

**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 25, 2017

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 2 – Financial Information

Item 2.02. Results of Operations and Financial Condition.

On October 25, 2017, Employers Holdings, Inc. (the “Company”) issued a press release and financial supplement announcing results for the quarter ended September 30, 2017. 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 25, 2017, the Company announced that its Board of Directors declared a fourth quarter 2017 cash dividend of \$0.15 per share on the Company’s common stock. The dividend is payable on November 22, 2017 to stockholders of record as of November 8, 2017.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

- 99.1 Employers Holdings, Inc. press release, dated October 25, 2017.
- 99.2 Employers Holdings, Inc. financial supplement, dated October 25, 2017.

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 25, 2017

/s/ Lenard T. Ormsby

Lenard T. Ormsby

Executive Vice President,

Chief Legal Officer and General Counsel

Exhibit Index

<u>Exhibit No.</u>	<u>Exhibit</u>	
99.1	Employers Holdings, Inc. press release, dated	October 25, 2017
99.2	Employers Holdings, Inc. financial supplement, dated	October 25, 2017

Employers Holdings, Inc. Reports Third Quarter 2017 Results

- Net income of \$21.9 million (\$0.66 per diluted share), operating income of \$21.6 million (\$0.65 per diluted share).
- Annualized operating return on adjusted stockholders' equity of 8.8%.
- Combined ratio of 92.7%, combined ratio before the impact of the LPT of 94.0%.
- Net written premiums of \$177.6 million, net earned premiums of \$187.9 million.
- The Board of Directors approved a quarterly dividend of \$0.15 per share.

Reno, Nevada-October 25, 2017-Employers Holdings, Inc. (“EHI” or the “Company”) (NYSE:EIG) today reported the following for the third quarter of 2017: (i) net income of \$21.9 million (\$0.66 per diluted share); (ii) net income before the impact of the LPT of \$19.4 million (\$0.59 per diluted share); and (iii) operating income of \$21.6 million (\$0.65 per diluted share).

The Company's operating income for the third quarter of 2017 increased \$2.9 million year-over-year. This increase primarily reflects an increase in underwriting income resulting from higher net premiums earned and a lower combined ratio.

The Company's net income and net income before the impact of the LPT for the third quarter of 2017 decreased by \$0.7 million and \$0.2 million, respectively, year-over-year. These decreases primarily reflect a third quarter 2017 write-off of \$7.5 million (\$4.9 million after tax) of previously capitalized costs relating to the development of information technology capabilities that had not yet been placed in service, partially offset by increases in underwriting income, investment income and realized investment gains.

The Company's GAAP book value per share of \$28.28, book value per share of \$33.42 and adjusted book value per share of \$30.62; increased 9.8%, 7.1% and 6.1% year-to-date, respectively, each including dividends declared.

Chief Executive Officer Douglas Dirks commented on the results:

“We produced strong operating results this quarter. Our operating income per diluted share increased 14%, or eight cents per share, and our combined ratio before the impact of the LPT improved 1.2 percentage points, demonstrating our disciplined underwriting strategy. Final audit premium and new premium growth each continue to be strong, contributing to our top line growth.

Our net income and net income before the impact of the LPT this quarter was adversely impacted by a \$7.5 million pretax write-off of previously capitalized costs relating to the development of information technology capabilities that had not yet been placed in service. We incurred this charge as part of our continual evaluation of ongoing technology initiatives.

Our balance sheet remains strong as we continue to grow stockholders' equity and book value per share. We continue to experience high levels of retention for our in-force policies, despite competitive market conditions, while improving loss costs.”

Summary of Third Quarter 2017 Operating Results

(All comparisons vs. third quarter 2016, unless noted otherwise).

Net earned premiums of \$187.9 million increased \$14.6 million due to increases in final audit premiums and new business writings, partially offset by declines in renewal business premium.

The loss ratio before the impact of the LPT of 63.5% decreased 1.1 percentage points reflecting the continued impacts of key business initiatives including: an emphasis on settling open claims; diversifying our risk exposure across geographic markets; and leveraging data-driven strategies to target, underwrite and price profitable classes of business across all of our markets.

The commission expense ratio of 12.6% increased 0.3 percentage points due mainly to increases in agency incentives and in the amount of business produced by our partnerships and alliances.

The underwriting and other operating expense ratio of 17.9% decreased 0.4 percentage points due mainly to the increase in net premiums earned.

Net investment income of \$18.5 million increased \$0.6 million due to slightly higher pre-tax book yields.

Stockholders' Equity including the Deferred Gain, Third Quarter 2017 Dividend Declaration

Stockholders' equity including the deferred reinsurance gain was \$1,083.5 million, an increase of 5.4% year-over-year.

On October 25, 2017, the Board of Directors declared a fourth quarter 2017 dividend of \$0.15 per share. The dividend is payable on November 22, 2017 to stockholders of record as of November 8, 2017.

Conference Call and Webcast, Reports Filed With The Securities and Exchange Commission (the "SEC") and Supplemental Materials

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.

Reconciliation of Non-GAAP Financial Measures to GAAP

Within this earnings release we present various financial measures, some of which are a "non-GAAP financial measure" 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 the Company's most directly comparable GAAP financial measures is included in the attached Financial Supplement. Management believes that these non-GAAP measures are meaningful 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. These non-GAAP measures are not a substitute for GAAP measures and investors should be careful when comparing the Company's non-GAAP financial measures to similarly titled measures used by other companies. Other companies may calculate these measures differently, and, therefore, these measures may not be comparable.

The Company will host a conference call on Thursday, October 26, 2017, at 8:30 a.m. Pacific Daylight Time. The conference call will be available via a live web cast on the Company's web site at www.employers.com. An archived version will be available several hours after the call. The conference call replay number is (404) 537-3406 or (855) 859-2056 with a pass code of 95693677.

The Company provides a list of portfolio securities in the Calendar of Events, "Investors" section of its website at www.employers.com. The Company also provides its filings with the Securities and Exchange Commission and its investor presentations on its website.

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. 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. EHI and its management caution investors that such forward-looking statements are not guarantees of future performance. Risks and uncertainties are inherent in EHI'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 EHI'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.

The SEC filings for EHI can be accessed through the "Investors" link on the Company's website, www.employers.com, or through the SEC's EDGAR Database at www.sec.gov (EHI EDGAR CIK No. 0001379041).

Contact:

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Employers Holdings, Inc.
Third Quarter 2017
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,		
	2017	2016	% change	2017	2016	% change
Selected financial highlights:						
Gross insurance premiums written	\$ 179.2	\$ 164.4	9 %	\$ 561.3	\$ 545.7	3 %
Net insurance premiums written	177.6	163.0	9	556.8	540.4	3
Net insurance premiums earned	187.9	173.3	8	535.0	522.8	2
Net investment income	18.5	17.9	3	55.4	54.1	2
Underwriting income ⁽¹⁾	13.7	11.3	21	34.2	29.7	15
Net income before impact of the LPT Agreement ⁽¹⁾	19.4	19.6	(1)	61.4	57.6	7
Operating income ⁽¹⁾	21.6	18.7	16	60.2	51.9	16
Net income	21.9	22.6	(3)	69.9	71.2	(2)
Comprehensive income	22.2	17.4	28	86.0	105.2	(18)
Total assets				3,835.4	3,824.3	—
Stockholders' equity				917.1	850.1	8
Stockholders' equity including deferred reinsurance gain ⁽²⁾				1,083.5	1,027.9	5
Adjusted stockholders' equity ⁽²⁾				992.9	910.3	9
Annualized operating return on adjusted stockholders' equity ⁽³⁾	8.8 %	8.2%	7 %	8.3 %	7.8 %	6 %
Amounts per share:						
Cash dividends declared per share	\$ 0.15	\$ 0.09	67 %	\$ 0.45	\$ 0.27	67 %
Net income per diluted share ⁽⁴⁾	0.66	0.69	(4)	2.12	2.16	(2)
Net income before impact of the LPT per diluted share ⁽⁴⁾	0.59	0.59	—	1.86	1.74	7
Operating income per diluted share ⁽⁴⁾	0.65	0.57	14	1.82	1.57	16
GAAP book value per share ⁽²⁾				28.28	26.47	7
Book value per share ⁽²⁾				33.42	32.01	4
Adjusted book value per share ⁽²⁾				30.62	28.35	8
Combined ratio before impact of the LPT:⁽⁵⁾						
Loss and loss adjustment expense ratio:						
Current year	63.7 %	64.1%		63.7 %	65.6 %	
Prior year	(0.2)	0.5		(0.1)	(0.3)	
Loss and loss adjustment expense ratio	63.5 %	64.6%		63.6 %	65.3 %	
Commission expense ratio	12.6	12.3		12.4	12.1	
Underwriting and other operating expense ratio	17.9	18.3		19.1	19.5	
Combined ratio before impact of the LPT	94.0 %	95.2%		95.2 %	96.9 %	

(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

	September 30, 2017	December 31, 2016
ASSETS		
Investments, cash and cash equivalents	\$ 2,695.3	\$ 2,623.4
Accrued investment income	19.3	20.6
Premiums receivable, net	331.5	304.7
Reinsurance recoverable on paid and unpaid losses	560.9	588.7
Deferred policy acquisition costs	48.1	44.3
Deferred income taxes, net	42.8	59.4
Contingent commission receivable—LPT Agreement	31.1	31.1
Other assets	106.4	101.2
Total assets	\$ 3,835.4	\$ 3,773.4
LIABILITIES		
Unpaid losses and LAE	\$ 2,298.9	\$ 2,301.0
Unearned premiums	331.1	310.3
Commissions and premium taxes payable	53.0	48.8
Deferred reinsurance gain—LPT Agreement	166.4	174.9
Notes payable	20.0	32.0
Other liabilities	48.9	65.8
Total liabilities	\$ 2,918.3	\$ 2,932.8
STOCKHOLDERS' EQUITY		
Common stock and additional paid-in capital	\$ 377.8	\$ 372.6
Retained earnings	832.4	777.2
Accumulated other comprehensive income, net	90.6	74.5
Treasury stock, at cost	(383.7)	(383.7)
Total stockholders' equity	917.1	840.6
Total liabilities and stockholders' equity	\$ 3,835.4	\$ 3,773.4
Stockholders' equity including deferred reinsurance gain ⁽¹⁾	\$ 1,083.5	\$ 1,015.5
Adjusted stockholders' equity ⁽¹⁾	992.9	941.0
GAAP Book Value per Share ⁽¹⁾	\$ 28.28	\$ 26.16
Book value per share ⁽¹⁾	33.42	31.61
Adjusted Book Value per Share ⁽¹⁾	30.62	29.29

(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, except per share amounts

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Underwriting revenues:				
Gross premiums written	\$ 179.2	\$ 164.4	\$ 561.3	\$ 545.7
Premiums ceded	(1.6)	(1.4)	(4.5)	(5.3)
Net premiums written	177.6	163.0	556.8	540.4
Net premiums earned	187.9	173.3	535.0	522.8
Underwriting expenses:				
Losses and LAE incurred	(116.9)	(109.0)	(332.0)	(328.0)
Commission expense	(23.7)	(21.3)	(66.7)	(63.5)
Underwriting and other operating expenses	(33.6)	(31.7)	(102.1)	(101.6)
Underwriting income	13.7	11.3	34.2	29.7
Net investment income	18.5	17.9	55.4	54.1
Net realized gains on investments	4.1	1.6	7.4	9.1
Gain on redemption of notes payable	—	—	2.1	—
Other income	0.4	—	0.5	0.6
Interest expense	(0.3)	(0.4)	(1.1)	(1.2)
Other expenses	(7.5)	—	(7.5)	—
Income tax expense	(7.0)	(7.8)	(21.1)	(21.1)
Net income	21.9	22.6	69.9	71.2
Net unrealized gains on investments arising during the period, net of tax	3.0	(4.2)	20.9	39.9
Reclassification adj. for realized gains in net income, net of tax	(2.7)	(1.0)	(4.8)	(5.9)
Comprehensive income	\$ 22.2	\$ 17.4	\$ 86.0	\$ 105.2
<i>Add (subtract)</i>				
Amortization of deferred reinsurance gain - losses	\$ (2.1)	\$ (2.5)	\$ (7.0)	\$ (7.2)
Amortization of deferred reinsurance gain - contingent commission	(0.4)	(0.5)	(1.5)	(1.5)
LPT reserve adjustment	—	—	—	(3.1)
LPT contingent commission adjustments	—	—	—	(1.8)
Net income before impact of the LPT Agreement ⁽¹⁾	\$ 19.4	\$ 19.6	\$ 61.4	\$ 57.6
<i>Add (subtract)</i>				
Impact of the LPT Agreement	\$ (2.5)	\$ (3.0)	\$ (8.5)	\$ (13.6)
Net realized gains on investments, net of tax	(2.7)	(1.0)	(4.8)	(5.9)
Gain on redemption of notes payable, net of tax	—	—	(1.4)	—
Write-off of previously capitalized costs, net of tax	4.9	—	4.9	—
Amortization of intangibles, net of tax	—	0.1	0.1	0.2
Operating income ¹	\$ 21.6	\$ 18.7	\$ 60.2	\$ 51.9

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

EMPLOYERS HOLDINGS, INC.
Return on Equity (unaudited)
\$ in millions, except per share amounts

	Three Months Ended				Nine Months Ended				
	September 30,				September 30,				
	2017		2016		2017		2016		
Net income	A	\$ 21.9	\$ 22.6	\$ 69.9	\$ 71.2				
<i>Add (subtract):</i>									
Impact of LPT Agreement		(2.5)	(3.0)	(8.5)	(13.6)				
Net realized gains on investments, net of tax		(2.7)	(1.0)	(4.8)	(5.9)				
Gain on redemption of notes payable, net of tax		—	—	(1.4)	—				
Write-off of previously capitalized costs, net of tax		4.9	—	4.9	—				
Amortization of intangibles, net of tax		—	0.1	0.1	0.2				
Operating income ⁽¹⁾	B	\$ 21.6	\$ 18.7	\$ 60.2	\$ 51.9				
<hr/>									
Stockholders' equity - end of period		\$ 917.1	\$ 850.1	\$ 917.1	\$ 850.1				
Stockholders' equity - beginning of period		899.2	845.3	840.6	760.8				
Average stockholders' equity	C	\$ 908.2	\$ 847.7	\$ 878.9	\$ 805.5				
<hr/>									
Stockholders' equity - end of period		\$ 917.1	\$ 850.1	\$ 917.1	\$ 850.1				
<i>Add (subtract):</i>									
Deferred reinsurance gain		166.4	177.8	166.4	177.8				
Accumulated other comprehensive income, net of tax		(90.6)	(117.6)	(90.6)	(117.6)				
Adjusted stockholders' equity - end of period		992.9	910.3	992.9	910.3				
Adjusted stockholders' equity - beginning of period		977.8	903.2	941.0	866.7				
Average adjusted stockholders' equity ⁽¹⁾	D	\$ 985.4	\$ 906.8	\$ 967.0	\$ 888.5				
<hr/>									
Return on stockholders' equity	A / C	2.4%	2.7%	8.0%	8.8%				
Annualized return on stockholders' equity		9.6	10.7	10.6	11.8				
<hr/>									
Operating return on adjusted stockholders' equity ⁽¹⁾	B / D	2.2%	2.1%	6.2%	5.8%				
Annualized operating return on adjusted stockholders' equity ⁽¹⁾		8.8	8.2	8.3	7.8				

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

EMPLOYERS HOLDINGS, INC.
Combined Ratios (unaudited)
\$ in millions, except per share amounts

		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2017	2016	2017	2016
Net premiums earned	A	\$ 187.9	\$ 173.3	\$ 535.0	\$ 522.8
Losses and LAE incurred	B	116.9	109.0	332.0	328.0
Amortization of deferred reinsurance gain - losses		2.1	2.5	7.0	7.2
Amortization of deferred reinsurance gain - contingent commission		0.4	0.5	1.5	1.5
LPT reserve adjustment		—	—	—	3.1
LPT contingent commission adjustments		—	—	—	1.8
Losses and LAE before impact of the LPT ⁽¹⁾	C	\$ 119.4	\$ 112.0	\$ 340.5	\$ 341.6
Prior year loss reserve development		(0.2)	0.8	(0.5)	(1.5)
Losses and LAE before impact of the LPT - current accident year	D	\$ 119.6	\$ 111.2	\$ 341.0	\$ 343.1
Commission expense	E	\$ 23.7	\$ 21.3	\$ 66.7	\$ 63.5
Underwriting and other operating expenses	F	33.6	31.7	102.1	101.6
GAAP combined ratio:					
Loss and LAE ratio	B/A	62.2%	62.9%	62.1%	62.7%
Commission expense ratio	E/A	12.6	12.3	12.4	12.1
Underwriting and other operating expense ratio	F/A	17.9	18.3	19.1	19.5
GAAP combined ratio		92.7%	93.5%	93.6%	94.3%
Combined ratio before impact of the LPT: ⁽¹⁾					
Loss and LAE ratio before impact of the LPT	C/A	63.5%	64.6%	63.6%	65.3%
Commission expense ratio	E/A	12.6	12.3	12.4	12.1
Underwriting and other operating expense ratio	F/A	17.9	18.3	19.1	19.5
Combined ratio before impact of the LPT		94.0%	95.2%	95.2%	96.9%
Combined ratio before impact of the LPT: current accident year ⁽¹⁾					
Loss and LAE ratio before impact of the LPT	D/A	63.7%	64.1%	63.7%	65.6%
Commission expense ratio	E/A	12.6	12.3	12.4	12.1
Underwriting and other operating expense ratio	F/A	17.9	18.3	19.1	19.5
Combined ratio before impact of the LPT: current accident year		94.1%	94.7%	95.3%	97.2%

(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,	
	2017	2016	2017	2016
Unpaid losses and LAE at beginning of period	\$ 2,284.9	\$ 2,332.3	\$ 2,301.0	\$ 2,347.5
Reinsurance recoverable on unpaid losses and LAE	559.8	598.8	580.0	628.2
Net unpaid losses and LAE at beginning of period	1,725.1	1,733.5	1,721.0	1,719.3
Losses and LAE incurred:				
Current year losses	119.7	111.1	341.0	343.1
Prior year losses on voluntary business	—	—	—	—
Prior year losses on involuntary business	(0.2)	0.8	(0.5)	(1.5)
Total losses incurred	119.5	111.9	340.5	341.6
Losses and LAE paid:				
Current year losses	23.5	23.7	45.2	42.8
Prior year losses	75.3	83.2	270.5	279.6
Total paid losses	98.8	106.9	315.7	322.4
Net unpaid losses and LAE at end of period	1,745.8	1,738.5	1,745.8	1,738.5
Reinsurance recoverable on unpaid losses and LAE	553.1	591.5	553.1	591.5
Unpaid losses and LAE at end of period	\$ 2,298.9	\$ 2,330.0	\$ 2,298.9	\$ 2,330.0

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

	September 30, 2017				December 31, 2016	
	Cost or Amortized Cost	Net Unrealized Gain	Fair Value	%	Fair Value	%
Investment Positions:						
Fixed maturities	\$ 2,360.6	\$ 55.5	\$ 2,416.1	90%	\$ 2,344.4	89%
Equity securities	119.3	83.9	203.2	8	192.2	7
Short-term investments	5.5	—	5.5	—	16.0	1
Cash and cash equivalents	69.4	—	69.4	3	67.2	3
Restricted cash and cash equivalents	1.1	—	1.1	—	3.6	—
Total investments and cash	<u>\$ 2,555.9</u>	<u>\$ 139.4</u>	<u>\$ 2,695.3</u>	<u>100%</u>	<u>\$ 2,623.4</u>	<u>100%</u>
Breakout of Fixed Maturities:						
U.S. Treasuries and Agencies	\$ 143.1	\$ 2.9	\$ 146.0	6%	\$ 140.2	6%
States and Municipalities	671.0	29.4	700.4	29	851.6	36
Corporate Securities	1,040.3	20.0	1,060.3	44	956.7	41
Mortgage-Backed Securities	451.8	3.0	454.8	19	353.5	15
Asset-Backed Securities	54.4	0.2	54.6	2	42.4	2
Total fixed maturities	<u>\$ 2,360.6</u>	<u>\$ 55.5</u>	<u>\$ 2,416.1</u>	<u>100%</u>	<u>\$ 2,344.4</u>	<u>100%</u>
Weighted average book yield			3.2%		3.1%	
Weighted average tax equivalent yield			3.7%		3.6%	
Average credit quality (S&P)			AA-		AA-	
Duration			4.1		4.3	

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

		September 30, 2017	December 31, 2016	September 30, 2016	December 31, 2015
Numerators:					
Stockholders' equity	A	\$ 917.1	\$ 840.6	\$ 850.1	\$ 760.8
Plus: Deferred reinsurance gain		166.4	174.9	177.8	189.5
Stockholders' equity including deferred reinsurance gain ⁽¹⁾	B	1,083.5	1,015.5	1,027.9	950.3
Less: Accumulated other comprehensive income, net of tax		90.6	74.5	117.6	83.6
Adjusted stockholders' equity ⁽¹⁾	C	\$ 992.9	\$ 941.0	\$ 910.3	\$ 866.7
Denominator (shares outstanding)	D	32,423,929	32,128,922	32,109,976	32,216,480
GAAP book value per share ⁽¹⁾	A / D	\$ 28.28	\$ 26.16	\$ 26.47	\$ 23.62
Book value per share ⁽¹⁾	B / D	33.42	31.61	32.01	29.50
Adjusted book value per share ⁽¹⁾	C / D	30.62	29.29	28.35	26.90
Cash dividends declared per share		\$ 0.45	\$ 0.36	\$ 0.27	\$ 0.24
YTD Change in: ⁽²⁾					
GAAP book value per share		9.8%		13.2%	
Book value per share		7.1		9.4	
Adjusted book value per share		6.1		6.4	

(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 in the period.

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

	Three Months Ended		Nine Months Ended		
	September 30,		September 30,		
	2017	2016	2017	2016	
Numerators:					
Net income	A	\$ 21.9	\$ 22.6	\$ 69.9	\$ 71.2
<i>Add (subtract):</i>					
Impact of the LPT Agreement		(2.5)	(3.0)	(8.5)	(13.6)
Net income before impact of LPT ⁽¹⁾	B	\$ 19.4	\$ 19.6	\$ 61.4	\$ 57.6
Net realized gains on investments, net of tax		(2.7)	(1.0)	(4.8)	(5.9)
Gain on redemption of notes payable, net of tax		—	—	(1.4)	—
Write-off of previously capitalized costs, net of tax		4.9	—	4.9	—
Amortization of intangibles, net of tax		—	0.1	0.1	0.2
Operating income ⁽¹⁾	C	\$ 21.6	\$ 18.7	\$ 60.2	\$ 51.9
Denominators:					
Average common shares outstanding (basic)	D	32,563,800	32,449,617	32,454,443	32,497,478
Average common shares outstanding (diluted)	E	33,053,985	32,948,962	33,007,217	33,015,873
Net income per share:					
Basic	A / D	\$ 0.67	\$ 0.70	\$ 2.15	\$ 2.19
Diluted	A / E	0.66	0.69	2.12	2.16
Net income before impact of the LPT per share: ⁽¹⁾					
Basic	B / D	\$ 0.60	\$ 0.60	\$ 1.89	\$ 1.77
Diluted	B / E	0.59	0.59	1.86	1.74
Operating income per share: ⁽¹⁾					
Basic	C / D	\$ 0.66	\$ 0.58	\$ 1.85	\$ 1.60
Diluted	C / E	0.65	0.57	1.82	1.57

(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 a "non-GAAP financial measure" as defined in Regulation G pursuant to Section 401 of the *Sarbanes - Oxley Act* of 2002. 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 impact 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 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.

Operating income (see Page 4 for calculations) is net income before the impact of the LPT Agreement, net realized gains (losses) on investments (net of tax), gain on redemption of notes payable (net of tax), write-off of previously capitalized costs (net of tax), and amortization of intangible assets (net of tax). Management believes that providing this non-GAAP measure is helpful to investors, analysts and other interested parties in identifying trends in the Company's operating performance because such items have limited significance to its ongoing operations or can be impacted by both discretionary and other economic factors and may not represent operating trends.

Stockholders' equity including the deferred reinsurance gain is stockholders' equity including the deferred reinsurance 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 reinsurance 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 Operating 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.

GAAP book value per share, Book value per share 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.

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