

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

**FORM 8-K**

**CURRENT REPORT**

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

**Date of report (Date of earliest event reported): October 23, 2019**

**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. o

## Section 2 – Financial Information

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

On October 23, 2019, Employers Holdings, Inc. (the “Company”) issued a press release and financial supplement announcing results for the quarter ended September 30, 2019. The press release and financial supplement are attached hereto as Exhibits 99.1 and 99.2, respectively, and are incorporated herein by reference, and are being furnished, not filed, under Item 2.02 to this Current Report on Form 8-K.

## Section 8 – Other Information

### Item 8.01. Other Events.

On October 23, 2019, the Company announced that its Board of Directors declared a fourth quarter 2019 cash dividend of \$0.22 per share on the Company’s common stock. The dividend is payable on November 20, 2019 to stockholders of record as of November 6, 2019.

## Section 9 – Financial Statements and Exhibits

### Item 9.01. Financial Statements and Exhibits.

- 99.1 Employers Holdings, Inc. press release, dated October 23, 2019.
- 99.2 Employers Holdings, Inc. financial supplement, dated October 23, 2019.

## SIGNATURE

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

EMPLOYERS HOLDINGS, INC.

Dated: October 23, 2019

/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>	October 23, 2019
99.2	<a href="#">Employers Holdings, Inc. financial supplement, dated</a>	October 23, 2019

**Employers Holdings, Inc. Reports Third Quarter 2019 Results;  
Declares Fourth Quarter 2019 Dividend of \$0.22 per Share****Company to Host Conference Call on Thursday, October 24, 2019, at 11:30 a.m. Eastern Daylight Time**

**Reno, Nevada-October 23, 2019-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 third quarter ended September 30, 2019.

**Financial Highlights**

- Net income of \$32.8 million, or \$1.01 per diluted share, adjusted net income of \$28.4 million or \$0.88 per diluted share
- Net investment income of \$22.3 million, up 10% year-over-year
- Gross premiums written of \$166.5 million, down 12% year-over-year
- \$20.0 million of favorable prior year loss reserve development, compared to \$12.0 million of favorable prior year loss reserve development a year ago
- Combined ratio of 91.1%, combined ratio before the impact of the LPT of 92.4%
- Book value per share including the Deferred Gain of \$40.86, up 16.5% year-to-date including dividends declared

**Operating Highlights**

- Implemented meaningful rate increases in California effective July 1
- Recently entered the State of Hawaii, thereby completing the Company's nationwide workers' compensation platform

**Management Commentary**

Chief Executive Officer Douglas Dirks commented on the results: "The Company delivered a 9.3% annualized return on adjusted equity in the quarter (9.8% year-to-date) while continuing to execute well on its plan of aggressive development and implementation of digital IT initiatives and capabilities that will benefit and support our agency force as well as our direct (Cerity) customers. We continue to utilize technology to alleviate end-customer friction in attaining workers' compensation insurance in our small-business,

low-hazard markets. For the first nine months of the year, we were pleased to grow policies-in-force by approximately 6%, which we attribute to the success of these initiatives coupled with continued growth within our loyal agent network.

Over the past several quarters we have experienced favorable loss reserve development throughout nearly every prior accident year which is due, in part, to our enhanced claims analytics and triage capabilities as well as a continuation of our accelerated claims settlement initiatives.

Our top line was adversely impacted this quarter by the meaningful rate increases we recently undertook in California to address what we consider to be generally unfavorable pricing trends in the marketplace. Despite the expected resulting decrease in new business premiums written in California, our overall renewal premiums continue to be very strong both in terms of price and unit retention. We are committed to remaining proactive in terms of ensuring our rate adequacy over time, while still remaining competitive in our markets."

**Summary of Third Quarter 2019 Operating Results**

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

Gross premiums written were \$166.5 million, a decrease of 12%. The decrease was primarily due to declines in new business premiums written in California, as well as an overall reduction in final audit premiums, partially offset by an increase in overall renewal premiums. Net earned premiums were \$175.8 million, a decrease of 9% year-over-year.

The loss and LAE ratio before the impact of the LPT of 54.2% decreased by 2.4 percentage points reflecting continued observed favorable paid loss trends. During the quarter, the Company's current accident year loss and LAE ratio on its voluntary business was 65.5% (versus 62.5% a year ago) and it recognized \$20.0 million of favorable prior year loss reserve development (versus \$12.0 million of favorable prior year loss reserve development a year ago).

The commission expense ratio of 12.5% decreased 0.4 percentage points, primarily as a result of a decrease in projected 2019 agency incentive commissions which were directly impacted by reductions in premiums written.

The underwriting and other operating expense ratio of 25.8% increased 5.8 percentage points. The reduction in earned premium, coupled with expenses associated with our aggressive development and implementation of new digital technologies and capabilities, were the primary contributors to the increase.

Net investment income of \$22.3 million increased 10%, primarily as a result of the Company's strong operating cash flows, as well as a higher pre-tax book yield on the investment portfolio.

Income tax expense was \$8.1 million (19.8% effective rate) versus \$10.7 million (18.4% effective rate). The increases in the effective rates are due primarily to having a higher proportion of fully taxable income.

The Company's adjusted net income for the third quarter of 2019 decreased \$4.3 million year-over-year. This decrease primarily reflects the after-tax impact of the following items: (i) \$15.7 million of underwriting income versus \$22.7 million a year ago, partially offset by; (ii) \$22.3 million of net investment income versus \$20.2 million a year ago.

The Company's net income and net income before the impact of the LPT for the third quarter of 2019 decreased by \$14.8 million and \$14.5 million, respectively, year-over-year. These third quarter 2019 net income measures were each impacted by the after-tax impact of the items previously mentioned, but were further impacted by a \$10.3 million after-tax decrease in net investment gains relating to the Company's investments.

The Company's book value per share of \$36.47, book value per share including the Deferred Gain of \$40.86 and adjusted book value per share of \$38.71 increased by 19.5%, 16.5%, and 9.2% during the first nine months of 2019, respectively, each computed after taking into account dividends declared. Book value per share and book value per share including the Deferred Gain at September 30, 2019 were each favorably impacted by \$81.8 million of net after tax unrealized gains from the Company's portfolio of fixed maturity securities.

#### **Share Repurchases and Fourth Quarter Dividend Declaration**

During the third quarter of 2019, the Company repurchased 110,632 shares of its common stock at an average price of \$42.22 per share.

On October 23, 2019, the Board of Directors declared a fourth quarter 2019 dividend of \$0.22 per share. The dividend is payable on November 20, 2019 to stockholders of record as of November 6, 2019.

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

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

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

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

The Company will host a conference call on Thursday, October 24, 2019, at 8:30 a.m. Pacific Daylight Time. To participate in the live conference call by telephone, dial +1 (484) 747-6630 or +1 (888) 364-8443 and use the conference call access code 9428229. 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 (404) 537-3406 or +1 (855) 859-2056 and use the conference call access code 9428229.

The Company also has made a financial supplement and Investor Presentation available on its web site at [www.employers.com](http://www.employers.com).

### **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 U.S. Securities and Exchange Commission (the "SEC")**

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

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

EMPLOYERS® and America's small business insurance specialist® are registered trademarks of EIG Services, Inc. Employers Holdings, Inc. is a holding company with subsidiaries that are specialty providers of workers' compensation insurance and services focused on select, small businesses engaged 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**

Company contact:

Mike Paquette (775) 327-2562 or [mpaquette@employers.com](mailto:mpaquette@employers.com)

Investor relations contact:

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

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**Employers Holdings, Inc.**  
Third Quarter 2019  
Financial Supplement



*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			Nine Months Ended		
	September 30,			September 30,		
	2019	2018	% change	2019	2018	% change
<b>Selected financial highlights:</b>						
Gross premiums written	\$ 166.5	\$ 189.2	(12)%	\$ 553.1	\$ 587.2	(6)%
Net premiums written	165.2	187.3	(12)	549.1	582.5	(6)
Net premiums earned	175.8	192.9	(9)	526.1	547.5	(4)
Net investment income	22.3	20.2	10	65.5	59.9	9
Underwriting income <sup>(1)</sup>	15.7	22.7	(31)	53.6	66.6	(20)
Net income before impact of the LPT <sup>(1)</sup>	30.5	45.0	(32)	114.9	103.7	11
Adjusted net income <sup>(1)</sup>	28.4	32.7	(13)	88.6	93.4	(5)
Net income	32.8	47.6	(31)	125.4	115.7	8
Comprehensive income	47.6	38.4	24	207.2	59.8	246
Total assets				4,024.9	3,898.5	3
Stockholders' equity				1,160.4	991.2	17
Stockholders' equity including the Deferred Gain <sup>(2)</sup>				1,299.8	1,143.3	14
Adjusted stockholders' equity <sup>(2)</sup>				1,231.7	1,165.8	6
Annualized adjusted return on stockholders' equity <sup>(3)</sup>	9.3 %	11.4 %	(18)%	9.8 %	11.5 %	(15)%
<b>Amounts per share:</b>						
Cash dividends declared per share	\$ 0.22	\$ 0.20	10 %	\$ 0.66	\$ 0.60	10 %
Earnings per diluted share <sup>(4)</sup>	1.01	1.43	(29)	3.85	3.48	11
Earnings per diluted share before impact of the LPT <sup>(4)</sup>	0.94	1.35	(30)	3.53	3.12	13
Adjusted earnings per diluted share <sup>(4)</sup>	0.88	0.98	(10)	2.72	2.81	(3)
Book value per share <sup>(2)</sup>				36.47	30.22	21
Book value per share including the Deferred Gain <sup>(2)</sup>				40.86	34.86	17
Adjusted book value per share <sup>(2)</sup>				38.71	35.55	9
<b>Combined ratio before impact of the LPT:<sup>(5)</sup></b>						
Loss and loss adjustment expense ratio:						
Current year	65.6 %	62.8 %		65.5 %	62.6 %	
Prior year	(11.4)	(6.2)		(12.5)	(7.5)	
Loss and loss adjustment expense ratio	54.2 %	56.6 %		53.0 %	55.1 %	
Commission expense ratio	12.5	12.9		12.9	13.4	
Underwriting and other operating expenses ratio	25.8	20.0		25.9	21.5	
Combined ratio before impact of the LPT	92.4 %	89.6 %		91.8 %	90.0 %	

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

(2) See Page 8 for calculations and Page 10 for information regarding our use of Non-GAAP Financial Measures.

(3) See Page 4 for calculations and Page 10 for information regarding our use of Non-GAAP Financial Measures.

(4) See Page 9 for calculations and Page 10 for information regarding our use of Non-GAAP Financial Measures.

(5) See Page 5 for calculations and Page 10 for information regarding our use of Non-GAAP Financial Measures.

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

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
<b>ASSETS</b>		
Investments, cash and cash equivalents	\$ 2,937.5	\$ 2,829.7
Accrued investment income	17.5	18.0
Premiums receivable, net	314.7	333.1
Reinsurance recoverable on paid and unpaid losses and LAE	534.2	511.1
Deferred policy acquisition costs	51.2	48.2
Deferred income taxes, net	0.1	26.9
Contingent commission receivable—LPT Agreement	13.2	32.0
Other assets	156.5	120.2
<b>Total assets</b>	<b>\$ 4,024.9</b>	<b>\$ 3,919.2</b>
<b>LIABILITIES</b>		
Unpaid losses and LAE	\$ 2,197.3	\$ 2,207.9
Unearned premiums	360.3	336.3
Commissions and premium taxes payable	52.0	57.3
Deferred Gain	139.4	149.6
Notes payable	—	20.0
Other liabilities	115.5	129.9
<b>Total liabilities</b>	<b>\$ 2,864.5</b>	<b>\$ 2,901.0</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock and additional paid-in capital	\$ 393.6	\$ 389.4
Retained earnings	1,134.3	1,030.7
Accumulated other comprehensive income (loss), net	68.1	(13.7)
Treasury stock, at cost	(435.6)	(388.2)
<b>Total stockholders' equity</b>	<b>1,160.4</b>	<b>1,018.2</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,024.9</b>	<b>\$ 3,919.2</b>
Stockholders' equity including the Deferred Gain <sup>(1)</sup>	\$ 1,299.8	\$ 1,167.8
Adjusted stockholders' equity <sup>(1)</sup>	1,231.7	1,181.5
Book value per share <sup>(1)</sup>	\$ 36.47	\$ 31.08
Book value per share including the Deferred Gain <sup>(1)</sup>	40.86	35.64
Adjusted book value per share <sup>(1)</sup>	38.71	36.06

(1) See Page 8 for calculations and Page 10 for information regarding our use of Non-GAAP Financial Measures.

**EMPLOYERS HOLDINGS, INC.**  
**Summary Consolidated Income Statements (unaudited)**  
**\$ in millions**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Underwriting revenues:</b>				
Gross premiums written	\$ 166.5	\$ 189.2	\$ 553.1	\$ 587.2
Premiums ceded	(1.3)	(1.9)	(4.0)	(4.7)
Net premiums written	165.2	187.3	549.1	582.5
Net premiums earned	175.8	192.9	526.1	547.5
<b>Underwriting expenses:</b>				
Losses and LAE incurred	(92.9)	(106.6)	(268.2)	(289.7)
Commission expense	(21.9)	(24.8)	(67.7)	(73.1)
Underwriting and other operating expenses	(45.3)	(38.8)	(136.6)	(118.1)
<b>Underwriting income</b>	<b>15.7</b>	<b>22.7</b>	<b>53.6</b>	<b>66.6</b>
Net investment income	22.3	20.2	65.5	59.9
Net realized and unrealized gains on investments <sup>(1)</sup>	2.6	15.6	33.3	13.2
Other income	0.3	0.2	0.6	0.4
Interest and financing expenses	—	(0.4)	(0.6)	(1.1)
Income tax expense	(8.1)	(10.7)	(27.0)	(23.3)
<b>Net income</b>	<b>32.8</b>	<b>47.6</b>	<b>125.4</b>	<b>115.7</b>
Unrealized AFS investment gains (losses) arising during the period, net of tax <sup>(2)</sup>	16.4	(9.2)	84.1	(56.3)
Reclassification adjustment for realized AFS investment (gains) losses in net income, net of tax <sup>(2)</sup>	(1.6)	—	(2.3)	0.4
<b>Comprehensive income</b>	<b>\$ 47.6</b>	<b>\$ 38.4</b>	<b>\$ 207.2</b>	<b>\$ 59.8</b>
Net Income	\$ 32.8	\$ 47.6	\$ 125.4	\$ 115.7
Amortization of the Deferred Gain - losses	(1.9)	(2.1)	(7.1)	(7.8)
Amortization of the Deferred Gain - contingent commission	(0.4)	(0.5)	(1.4)	(1.5)
LPT reserve adjustment	—	—	(1.8)	(2.2)
LPT contingent commission adjustments	—	—	(0.2)	(0.5)
<b>Net income before impact of the LPT Agreement <sup>(3)</sup></b>	<b>30.5</b>	<b>45.0</b>	<b>114.9</b>	<b>103.7</b>
Net realized and unrealized gains on investments	(2.6)	(15.6)	(33.3)	(13.2)
Amortization of intangibles	—	—	—	0.1
Income tax expense related to items excluded from Net income	0.5	3.3	7.0	2.8
<b>Adjusted net income <sup>(3)</sup></b>	<b>\$ 28.4</b>	<b>\$ 32.7</b>	<b>\$ 88.6</b>	<b>\$ 93.4</b>

(1) Includes unrealized gains (losses) on equity securities of \$(10.3) million and \$11.2 million for the three months ended September 30, 2019 and 2018, respectively, and \$17.7 million and \$1.8 million for the nine months ended September 30, 2019 and 2018, respectively.

(2) AFS = Available for Sale securities.

(3) See Page 10 regarding our use of Non-GAAP Financial Measures.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
<b>Net income</b>	<b>A</b> \$ 32.8	\$ 47.6	\$ 125.4	\$ 115.7
Impact of the LPT Agreement	(2.3)	(2.6)	(10.5)	(12.0)
Net realized and unrealized gains on investments	(2.6)	(15.6)	(33.3)	(13.2)
Amortization of intangibles	—	—	—	0.1
Income tax expense related to items excluded from Net income	0.5	3.3	7.0	2.8
<b>Adjusted net income <sup>(1)</sup></b>	<b>B</b> 28.4	32.7	88.6	93.4
Stockholders' equity - end of period	\$ 1,160.4	\$ 991.2	\$ 1,160.4	\$ 991.2
Stockholders' equity - beginning of period	1,121.5	956.5	1,018.2	947.7
<b>Average stockholders' equity</b>	<b>C</b> 1,141.0	973.9	1,089.3	969.5
Stockholders' equity - end of period	\$ 1,160.4	\$ 991.2	\$ 1,160.4	\$ 991.2
Deferred Gain - end of period	139.4	152.1	139.4	152.1
Accumulated other comprehensive loss (income) - end of period	(86.2)	28.4	(86.2)	28.4
Income taxes related to accumulated other comprehensive gains and losses - end of period	18.1	(5.9)	18.1	(5.9)
Adjusted stockholders' equity - end of period	1,231.7	1,165.8	1,231.7	1,165.8
Adjusted stockholders' equity - beginning of period	1,209.9	1,124.5	1,181.5	1,003.9
<b>Average adjusted stockholders' equity <sup>(1)</sup></b>	<b>D</b> 1,220.8	1,145.2	1,206.6	1,084.9
Return on stockholders' equity	<b>A / C</b> 2.9%	4.9%	11.5%	11.9%
<b>Annualized return on stockholders' equity</b>	11.5	19.6	15.3	15.9
Adjusted return on stockholders' equity <sup>(1)</sup>	<b>B / D</b> 2.3%	2.9%	7.3%	8.6%
<b>Annualized adjusted return on stockholders' equity <sup>(1)</sup></b>	9.3	11.4	9.8	11.5

(1) See Page 10 for information regarding our use of Non-GAAP Financial Measures.

**EMPLOYERS HOLDINGS, INC.**  
**Combined Ratios (unaudited)**  
**\$ in millions**

		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2019	2018	2019	2018
Net premiums earned	<b>A</b>	\$ 175.8	\$ 192.9	\$ 526.1	\$ 547.5
Losses and LAE incurred	<b>B</b>	92.9	106.6	268.2	289.7
Amortization of the Deferred Gain - losses		1.9	2.1	7.1	7.8
Amortization of the Deferred Gain - contingent commission		0.4	0.5	1.4	1.5
LPT reserve adjustment		—	—	1.8	2.2
LPT contingent commission adjustments		—	—	0.2	0.5
Losses and LAE before impact of the LPT <sup>(1)</sup>	<b>C</b>	95.2	109.2	278.7	301.7
Prior accident year favorable loss reserve development		(20.2)	(11.9)	(66.1)	(40.8)
Losses and LAE before impact of the LPT - current accident year	<b>D</b>	\$ 115.4	\$ 121.1	\$ 344.8	\$ 342.5
Commission expense	<b>E</b>	\$ 21.9	\$ 24.8	\$ 67.7	\$ 73.1
Underwriting and other operating expenses	<b>F</b>	45.3	38.8	136.6	118.1
<b>Combined ratio:</b>					
Loss and LAE ratio	<b>B/A</b>	52.8%	55.3%	51.0%	52.9%
Commission expense ratio	<b>E/A</b>	12.5	12.9	12.9	13.4
Underwriting and other operating expenses ratio	<b>F/A</b>	25.8	20.0	25.9	21.5
Combined ratio		91.1%	88.2%	89.8%	87.8%
<b>Combined ratio before impact of the LPT: <sup>(1)</sup></b>					
Loss and LAE ratio before impact of the LPT	<b>C/A</b>	54.2%	56.6%	53.0%	55.1%
Commission expense ratio	<b>E/A</b>	12.5	12.9	12.9	13.4
Underwriting and other operating expenses ratio	<b>F/A</b>	25.8	20.0	25.9	21.5
Combined ratio before impact of the LPT		92.4%	89.6%	91.8%	90.0%
<b>Combined ratio before impact of the LPT: current accident year <sup>(1)</sup></b>					
Loss and LAE ratio before impact of the LPT	<b>D/A</b>	65.6%	62.8%	65.5%	62.6%
Commission expense ratio	<b>E/A</b>	12.5	12.9	12.9	13.4
Underwriting and other operating expenses ratio	<b>F/A</b>	25.8	20.0	25.9	21.5
Combined ratio before impact of the LPT: current accident year		103.9%	95.7%	104.4%	97.5%

(1) See Page 10 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		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Unpaid losses and LAE at beginning of period	\$ 2,161.8	\$ 2,227.9	\$ 2,207.9	\$ 2,266.1
Reinsurance recoverable on unpaid losses and LAE	484.2	512.5	504.4	537.0
Net unpaid losses and LAE at beginning of period	1,677.6	1,715.4	1,703.5	1,729.1
Losses and LAE incurred:				
Current year losses	115.4	121.1	344.8	342.5
Prior year losses on voluntary business	(20.0)	(12.0)	(66.0)	(40.5)
Prior year losses on involuntary business	(0.2)	0.1	(0.1)	(0.3)
Total losses incurred	95.2	109.2	278.7	301.7
Losses and LAE paid:				
Current year losses	32.9	31.2	63.5	56.9
Prior year losses	69.7	71.5	248.5	252.0
Total paid losses	102.6	102.7	312.0	308.9
Net unpaid losses and LAE at end of period	1,670.2	1,721.9	1,670.2	1,721.9
Reinsurance recoverable on unpaid losses and LAE	527.1	511.8	527.1	511.8
Unpaid losses and LAE at end of period	\$ 2,197.3	\$ 2,233.7	\$ 2,197.3	\$ 2,233.7

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 \$2.3 million and \$2.6 million for the three months ended September 30, 2019 and 2018, respectively, and \$10.5 million and \$12.0 million for the nine months ended September 30, 2019 and 2018, respectively.

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

	September 30, 2019				December 31, 2018	
	Cost or Amortized Cost	Net Unrealized Gain (Loss)	Fair Value	%	Fair Value	%
<b>Investment Positions:</b>						
Fixed maturity securities	\$ 2,394.6	\$ 86.2	\$ 2,480.8	84%	\$ 2,496.4	88%
Equity securities	205.7	85.7	291.4	10	206.3	7
Short-term investments	—	—	—	—	25.0	1
Other invested assets	24.9	(0.2)	24.7	1	—	—
Cash and cash equivalents	140.3	—	140.3	5	101.4	4
Restricted cash and cash equivalents	0.3	—	0.3	—	0.6	—
Total investments and cash	<u>\$ 2,765.8</u>	<u>\$ 171.7</u>	<u>\$ 2,937.5</u>	<u>100%</u>	<u>\$ 2,829.7</u>	<u>100%</u>
<b>Breakout of Fixed Maturity Securities:</b>						
U.S. Treasuries and agencies	\$ 84.7	\$ 2.4	\$ 87.1	4%	\$ 117.8	5%
States and municipalities	464.8	27.9	492.7	20	528.0	21
Corporate securities	1,035.9	41.9	1,077.8	43	1,090.4	44
Mortgage-backed securities	573.3	12.4	585.7	24	545.8	22
Asset-backed securities	56.7	1.3	58.0	2	64.5	3
Bank loans	179.2	0.3	179.5	7	149.9	6
Total fixed maturity securities	<u>\$ 2,394.6</u>	<u>\$ 86.2</u>	<u>\$ 2,480.8</u>	<u>100%</u>	<u>\$ 2,496.4</u>	<u>100%</u>
Weighted average book yield				3.4%		3.4%
Average credit quality (S&P)				A+		AA-
Duration				3.6		4.4

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

		September 30, 2019	December 31, 2018	September 30, 2018	December 31, 2017
<b>Numerators:</b>					
<b>Stockholders' equity</b>	<b>A</b>	\$ 1,160.4	\$ 1,018.2	\$ 991.2	\$ 947.7
Plus: Deferred Gain		139.4	149.6	152.1	163.6
<b>Stockholders' equity including the Deferred Gain <sup>(1)</sup></b>	<b>B</b>	1,299.8	1,167.8	1,143.3	1,111.3
Accumulated other comprehensive (income) loss		(86.2)	17.3	28.4	(136.0)
Income taxes related to accumulated other comprehensive gains and losses		18.1	(3.6)	(5.9)	28.6
<b>Adjusted stockholders' equity <sup>(1)</sup></b>	<b>C</b>	\$ 1,231.7	\$ 1,181.5	\$ 1,165.8	\$ 1,003.9
<b>Denominator (shares outstanding)</b>	<b>D</b>	31,814,678	32,765,792	32,796,666	32,597,819
Book value per share <sup>(1)</sup>	<b>A / D</b>	\$ 36.47	\$ 31.08	\$ 30.22	\$ 29.07
Book value per share including the Deferred Gain <sup>(1)</sup>	<b>B / D</b>	40.86	35.64	34.86	34.09
Adjusted book value per share <sup>(1)</sup>	<b>C / D</b>	38.71	36.06	35.55	30.80

**YTD Change in: <sup>(2)</sup>**

Book value per share	19.5%	6.0%
Book value per share including the Deferred Gain	16.5	4.0
Adjusted book value per share	9.2	17.4

(1) See Page 10 for information regarding our use of Non-GAAP Financial Measures.

(2) Reflects the change in book value per share after taking into account dividends declared of \$0.66 and \$0.60 for the nine months ended September 30, 2019, and 2018, respectively. .

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

		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2019	2018	2019	2018
<b>Numerators:</b>					
<b>Net income</b>	<b>A</b>	\$ 32.8	\$ 47.6	\$ 125.4	\$ 115.7
Impact of the LPT Agreement		(2.3)	(2.6)	(10.5)	(12.0)
<b>Net income before impact of the LPT <sup>(1)</sup></b>	<b>B</b>	30.5	45.0	114.9	103.7
Net realized and unrealized gains on investments		(2.6)	(15.6)	(33.3)	(13.2)
Amortization of intangibles		—	—	—	0.1
Income tax expense related to items excluded from Net income		0.5	3.3	7.0	2.8
<b>Adjusted net income <sup>(1)</sup></b>	<b>C</b>	\$ 28.4	\$ 32.7	\$ 88.6	\$ 93.4
<b>Denominators:</b>					
Average common shares outstanding (basic)	<b>D</b>	31,946,851	32,906,250	32,168,826	32,864,612
Average common shares outstanding (diluted)	<b>E</b>	32,318,017	33,316,164	32,587,455	33,278,790
<b>Earnings per share:</b>					
Basic	<b>A / D</b>	\$ 1.03	\$ 1.45	\$ 3.90	\$ 3.52
Diluted	<b>A / E</b>	1.01	1.43	3.85	3.48
<b>Earnings per share before impact of the LPT: <sup>(1)</sup></b>					
Basic	<b>B / D</b>	\$ 0.95	\$ 1.37	\$ 3.57	\$ 3.16
Diluted	<b>B / E</b>	0.94	1.35	3.53	3.12
<b>Adjusted earnings per share: <sup>(1)</sup></b>					
Basic	<b>C / D</b>	\$ 0.89	\$ 0.99	\$ 2.75	\$ 2.84
Diluted	<b>C / E</b>	0.88	0.98	2.72	2.81

(1) See Page 10 for information regarding our use of Non-GAAP Financial Measures.

## Glossary of 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 any significant 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 4 for calculations) is net income excluding the effects of the LPT Agreement, net realized and unrealized gains (losses) on investments (net of tax), and amortization of intangible assets (net of tax). Management believes that providing this non-GAAP measures 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** 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 8 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 operating return on equity metric.

**Return on stockholders' equity and Adjusted return on stockholders' equity** (see Page 4 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 8 for calculations). Management believes that these valuation measures are widely used by our investors, analysts and other interested parties. The Company previously referred to Book value per share as GAAP book value per share, and Book value per share including Deferred Gain as Book value per share.

**Net income, Combined ratio, and Combined ratio before impact of the LPT** (see Pages 3 and 5 for calculations). Management believes that these performance and underwriting measures are widely used by our investors, analysts and other interested parties.