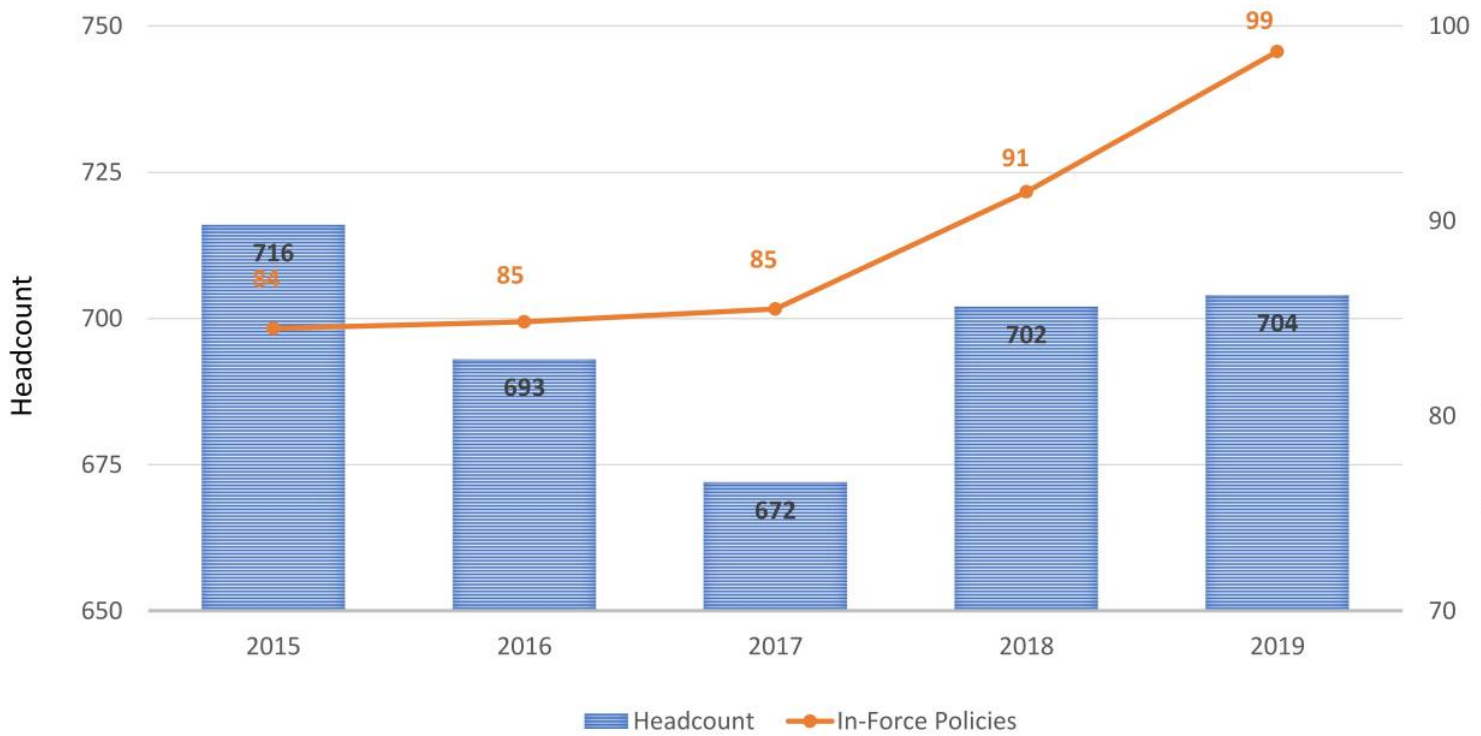
NEW BUSINESS OPPORTUNITIES

Our customer service initiatives are delivering strong new business opportunities but pricing pressures have limited binds as we maintain underwriting discipline.



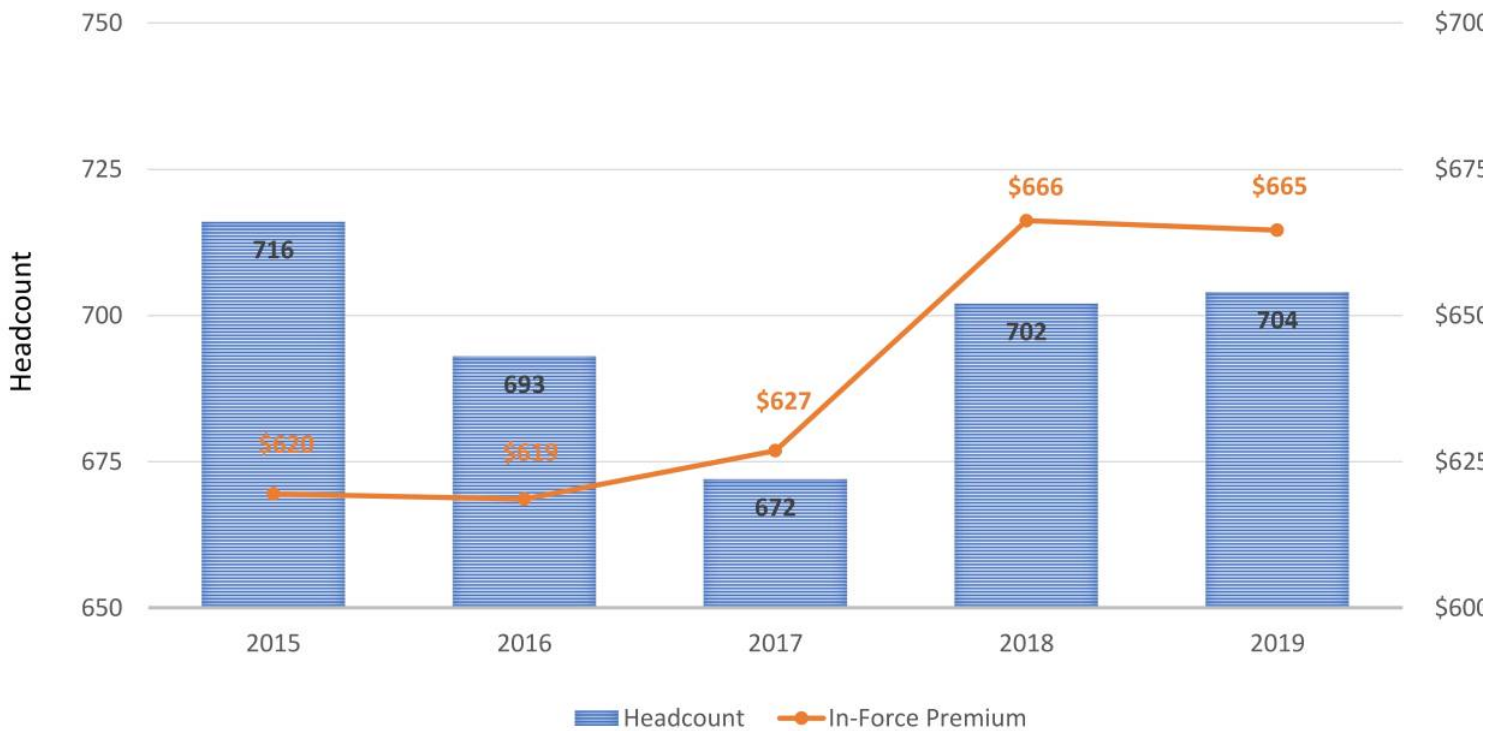
OPERATING EFFICIENCY

Our policy count per employee continues to rise and is at an all-time high



OPERATING EFFICIENCY

Our premium per employee has risen in recent years and is near an all-time high



A blurred, high-angle photograph of an office space with several desks and chairs, serving as the background for the document.

OPERATING RESULTS

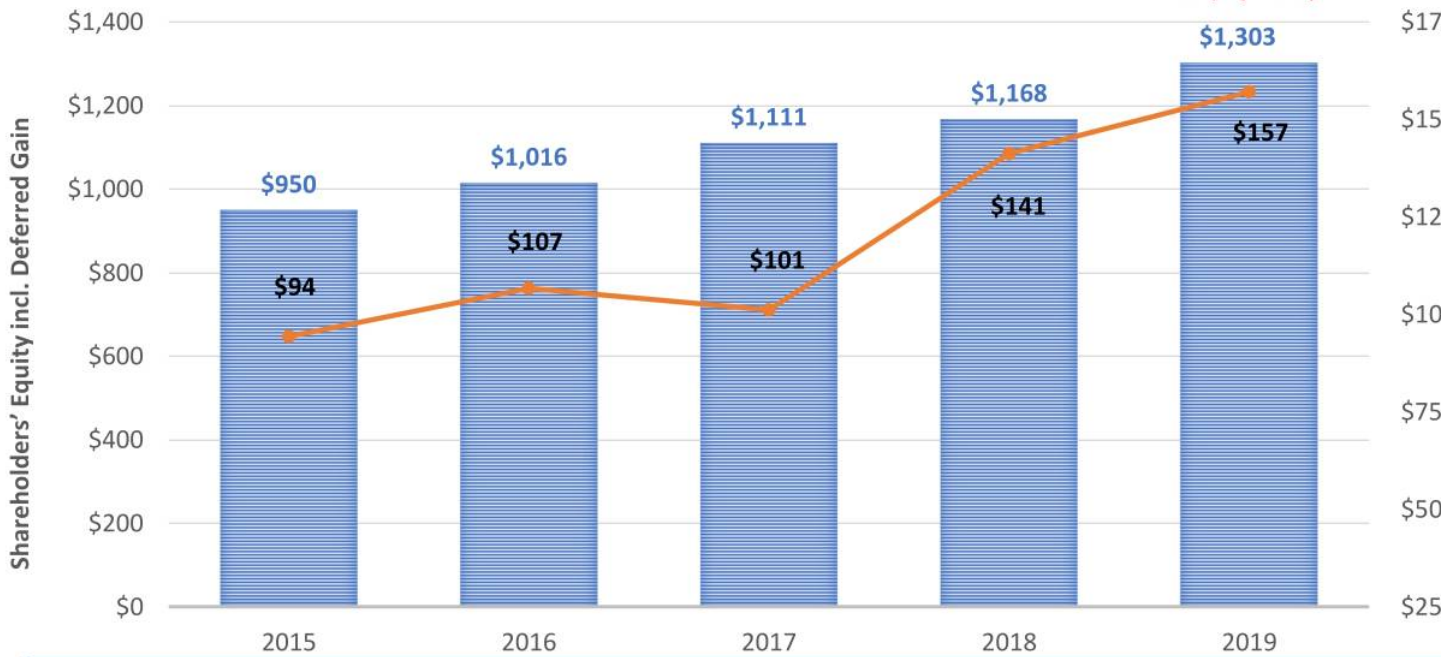
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SHAREHOLDERS' EQUITY AND NET INCOME

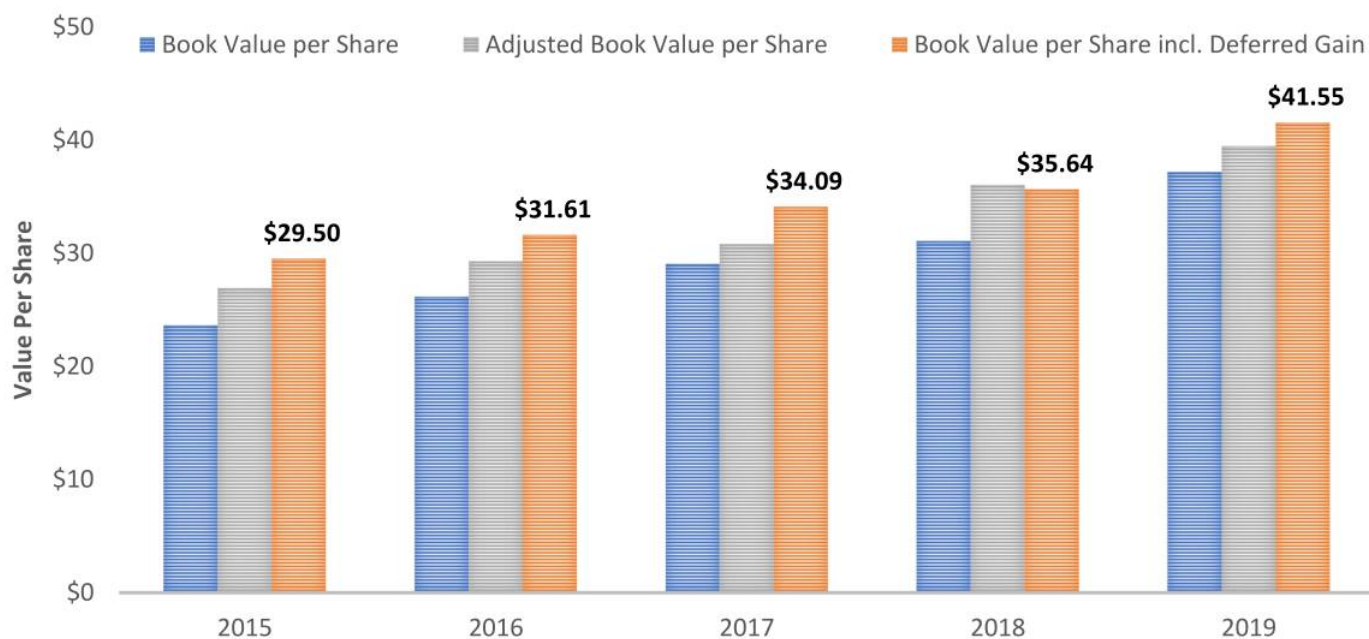
(unaudited, in Millions)

Stockholders' equity including the Deferred Gain at 12/31/19 is the highest in the Company's history



Strong GAAP Capital Base and Performance

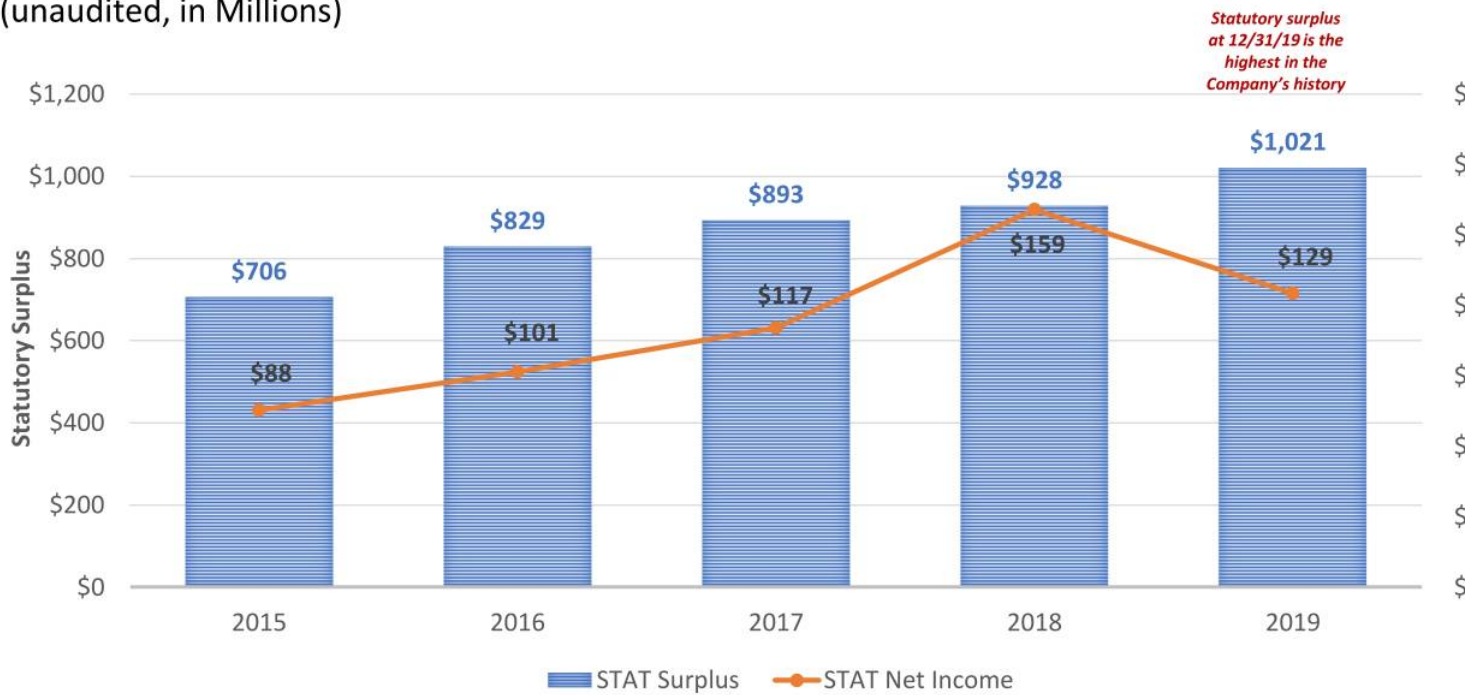
BOOK VALUE PER SHARE



Strong and Consistent Growth in Book Value per Share

STATUTORY SURPLUS AND NET INCOME

(unaudited, in Millions)



Strong Statutory Capital Base and Performance

A blurred, high-angle photograph of an office space with rows of desks and chairs, serving as the background for the top half of the page.

FINANCIAL STRENGTH

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NYSE

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HISTORY OF RESERVE STRENGTH

\$77.5 Million Favorable Reserve Development in 2019

Reserve Review

Reserves are reviewed internally each quarter

Management's best estimate is presented to the Audit Committee of the Board of Directors each quarter

Net Calendar Year Reserve Development in Recent Prior Accident Years

(\$ millions, excludes involuntary business)



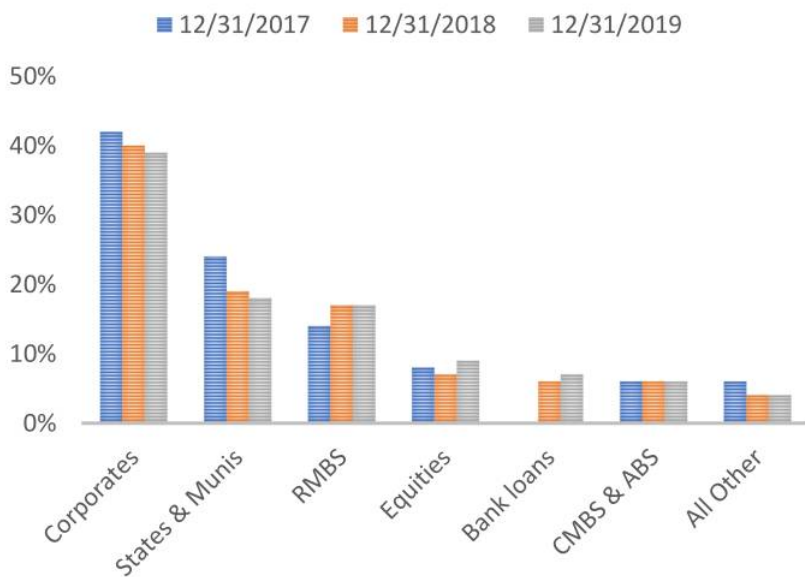
INVESTMENT PORTFOLIO

\$2.8 billion fair market value (\$2.9 billion including cash)

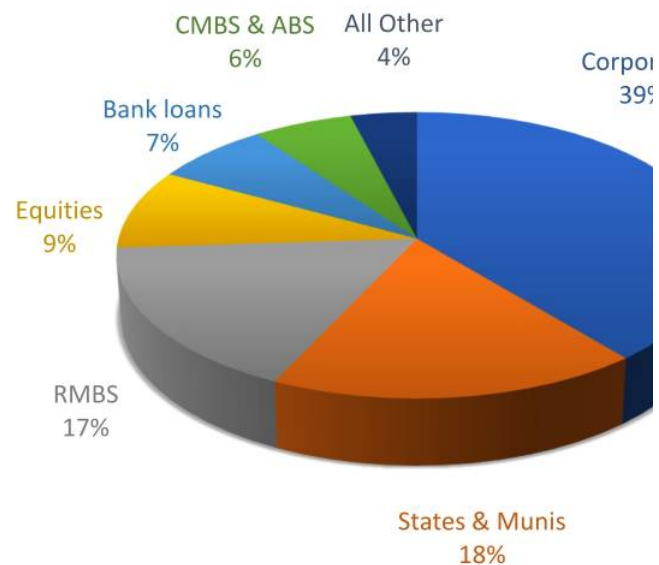
- High quality (average credit quality of A+)
- Highly liquid (\$1.6 billion is unencumbered and available within 3 business days)
- Duration of 3.3 years
- 2019 total investment return of 8.7%
- 3.3% average ending pre-tax book yield

Investment Portfolio Allocation

Last Three Years

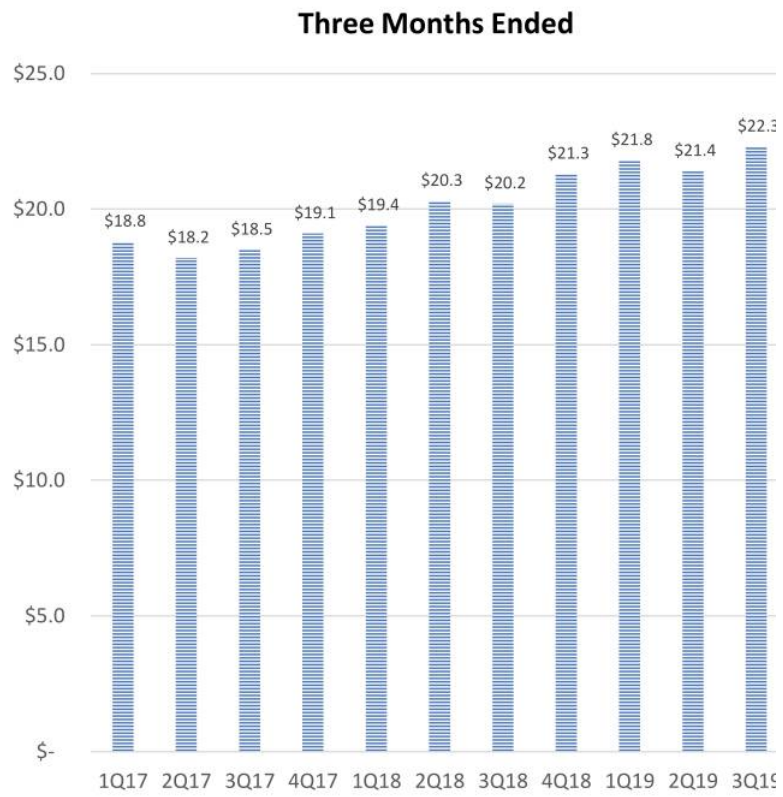


At 12/31/2019

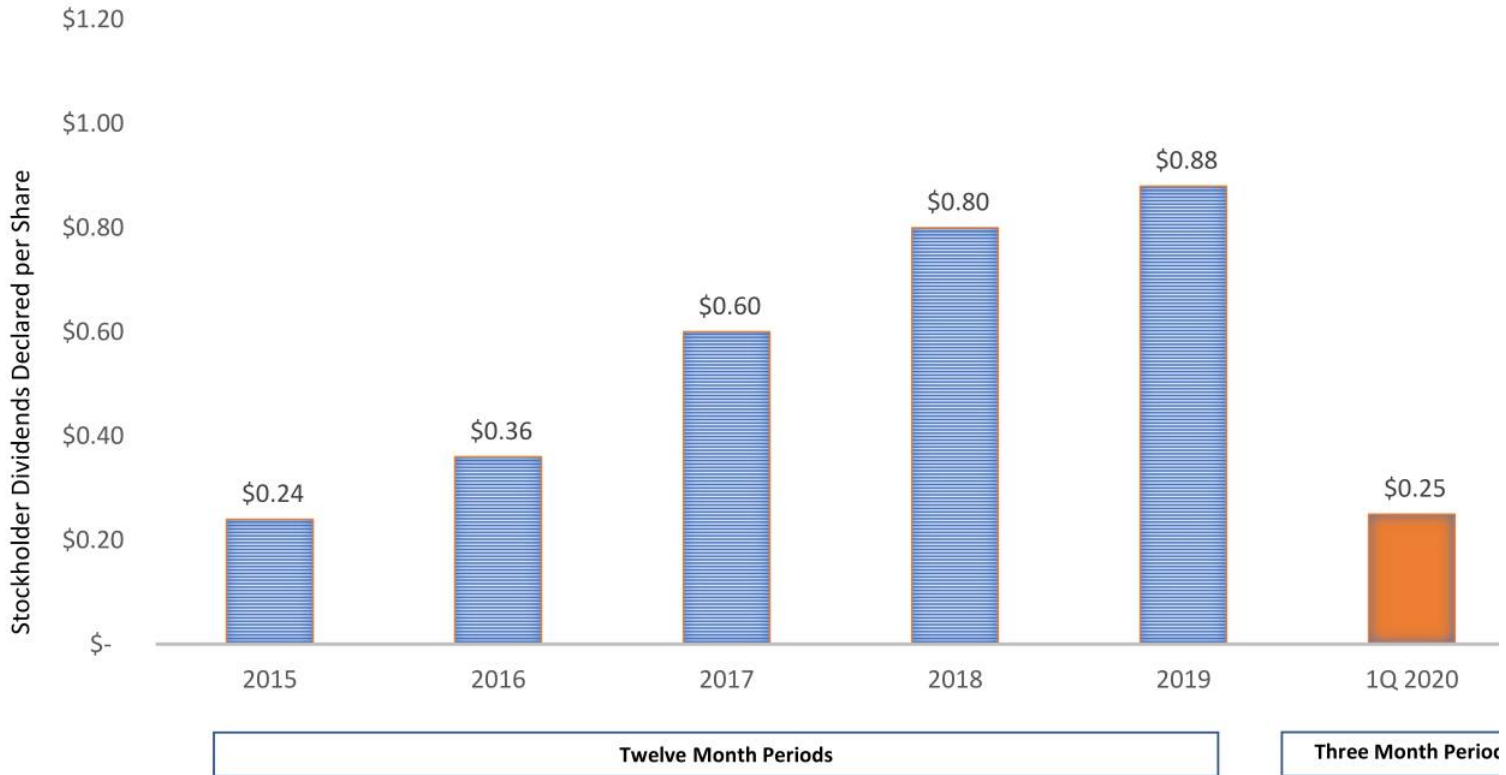


NET INVESTMENT INCOME

(millions)



STOCKHOLDER DIVIDENDS DECLARED



The Company currently expects that regular quarterly cash dividends will continue to be declared and paid to stockholders in the future however, any determination to declare and pay additional or future dividends will be at the discretion of its Board of Directors.

STRONG AND TRANSPARENT BALANCE SHEET

Low premium leverage

+

Favorable reserving track record

+

Loss Portfolio Transfer protection

+

High-quality reinsurance recoverables

+

Low duration investment portfolio

+

No significant intangible assets

=

**Strong and
Transparent
Balance Sheet**

