



EMPLOYERS[®]

America's small business insurance specialist.[®]

NYSE: EIG
INVESTOR PRESENTATION
APRIL 2020

Forward-Looking Statements

In this presentation, 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. 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).

Reconciliation of Non-GAAP Financial Measures to GAAP

Within this investor presentation 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.

These measures should not be viewed as a substitute for those determined in accordance with GAAP. Reconciliation of these measures to their most comparable GAAP financial measures are included in the attachment to this presentation. They are also included in the earnings release Form 8-Ks filed with the Securities and Exchange Commission (SEC) and available in the "Investors" section of our website at www.employers.com.

At a Glance	
Ticker	NYSE: EIG
Headquarters	Reno, Nevada
Stock Price*	\$31.12
Common Shares Outstanding at 3/31/2020	30.4 Million
Float *	29.5 Million
Average Daily Volume *	208,000 shares
Market Cap*	\$946 Million
Book Value per Share at 3/31/2020	\$39.21**
Analyst Coverage	Boenning & Scattergood Dowling & Partners JMP Securities SunTrust Robinson Humphrey

* As of April 21, 2020

** Including the Deferred Gain

COVID-19 Discussion

(excerpt from the Company's Form 10-Q filed April 24, 2020)

On March 11, 2020, the World Health Organization formally declared the COVID-19 outbreak a pandemic. The spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reduction in business activity, widespread unemployment, supply chain interruptions, and overall economic and financial market instability. All states, including California, where we generated nearly one-half of our in-force premiums as of March 31, 2020, have declared states of emergency.

In recent months we were experiencing strong new business opportunities, as evidenced by record levels of submissions, quotes, and binds, as well as strong renewal business. More recently, given the abrupt and severe economic impacts attributable to the COVID-19 pandemic, our levels of submissions, quotes, and binds have decreased significantly. We currently expect that our new business writings will continue to decrease in future periods until such time as our insureds and targeted businesses can reopen and resume their operations. The amount of the decrease in business that we will ultimately experience remains uncertain. This is largely due to: (i) existing concerns that many non-essential small business owners face permanent closure or heavy reliance on newly-established federal government programs, such as the Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act), in order to retain their businesses and the ultimate success of these programs remains unknown; and (ii) uncertainty as to when our insureds and targeted businesses will be permitted to reopen and resume their operations.

We continually review and adjust to changes in our policyholders' payrolls, economic conditions, and seasonality, as experience develops or new information becomes known. Any such adjustments are included in our current operations. Approximately 25% of our current payroll exposure, including payroll exposure associated with policies generated by our largest payroll partners, is considered to be "pay as you go," where the associated premium charged to the underlying policyholder is adjusted in real-time based on changes in the underlying payroll. For all other policyholders, payroll adjustments are made periodically through midterm endorsements and/or premium audits. In light of the impact of the COVID-19 pandemic, we have experienced a significant increase in mid-term endorsement requests. Endorsements processed in the month of March 2020 served to reduce policyholder premiums by \$5.3 million and endorsements processed in April (through April 17) served to reduce policyholder premiums by an additional \$6.0 million.

We have been fully functional since we closed our buildings to employees and the general public on March 20, 2020, and it is expected that our business can remain fully functional while our employees work-from-home for an indefinite period of time. In addition, we currently plan to continue to execute on our strategic business plan despite being in a work-from-home status.

We are taking precautions to protect the safety and well-being of our employees while providing uninterrupted service to our policyholders and claimants. However, no assurance can be given that these actions will be sufficient, nor can we predict the level of disruption that will occur should the COVID-19 pandemic and its related macro-economic risks continue for an extended period of time. Additional information regarding risks and uncertainties to our business and results of operations related to the COVID-19 pandemic are set forth in Part II, Item 1A of our Form 10-Q for the Quarterly Period ended March 31, 2020.

Overview

EMPLOYERS® is a mono-line writer of workers' compensation (WC) insurance focused on **low to medium hazard risk** small businesses.

\$697 Million Written Premium in 2019

\$0.35 Adjusted EPS 1Q20
\$3.20 Adjusted EPS 2019

101,429 in-force policies at 3/31/2020
\$6,335 average policy size

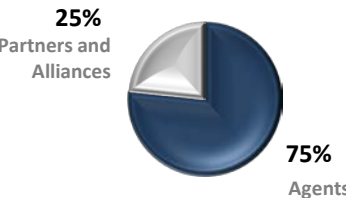
GROWTH and MARKETS

Low Hazard Focus

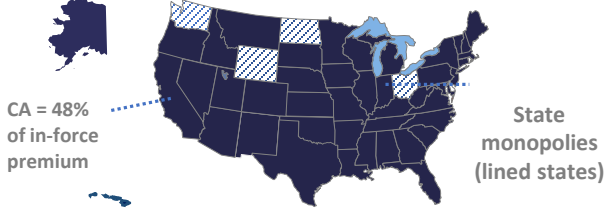
98% of in-force premium in NCCI low to medium (hazard groups A – D)

2% of in-force premium in NCCI higher (hazard group E)

Premium Contribution



Nationwide

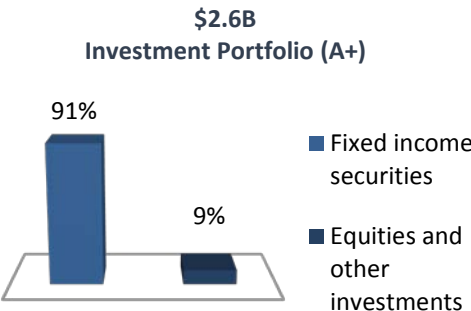


CAPITAL STRENGTH

Growing Statutory Surplus



Investment Portfolio Complements Structure



Shareholder Friendly While Focused on Long-term Stability

\$678M returned to shareholders since IPO in share repurchases and dividends

Reinsurance
\$190 million in excess of \$10 million retention

Highlights



UNIQUE GROWTH DRIVERS SPECIFIC TO EMPLOYERS[®]

Transforming the way small businesses and insurance agents utilize digital capabilities to improve their customer experience:

- (i) improving the agent experience and enhancing agent efficiency;
- (ii) providing direct-to-customer workers' compensation insurance policies through Cerity, a subsidiary separate from EMPLOYERS' other insurance businesses.

The Workers' Compensation Market...

Background

Workers' compensation is a form of insurance providing wage replacement and medical benefits to employees injured in the course of employment.

Approximately 1,500 companies write workers' compensation in the U.S.

Size

Approximately \$55 Billion in Direct Written Premium in 2020*

Trends

Industry wide Direct Written Premiums CAGR of approximately 1.5% over past 5 years

Loss Ratio declines each of last 5 years


...and Employers' Place in it!

2019 Rank		2019 Direct Premiums Written (\$000) (TOTAL LINES)	2019 Direct Premiums Written (\$000) (WORKERS' COMP.)	% in Workers' Compensation	
1	Travelers	\$28,016,966	\$4,211,529	15%	
2	The Hartford	\$12,676,025	\$3,365,298	27%	
3	Zurich	\$12,850,673	\$2,640,320	21%	
4	Liberty Mutual	\$35,600,051	\$2,447,306	7%	
5	Chubb	\$23,388,385	\$2,430,118	10%	
6	Berkshire Hathaway Inc.	\$46,106,971	\$2,311,261	5%	
7	AmTrust Financial	\$5,128,435	\$2,172,219	42%	
8	State Ins Fund Workers' Comp (NY)	\$1,996,372	\$1,996,372	100%	New York State Fund
9	AF Group / Blue Cross Blue Shield of Michigan	\$1,921,268	\$1,744,640	91%	
10	AIG	\$14,031,480	\$1,453,477	10%	
11	Old Republic Insurance	\$4,531,699	\$1,408,124	31%	
12	Great American Insurance	\$6,383,232	\$1,312,919	21%	
13	W. R. Berkley Corp.	\$6,321,804	\$1,260,683	20%	
14	State Compensation Ins Fund (CA)	\$1,206,038	\$1,206,038	100%	California State Fund
15	Texas Mutual Insurance Co.	\$1,069,298	\$1,069,298	100%	Texas State Fund
16	ICW	\$1,109,064	\$1,040,567	94%	
17	Fairfax Financial	\$6,936,451	\$852,111	12%	
18	CNA	\$11,075,776	\$827,537	7%	
19	STARR Cos.	\$3,321,831	\$699,511	21%	
20	Employers	\$687,426	\$687,426	100%	
21	Arch Capital	\$4,218,409	\$636,147	15%	
22	Pinnacol Assurance	\$588,500	\$588,500	100%	Colorado State Fund
23	CopperPoint Insurance Companies	\$643,087	\$560,987	87%	
24	Markel	\$5,851,672	\$551,011	9%	
25	Everest Re	\$2,445,373	\$550,408	23%	
26	Erie Insurance	\$7,482,059	\$502,146	7%	

100% focused on Workers'
Compensation
Low-Medium Hazard Risk

Market Conditions

Markets are competitive with generally declining loss costs reflected in rates. Net investment income is challenged by low interest rates.



For EMPLOYERS[®], new business policy counts are up and retention remains very high.

Book Mix By Hazard Group:

Workers' Compensation classifications that have relatively similar expected excess loss factors over a broad range of limits

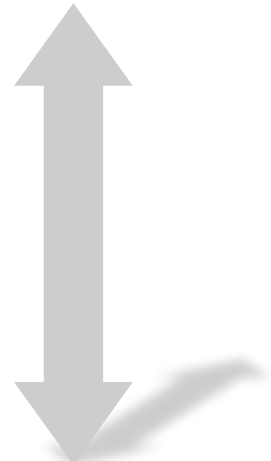
98% in Hazard Groups A-D

Focus on Select Low to Medium Hazard Groups

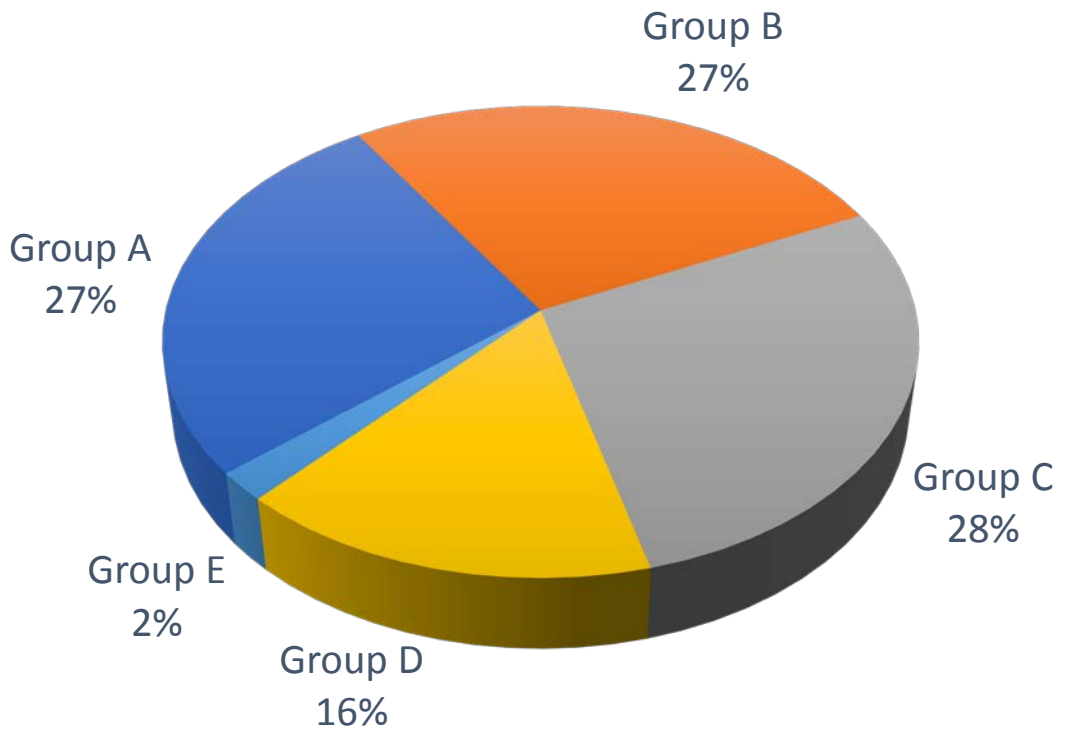
Data shown as a % of in-force premium

March 31, 2020

Lower Risk



Higher Risk



Employers' Target Market: Small Business / Lower Risk



EMPLOYERS[®]

Top 10 types of insureds:

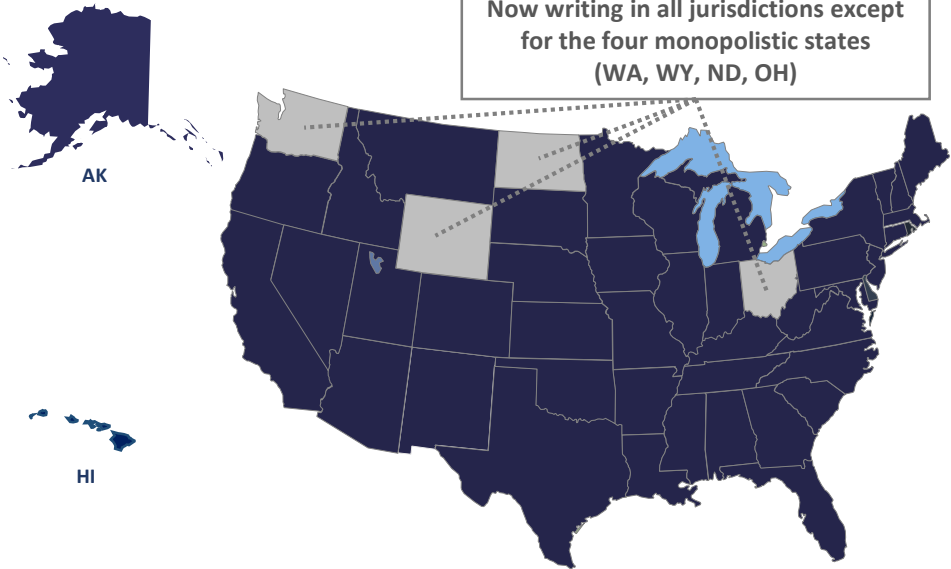
- Restaurants
- Hotels, Motels
- Clubs
- Automobile Service or Repair Shops
- Dentists, Optometrists, and Physicians
- Stores
- Real Estate Management
- Wholesale Stores
- Professional Services
- Groceries and Provisions

In-Force Growth (YoY)

OVERALL

- Premiums: DOWN 5%
- Policies: UP 8%
- Average policy size: DOWN 12%
- Payroll exposure: UP 11%

Now writing in all jurisdictions except for the four monopolistic states (WA, WY, ND, OH)



CALIFORNIA

48%
of total
in-force premiums

**Premium
DOWN
-13%**



42%
of total
in-force policies

**Policies
FLAT**

ALL OTHER STATES

52%
of total
in-force premiums

**Premium
UP
4%**



58%
of total
in-force policies

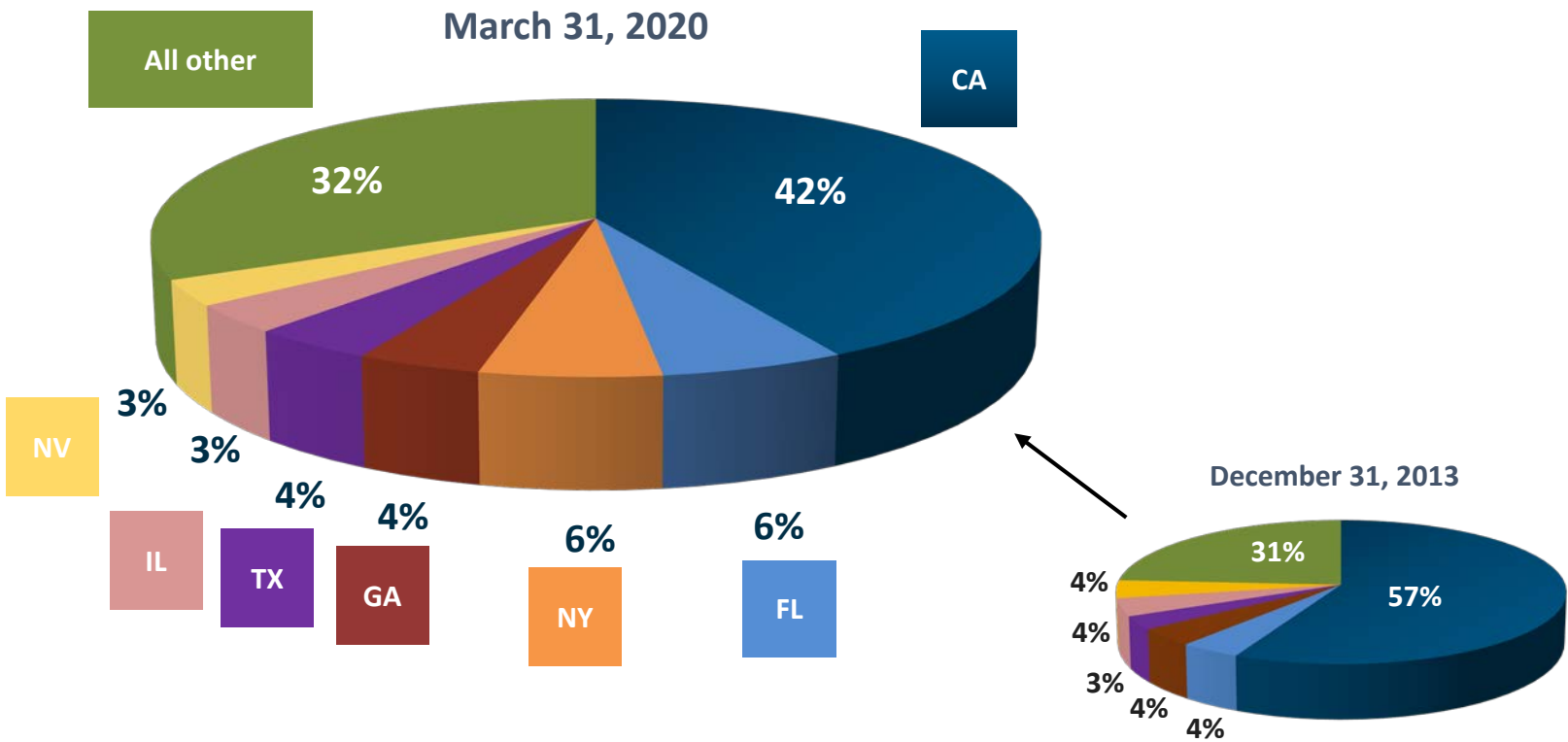
**Policies
UP
15%**

Geographic Spread

(by policies in-force)

Steady diversification outside of CA

Now writing business throughout the United States, with the exception of four states that are served exclusively by their state funds.



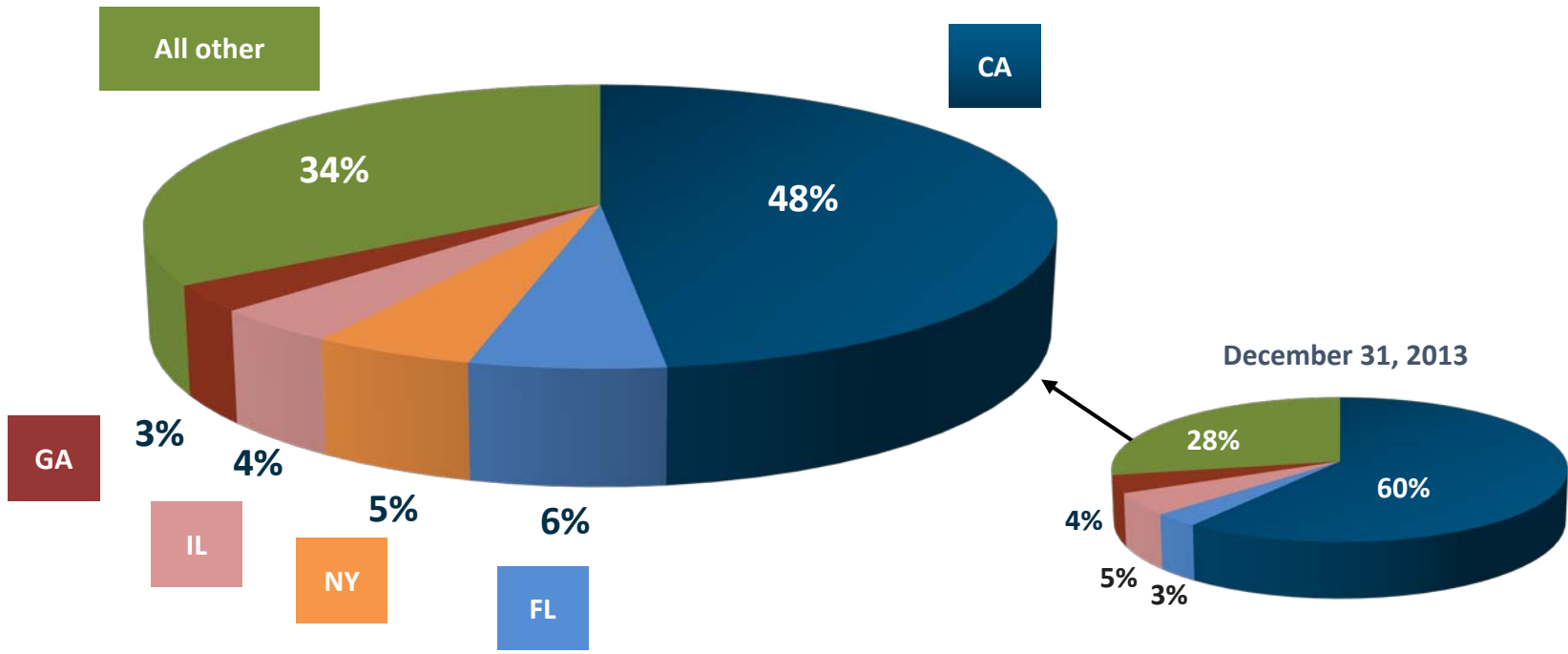
Geographic Spread

(by in-force premium)

Steady diversification outside of CA

Now writing business throughout the United States, with the exception of four states that are served exclusively by their state funds.

March 31, 2020



History of Reserve Strength

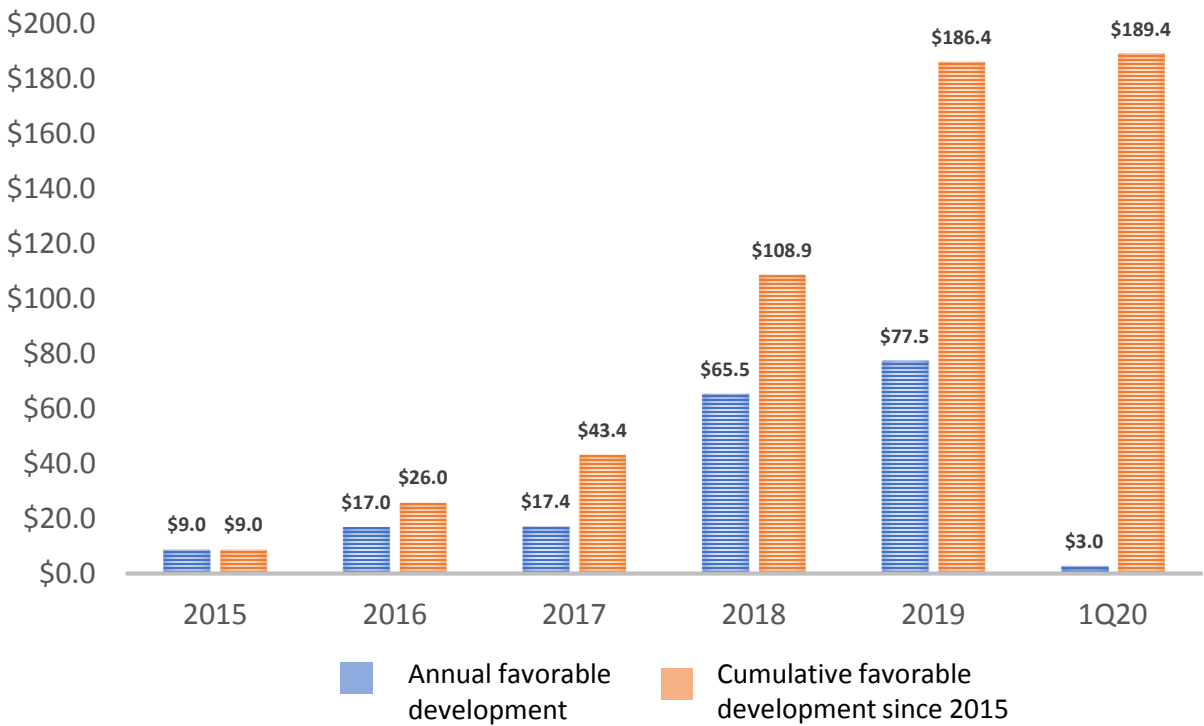
Reserve Review

Reserves are reviewed internally each quarter

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

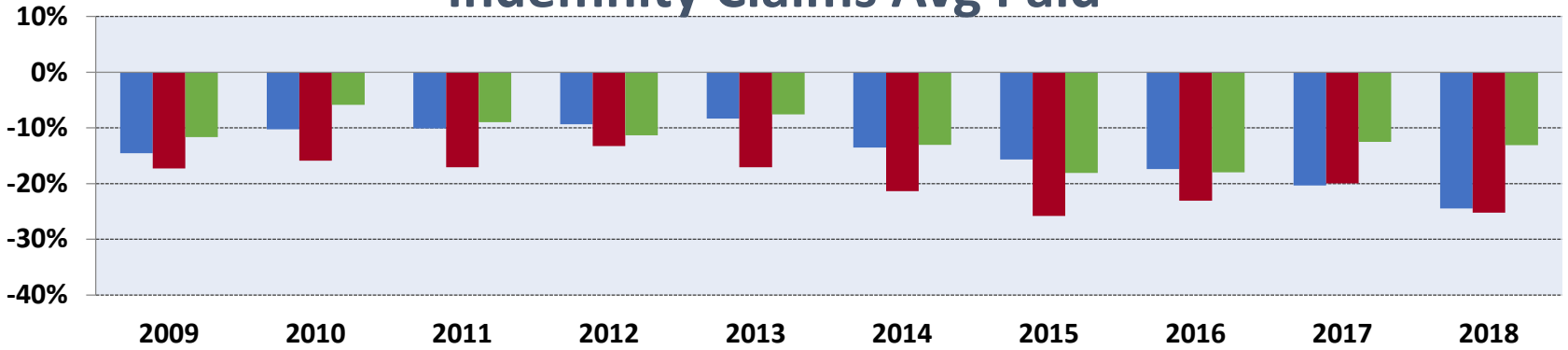
Net Calendar Year Reserve Development in Recent Prior Accident Years

(\$ millions, excludes involuntary business)

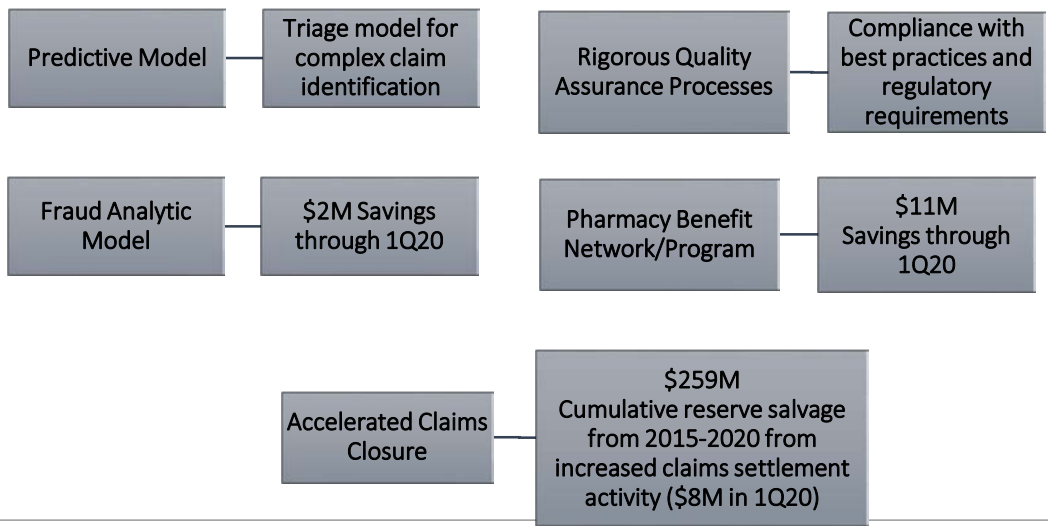


Superior Claims Handling

CA - % Variance to Industry – Indemnity Claims Avg Paid*



Overall Litigated LA Basin Only





Workers' comp
insurance for small
business



What is Certy?



Headquartered in Austin, TX, Certy is a digital, direct-to-customer company dedicated to providing small/micro businesses with workers' compensation insurance policies that meet their specific needs.

- Certy is a different kind of company, one that wants to make insurance easy because it should be. Certy's goal is to make it easy for small business owners to protect their business. Certy believes that small business owners need a simple no-hassle way to buy workers' comp insurance.
- Using innovative digital solutions, Certy created a product that made the process simple while being transparent about what its customers are buying. Certy's top priority is to provide a product that helps small business owners protect their business when the unexpected happens. Certy is a team of advisors, educators and partners working to help small business owners save more in the long-run.



How is Certy Different?



- Built from scratch with a focus exclusively on small business.
- Leverages modern technology and advanced data and analytics including a predictive model with up to 100 price points, making it fast and precise.
- Gives small businesses the ability to get a quote and purchase a policy in ***less than five minutes.***
- Enables small business owners to quote, purchase and maintain a policy from one organization.

Target Customer



- 76% of small business owners within Cerity's target market indicate they would like to purchase commercial insurance online, reinforcing our belief customer buying behaviors are changing and the market is ready for a simple, digital purchasing solution.
- There are nearly 30 million small businesses in the United States and Cerity believes this number will continue to grow.
- Cerity's focus is on low-hazard business with 25 or fewer employees.

How will the U.S. Small Business Owner buy workers' compensation over the next 5, 10, 20 years???

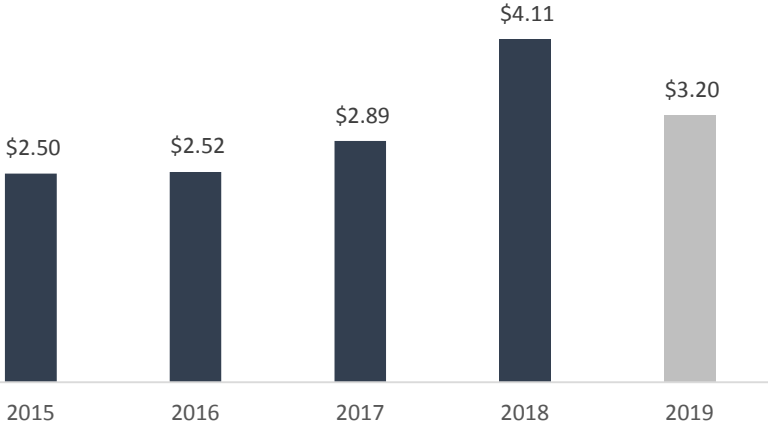




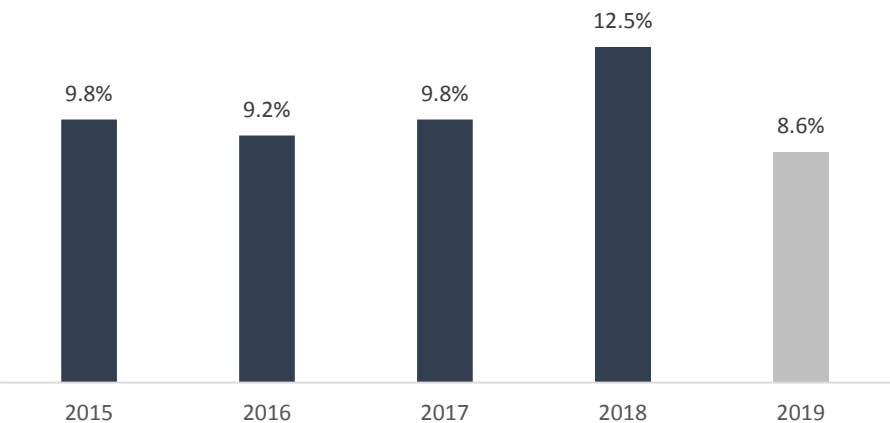
FINANCIAL PERFORMANCE

Five-Year Performance

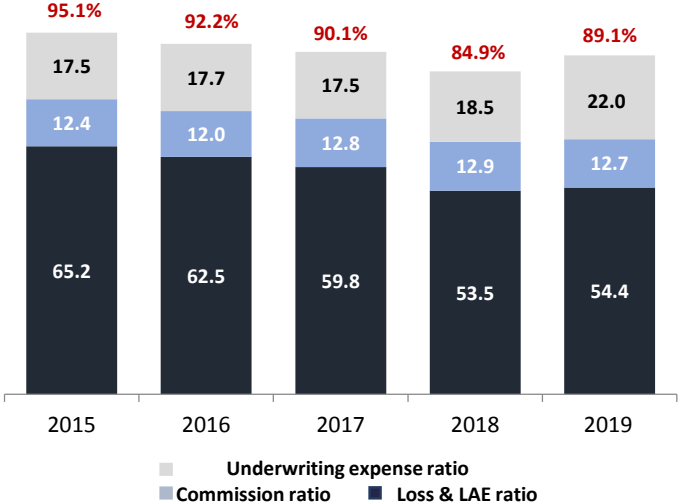
Adjusted EPS (Diluted)



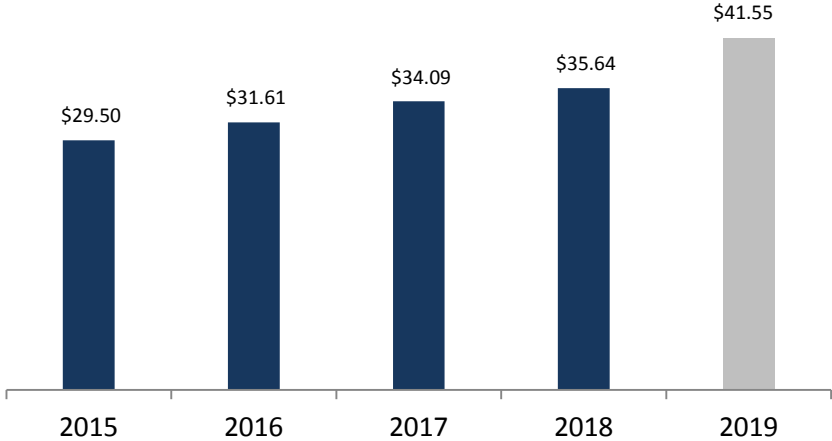
Adjusted ROE



Combined Ratio – Employers Segment



Book Value per Share including Deferred Gain



Adjusted Net Income

\$ in millions	Quarter		Years ended December 31,		
	ended March 31, 2020	2019	2018	2017	2016
Net investment income	\$ 19.9	\$ 88.1	\$ 81.2	\$ 74.6	\$ 73.2
Underwriting income (CAY ex LPT)	(6.1)	(17.6)	39.2	53.3	37.6
Underwriting income (PAY devel.)	3.0	77.5	65.5	17.4	17.0
Other operating items	(3.4)	(18.0)	(17.7)	(14.6)	(14.5)
Adjusted income (pretax)	13.4	130.0	168.2	130.7	113.3
Income taxes	(2.4)	(26.0)	(31.4)	(35.2)	(30.3)
Adjusted net income	\$ 11.0	\$ 104.0	\$ 136.8	\$ 95.5	\$ 83.0

1Q20 Highlights (YoY)

	NON-GAAP	GAAP	
<i>DOWN</i> 64%	Adjusted Net Income \$11.0 million	Net Loss (\$34.9) million	<i>vs net income of \$51.8M</i>
<i>DOWN</i> 6.7 ppts	Annualized Adjusted ROE 3.7%	Annualized ROE (12.6%)	<i>vs 19.8%</i>
<i>UP</i> 6% <i>including dividends</i>	Book Value per Share Including Deferred Gain \$39.21	Book Value per Share \$34.78	<i>UP 7% including dividends</i>
<i>vs net income of \$49.3M</i>	Net Loss before the LPT* (\$37.3) million	Effective Income Tax Rate 23.0%	<i>vs 16.2%</i>

* - See Slides 29-30 on LPT

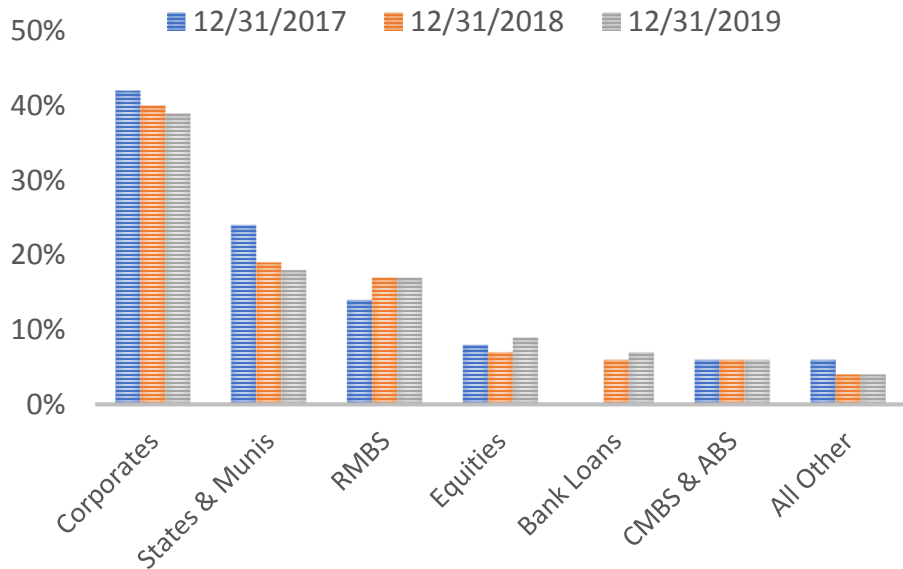
Investment Portfolio

2020: \$2.6 billion fair market value (\$2.8 billion including cash)

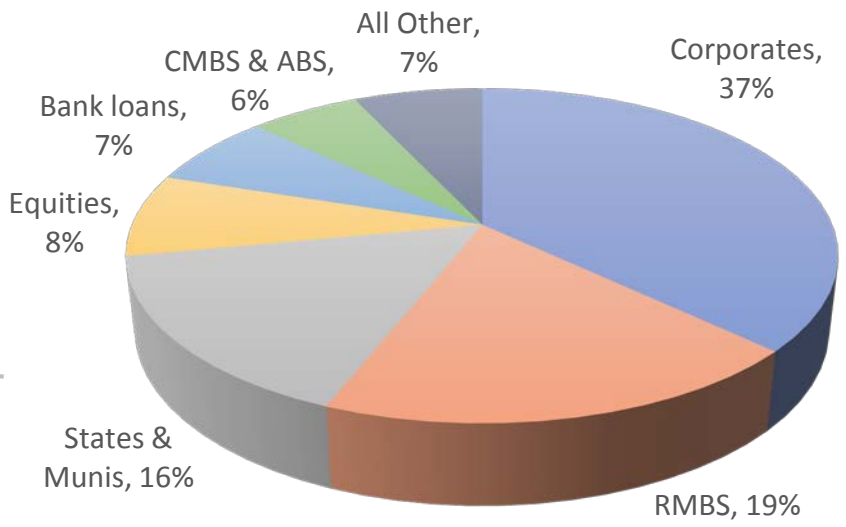
- High quality (average credit quality of A+)
- Highly liquid (\$1.1 billion is unencumbered and available within 3 business days)
- Duration of 3.1 years
- 3.2% average ending pre-tax book yield

Investment Portfolio Allocation

Last Three Years



At 3/31/2020



The History of the LPT

In 1999, the Nevada State Industrial Insurance System (our predecessor) entered into a retroactive 100% quota share reinsurance agreement for all losses incurred 6/30/95 and prior through a loss portfolio transfer transaction with third party reinsurers (LPT Agreement).

Upon entry into the LPT Agreement, an initial deferred reinsurance gain (Deferred Gain) was recorded as a liability on our GAAP Balance Sheets which is being periodically amortized to income as a reduction to our losses and loss adjustment expenses.



So What Does that Mean?

Pursuant to the LPT Agreement, through 2024 we are entitled to receive a contingent profit commission which is based on both actual paid results to-date and projections of expected paid losses under the LPT Agreement.

The LPT Agreement is a non-recurring transaction that provides us with no significant ongoing cash benefits.

As a result of the LPT Agreement, within each of our non-GAAP measures we include the remaining Deferred Gain in our book value calculations and exclude the current period amortization of the Deferred Gain from our operating results and underwriting ratios.

LPT Status

Retroactive 100% quota share reinsurance coverage for all losses 6/30/95 and prior



Gain booked as statutory surplus; deferred & amortized under GAAP



Non-recurring transaction
No significant ongoing cash benefits



Gain includes ITD adjustments to LPT reserves and a contingent profit commission



Collateralized: largely cash/short-term securities, US Treasuries, and equities



3 Reinsurers:
Chubb (ACE), Berkshire (NICO), XL Group

\$375M
remaining liabilities

1,768
open claims

THE LPT AGREEMENT	(\$ million)
Total coverage	\$2,000
Original reserves (liabilities) transferred	1,525
Consideration	<u>775</u>
Unamortized gain at inception	750
Subsequent LPT reserve adjustments	(348)
Subsequent LPT contingent commission adjustments (profit sharing)	69
<i>Unamortized gain at 3/31/20</i>	\$ 470
Accounting at 3/31/20	
Statutory surplus created	\$ 470
Cumulative amortization to date	(335)
GAAP: Deferred Reinsurance Gain-LPT Agreement	\$ 135

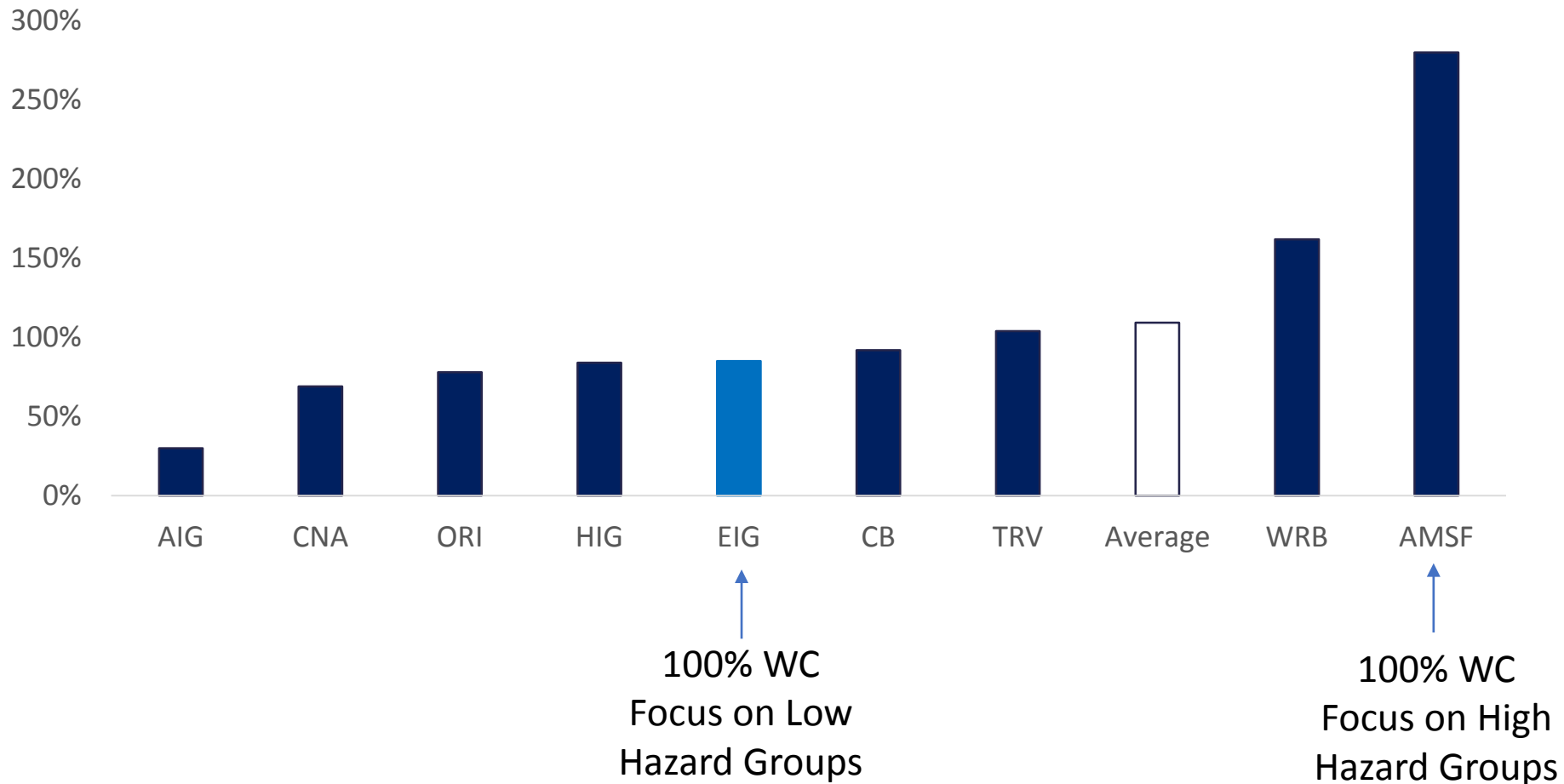
The current unamortized gain represents the balance that would have existed at the inception of the LPT Agreement had all subsequent adjustments been known at that time.

Valuation and Comparing Public Comps

Price to Book ratios as of 4/21/2020 for top 20 publicly-held workers' compensation writers

(EIG and AMSF are the only pure play publicly traded workers' compensation writers)

(based on 12/31/2019 GAAP book value)





America's small business insurance specialist.®

About Employers Holdings, Inc.

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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.

Douglas D. Dirks

President and
Chief Executive Officer

Stephen V. Festa

Executive Vice President and
Chief Operating Officer

Michael Paquette

Executive Vice President and
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APPENDIX

1Q20 FINANCIAL SUPPLEMENT

EMPLOYERS HOLDINGS, INC.
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EMPLOYERS HOLDINGS, INC.
Consolidated Financial Highlights (unaudited)
\$ in millions, except per share amounts

	Three Months Ended		
	March 31,		
	2020	2019	% change
<i>Selected financial highlights:</i>			
Gross premiums written	\$ 184.7	\$ 210.0	(12)%
Net premiums written	183.4	208.7	(12)
Net premiums earned	167.9	174.8	(4)
Net investment income	19.9	21.8	(9)
Net (loss) income before impact of the LPT ⁽¹⁾	(37.3)	49.3	(176)
Adjusted net income ⁽¹⁾	11.0	30.9	(64)
Net (loss) income before income taxes	(45.3)	61.8	(173)
Net (loss) income	(34.9)	51.8	(167)
Comprehensive (loss) income	(58.6)	89.1	(166)
Total assets	3,912.2	3,973.1	(2)
Stockholders' equity	1,057.3	1,071.7	(1)
Stockholders' equity including the Deferred Gain ⁽²⁾	1,192.0	1,218.8	(2)
Adjusted stockholders' equity ⁽²⁾	1,150.4	1,195.2	(4)
Annualized adjusted return on stockholders' equity ⁽³⁾	3.7%	10.4%	(64)
<i>Amounts per share:</i>			
Cash dividends declared per share	\$ 0.25	\$ 0.22	14 %
Earnings (loss) per share ⁽⁴⁾	(1.14)	1.57	(173)
Earnings (loss) per share before impact of the LPT ⁽⁴⁾	(1.22)	1.50	(181)
Adjusted earnings per diluted share ⁽⁴⁾	0.35	0.94	(63)
Book value per share ⁽²⁾	34.78	33.22	5
Book value per share including the Deferred Gain ⁽²⁾	39.21	37.78	4
Adjusted book value per share ⁽²⁾	37.84	37.04	2
<i>Financial information by Segment⁽⁵⁾:</i>			
Net (loss) income before income taxes			
Employers	\$ (37.7)	\$ 63.8	(159)%
Cerity	(4.7)	(3.5)	(34)
Corporate and Other	(2.9)	1.5	(293)

(1) See Page 3 for calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

(2) See Page 9 for calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

(3) See Page 6 for calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

(4) See Page 10 for description and calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

(5) See Page 4-5 for details and Page 12 for a description of our reportable segments.

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

	March 31, 2020	December 31, 2019
ASSETS		
Investments, cash and cash equivalents	\$ 2,794.9	\$ 2,933.6
Accrued investment income	16.8	16.4
Premiums receivable, net	292.2	285.7
Reinsurance recoverable, net of allowance, on paid and unpaid losses and LAE	534.1	539.7
Deferred policy acquisition costs	51.6	47.9
Deferred income taxes, net	19.8	—
Contingent commission receivable—LPT Agreement	13.2	13.2
Other assets	189.6	167.6
Total assets	<u>\$ 3,912.2</u>	<u>\$ 4,004.1</u>
LIABILITIES		
Unpaid losses and LAE	\$ 2,191.7	\$ 2,192.8
Unearned premiums	353.8	337.1
Commissions and premium taxes payable	47.6	48.6
Deferred Gain	134.7	137.1
Other liabilities	127.1	122.7
Total liabilities	<u>\$ 2,854.9</u>	<u>\$ 2,838.3</u>
STOCKHOLDERS' EQUITY		
Common stock and additional paid-in capital	\$ 397.6	\$ 397.0
Retained earnings	1,115.9	1,158.8
Accumulated other comprehensive income, net	41.6	65.3
Treasury stock, at cost	(497.8)	(455.3)
Total stockholders' equity	<u>1,057.3</u>	<u>1,165.8</u>
Total liabilities and stockholders' equity	<u>\$ 3,912.2</u>	<u>\$ 4,004.1</u>
Stockholders' equity including the Deferred Gain ⁽¹⁾	\$ 1,192.0	\$ 1,302.9
Adjusted stockholders' equity ⁽¹⁾	1,150.4	1,237.6
Book value per share ⁽¹⁾	\$ 34.78	\$ 37.18
Book value per share including the Deferred Gain ⁽¹⁾	39.21	41.55
Adjusted book value per share ⁽¹⁾	37.84	39.47

(1) See Page 9 for calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

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

	Three Months Ended	
	March 31,	
	2020	2019
Revenues:		
Net premiums earned	\$ 167.9	\$ 174.8
Net investment income	19.9	21.8
Net realized and unrealized (losses) gains on investments ⁽¹⁾	(61.1)	23.3
Other income	0.3	0.4
Total revenues	127.0	220.3
Expenses:		
Losses and LAE incurred	(104.3)	(88.6)
Commission expense	(21.3)	(22.0)
Underwriting and general and administrative expenses	(46.7)	(47.5)
Interest and financing expenses	—	(0.4)
Total expenses	(172.3)	(158.5)
Net (loss) income before income taxes	(45.3)	61.8
Income tax benefit (expense)	10.4	(10.0)
Net (loss) income	(34.9)	51.8
Unrealized AFS investment (losses) gains arising during the period, net of tax ⁽²⁾	(29.2)	37.8
Reclassification adjustment for realized AFS investment losses (gains) in net income, net of tax ⁽²⁾	5.5	(0.5)
Total comprehensive (loss) income	\$ (58.6)	\$ 89.1
Net (loss) income	\$ (34.9)	\$ 51.8
Amortization of the Deferred Gain - losses	(2.0)	(2.0)
Amortization of the Deferred Gain - contingent commission	(0.4)	(0.5)
Net (loss) income before impact of the LPT Agreement⁽³⁾	(37.3)	49.3
Net realized and unrealized losses (gains) on investments	61.1	(23.3)
Income tax (benefit) expense related to items excluded from Net income	(12.8)	4.9
Adjusted net income	\$ 11.0	\$ 30.9

(1) Includes unrealized (losses) gains on equity securities of \$(69.2) million and \$21.2 million for the three months ended March 31, 2020 and 2019.

(2) AFS = Available for Sale securities.

(3) See Page 11 regarding our use of Non-GAAP Financial Measures.

EMPLOYERS HOLDINGS, INC.
Net Income Before Income Taxes by Segment ⁽¹⁾ (unaudited)
\$ in millions

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
Three Months Ended March 31, 2020				
Gross premiums written	\$ 184.7	\$ —	\$ —	\$ 184.7
Net premiums written	183.4	—	—	183.4
Net premiums earned	A 167.9	—	—	167.9
Net investment income	18.6	0.8	0.5	19.9
Net realized and unrealized losses on investments	(57.3)	(1.7)	(2.1)	(61.1)
Other income	0.3	—	—	0.3
Total revenues	<u>129.5</u>	<u>(0.9)</u>	<u>(1.6)</u>	<u>127.0</u>
Losses and LAE incurred	B (106.7)	—	2.4	(104.3)
Commission expense	C (21.3)	—	—	(21.3)
Underwriting and general and administrative expenses	D (39.2)	(3.8)	(3.7)	(46.7)
Total expenses	<u>(167.2)</u>	<u>(3.8)</u>	<u>(1.3)</u>	<u>(172.3)</u>
Net loss before income taxes	<u>\$ (37.7)</u>	<u>\$ (4.7)</u>	<u>\$ (2.9)</u>	<u>\$ (45.3)</u>
Underwriting income (loss)	A+B+C+D 0.7	(3.8)		
Loss and LAE expense ratio:				
Current year	65.6%	n/m		
Prior years	(2.1)	—		
Loss and LAE ratio	<u>63.5</u>	<u>n/m</u>		
Commission expense ratio	12.7	n/m		
Underwriting expense ratio	23.3	n/m		
Combined ratio	<u>99.5%</u>	<u>n/m</u>		

n/m - not meaningful

(1) See Page 12 for a description of our reportable segments

EMPLOYERS HOLDINGS, INC.
Net Income Before Income Taxes by Segment ⁽¹⁾ (unaudited)
\$ in millions

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
Three Months Ended March 31, 2019				
Gross premiums written	\$ 210.0	\$ —	\$ —	\$ 210.0
Net premiums written	208.7	—	—	208.7
Net premiums earned	A 174.8	—	—	174.8
Net investment income	20.6	—	1.2	21.8
Net realized and unrealized gains on investments	20.8	—	2.5	23.3
Other income	0.4	—	—	0.4
Total revenues	<u>216.6</u>	<u>—</u>	<u>3.7</u>	<u>220.3</u>
Losses and LAE incurred	B (91.1)	—	2.5	(88.6)
Commission expense	C (22.0)	—	—	(22.0)
Underwriting and general and administrative expenses	D (39.3)	(3.5)	(4.7)	(47.5)
Interest and financing expenses	(0.4)	—	—	(0.4)
Total expenses	<u>(152.8)</u>	<u>(3.5)</u>	<u>(2.2)</u>	<u>(158.5)</u>
Net income (loss) before income taxes	<u>\$ 63.8</u>	<u>\$ (3.5)</u>	<u>\$ 1.5</u>	<u>\$ 61.8</u>
Underwriting income (loss)	A+B+C+D \$ 22.4	\$ (3.5)		
Loss and LAE expense ratio:				
Current year	64.8%	n/m		
Prior years	(12.7)	—		
Loss and LAE ratio	<u>52.1</u>	<u>n/m</u>		
Commission expense ratio	12.6	n/m		
Underwriting expense ratio	<u>22.5</u>	<u>n/m</u>		
Combined ratio	<u>87.2%</u>	<u>n/m</u>		

n/m - not meaningful

(1) See Page 12 for a description of our reportable segments

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

	Three Months Ended	
	March 31,	
	2020	2019
Net (loss) income	A \$ (34.9)	\$ 51.8
Impact of the LPT Agreement	(2.4)	(2.5)
Net realized and unrealized losses (gains) on investments	61.1	(23.3)
Income tax (benefit) expense related to items excluded from Net income	(12.8)	4.9
Adjusted net income ⁽¹⁾	B 11.0	30.9
Stockholders' equity - end of period	\$ 1,057.3	\$ 1,071.7
Stockholders' equity - beginning of period	1,165.8	1,018.2
Average stockholders' equity	C 1,111.6	1,045.0
Stockholders' equity - end of period	\$ 1,057.3	\$ 1,071.7
Deferred Gain - end of period	134.7	147.1
Accumulated other comprehensive loss (income) - end of period	(52.7)	(29.9)
Income taxes related to accumulated other comprehensive gains and losses - end of period	11.1	6.3
Adjusted stockholders' equity - end of period	1,150.4	1,195.2
Adjusted stockholders' equity - beginning of period	1,237.6	1,181.5
Average adjusted stockholders' equity ⁽¹⁾	D 1,194.0	1,188.4
Return on stockholders' equity	A / C (3.1)%	5.0%
Annualized return on stockholders' equity	(12.6)	19.8
Adjusted return on stockholders' equity ⁽¹⁾	B / D 0.9 %	2.6%
Annualized adjusted return on stockholders' equity ⁽¹⁾	3.7	10.4

(1) See Page 11 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	
	March 31,	
	2020	2019
Unpaid losses and LAE at beginning of period	\$ 2,192.8	\$ 2,207.9
Reinsurance recoverable on unpaid losses and LAE	532.5	504.4
Net unpaid losses and LAE at beginning of period	<u>1,660.3</u>	<u>1,703.5</u>
Losses and LAE incurred:		
Current year losses	110.2	113.3
Prior year losses on voluntary business	(3.0)	(22.0)
Prior year losses on involuntary business	(0.5)	(0.2)
Total losses incurred	<u>106.7</u>	<u>91.1</u>
Losses and LAE paid:		
Current year losses	6.9	7.4
Prior year losses	95.4	96.6
Total paid losses	<u>102.3</u>	<u>104.0</u>
Net unpaid losses and LAE at end of period	<u>1,664.7</u>	<u>1,690.6</u>
Reinsurance recoverable, excluding CECL allowance, on unpaid losses and LAE	527.0	498.7
Unpaid losses and LAE at end of period	<u>\$ 2,191.7</u>	<u>\$ 2,189.3</u>

Total losses and LAE shown in the above table exclude amortization of the Deferred Gain, which totaled \$2.4 million and \$2.5 million for the three months ended March 31, 2020 and 2019, respectively.

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

	March 31, 2020				December 31, 2019	
	Cost or Amortized Cost	Net Unrealized Gain (Loss)	Fair Value	%	Fair Value	%
Investment Positions:						
Fixed maturity securities	\$ 2,314.7	\$ 52.7	\$ 2,367.4	85%	\$ 2,485.9	85%
Equity securities	180.5	31.9	212.4	8	263.4	9
Short-term investments	9.3	—	9.3	—	—	—
Other invested assets	31.1	0.3	31.4	1	29.1	1
Cash and cash equivalents	174.1	—	174.1	6	154.9	5
Restricted cash and cash equivalents	0.3	—	0.3	—	0.3	—
Total investments and cash	<u>\$ 2,710.0</u>	<u>\$ 84.9</u>	<u>\$ 2,794.9</u>	<u>100%</u>	<u>\$ 2,933.6</u>	<u>100%</u>
Breakout of Fixed Maturity Securities:						
U.S. Treasuries and agencies	\$ 88.8	\$ 5.4	\$ 94.2	4%	\$ 88.5	4%
States and municipalities	397.2	25.2	422.4	18	484.5	19
Corporate securities	947.4	24.5	971.9	41	1,079.0	43
Mortgage-backed securities	581.2	21.4	602.6	25	591.0	24
Asset-backed securities	52.0	(2.1)	49.9	2	61.2	2
Collateralized loan obligations	83.0	(8.7)	74.3	3	—	—
Bank loans	165.1	(13.0)	152.1	6	181.7	7
Total fixed maturity securities	<u>\$ 2,314.7</u>	<u>\$ 52.7</u>	<u>\$ 2,367.4</u>	<u>100%</u>	<u>\$ 2,485.9</u>	<u>100%</u>
Weighted average book yield				3.2%	3.3%	
Average credit quality (S&P)				A+	A+	
Duration				3.1	3.3	

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

		<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Numerators:					
Stockholders' equity	A	\$ 1,057.3	\$ 1,165.8	\$ 1,071.7	\$ 1,018.2
Plus: Deferred Gain		134.7	137.1	147.1	149.6
Stockholders' equity including the Deferred Gain ⁽¹⁾	B	1,192.0	1,302.9	1,218.8	1,167.8
Accumulated other comprehensive (income) loss		(52.7)	(82.6)	(29.9)	17.3
Income taxes related to accumulated other comprehensive gains and losses		11.1	17.3	6.3	(3.6)
Adjusted stockholders' equity ⁽¹⁾	C	<u>\$ 1,150.4</u>	<u>\$ 1,237.6</u>	<u>\$ 1,195.2</u>	<u>\$ 1,181.5</u>
Denominator (shares outstanding)	D	30,403,012	31,355,378	32,263,810	32,765,792
Book value per share ⁽¹⁾	A / D	\$ 34.78	\$ 37.18	\$ 33.22	\$ 31.08
Book value per share including the Deferred Gain ⁽¹⁾	B / D	39.21	41.55	37.78	35.64
Adjusted book value per share ⁽¹⁾	C / D	37.84	39.47	37.04	36.06
YTD Change in: ⁽²⁾					
Book value per share		(5.8)%		7.6%	
Book value per share including the Deferred Gain		(5.0)		6.6	
Adjusted book value per share		(3.5)		3.3	

(1) See Page 11 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 \$0.25 and \$0.22 for the three months ended March 31, 2020 and 2019, respectively.

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

		Three Months Ended	
		March 31,	
		2020	2019
Numerators:			
Net (loss) income	A	\$ (34.9)	\$ 51.8
Impact of the LPT Agreement		(2.4)	(2.5)
Net (loss) income before impact of the LPT ⁽¹⁾	B	(37.3)	49.3
Net realized and unrealized losses (gains) on investments		61.1	(23.3)
Income tax expense related to items excluded from Net income		(12.8)	4.9
Adjusted net income ⁽¹⁾	C	\$ 11.0	\$ 30.9
Denominators:			
Average common shares outstanding (basic)	D	30,697,496	32,442,287
Average common shares outstanding (diluted)	E	31,156,149	32,954,079
Earnings (loss) per share:			
Basic	A / D	\$ (1.14)	\$ 1.60
Diluted ⁽²⁾	A / E	(1.14)	1.57
Earnings (loss) per share before impact of the LPT: ⁽¹⁾			
Basic	B / D	\$ (1.22)	\$ 1.52
Diluted ⁽²⁾	B / E	(1.22)	1.50
Adjusted earnings per share: ⁽¹⁾			
Basic	C / D	\$ 0.36	\$ 0.95
Diluted	C / E	0.35	0.94

(1) See Page 11 for information regarding our use of Non-GAAP Financial Measures.

(2) Represents basic loss per share or diluted earnings per share, as appropriate.

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 3 for calculations) is net income excluding the effects of the LPT Agreement and net realized and unrealized gains and losses on investments (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 9 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 9 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 6 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 9 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 3 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. 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 presented herein have been conformed to the current presentation.