



March, 2008

**The Association of Insurance
and Financial Analysts**

33rd Annual Conference

Safe Harbor Disclosure

This slide presentation is for informational purposes only. It should be read in conjunction with our Form 10-K for the year 2006, our Form 10-Q for the quarters of 2007 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 2006, our Form 10-Q for the quarters of 2007 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 contains 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". Certain factors that could cause actual results to differ materially from expected results include increased competitive pressures, changes in the interest rate environment, general economic conditions, and legislative and regulatory changes that could adversely affect the business of EMPLOYERS and its subsidiaries. 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, related to the anticipated acquisition of AmCOMP, Inc. or otherwise, 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 following factors, among others, could cause or contribute to such material differences: failure to satisfy any of the conditions of closing, including the failure to obtain AmCOMP stockholder approval or any required regulatory approvals; the risks that EMPLOYERS and AmCOMP's businesses will not be integrated successfully; the risk that EMPLOYERS will not realize estimated cost savings and synergies; costs relating to the proposed transaction; and disruption from the transaction making it more difficult to maintain relationships with customers, employees, agents or producers. 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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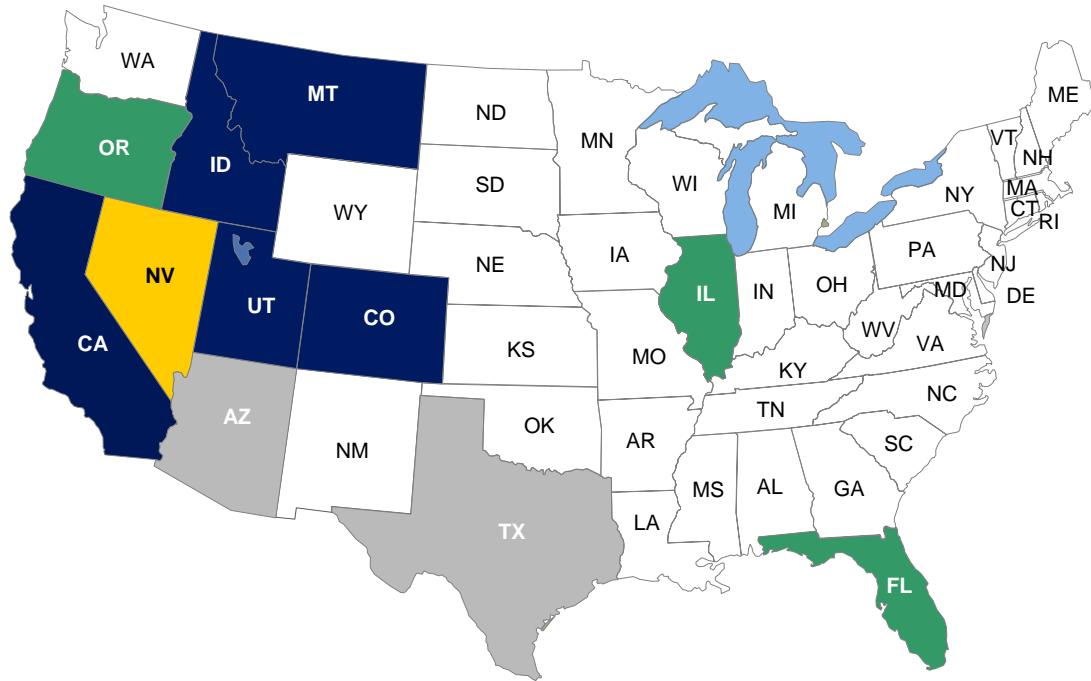
Corporate Overview

Overview

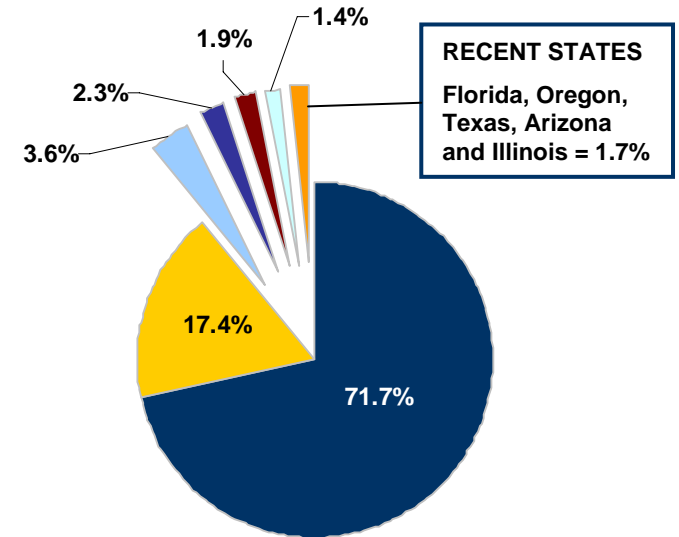
Business	<ul style="list-style-type: none">• Specialty provider of workers' compensation insurance<ul style="list-style-type: none">– 18th largest private writer in the U.S. ⁽¹⁾– 8th largest private writer in California ⁽¹⁾– 2nd largest writer in Nevada ⁽¹⁾
Customers	<ul style="list-style-type: none">• Small businesses in low-to-medium hazard industries• Distribution through independent agents and strategic partners• 33,699 policies in force at 12/31/07, 13.3% growth rate since 12/31/06• Average annual policy premium of approximately \$10,000
Geographic	<ul style="list-style-type: none">• Focused in Western U.S. — direct premiums written at 12/31/07<ul style="list-style-type: none">– 72% in California– 17% in Nevada– 11% in nine other states

(1) Based on "One-Year Premium and Loss Study," United States., California and Nevada, A.M. Best Company, 2006

Geographic Footprint



2000
 2002
 2006
 2007



California
 Nevada
 Colorado
 Utah
 Montana

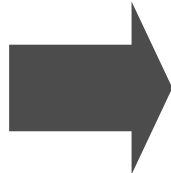
Direct Premiums Written (%) at 12/31/07

Key Strengths

- Established enterprise with 95 year operating history
- Focused operations and disciplined underwriting – target an attractive and underserved market segment with growth opportunities
- Unique and long-standing strategic distribution relationships
- Financial strength and flexibility - strong balance sheet and conservative reserving
- Experienced management team with deep knowledge of workers' compensation insurance

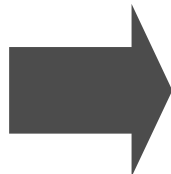
Strategies

Focus on Profitability



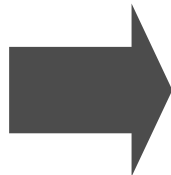
- Target attractive, underserved small business market
- Maintain disciplined risk selection, underwriting and pricing

Pursue Organic Growth Opportunities



- Expand in current markets and in our new states
- Leverage infrastructure, technology and systems
- Utilize existing and new strategic distribution partners

Optimize Capital Structure



- Invest in operations and manage capital prudently
- Consider opportunistic strategic transactions
- Return capital to shareholders

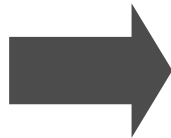
Acquisition of AmCOMP – Key Terms

Timing



- Announced 1/10/08
- Estimated closing: 2Q 2008
- Subject to regulatory approvals and AmCOMP shareholder vote

Consideration / Financing

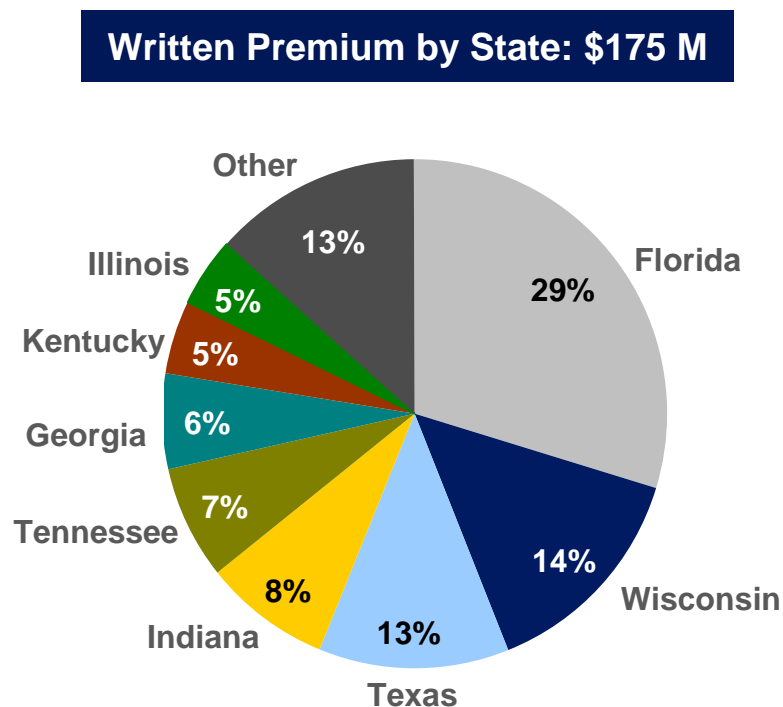


- \$12.50 per share, \$194 million equity value, \$230 million including assumed debt
- 100% cash consideration
- Expected financing sources: combination of debt and cash

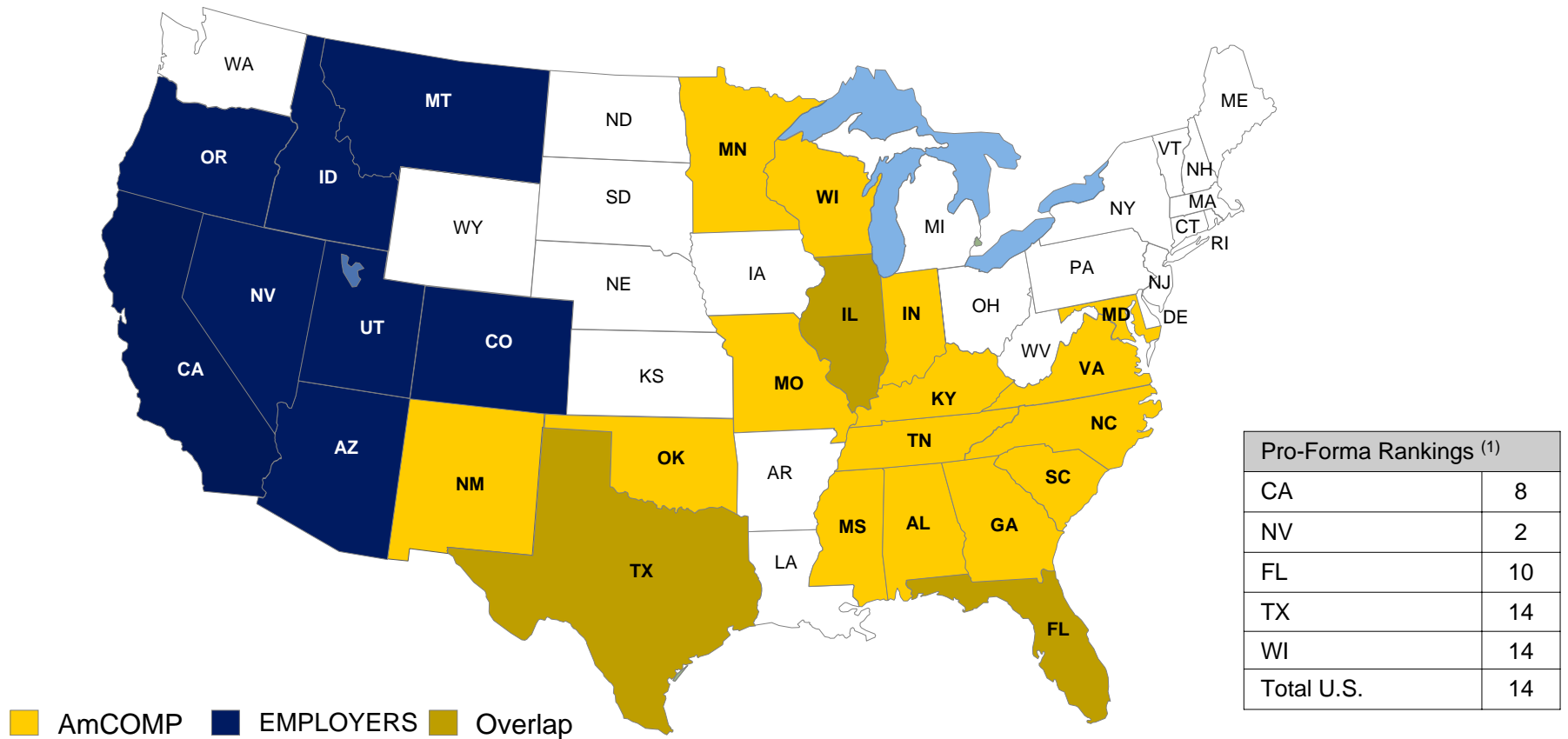
Acquisition of AmCOMP – Compelling Transaction

- Excellent strategic fit
 - Mono-line workers' compensation company, disciplined underwriting, small to mid-sized businesses
- Immediate premium volume growth
 - 18 states
 - Average premium size \$24,000 at 9/30/07
 - Over 900 independent agencies
- Increased scale
 - Diversified earnings base
- Meaningful synergies
 - \$10 million annual pre-tax cost savings achievable by 2010
 - Elimination of public company expenses, systems integration, lower reinsurance costs
- Financial benefits
 - Efficient use of capital and debt capacity
 - Accretive to EPS and ROE in first full year

AmCOMP % of Direct Premiums Written, 09/30/07



Expands EMPLOYERS Geographic Footprint



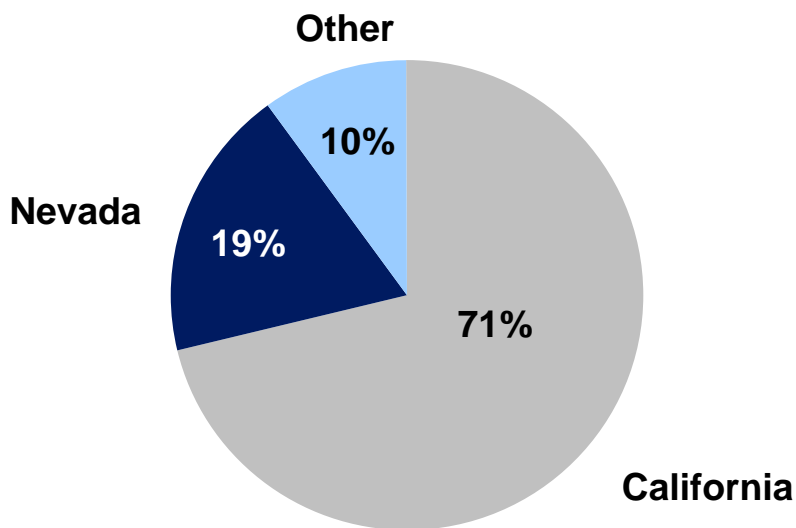
(1) By 2006 Direct Premiums Written for states, by 2006 Net Premiums Written for total U.S., A.M. Best

Diversifies EMPLOYERS Geographic Footprint

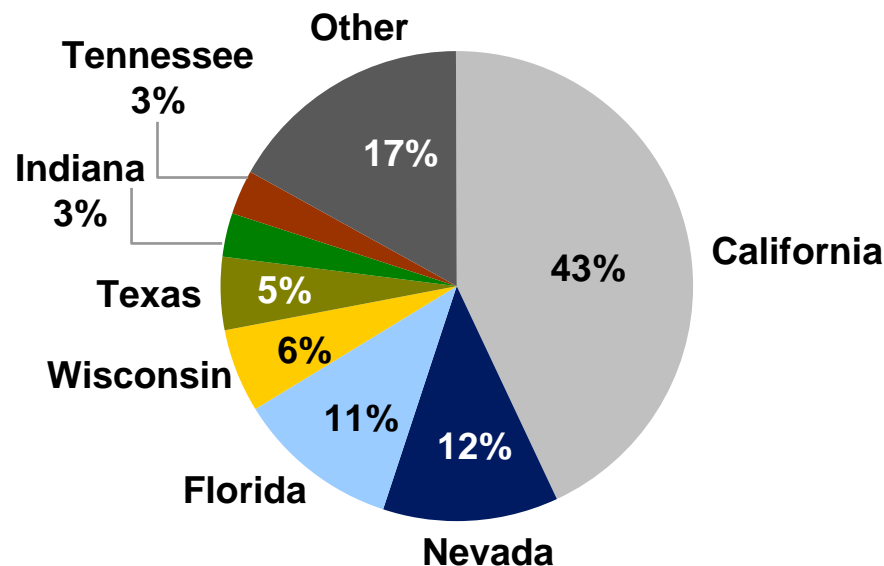
% of Direct Premiums Written, 09/30/07

EMPLOYERS

EMPLOYERS + AmCOMP Pro Forma



Direct Premiums Written: \$ 268 Million



Direct Premiums Written: \$ 443 Million



Financial Results

Four Key Elements of Our Financial Strength

*0.5:1 NPW / Surplus
at 12/31/07*

**Surplus of
\$698 MM**

**Conservative
Reserving**

*Track record of
reserve strength*

*Approximately 93%
fixed maturity with
average rating AA*

**High Quality
Investment
Portfolio**

**Catastrophe
Reinsurance
Program**

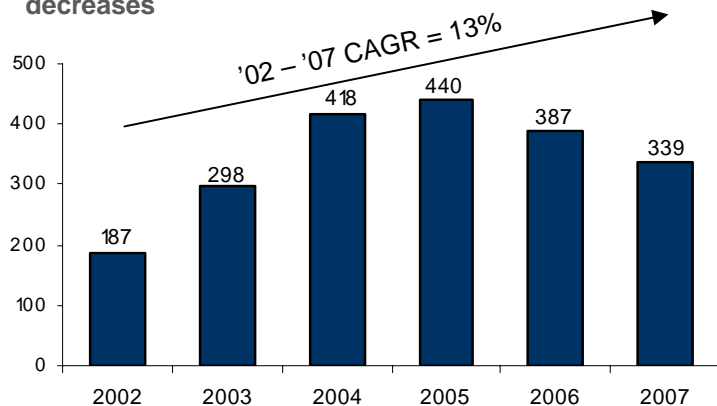
*Coverage up to
\$200MM loss*

Financial Snapshot

(\$ million)

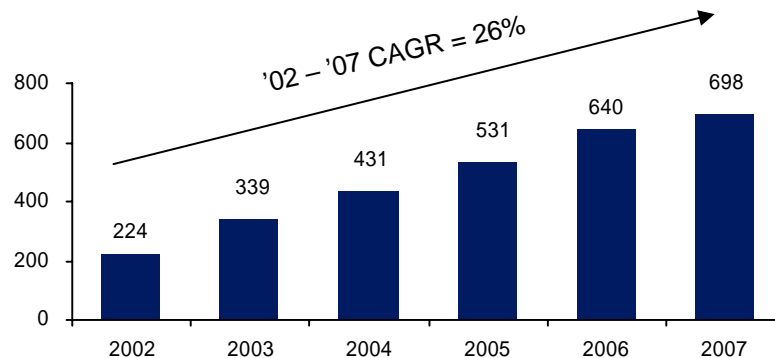
Net Premium Written (GAAP)

Premium growth has declined due to California rate decreases



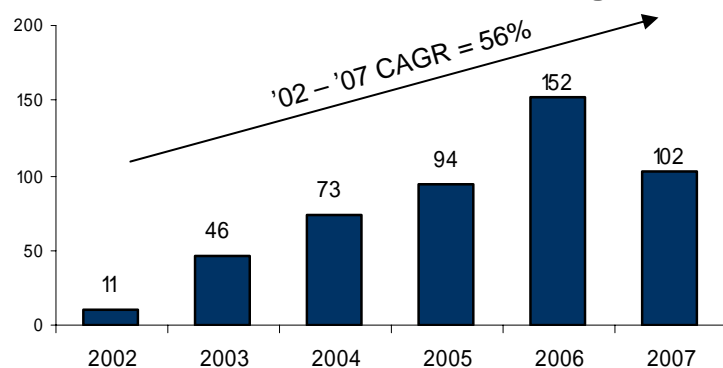
Statutory Surplus

Strong growth provides a solid basis for underwriting



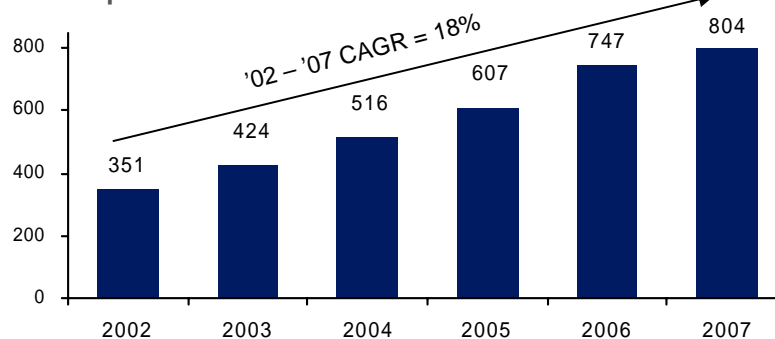
Net Income Before Loss Portfolio Transfer (LPT) (GAAP)

Loss trends and investments are driving net income

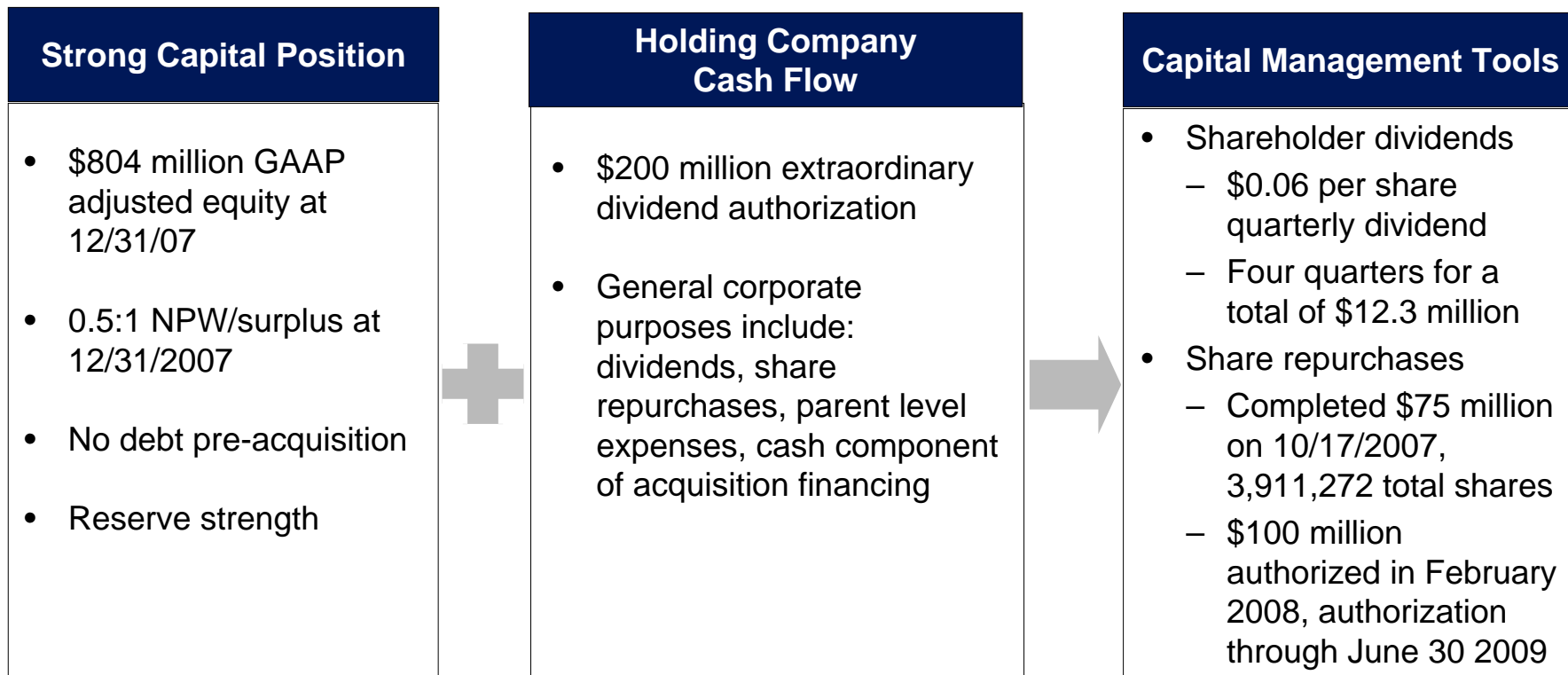


Equity Incl. Deferred Gain – LPT (GAAP)

Capital management plans include dividends and share repurchases



Capital Management



Our goal is to drive shareholder value through an improving ROE resulting from (i) profitability consistent with historical results, (ii) disciplined growth and (iii) prudent capital management



Summary

Summary

- Established enterprise with 95 year operating history
- Focused operations and disciplined underwriting – target an attractive and underserved market segment with growth opportunities
- Pending acquisition – when closed, immediate growth in premium
- Unique and long-standing strategic distribution relationships
- Financial strength and flexibility - strong balance sheet and conservative reserving
- Experienced management team with deep knowledge of workers' compensation



Appendix

Disciplined Underwriting

Five Basic Elements



46.5% statutory loss and LAE ratio as of 12/31/07

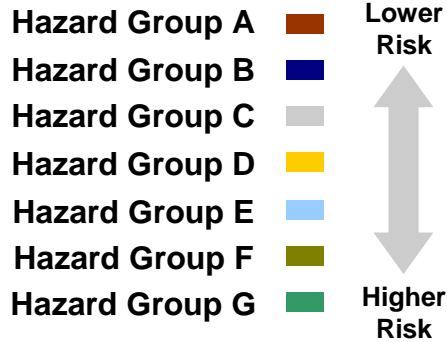
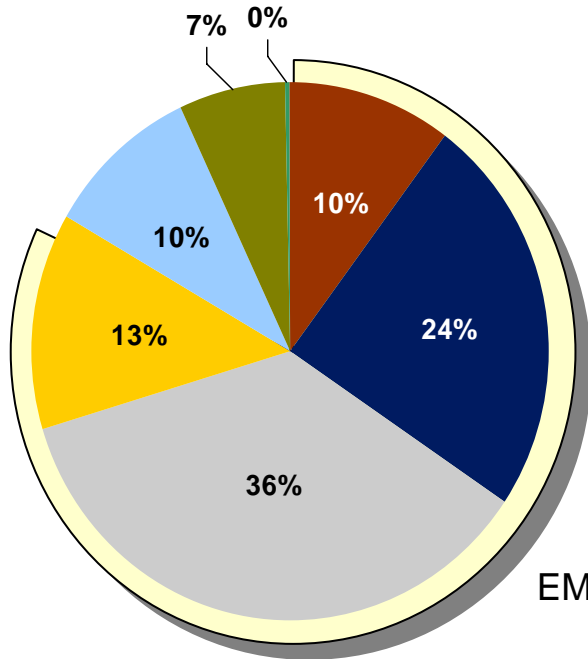
Focus on Low to Medium Hazard Groups

% of Premiums Written, 12/31/07

% of Premiums Written, 12/31/06

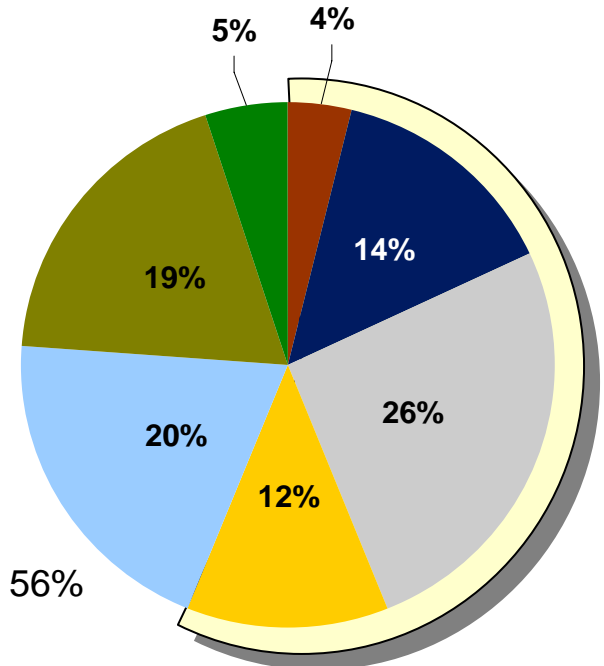
EMPLOYERS

Industry (1)



Hazard Groups A through D

EMPLOYERS = 83% Industry = 56%



Our top ten classes are in the lowest four hazard groups and represent 33% of direct premium written and 42% of in force policies at 12/31/07

(1) NCCI 2006 Premium Distribution by Hazard Group (as presented at 2007 Annual Issues Symposium).

Strategic Distribution Partners



- Largest payroll services company in the U.S. with over 450,000 clients
- Partner since entering California market in 2002
- Business originated by ADP's field sales staff and insurance agency
- "Pay-by-Pay" premium collection



- Largest group health carrier in California
- Partner since entering California market in 2002
- Business originated by Wellpoint's health insurance agents
- Single bill to customers



- **E-chx, Inc.**
 - Since Q 4 2006
 - Specialty provider of payroll services
- **Intego Insurance Services, LLC**
 - Since Q 4 2007
 - Provider of insurance software services

Strategic partners expand market reach and produce business with high persistency

Loss Portfolio Transfer (LPT)

- Non-recurring transaction with no ongoing cash benefits or charges to current operations
- Retroactive 100% quota share reinsurance coverage for all losses occurring prior to 7/1/95
- Gain on transaction booked as statutory surplus; deferred and amortized under GAAP

Contract		Accounting at 12/31/07	
<i>\$ millions</i>		<i>\$ millions</i>	
Total Coverage	\$2,000	Statutory Surplus Created	\$602.5
		Cumulative Amortization To Date	<u>(177.5)</u>
Original Reserves Transferred	\$1,525		
Consideration	<u>775</u>	GAAP: Deferred Reinsurance Gain – LPT Agreement	\$425.0
Gain at 1/1/2000	750		<u><u></u></u>
Subsequent Reserve Adjustments	<u>(147.5)</u>		
Gain at 12/31/2007	<u>\$602.5</u>		

Selected Operating Results

GAAP

	Dec 31	Dec 31	Dec 31	
\$ million	2005	2006	2007	
Income Statement Data				
Gross Written Premium	\$ 458.7	\$ 401.8	\$ 350.7	} Premiums declined due to California rate decreases
Net Written Premium	439.7	387.2	338.6	
Net Earned Premium	438.3	393.0	346.9	
Net Investment Income	54.4	68.2	78.6	} Loss trends and Investments are driving net income
Net Income	137.6	171.6	120.3	
Net Income Before LPT	93.8	152.2	102.2	
Balance Sheet Data				
Total Investments	\$1,595.8	\$1,715.7	\$1,726.3	} Cash holdings increased to support acquisition and other capital management programs
Cash and Cash Equivalents	61.1	80.0	149.7	
Total Assets	3,094.2	3,195.7	3,191.2	} While premiums have declined in California, losses have also declined
Reserves for Loss and LAE	2,350.0	2,307.8	2,269.7	
Shareholders' Equity	144.6	303.8	379.5	
Equity Including LPT Deferred Gain	607.0	746.8	804.5	

Earnings and EPS

\$ Million (except per share data)	12/31/06	12/31/07
GAAP Net Income	\$ 171.6	\$ 120.3
Less: LPT Deferred Gain Amortization	(19.4)	(18.0)
Net Income Before LPT	\$ 152.2	\$ 102.2
EPS for Feb. 5 through the period (required reporting due to conversion)		\$ 2.19
<i>Pro forma EPS for the period</i>	\$ 3.43	\$ 2.32
<i>EPS attributable to LPT</i>	.39	.35
<i>Pro forma EPS Before Impacts of the LPT</i>	\$ 3.04	\$ 1.97

NOTES:

- (1) Pro Forma EPS for 2006 assumes 50,000,002 shares outstanding before the conversion.
- (2) Pro forma basic and diluted EPS computed using the weighted average shares outstanding during the period after the Company's IPO and assumes the 50,000,002 shares outstanding prior to the IPO.
- (3) Basic EPS and Diluted EPS round to the same amount for the periods.
- (4) EPS before the impact of the LPT for the period February 5 through December 31, 2007 has not been calculated.

Underwriting Profitability

GAAP

COMBINED RATIO (GAAP and excluding the LPT)	December 31 2005	December 31 2006	December 31 2007
Loss and LAE Ratio	48.3%	33.0%	41.3%
Less: Impact of LPT ⁽¹⁾	10.0%	4.9%	5.2%
Loss and LAE Ratio (excluding LPT)	58.3%	37.9%	46.5%
Commission Expense Ratio ⁽²⁾	10.7%	12.3%	12.8%
Underwriting and Other Expense Ratio ⁽²⁾	16.0%	22.3%	26.3%
Combined Ratio (excluding LPT)	84.9%	72.6%	85.6%
<i>Favorable Reserve Development (\$ million)</i>	<i>\$78.1</i>	<i>\$107.1</i>	<i>\$60.0 ⁽³⁾</i>

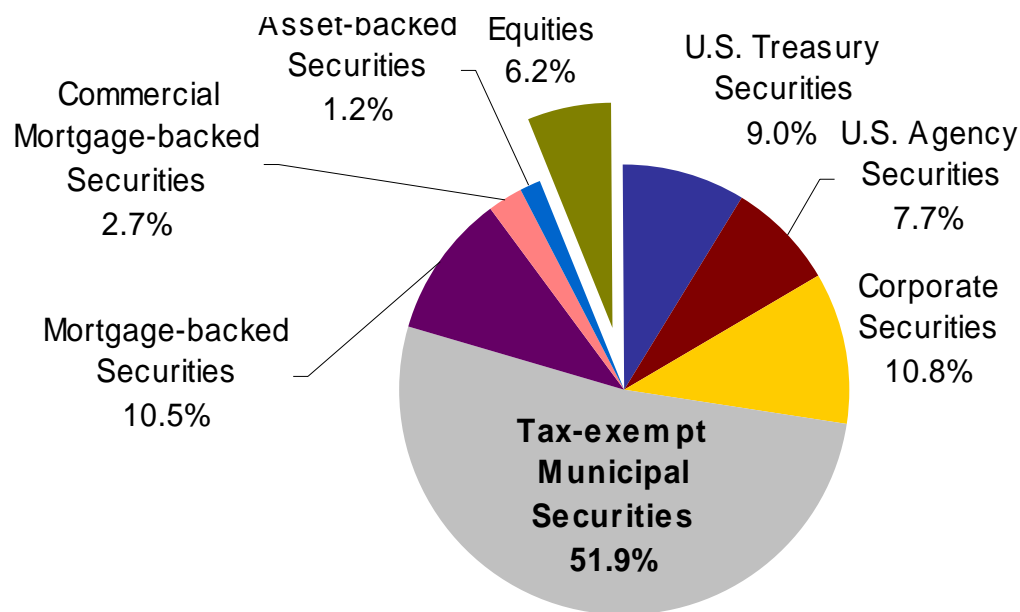
NOTE: Excluding \$60.0 million of favorable development in 2007, our loss ratio before LPT would have been 63.8% and our combined ratio would have been 102.9%. We target a combined ratio of 100. The total combined ratio includes three items causing upward pressure: (1) one shock loss requiring additional reserves; (2) one-time conversion costs; and (3) decreasing earned premium.

⁽¹⁾ Total deferred gain amortization and LPT reserve adjustment of \$43.8 million in 2005, \$19.4 million in 2006, and \$18 million in 2007.

⁽²⁾ Our recent expense ratios are largely a function of falling California rates.

⁽³⁾ Net of \$1.6 million commutation in the third quarter.

Investment Portfolio



Portfolio Mix at 12/31/07

- **\$1.7 billion of investment securities**
 - Less than .03% related to sub-prime
 - Less than 6% related to financials
- **Approximately 90% AA rated**
- **Book yield of 4.37%**
- **Tax equivalent book yield of 5.37%**
- **Effective duration of 5.82**
- **Outsourced to Conning Asset Management**



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