

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

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**FORM 8-K**

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

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**Date of report (Date of earliest event reported): February 21, 2018**

**EMPLOYERS HOLDINGS, INC.**

(Exact Name of Registrant as Specified in its Charter)

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**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)

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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 February 21, 2018, Employers Holdings, Inc. (the “Company”) issued a press release and financial supplement announcing results for the fourth quarter and fiscal year ended December 31, 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 February 21, 2018, the Company announced that its Board of Directors declared a first quarter 2018 cash dividend of twenty cents per share on the Company’s common stock. The dividend is payable on March 21, 2018 to stockholders of record as of March 7, 2018.

## Section 9 – Financial Statements and Exhibits

### Item 9.01. Financial Statements and Exhibits.

99.1 Employers Holdings, Inc. press release, dated February 21, 2018.

99.2 Employers Holdings, Inc. financial supplement, dated February 21, 2018.

## 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: February 21, 2018

/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	<a href="#">Employers Holdings, Inc. press release, dated</a>	February 21, 2018.
99.2	<a href="#">Employers Holdings, Inc. financial supplement, dated</a>	February 21, 2018.



America's small business insurance specialist®

Exhibit 99.1

news release  
For Immediate Release

### Employers Holdings, Inc. Reports Fourth Quarter 2017 Results

- Net income of \$31.3 million (\$0.94 per diluted share), adjusted net income of \$35.2 million (\$1.06 per diluted share).
- Combined ratio of 81.3%, combined ratio before the impact of the LPT of 83.0%.
- The Board declared an increased quarterly dividend of \$0.20 per share and authorized a new \$50.0 million share repurchase program.

**Reno, Nevada-February 21, 2018-Employers Holdings, Inc. (“EHI” or the “Company”)** (NYSE:EIG) today reported the following for the fourth quarter of 2017: (i) net income of \$31.3 million (\$0.94 per diluted share); (ii) net income excluding the impact of the LPT of \$28.2 million (\$0.85 per diluted share); and (iii) adjusted net income of \$35.2 million (\$1.06 per diluted share).

The Company also reported that the Board of Directors declared a first quarter 2018 dividend and authorized a new \$50.0 million share repurchase program. The first quarter dividend, which was increased to \$0.20 per share, will be paid on March 21, 2018 to stockholders of record on March 7, 2018. The new share repurchase authorization, which replaces an expiring program with a remaining authorization of \$28.9 million, will expire on February 26, 2020.

The Company's adjusted net income for the fourth quarter of 2017 increased \$3.9 million year-over-year. This increase reflects strong underwriting results highlighted by an 83.0% combined ratio before the impact of the LPT and a 6% increase in net earned premiums.

The Company's net income and net income before the impact of the LPT for the fourth quarter of 2017 decreased by \$4.2 million and \$4.4 million, respectively, year-over-year. The decreases were the result of a non-recurring income tax expense of \$7.0 million in connection with U.S. corporate tax reform enacted in December. This incremental income tax expense represents the impact of re-measurement of the Company's deferred tax assets and liabilities using the new U.S. statutory tax rate.

The Company's book value per share of \$29.07, book value per share including the Deferred Gain of \$34.09 and adjusted book value per share of \$30.80, increased 13.4%, 9.7% and 7.2% for the year, respectively, each computed after taking into account dividends declared during 2017.

Chief Executive Officer Douglas D. Dirks commented on the results: “The fourth quarter marked a strong end to a successful year for EMPLOYERS. During the fourth quarter we grew written premiums by 8% year-over-year, lowered our current and prior year loss reserve provisions and increased the quarterly dividend by 33.3%.

In addition, we have recently initiated a plan of aggressive development and implementation of new technologies and capabilities that we believe will fundamentally transform and enhance the digital experience of our customers. We have chosen to reinvest the expected financial benefits from corporate income tax reform back into our business over the next several years by greatly accelerating the development and deployment of these new digital capabilities. We believe that these new technological and intellectual capabilities will support our future growth initiatives, provide us with greater pricing precision and flexibility and promote long-term value creation.

We expect that the development and implementation of these new technologies and capabilities will increase our underwriting and other operating expense ratio by approximately four percentage points in 2018 and two percentage points in 2019, as compared to that experienced in 2017. However, we expect that these increased expenses will be offset by operational efficiency gains in future periods.”

#### Summary of Fourth Quarter 2017 Results

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

Net earned premiums of \$181.6 million increased \$9.6 million due primarily to new business writings and increases in final audit premiums, partially offset by declines in renewal business premium.

The loss ratio before the impact of the LPT of 48.6% decreased 5.4 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 13.6% increased 2.0 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 20.8% increased 0.7 percentage points due mainly to increases in fourth quarter professional fees and incentive accruals.

Net investment income of \$19.1 million was unchanged.

#### **Stockholders' Equity including the Deferred Gain**

Stockholders' equity including the Deferred Gain was \$1,111.3 million, an increase of 9.4% from December 31, 2016.

#### **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 "non-GAAP financial measures." 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.

The Company will host a conference call on Thursday, February 22, 2018, at 8:30 a.m. Pacific Standard Time. The conference call will be available via a live web cast on the Company's web site at [www.employers.com](http://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 5177907.

The Company provides a list of portfolio securities in the Calendar of Events, "Investors" section of its website at [www.employers.com](http://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, 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. 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](http://www.employers.com), or through the SEC's EDGAR Database at [www.sec.gov](http://www.sec.gov) (EHI EDGAR CIK No. 0001379041).

#### **Contact:**

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**Employers Holdings, Inc.**  
Fourth Quarter And Full Year 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			Years Ended		
	December 31,			December 31,		
	2017	2016	% change	2017	2016	% change
<b>Selected financial highlights:</b>						
Gross insurance premiums written	\$ 168.4	\$ 155.7	8 %	\$ 729.7	\$ 701.4	4 %
Net insurance premiums written	167.0	154.2	8	723.7	694.6	4
Net insurance premiums earned	181.6	172.0	6	716.5	694.8	3
Net investment income	19.1	19.1	—	74.6	73.2	2
Underwriting income <sup>(1)</sup>	33.9	27.6	23	68.0	57.3	19
Net income before impact of the LPT <sup>(1)</sup>	28.2	32.6	(13)	89.6	90.1	(1)
Adjusted net income <sup>(1)</sup>	35.2	31.3	12	95.5	83.0	15
Net income	31.3	35.5	(12)	101.2	106.7	(5)
Comprehensive income	30.4	(7.6)	n/m	116.3	97.6	19
Total assets				3,840.1	3,773.4	2
Stockholders' equity				947.7	840.6	13
Stockholders' equity including the Deferred Gain <sup>(2)</sup>				1,111.3	1,015.5	9
Adjusted stockholders' equity <sup>(2)</sup>				1,003.9	941.0	7
Annualized adjusted return on stockholders' equity <sup>(3)</sup>	14.1 %	13.5 %	4 %	9.8 %	9.2 %	7
<b>Amounts per share:</b>						
Cash dividends declared per share	\$ 0.15	\$ 0.09	67 %	\$ 0.60	\$ 0.36	67 %
Earnings per diluted share <sup>(4)</sup>	0.94	1.08	(13)	3.06	3.24	(6)
Earnings per diluted share before impact of the LPT <sup>(4)</sup>	0.85	0.99	(14)	2.71	2.73	(1)
Adjusted earnings per diluted share <sup>(4)</sup>	1.06	0.95	12	2.89	2.52	15
Book value per share <sup>(2)</sup>				29.07	26.16	11
Book value per share including the Deferred Gain <sup>(2)</sup>				34.09	31.61	8
Adjusted book value per share <sup>(2)</sup>				30.80	29.29	5
<b>Combined ratio before impact of the LPT:<sup>(5)</sup></b>						
Loss and loss adjustment expense ratio:						
Current year	58.5 %	63.8 %		62.4 %	65.2 %	
Prior year	(9.9)	(9.8)		(2.6)	(2.7)	
Loss and loss adjustment expense ratio	48.6 %	54.0 %		59.8 %	62.5 %	
Commission expense ratio	13.6	11.6		12.8	12.0	
Underwriting and other operating expense ratio	20.8	20.1		19.5	19.7	
Combined ratio before impact of the LPT	83.0 %	85.6 %		92.1 %	94.1 %	

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

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

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

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

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



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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>ASSETS</b>		
Investments, cash and cash equivalents	\$ 2,752.0	\$ 2,623.4
Accrued investment income	19.6	20.6
Premiums receivable, net	326.7	304.7
Reinsurance recoverable on paid and unpaid losses	544.2	588.7
Deferred policy acquisition costs	45.8	44.3
Deferred income taxes, net	28.7	59.4
Contingent commission receivable—LPT Agreement	31.4	31.1
Other assets	91.7	101.2
Total assets	<u>\$ 3,840.1</u>	<u>\$ 3,773.4</u>
<b>LIABILITIES</b>		
Unpaid losses and LAE	\$ 2,266.1	\$ 2,301.0
Unearned premiums	318.3	310.3
Commissions and premium taxes payable	55.3	48.8
Deferred Gain	163.6	174.9
Notes payable	20.0	32.0
Other liabilities	69.1	65.8
Total liabilities	<u>\$ 2,892.4</u>	<u>\$ 2,932.8</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock and additional paid-in capital	\$ 381.8	\$ 372.6
Retained earnings	842.2	777.2
Accumulated other comprehensive income, net	107.4	74.5
Treasury stock, at cost	(383.7)	(383.7)
Total stockholders' equity	<u>947.7</u>	<u>840.6</u>
Total liabilities and stockholders' equity	<u>\$ 3,840.1</u>	<u>\$ 3,773.4</u>
Stockholders' equity including the Deferred Gain <sup>(1)</sup>	\$ 1,111.3	\$ 1,015.5
Adjusted stockholders' equity <sup>(1)</sup>	1,003.9	941.0
Book value per share <sup>(1)</sup>	\$ 29.07	\$ 26.16
Book value per share including the Deferred Gain <sup>(1)</sup>	34.09	31.61
Adjusted book value per share <sup>(1)</sup>	30.80	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		Years Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
<b>Underwriting revenues:</b>				
Gross premiums written	\$ 168.4	\$ 155.7	\$ 729.7	\$ 701.4
Premiums ceded	(1.4)	(1.5)	(6.0)	(6.8)
Net premiums written	167.0	154.2	723.7	694.6
Net premiums earned	181.6	172.0	716.5	694.8
<b>Underwriting expenses:</b>				
Losses and LAE incurred	(85.2)	(89.9)	(417.2)	(417.9)
Commission expense	(24.7)	(20.0)	(91.4)	(83.5)
Underwriting and other operating expenses	(37.8)	(34.5)	(139.9)	(136.1)
<b>Underwriting income</b>	<b>33.9</b>	<b>27.6</b>	<b>68.0</b>	<b>57.3</b>
Net investment income	19.1	19.1	74.6	73.2
Net realized gains on investments	—	2.1	7.4	11.2
Gain on redemption of notes payable	—	—	2.1	—
Other income	0.3	—	0.8	0.6
Interest expense	(0.3)	(0.4)	(1.4)	(1.6)
Other expenses	—	—	(7.5)	—
Income tax expense	(21.7)	(12.9)	(42.8)	(34.0)
<b>Net income</b>	<b>31.3</b>	<b>35.5</b>	<b>101.2</b>	<b>106.7</b>
Net unrealized (losses) gains on investments arising during the period, net of tax	(0.9)	(41.7)	19.9	(1.8)
Reclassification adjustment for net realized gains in net income, net of tax	—	(1.4)	(4.8)	(7.3)
<b>Comprehensive income (loss)</b>	<b>\$ 30.4</b>	<b>\$ (7.6)</b>	<b>\$ 116.3</b>	<b>\$ 97.6</b>
Net income	\$ 31.3	\$ 35.5	\$ 101.2	\$ 106.7
Amortization of the Deferred Gain - losses	(2.3)	(2.4)	(9.3)	(9.7)
Amortization of the Deferred Gain - contingent commission	(0.5)	(0.5)	(2.0)	(2.0)
LPT reserve adjustment	—	—	—	(3.1)
LPT contingent commission adjustments	(0.3)	—	(0.3)	(1.8)
<b>Net income before impact of the LPT Agreement <sup>(1)</sup></b>	<b>\$ 28.2</b>	<b>\$ 32.6</b>	<b>\$ 89.6</b>	<b>\$ 90.1</b>
Net realized gains on investments	—	(2.1)	(7.4)	(11.2)
Gain on redemption of notes payable	—	—	(2.1)	—
Write-off of previously capitalized costs	—	—	7.5	—
Amortization of intangibles	—	0.1	0.3	0.4
Income tax benefit related to items excluded from Net income	—	0.7	0.6	3.7
Net impact of tax reform	7.0	—	7.0	—
<b>Adjusted net income <sup>(1)</sup></b>	<b>\$ 35.2</b>	<b>\$ 31.3</b>	<b>\$ 95.5</b>	<b>\$ 83.0</b>

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

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

	Three Months Ended December 31,		Years Ended December 31,					
	2017	2016	2017	2016				
<b>Net income</b>	<b>A</b> \$	31.3	\$	35.5	\$	101.2	\$	106.7
Impact of the LPT Agreement		(3.1)		(2.9)		(11.6)		(16.6)
Net realized gains on investments		—		(2.1)		(7.4)		(11.2)
Gain on redemption of notes payable		—		—		(2.1)		—
Write-off of previously capitalized costs		—		—		7.5		—
Amortization of intangibles		—		0.1		0.3		0.4
Income tax benefit related to items excluded from Net income		—		0.7		0.6		3.7
Net impact of tax reform		7.0		—		7.0		—
<b>Adjusted net income<sup>(1)</sup></b>	<b>B</b> \$	35.2	\$	31.3	\$	95.5	\$	83.0
Stockholders' equity - end of period	\$	947.7	\$	840.6	\$	947.7	\$	840.6
Stockholders' equity - beginning of period		917.1		850.1		840.6		760.8
<b>Average stockholders' equity</b>	<b>C</b> \$	932.4	\$	845.4	\$	894.2	\$	800.7
Stockholders' equity - end of period	\$	947.7	\$	840.6	\$	947.7	\$	840.6
Deferred Gain - end of period		163.6		174.9		163.6		174.9
Accumulated other comprehensive income - end of period		(136.0)		(114.6)		(136.0)		(114.6)
Income tax related to accumulated other comprehensive income - end of period		28.6		40.1		28.6		40.1
Adjusted stockholders' equity - end of period		1,003.9		941.0		1,003.9		941.0
Adjusted stockholders' equity - beginning of period		992.9		910.3		941.0		866.7
<b>Average adjusted stockholders' equity<sup>(1)</sup></b>	<b>D</b> \$	998.4	\$	925.7	\$	972.5	\$	903.9
Return on stockholders' equity	<b>A / C</b>	3.4%		4.2%		11.3%		13.3%
<b>Annualized return on stockholders' equity</b>		13.4%		16.8%				
Adjusted return on stockholders' equity <sup>(1)</sup>	<b>B / D</b>	3.5%		3.4%		9.8%		9.2%
<b>Annualized adjusted return on stockholders' equity<sup>(1)</sup></b>		14.1%		13.5%				

(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		Years Ended	
		December 31,		December 31,	
		2017	2016	2017	2016
Net premiums earned	<b>A</b>	\$ 181.6	\$ 172.0	\$ 716.5	\$ 694.8
Losses and LAE incurred	<b>B</b>	85.2	89.9	417.2	417.9
Amortization of the Deferred Gain - losses		2.3	2.4	9.3	9.7
Amortization of the Deferred Gain - contingent commission		0.5	0.5	2.0	2.0
LPT reserve adjustment		—	—	—	3.1
LPT contingent commission adjustments		0.3	—	0.3	1.8
Losses and LAE before impact of the LPT <sup>(1)</sup>	<b>C</b>	\$ 88.3	\$ 92.8	\$ 428.8	\$ 434.5
Prior year loss reserve development		(18.0)	(16.9)	(18.5)	(18.4)
Losses and LAE before impact of the LPT - current accident year	<b>D</b>	\$ 106.3	\$ 109.7	\$ 447.3	\$ 452.9
Commission expense	<b>E</b>	\$ 24.7	\$ 20.0	\$ 91.4	\$ 83.5
Underwriting and other operating expenses	<b>F</b>	37.8	34.5	139.9	136.1
<b>Combined ratio:</b>					
Loss and LAE ratio	<b>B/A</b>	46.9%	52.3%	58.2%	60.1%
Commission expense ratio	<b>E/A</b>	13.6	11.6	12.8	12.0
Underwriting and other operating expense ratio	<b>F/A</b>	20.8	20.1	19.5	19.7
Combined ratio		81.3%	84.0%	90.5%	91.8%
<b>Combined ratio before impact of the LPT: <sup>(1)</sup></b>					
Loss and LAE ratio before impact of the LPT	<b>C/A</b>	48.6%	54.0%	59.8%	62.5%
Commission expense ratio	<b>E/A</b>	13.6	11.6	12.8	12.0
Underwriting and other operating expense ratio	<b>F/A</b>	20.8	20.1	19.5	19.7
Combined ratio before impact of the LPT		83.0%	85.6%	92.1%	94.1%
<b>Combined ratio before impact of the LPT: current accident year: <sup>(1)</sup></b>					
Loss and LAE ratio before impact of the LPT	<b>D/A</b>	58.5%	63.8%	62.4%	65.2%
Commission expense ratio	<b>E/A</b>	13.6	11.6	12.8	12.0
Underwriting and other operating expense ratio	<b>F/A</b>	20.8	20.1	19.5	19.7
Combined ratio before impact of the LPT: current accident year		93.0%	95.5%	94.7%	96.8%

(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		Years Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Unpaid losses and LAE at beginning of period	\$ 2,298.9	\$ 2,330.0	\$ 2,301.0	\$ 2,347.5
Reinsurance recoverable on unpaid losses and LAE	553.1	591.5	580.0	628.2
Net unpaid losses and LAE at beginning of period	1,745.8	1,738.5	1,721.0	1,719.3
Losses and LAE incurred:				
Current year losses	106.3	109.8	447.3	452.9
Prior year losses on voluntary business	(17.4)	(17.0)	(17.4)	(17.0)
Prior year losses on involuntary business	(0.6)	0.1	(1.1)	(1.4)
Total losses incurred	88.3	92.9	428.8	434.5
Losses and LAE paid:				
Current year losses	31.7	35.9	76.9	78.7
Prior year losses	73.3	74.5	343.8	354.1
Total paid losses	105.0	110.4	420.7	432.8
Net unpaid losses and LAE at end of period	1,729.1	1,721.0	1,729.1	1,721.0
Reinsurance recoverable on unpaid losses and LAE	537.0	580.0	537.0	580.0
Unpaid losses and LAE at end of period	\$ 2,266.1	\$ 2,301.0	\$ 2,266.1	\$ 2,301.0

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

	December 31, 2017				December 31, 2016	
	Cost or Amortized Cost	Net Unrealized Gain	Fair Value	%	Fair Value	%
<b>Investment Positions:</b>						
Fixed maturities	\$ 2,421.0	\$ 42.4	\$ 2,463.4	90%	\$ 2,344.4	89%
Equity securities	116.7	93.6	210.3	8	192.2	7
Short-term investments	4.0	—	4.0	—	16.0	1
Cash and cash equivalents	73.3	—	73.3	3	67.2	3
Restricted cash and cash equivalents	1.0	—	1.0	—	3.6	—
Total investments and cash	<u>\$ 2,616.0</u>	<u>\$ 136.0</u>	<u>\$ 2,752.0</u>	<u>100%</u>	<u>\$ 2,623.4</u>	<u>100%</u>
<b>Breakout of Fixed Maturities:</b>						
U.S. Treasuries and Agencies	\$ 147.1	\$ 1.7	\$ 148.8	6%	\$ 140.2	6%
States and Municipalities	617.0	25.5	642.5	26	851.6	36
Corporate Securities	1,103.4	14.6	1,118.0	45	956.7	41
Mortgage-Backed Securities	494.8	0.5	495.3	20	353.5	15
Asset-Backed Securities	58.7	0.1	58.8	2	42.4	2
Total fixed maturities	<u>\$ 2,421.0</u>	<u>\$ 42.4</u>	<u>\$ 2,463.4</u>	<u>100%</u>	<u>\$ 2,344.4</u>	<u>100%</u>
Weighted average book yield				3.1%		3.1%
Weighted average tax equivalent yield				3.5%		3.6%
Average credit quality (S&P)				AA-		AA-
Duration				4.2		4.3

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

		<u>December 31, 2017</u>	<u>December 31, 2016</u>
<b>Numerators:</b>			
<b>Stockholders' equity</b>	<b>A</b>	\$ 947.7	\$ 840.6
Plus: Deferred Gain		163.6	174.9
<b>Stockholders' equity including the Deferred Gain<sup>(1)</sup></b>	<b>B</b>	1,111.3	1,015.5
Accumulated other comprehensive income		(136.0)	(114.6)
Income tax benefit related to accumulated other comprehensive income		28.6	40.1
<b>Adjusted stockholders' equity<sup>(1)</sup></b>	<b>C</b>	<u>\$ 1,003.9</u>	<u>\$ 941.0</u>
<b>Denominator (shares outstanding)</b>	<b>D</b>	32,597,819	32,128,922
Book value per share <sup>(1)</sup>	<b>A / D</b>	\$ 29.07	\$ 26.16
Book value per share including the Deferred Gain <sup>(1)</sup>	<b>B / D</b>	34.09	31.61
Adjusted book value per share <sup>(1)</sup>	<b>C / D</b>	30.80	29.29
Cash dividends declared per share		\$ 0.60	\$ 0.36
<b>YTD Change in:<sup>(2)</sup></b>			
Book value per share		13.4%	12.3%
Book value per share including the Deferred Gain		9.7	8.4
Adjusted book value per share		7.2	10.2

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

(2) Reflects the change 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		Years Ended	
		December 31,		December 31,	
		2017	2016	2017	2016
<b>Numerators:</b>					
<b>Net income</b>	<b>A</b>	\$ 31.3	\$ 35.5	\$ 101.2	\$ 106.7
Impact of the LPT Agreement		(3.1)	(2.9)	(11.6)	(16.6)
<b>Net income before impact of the LPT <sup>(1)</sup></b>	<b>B</b>	\$ 28.2	\$ 32.6	\$ 89.6	\$ 90.1
Net realized gains on investments		—	(2.1)	(7.4)	(11.2)
Gain on redemption of notes payable		—	—	(2.1)	—
Write-off of previously capitalized costs		—	—	7.5	—
Amortization of intangibles		—	0.1	0.3	0.4
Income tax benefit related to items excluded from Net income		—	0.7	0.6	3.7
Net impact of tax reform		7.0	—	7.0	—
<b>Adjusted net income <sup>(1)</sup></b>	<b>C</b>	\$ 35.2	\$ 31.3	\$ 95.5	\$ 83.0
<b>Denominators:</b>					
Average common shares outstanding (basic)	<b>D</b>	32,641,438	32,247,251	32,501,576	32,434,580
Average common shares outstanding (diluted)	<b>E</b>	33,219,850	32,861,090	33,060,760	32,976,835
<b>Earnings per share:</b>					
Basic	<b>A / D</b>	\$ 0.96	\$ 1.10	\$ 3.11	\$ 3.29
Diluted	<b>A / E</b>	0.94	1.08	3.06	3.24
<b>Earnings per share before impact of the LPT:<sup>(1)</sup></b>					
Basic	<b>B / D</b>	\$ 0.86	\$ 1.01	\$ 2.76	\$ 2.78
Diluted	<b>B / E</b>	0.85	0.99	2.71	2.73
<b>Adjusted earnings per share:<sup>(1)</sup></b>					
Basic	<b>C / D</b>	\$ 1.08	\$ 0.97	\$ 2.94	\$ 2.56
Diluted	<b>C / E</b>	1.06	0.95	2.89	2.52

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



## **Glossary of Financial Measures**

Within this earnings release we present the following measures, each of which are "non-GAAP financial measures." A reconciliation of these measures to the Company's most directly comparable GAAP financial measures is included herein. Management believes that these non-GAAP measures are important to the Company's investors, analysts and other interested parties who benefit from having an objective and consistent basis for comparison with other companies within our industry. Management further believes that these measures are more relevant than comparable GAAP measures in evaluating our financial performance.

**The LPT Agreement** is a non-recurring transaction that does not result in ongoing cash benefits to the Company. Management believes that providing non-GAAP measures that exclude the effects of the LPT Agreement (amortization of deferred reinsurance gain, adjustments to LPT Agreement ceded reserves and adjustments to contingent commission receivable) is useful in providing investors, analysts and other interested parties a meaningful understanding of the Company's ongoing underwriting performance.

**Deferred reinsurance gain (Deferred Gain)** reflects the unamortized gain from the LPT Agreement. This gain has been deferred and is being amortized using the recovery method, whereby the amortization is determined by the proportion of actual reinsurance recoveries to total estimated recoveries, except for the contingent profit commission, which is being amortized through June 30, 2024. Amortization is reflected in losses and LAE incurred.

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

**Stockholders' equity including the Deferred Gain** is stockholders' equity including the Deferred Gain. Management believes that providing this non-GAAP measure is useful in providing investors, analysts and other interested parties a meaningful measure of the Company's total underwriting capital.

**Adjusted stockholders' equity** (see Page 8 for calculations) is stockholders' equity including the Deferred Gain, less accumulated other comprehensive income (net of tax). Management believes that providing this non-GAAP measure is useful to investors, analysts and other interested parties since it serves as the denominator to the Company's operating return on equity metric.

**Return on stockholders' equity and Adjusted return on stockholders' equity** (see Page 4 for calculations). Management believes that these profitability measures are widely used by our investors, analysts and other interested parties. The Company previously referred to Adjusted return on stockholders' equity as Operating return on adjusted stockholders' equity.

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

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