



September, 2008

Employers Holdings, Inc.

Keefe, Bruyette & Woods Insurance 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 2007, our Form 10-Q for the first and second quarters of 2008 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 2007, our Form 10-Q for the first and second quarters of 2008 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". 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, Incorporated (AmCOMP) 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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Overview

Business	<ul style="list-style-type: none">• Specialty provider of workers' compensation insurance• Coverage required by statute<ul style="list-style-type: none">➢ Medical, temporary/permanent indemnity, death	 <p>\$50 billion per year industry <i>(2007, A.M. Best)</i></p>
Customers	<ul style="list-style-type: none">• Small "main street" businesses<ul style="list-style-type: none">➢ 35,299 in force policies with \$8,464 average policy size at June 30, 2008• Low-to-medium hazard exposure industries<ul style="list-style-type: none">➢ Top classes include restaurants, physicians, dentists, clerical, retail stores• Distribution through agents and strategic partners	 <p>Highly focused business model</p>
Geographic	<ul style="list-style-type: none">• 12 states, headquarters Reno, NV<ul style="list-style-type: none">➢ Market leading presence in California and Nevada➢ Unique markets by state and area	 <p>Operate in 48% of total market <i>(2007, A.M. Best)</i></p>

Key Strengths

- **Established enterprise with consistently strong performance** – 95 year operating history

	Net Income*	Book Value per Share*
2007	\$ 102 Million	\$16.21
2006	\$ 152 Million	\$14.94
2005	\$ 94 Million	\$12.14

* Adjusted for the Loss Portfolio Transfer (LPT) – see Appendix and SEC Filings

- **Focused operations and disciplined underwriting** – attractive, underserved target market segment with growth opportunities
- **Unique and long-standing strategic distribution relationships** – resulting in higher retention
- **Financial strength and flexibility** – strong balance sheet, conservative reserving, negligible asset exposure to recent sub-prime market dislocations
- **Experienced management team with deep knowledge of workers' compensation** – average 25 years experience with the ability to manage through challenging operating conditions

Key Strategies

FOCUS

- Target attractive, underserved small business market
- Maintain disciplined risk selection, underwriting, pricing and claims operations
- Focus on underwriting profitability

GROWTH

- Selectively expand into additional markets
- Increase penetration in current markets
- Leverage infrastructure, technology and systems
- Develop existing and new distribution partners

CAPITAL

- Manage capital prudently
- Invest in core operations
- Invest in strategic acquisitions
- Return capital to shareholders

Executing our Strategies

FOCUS



- Target attractive, underserved small business market
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Focus: Attractive Small Business Market

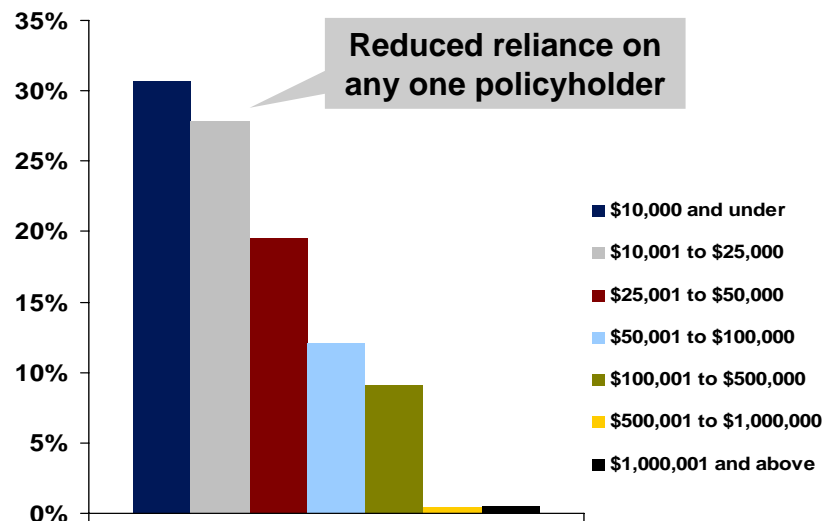
Specialty provider for small businesses

Underserved by large carriers
Less price sensitivity
Strong persistency



- Proven business model
- Significant room for growth
- In-depth market knowledge

- U.S. Small Business Administration
 - 26.8 million small businesses in 2006
 - More new business creation than closures in 2006
 - Two thirds of new firms survive at least two years; 44% at least four years
 - Create 60% to 80% of net new jobs
 - Share of employment remains steady as some grow into larger firms
 - Small businesses employ about half of U.S. workers



EMPLOYERS: \$299 Million In Force Estimated Annual Premium as of 6/30/08

Focus: Disciplined Underwriting



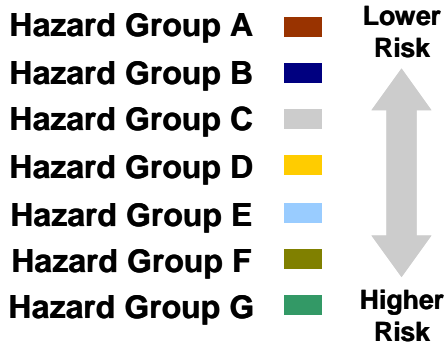
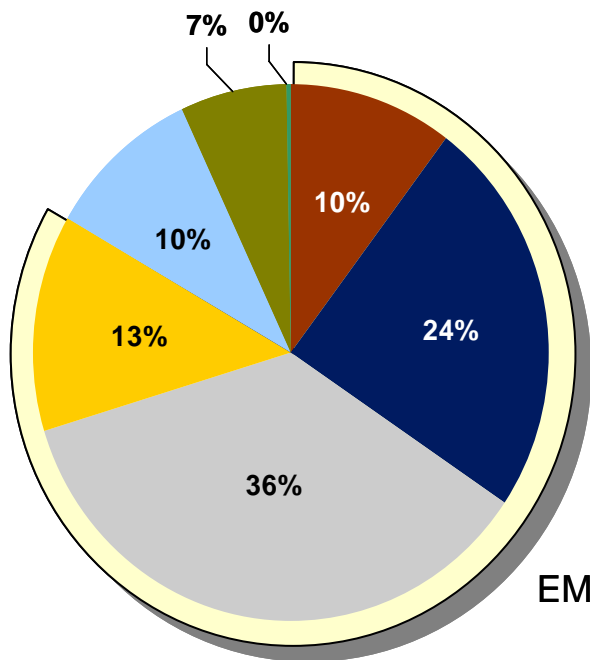
Focus: Disciplined Risk Selection

% of Premiums Written, 12/31/07

% of Premiums Written, 12/31/06

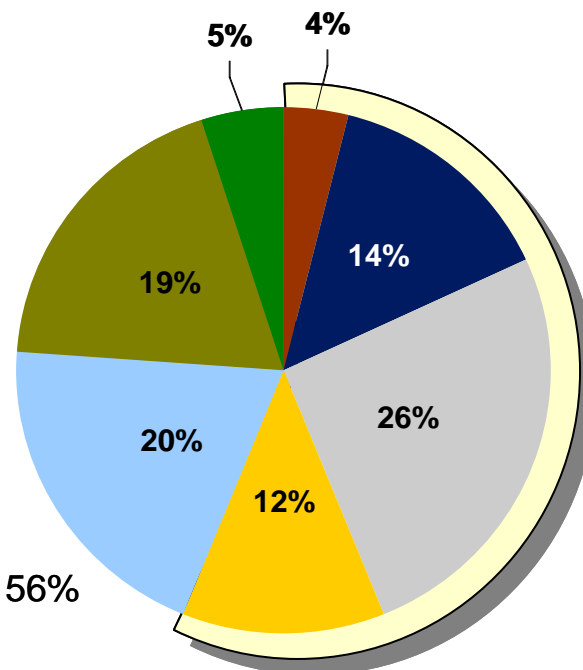
EMPLOYERS

Industry (1)



Hazard Groups A through D

EMPLOYERS = 83% Industry = 56%



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

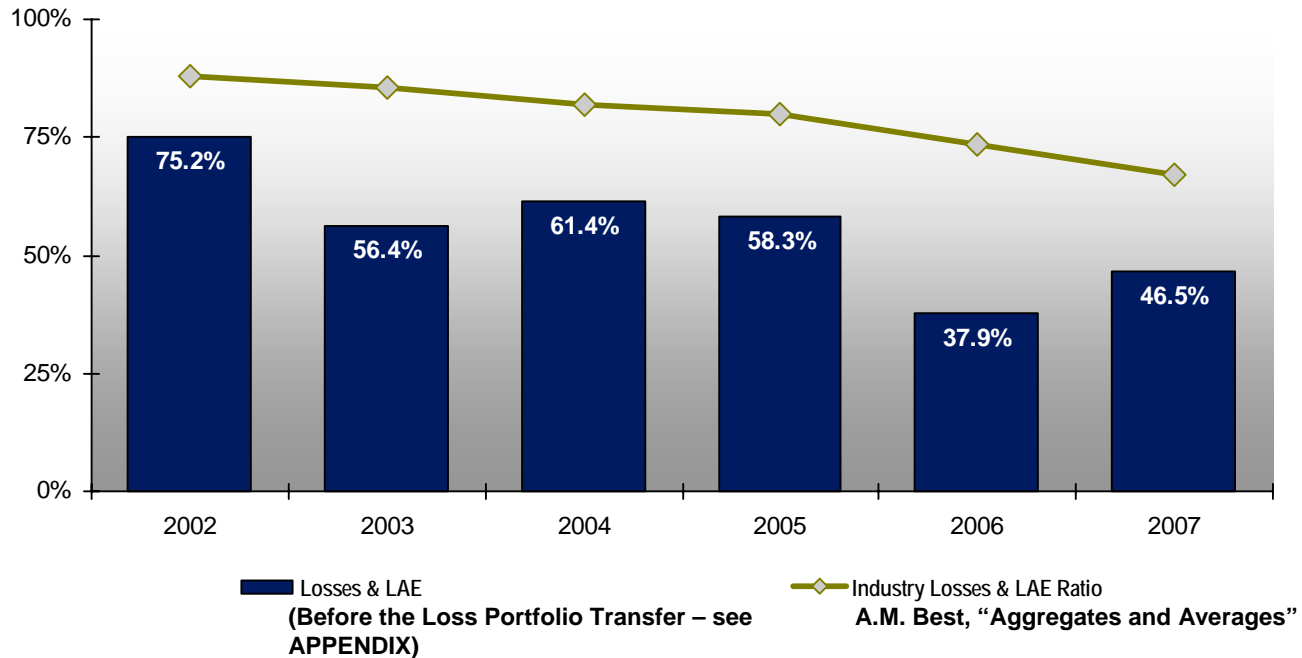
Focus: Disciplined Risk Selection

NCCI Hazard Group	Top 10 Classes in 2007	% of Direct Written Premium
A	Restaurants	6.4
C	Physicians and Clerical	5.8
B	Wholesale Stores	4.8
B	Retail Stores	3.0
B	College Employees	2.6
C	Clothing Manufacturers	2.4
C	Clerical Office Employees	2.3
D	Machine Shops	2.2
D	Automobile Services	1.8
C	Dentists/Dental Employees	1.8
	Total Top 10	33.1

Focus: Superior Claims Management

- In-house medical management staff help coordinate care and manage medical costs
 - URAC accreditation in case management and utilization review
- Comprehensive fraud program
 - \$10 million savings in 2007
- Rigorous quality assurance processes ensure compliance with best practices and regulatory requirements
- Dedicated subrogation unit with recoveries over \$2 million in 2007
- Savings in excess of \$2.5 million in 2007 through pharmacy benefit management program
- Claims professionals average over a decade of experience

Focus: Delivering superior loss ratios



Executing our Strategies

FOCUS



- Target attractive, underserved small business market
- Maintain disciplined risk selection, underwriting, pricing and claims operations
- Focus on underwriting profitability

GROWTH



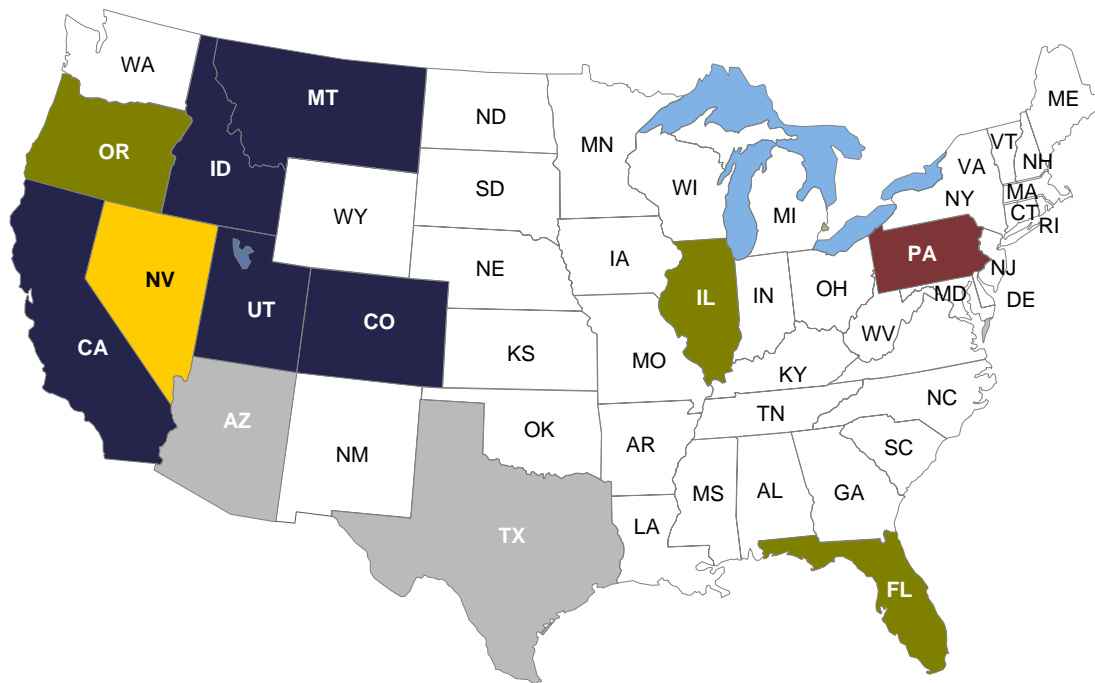
- Selectively expand into additional markets
- Increase penetration in current markets
- Leverage infrastructure, technology and systems
- Develop existing and new distribution partners

CAPITAL

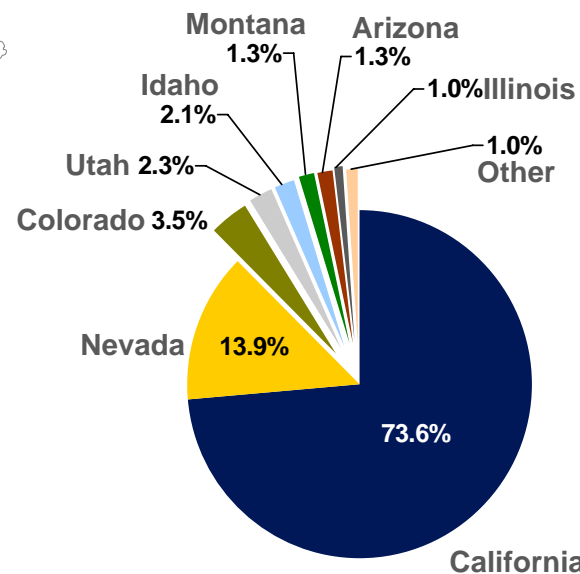


- Manage capital prudently
- Invest in core operations
- Invest in strategic acquisitions
- Return capital to shareholders

Growth: Selectively Expanding Footprint

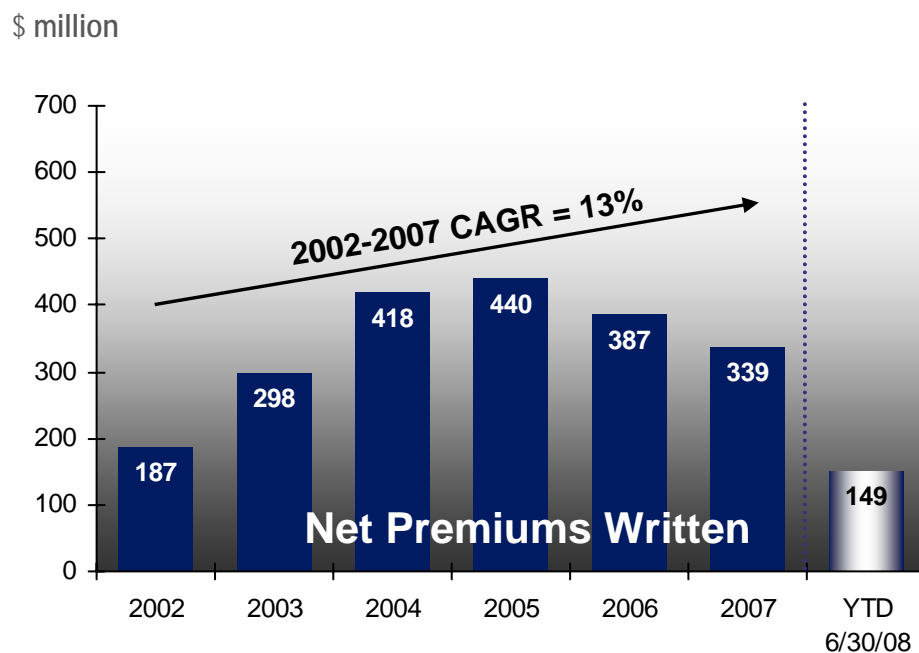


■ 2000
 ■ 2002
 ■ 2006
 ■ 2007
 ■ 2008



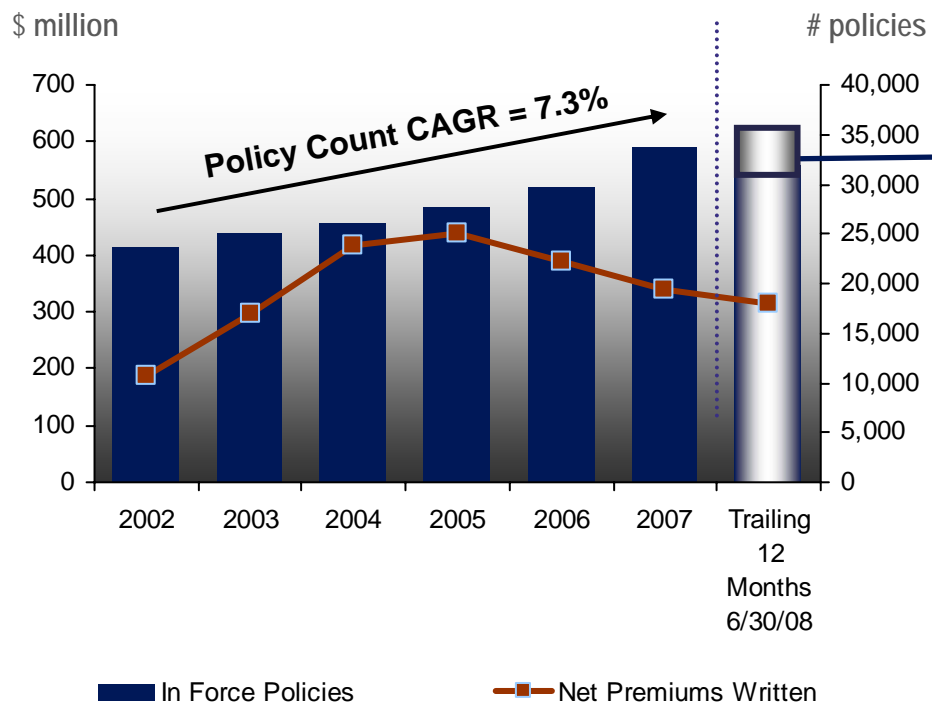
Direct Premiums Written (%) at 6/30/08

Growth: Top Line



- 2002 – 2007 NPW CAGR of 13%
- Top line challenged by prior rate decreases in California, economic slowdown in Southern Nevada and increasing competition in some markets
- Outlook:
 - *EMPLOYERS* California rate change (- 4.5% effective 9/15/07) will roll through Q 3, 2008
 - California advisory pure premium rates stable since July, 2007
 - California Rating Bureau (WCIRB) is recommending pure premium rate increase of 16% for 2009
 - **APPLYING DISCIPLINE:** Will not grow top line at the expense of bottom line profitability

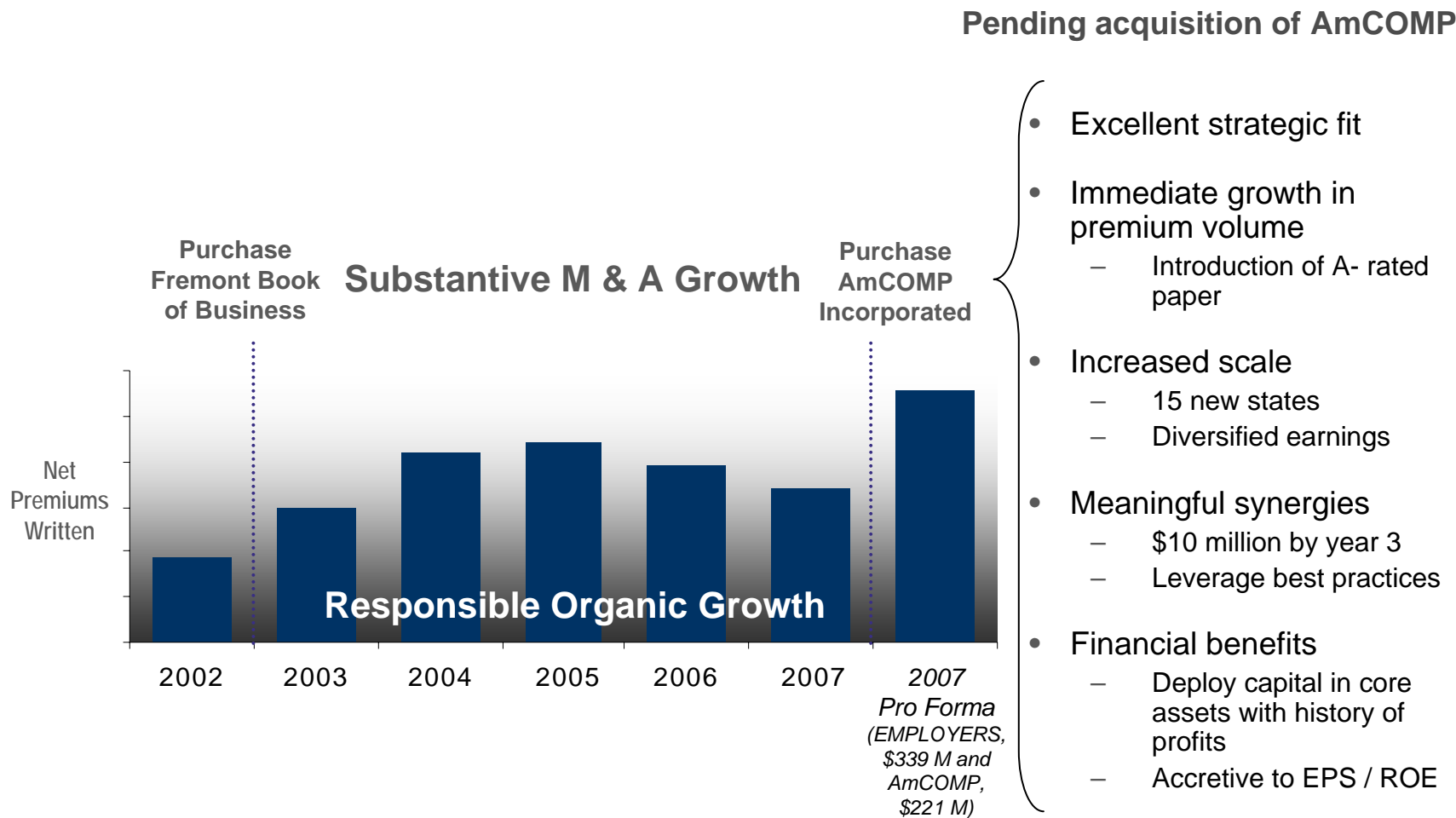
Growth: Increasing market penetration



- Strong in force policy growth
 - Strong sales and marketing efforts
- 2008 TTM* gain a healthy 10.6%
 - 13% in California, our largest market
 - 37% in states other than California and Nevada
- Maintaining underwriting discipline
 - Focused operations
 - 90% of total policy count in Hazard Groups A through D
 - Top ten customer classes: 100% in Hazard Groups A through D were 42% of total 6/30/08 policy count

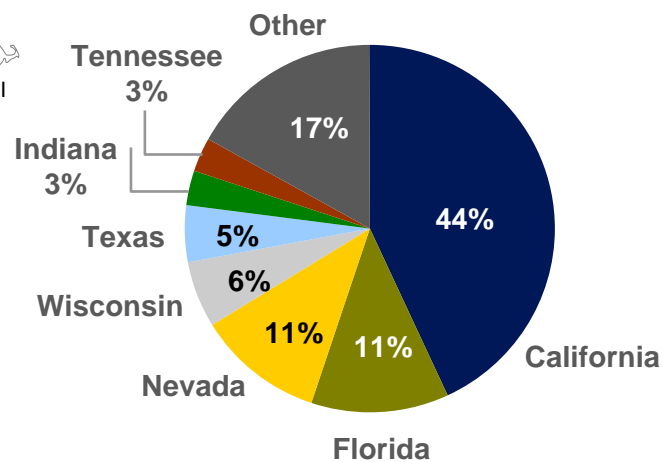
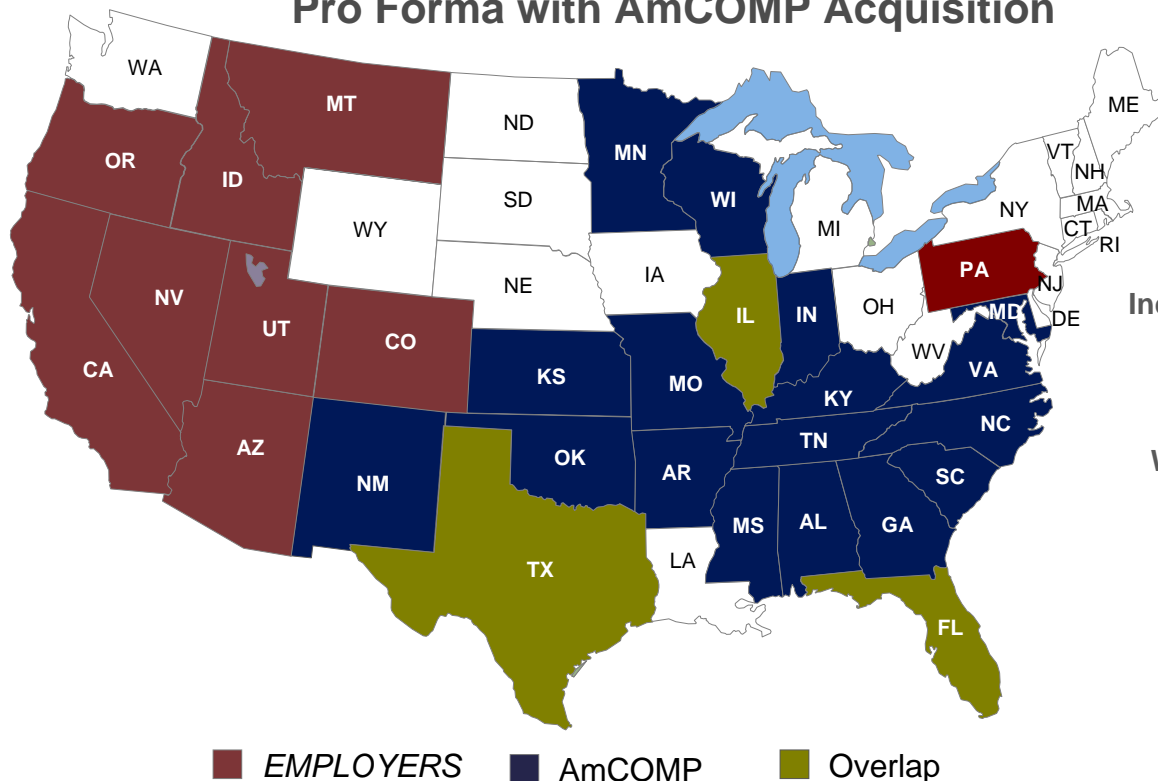
* trailing twelve months

Growth: Organic and Strategic



Growth: Selectively Expanding Footprint

Pro Forma with AmCOMP Acquisition



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

Growth: Leverage Infrastructure, Technology and Systems

- Scalable business model
 - Increasing policy count per full time employee
 - 7.4% increase in this measure from 2006 to 2007
- Increasing the ease of doing business
 - Highly automated underwriting system – EACCESS
 - Electronic submission and review of applications
 - Includes underwriting guidelines and standards
 - Average small policy size requires automation
- Initiatives
 - Continuing roll-out of EACCESS to agents
 - Building scale

Growth: Unique Distribution Network

Independent Agents and Brokers

- Over 900 in place
- Strong relationships with agents

Strategic Partnerships

- ADP
- Wellpoint
- E-chx / Granite
- Intego Services
- Wells Fargo

Industry Focused

- California Restaurant Association provider of choice
- California Medical Association sponsorship

Restaurants and physicians
are our top two classes of
customers

Growth: Increasing Points of Access

Strategic Partnerships

- Provide a distribution advantage
 - Expand market reach
 - Significant knowledge of local markets
- Result in high persistency
- Contribute about one-third of direct premiums written



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



- Largest group health carrier in California – exclusive relationship
- Partner since 2002 – business originated by Wellpoint's health insurance agents with a single bill to customers
- Use medical provider network



- Specialty provider of payroll services / insurance broker
- Partner since Q 4 2006, expanded alliance in 2008

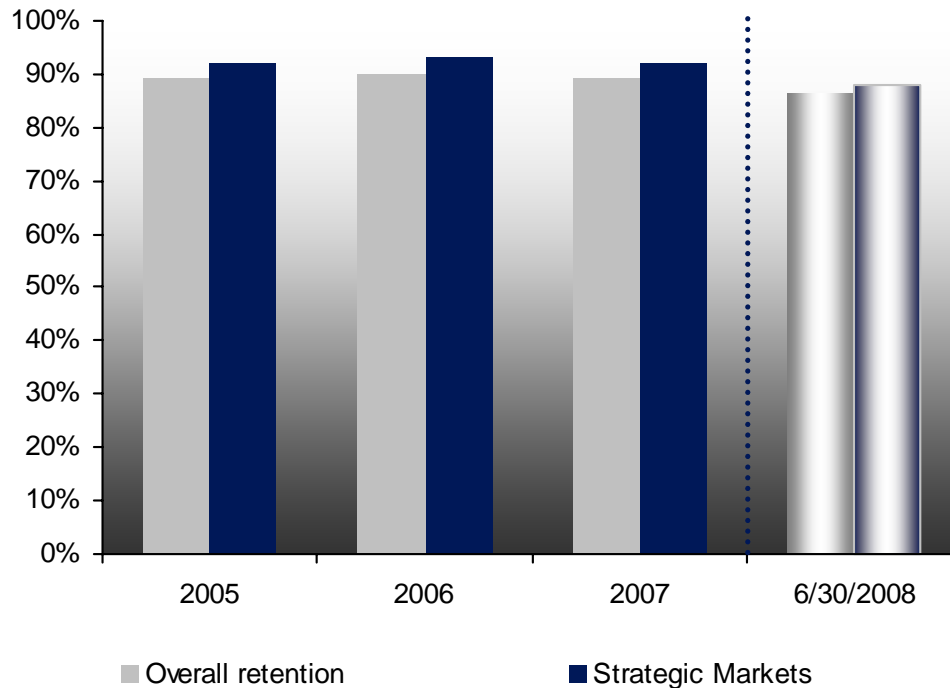


- Provider of insurance software services
- Partner since Q 4 2007



- Small business payroll services
- Program since Q 2 2008

Growth: Strong retention rates



- Overall retention mid to high 80s
- Strategic partnerships historically low 90s
- Slightly lower but strong retention in 2008

Executing our Strategies

FOCUS



- Target attractive, underserved small business market
- Maintain disciplined risk selection, underwriting, pricing and claims operations
- Focus on underwriting profitability

GROWTH



- Selectively expand into additional markets
- Increase penetration in current markets
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CAPITAL



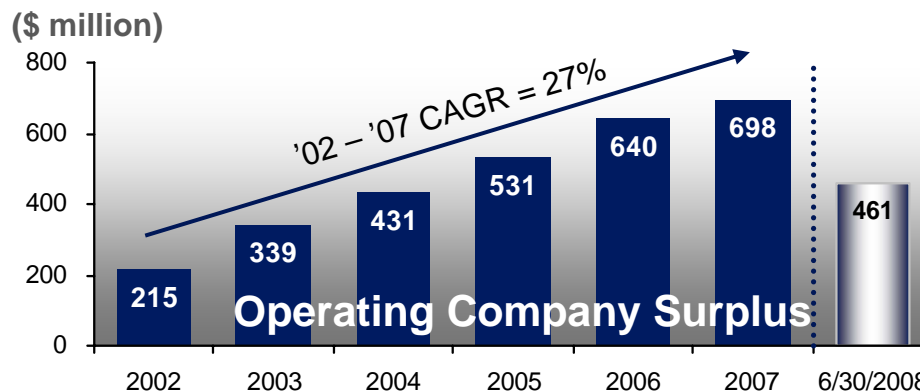
- Manage capital prudently
- Invest in core operations
- Invest in strategic acquisitions
- Return capital to shareholders

Capital: Manage Capital Prudently

Position of Financial Strength



- Strong growth in statutory surplus provides a solid basis for underwriting
 - \$275 million extraordinary dividends to parent as of 6/30/08
- 0.7 : 1 NPW / statutory surplus ratio at 6/30/08
- Financial Strength Rating of A- (Excellent) by A.M. Best



Capital: Manage Capital Prudently

Holding Company Position of Financial Strength

- Holding Company Leverage
 - \$150 million Amended and Restated Secured Revolving Credit Facility (Wells Fargo) through April 30, 2009 for acquisition costs and general corporate purposes
 - After April 30, 2009 - \$50 million
 - Currently no borrowings
 - Debt to total capital to continue below rating agency requirements
- Liquidity
 - Holding company liquidity above requirements for expenses and capital management programs
 - Allows access to financial markets
 - Conserving cash since Q 4 2007 for acquisition and general corporate purposes

Capital: History of Reserve Strength

Net reserves for workers' comp industry estimated to be deficient by \$2 Billion at 12/31/07 ⁽¹⁾

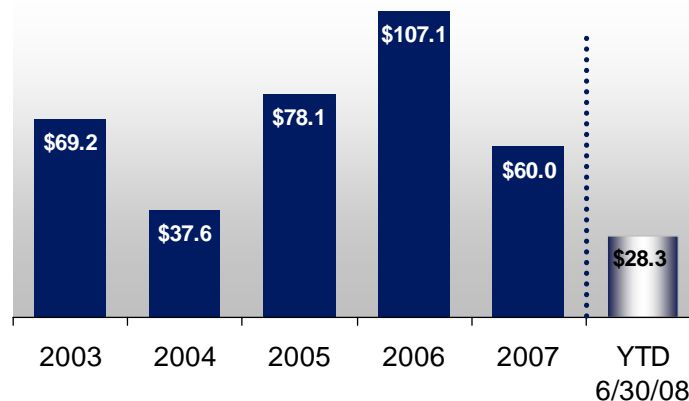
Reserve Review

- Quarterly evaluation of prior year reserves and current year loss picks
- Consider point estimate of independent consulting actuary
 - Twice annually
- Results from senior management to Board Audit Committee
- OUTLOOK:
 - Going forward, we expect current AY loss picks to be closer to consulting actuary estimates

Reserve Development

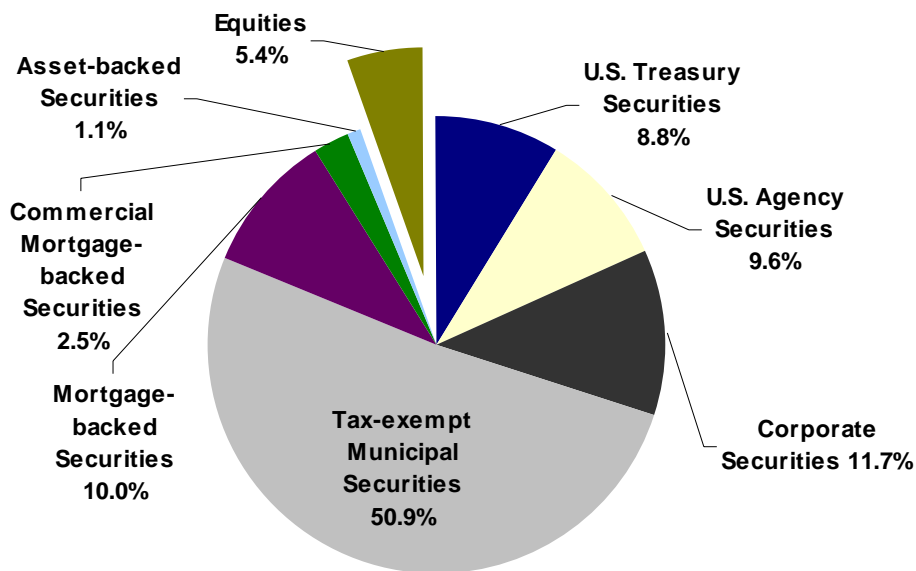
Net Calendar Year Reserve Releases for Prior Accident Years

- Track record of reserve strength (\$ million)



(1) NCCI, "2008 State of the Line"

Capital: High Quality Investment Portfolio



Portfolio Mix at 6/30/08

- \$1.7 billion portfolio of invested securities
 - Less than .02% related to sub-prime
 - Less than 6% related to financials
- Approximately 87% AA rated
- Book yield of 4.27%
- Tax equivalent book yield of 5.16%
- Effective duration of 5.54
- Outsourced to Conning Asset Management

Capital: High Quality Reinsurance

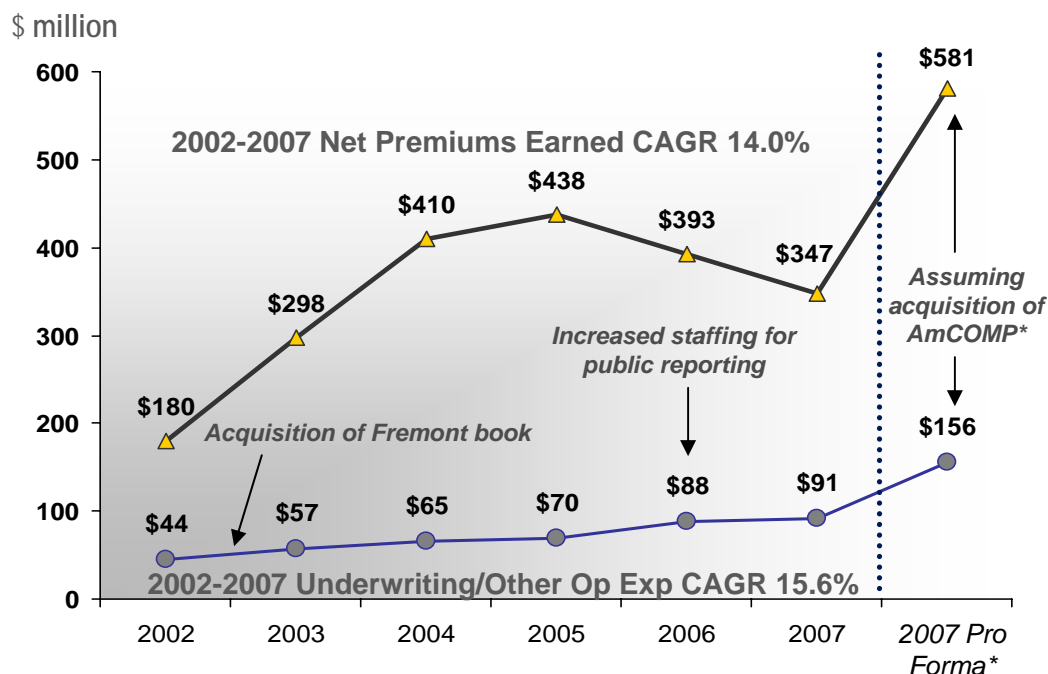
- Maintain a high quality reinsurance program
 - Focus on select small business provides a natural dispersion of exposure across markets
- Long-term relationships with lead reinsurers
- 100% rated A or better

Program Structure

- Priced annually, effective 7/1/2008
- Limits of \$200M
- Retention of \$5M
- Catastrophe excess of loss includes maximum any one life of \$10M
- Includes terrorism, excludes nuclear, biological, chemical, and radiological

Capital: Investing in Operations

Investing in the Future



- Generating capital to support growth
- Cost containment initiatives
 - Underwriting and other operating expenses have been flat YTD at 6/30/08
 - Minimal hiring in 2008
 - Extensive budget review
- Redeploying capital in profitable operations
 - Purchase price of AmCOMP – equity value of \$194 million, \$230 million including net debt assumed

* Pro Forma numbers from Form 8-K filed with the SEC May 2, 2008 (Includes one-time expenses such as options settlements and severance benefits)

Capital: Return Capital to Shareholders

Shareholder Dividends

- \$0.06 per share quarterly to date
- Approximately \$12 million per year
- Future dividends subject to Board approval

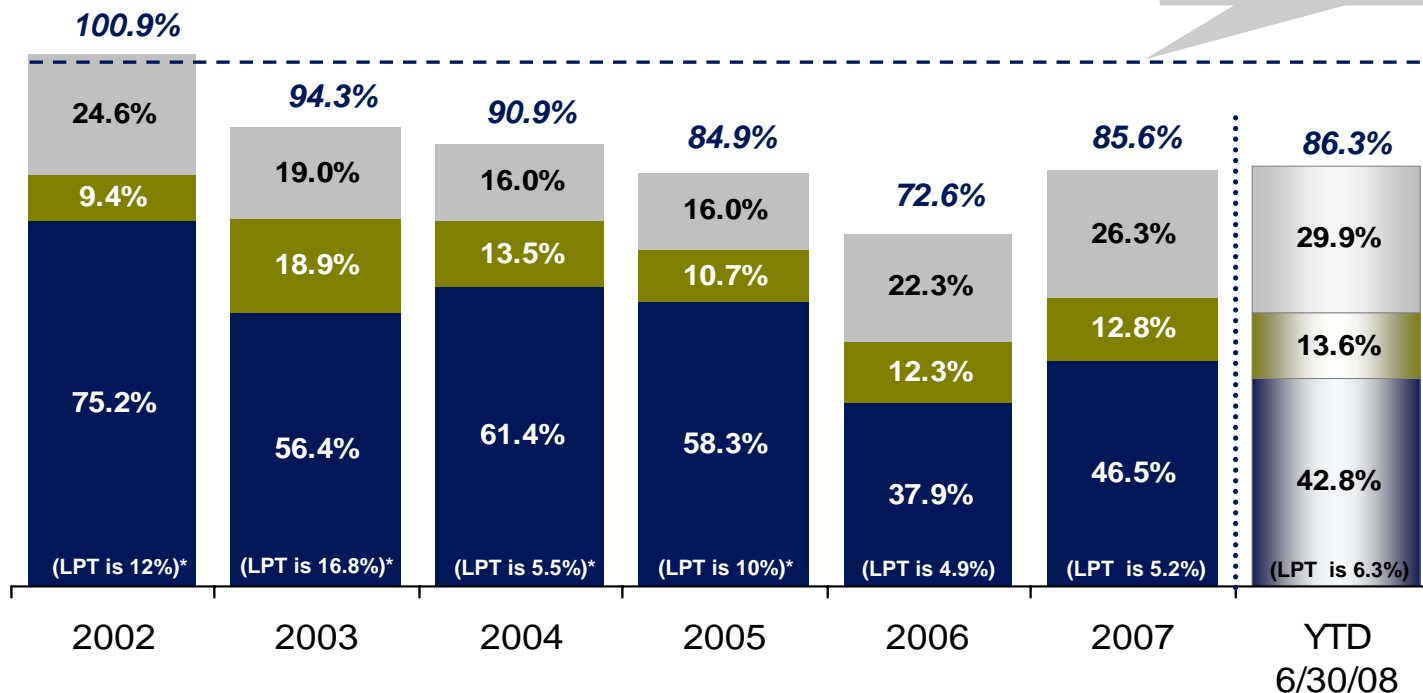
Share Repurchases

- Repurchased \$75 million (3.9 million shares) in 2007
- \$100 million authorized in February 2008 through June 30 2009
 - \$7 million YTD at June 30, 2008
 - \$3.8 million in July of 2008
 - Since Q 4, 2007, we have been conserving cash for the pending acquisition and for general corporate purposes

Results: Consistently Profitable Underwriting

Calendar Year Combined Ratio Before the LPT

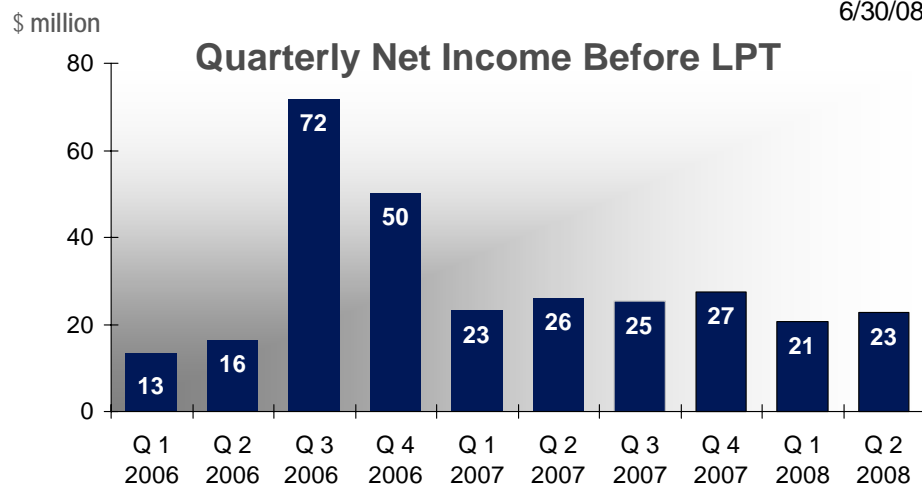
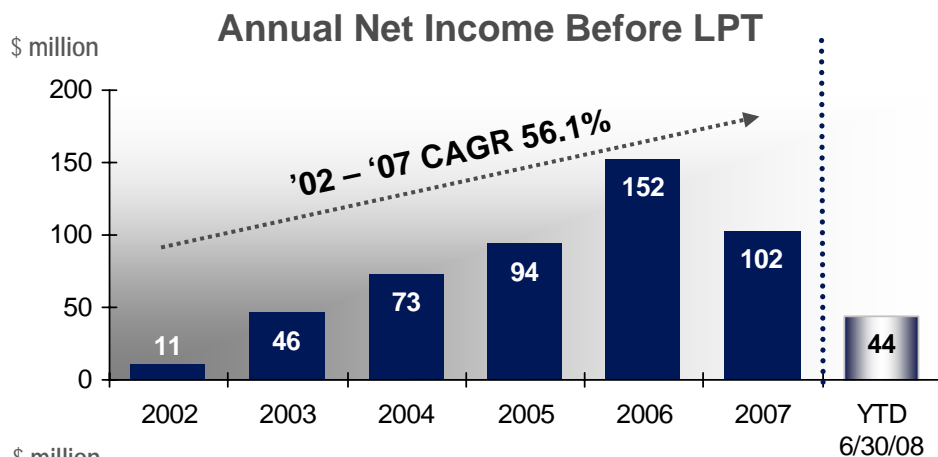
Underwriting model targets a 100% combined ratio and a 12-13% return



■ Loss & LAE Ratio Before the LPT ■ Commission Expense Ratio ■ Underwriting & Other Operating Expense Ratio

* Including reserve adjustments

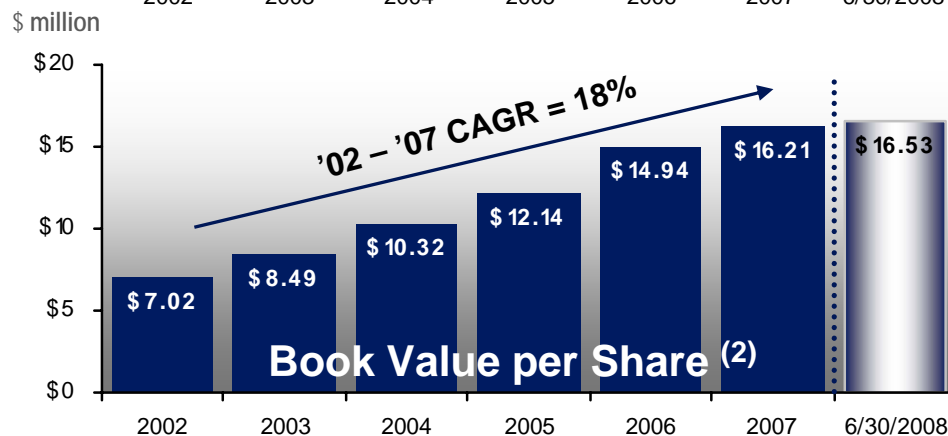
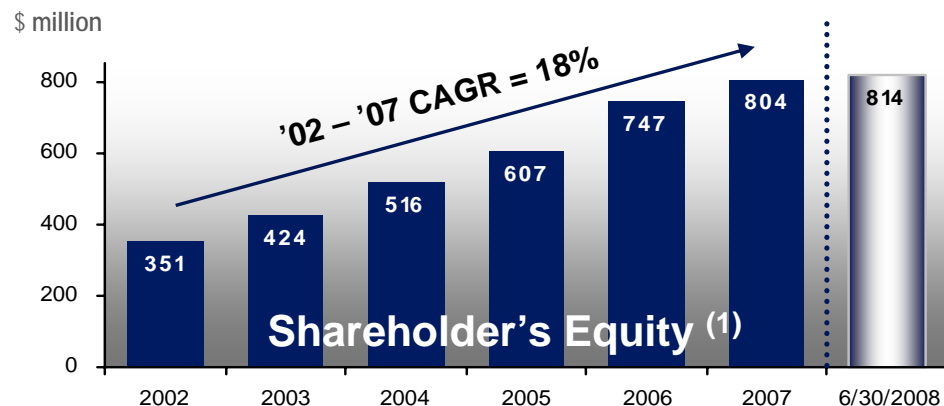
Results: Continuing Profits



YEAR	EPS Before LPT ⁽¹⁾
2002	\$ 0.22
2003	\$ 0.92
2004	\$ 1.46
2005	\$ 1.88
2006	\$ 3.04
2007	\$ 1.98
YTD 6/30/08	\$ 0.88

(1) 50,000,002 shares prior to February 5, 2007.
 51,757,057 diluted shares in 2007.
 49,545,264 diluted shares in 2008.

Results: Increasing Shareholder's Equity, Book Value per Share, Double Digit ROE



YEAR	Adjusted ROE ⁽³⁾
2002	3.1%
2003	10.9%
2004	14.1%
2005	15.5%
2006	20.4%
2007	12.7%
YTD 6/30/08	5.3%

(1) Shareholder's equity including deferred gain related to the LPT

(2) Shareholder's equity including deferred gain related to the LPT; 50,000,002 pro forma shares before February 5, 2007

(3) Net Income Before the LPT, equity includes deferred gain related to the LPT – equity in the ROE calculation is averaged for the period

Investment Considerations

FOCUS on core operations

Organic / Strategic GROWTH

Prudent CAPITAL Management



- ✓ *Strong persistency*
- ✓ *Superior loss ratios*
- ✓ *Solid earnings*
- ✓ *Increasing shareholder's equity and book value per share*
- ✓ *Double digit ROEs*

- *Established enterprise with consistently strong performance*
- *Focused operations and disciplined underwriting*
- *Unique and long-standing strategic distribution relationships*
- *Financial strength and flexibility*
- *Experienced management team with deep knowledge of workers' compensation*

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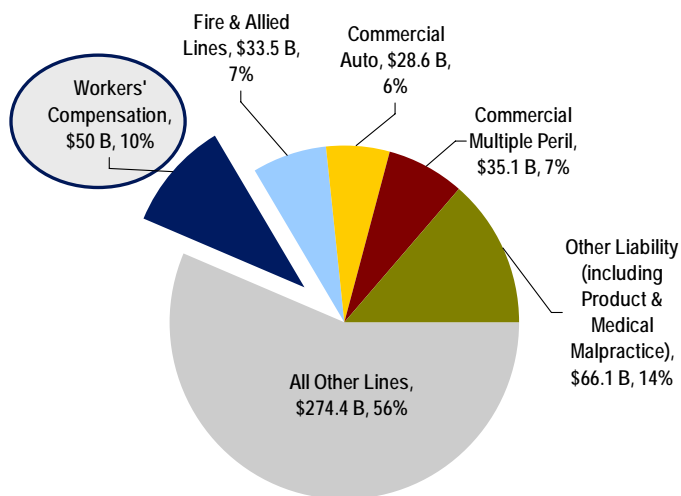


Appendix

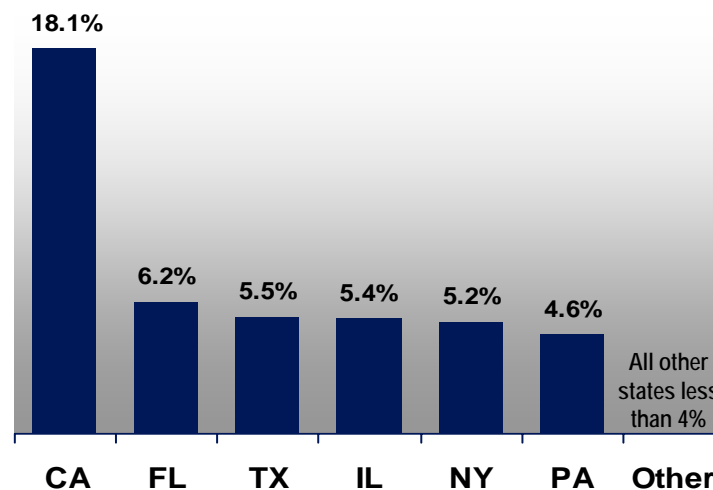
Workers' Compensation

- \$50 billion market ⁽¹⁾
 - California 18% of total workers' compensation premiums ⁽²⁾

Direct Written Premiums,
Commercial Property & Casualty Market ⁽¹⁾



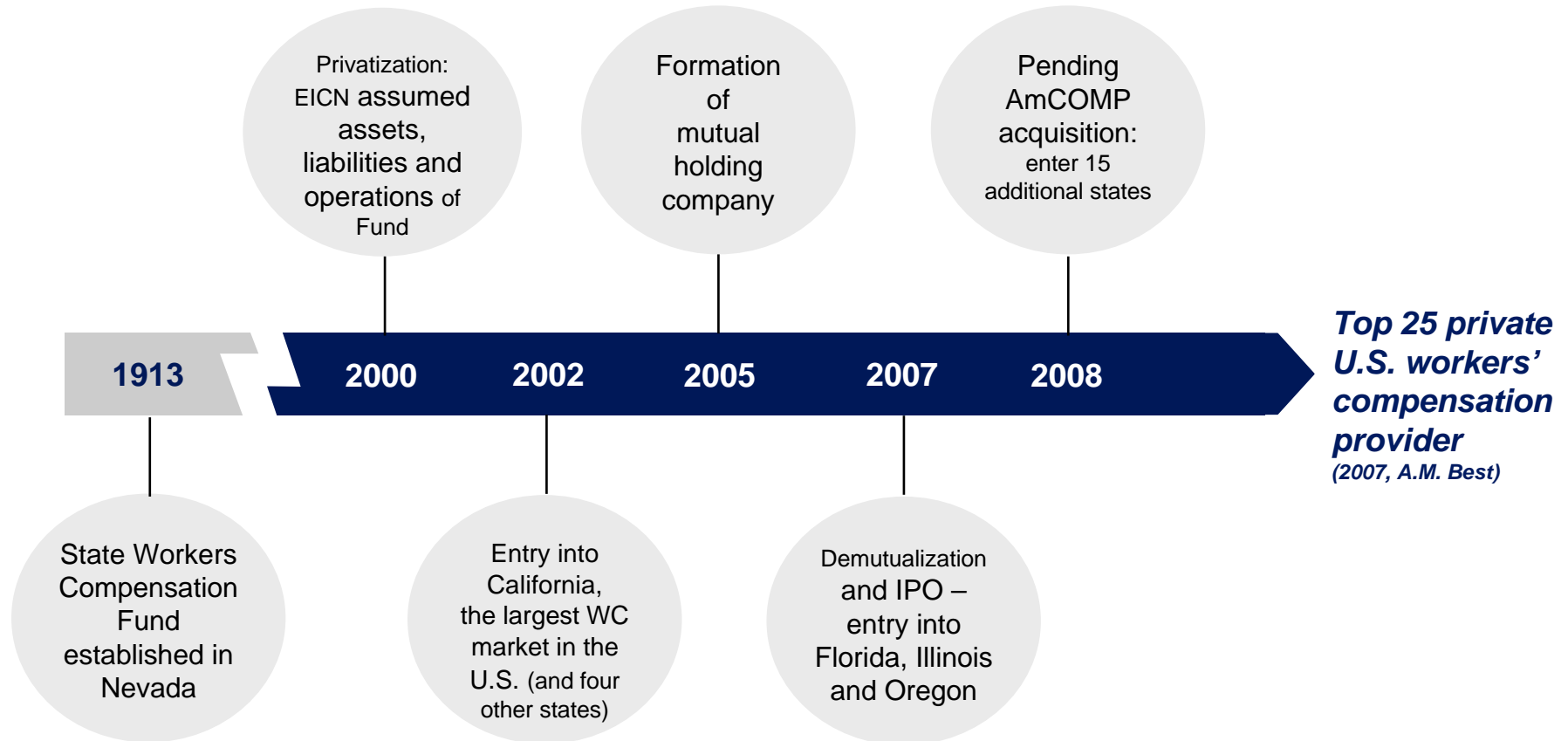
Direct Written Premiums,
Commercial Property & Casualty Market,
State Percent of Total Workers' Compensation Market ⁽²⁾



(1) A.M. Best – Best's State/Line – P/C US (data on-line as of 7/23/08)

(2) A.M. Best, 2007 Data

History



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
- Youngest claim is 13 years old, 3,754 claims open as of 6/30/08 with, on average, approximately 6% closing each year

Contract

\$ millions

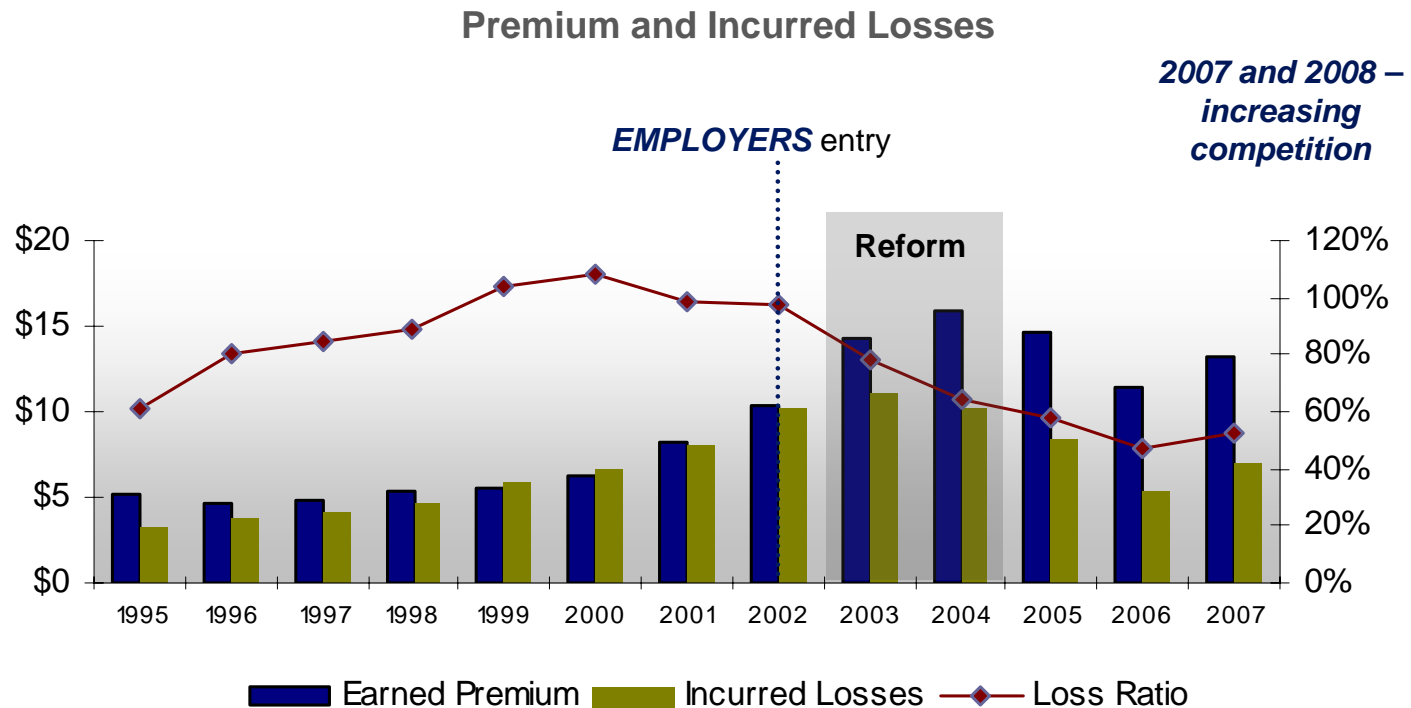
Total Coverage	\$2,000
	<u> </u>
Original Reserves Transferred	\$1,525
Consideration	775
	<u> </u>
Gain at 1/1/2000	750
Subsequent Reserve Adjustments	(147.5)
	<u> </u>
Gain at 6/30/2008	\$602.5
	<u> </u>

Accounting at 6/30/08

\$ millions

Statutory Surplus Created	\$602.5
Cumulative Amortization To Date	<u>(186.9)</u>
GAAP: Deferred Reinsurance Gain – LPT Agreement	\$415.6
	<u> </u>

73.6% of Premium: California



California Rate Setting Process

- Key Terms: Loss Costs (losses only; also referred to as Pure Premium); Lost Cost Multiplier (LCM); Filed Rate; Schedule Credit/Debit; Effective Rate
- WCIRB recommendations to the Commissioner are based on study of approximately 86% of the industry “**loss costs**”
 - Annually by **class** of business
 - Interim studies in aggregate
- Commissioner can accept, reject or modify WCIRB findings
- Companies then accept, reject or modify the Commissioner’s recommendations; if they accept or modify they **file** new **rates** that are the product of revised pure loss cost estimates X **LCM**’s required to cover their total costs by **class** of business
- Companies also file rate deviation plans or **schedule credits**
- These **schedule credits** are applied to modify **filed rates** to **individual** policy or group requirements to arrive at “**effective rates**”

Rate Setting Process Example

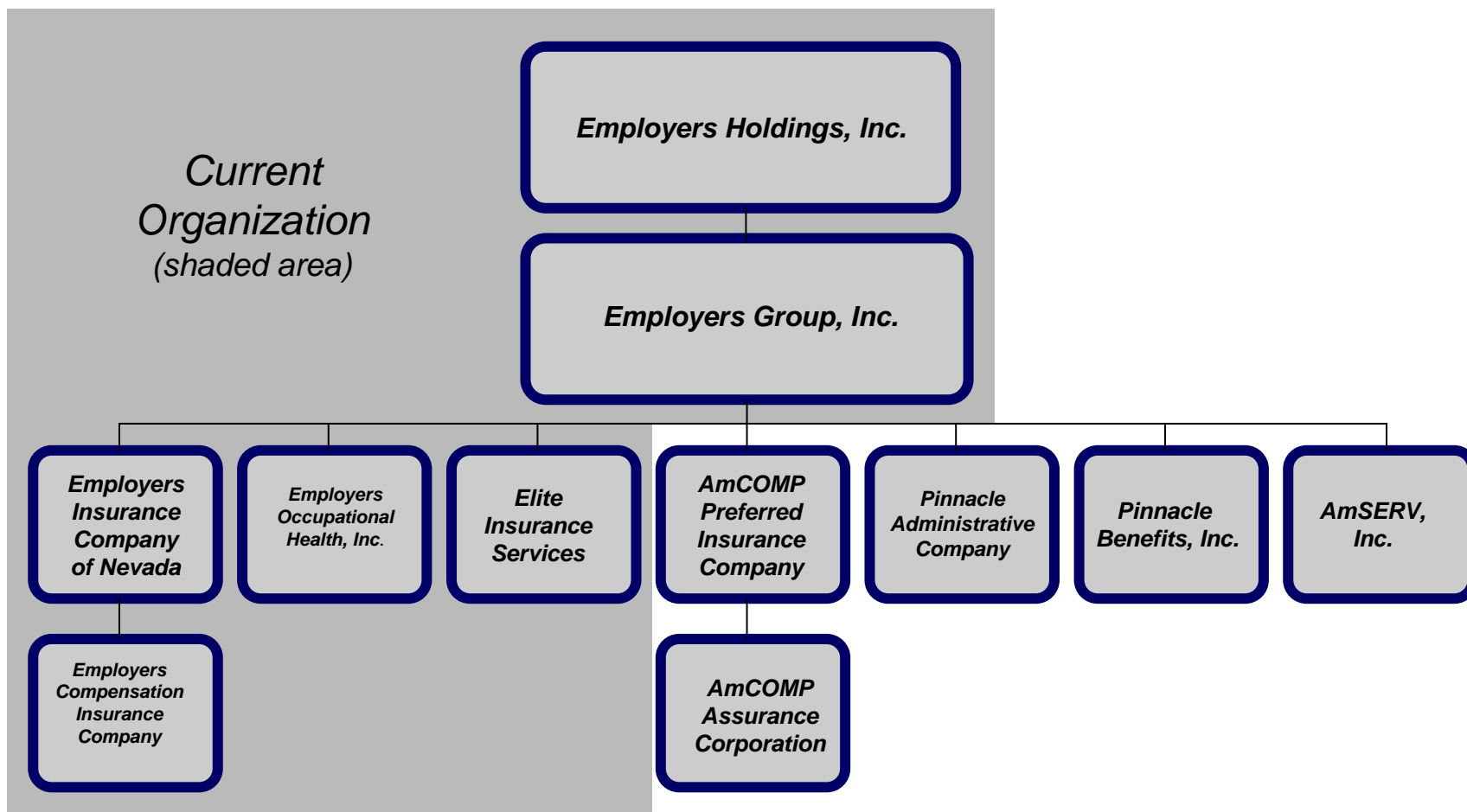
Filed Loss Costs Estimate	65
+ or – adjustment	<u>-7.5%</u>
Revised Loss Costs Estimate	60
X LCM	<u>166%</u>
Revised Filed Rates	100
Schedule Credits	<u>-5</u>
Effective Rates	<u>95</u>

Selected Operating Results

Income Statement (\$ million except per share data)	2005	2006	2007	YTD 6/30/08
Gross Written Premium	\$ 458.7	\$ 401.8	\$ 350.7	\$ 154.8
Net Written Premium	439.7	387.2	338.6	149.5
Net Earned Premium	438.3	393.0	346.9	149.7
Net Investment Income	54.4	68.2	78.6	37.4
Net Income	137.6	171.6	120.3	52.9
Net Income Before LPT	93.8	152.2	102.2	43.5
Pro Forma EPS Before LPT		\$ 3.04*	\$ 1.97*	
Balance Sheet (\$ million)	2005	2006	2007	YTD 6/30/08
Total Investments	\$1,595.8	\$1,715.7	\$1,726.3	\$1,707.3
Cash and Cash Equivalents	61.1	80.0	149.7	152.7
Total Assets	3,094.2	3,195.7	3,191.2	3,148.0
Reserves for Loss and LAE	2,350.0	2,307.8	2,269.7	2,231.2
Shareholders' Equity	144.6	303.8	379.5	398.2
Equity Including LPT Deferred Gain	607.0	746.8	804.5	813.8

* Pro Forma EPS for 2006 assumes 50,000,002 shares outstanding before the conversion. Basic EPS and Diluted EPS round to the same amount for the periods. EPS before the impact of the LPT for the period February 5 through December 31, 2007, has not been calculated. EPS attributable to the LPT was 39 cents in 2006 and 35 cents in 2007.

Organization after Acquisition



Growth: Acquisition of AmCOMP is a Natural Extension

AmCOMP at a Glance

YTD 6/30/08

Direct Premiums Written: \$101.7 M

Net Premiums Earned: \$100.7 M

Net Investment Income: \$10.4 M

Net Income: \$6.5 M

Combined Ratio: 94.8% (Excluding policyholder dividends and interest expense)

Total Investments: \$434.1 M

Total Assets: \$655.5 M

Shareholder's Equity: \$163.7 M

Key Strengths of AmCOMP

- Mono-line workers' compensation
- Leading market presence in Florida (approximately 30% of premiums) and meaningful footprint in 17 other southeast and midwest states
- Disciplined underwriting and pricing culture including loss prevention and claims handling expertise
- Writes all classes targeting employers with annual premiums of \$10,000 to \$100,000
- Strong, long-term agent relationships
 - Over 900 independent agencies
- Strong reserve position with favorable development each of the last 14 years
- Successful track record of expansion and profitable growth

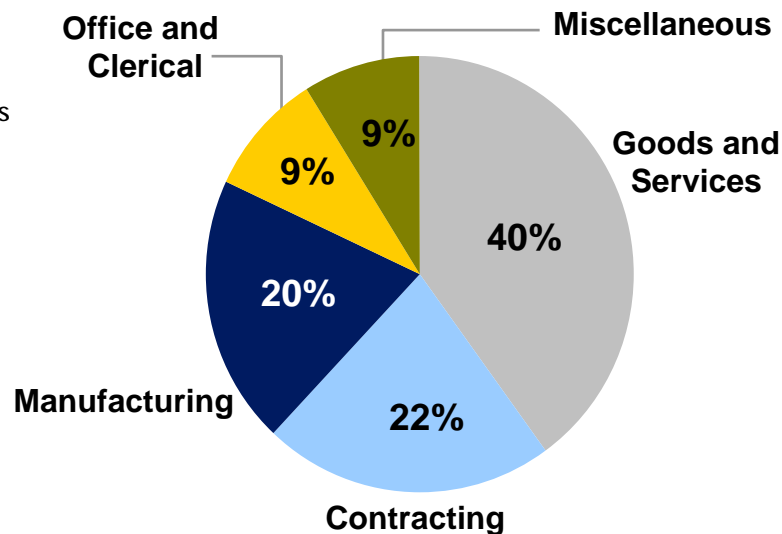
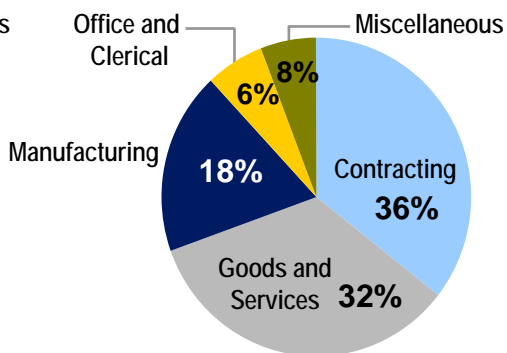
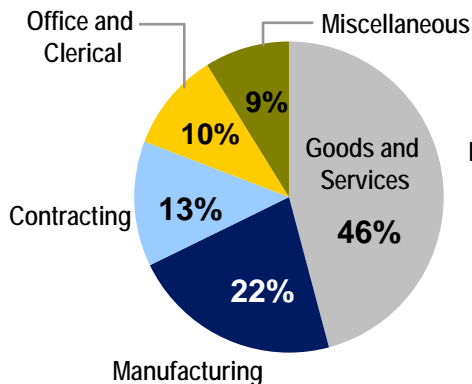
Source: AmCOMP Incorporated Form 10-Q filed with the SEC, August, 2008 and 2007 Form 10-K

Growth: Policyholders by Industry Group

EMPLOYERS

AmCOMP

Pro forma Combined at 12/31/2007



Direct Premiums Written: \$346 Million

Direct Premiums Written: \$221 Million

Direct Premiums Written: \$567 Million

Policyholder mix will shift to include more contractors