

**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): April 25, 2018

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 April 25, 2018, Employers Holdings, Inc. (the “Company”) issued a press release and financial supplement announcing results for the quarter ended March 31, 2018. 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 April 25, 2018, the Company announced that its Board of Directors declared a second quarter 2018 cash dividend of \$0.20 per share on the Company’s common stock. The dividend is payable on May 23, 2018 to stockholders of record as of May 9, 2018.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

- 99.1 Employers Holdings, Inc. press release, dated April 25, 2018.
- 99.2 Employers Holdings, Inc. financial supplement, dated April 25, 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: April 25, 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	Employers Holdings, Inc. press release, dated	April 25, 2018
99.2	Employers Holdings, Inc. financial supplement, dated	April 25, 2018

Employers Holdings, Inc. Reports First Quarter 2018 Results

- Net income of \$25.6 million (\$0.77 per diluted share), adjusted net income of \$29.3 million (\$0.88 per diluted share).
- Gross premiums written of \$211.6 million, up 7% year-over-year.
- Underwriting income of \$18.3 million versus \$8.9 million a year ago.
- Combined ratio of 89.6%, combined ratio before the impact of the LPT of 91.1%.

Reno, Nevada-April 25, 2018-Employers Holdings, Inc. (“EHI” or the “Company”) (NYSE:EIG) today reported the following for the first quarter of 2018: (i) net income of \$25.6 million (\$0.77 per diluted share); (ii) net income before the impact of the LPT of \$23.0 million (\$0.69 per diluted share); and (iii) adjusted net income of \$29.3 million (\$0.88 per diluted share).

The Company's adjusted net income for the first quarter of 2018 increased \$10.4 million year-over-year. This increase primarily reflects: (i) strong underwriting results highlighted by a 62.5% current accident year loss ratio before the impact of the LPT and \$12.4 million of favorable prior year loss reserve development, and (ii) a reduction in our effective income tax rate from 21.4% to 12.9%, primarily reflecting the favorable impact of the December 2017 Tax Cuts and Job Act.

The Company's net income and net income before the impact of the LPT for the first quarter of 2018 increased by \$2.4 million and \$2.7 million, respectively, year-over-year. These first quarter 2018 net income measures were each adversely impacted by \$10.2 million of after tax unrealized investment losses relating to the Company's equity investments. Prior to January 1, 2018, the Company's unrealized gains and losses on equity securities were not a component of net income or net income before the impact of the LPT.

The Company's book value per share of \$28.40 and book value per share including the Deferred Gain of \$33.32 decreased by 1.6% and 1.7% during the first quarter of 2018, respectively, each computed after taking into account dividends declared. These first quarter 2018 book value measures were each adversely impacted by \$35.8 million of after tax unrealized losses relating to the Company's fixed maturity investments caused by an increase in market interest rates.

Chief Executive Officer Douglas Dirks commented on the results: “The first quarter marked a strong beginning to 2018 for EMPLOYERS. During the quarter we grew written premiums by 7% year-over-year, lowered our current accident year loss provision and recognized favorable development on our prior year loss reserves.

As a result of the addition of new writing states, an enhanced sales force and greater leveraging of our partnerships and alliances, we were able to increase our business writings. Loss costs and frequency trends continue to be favorable, despite highly competitive market conditions.

Our underwriting and other operating expense ratio increased by 1.8 percentage points in the quarter, in-line with our expectations as we develop and implement new digital capabilities.”

Summary of First Quarter 2018 Operating Results

(All comparisons vs. first quarter 2017, unless noted otherwise).

Gross premiums written were \$211.6 million, an increase of 7% year-over-year. The increase was due primarily to new business writings, partially offset by declines in renewal business. Net earned premiums were \$176.6 million, an increase of 1% year-over-year.

The loss and LAE ratio before the impact of the LPT of 55.5% decreased 8.3 percentage points year-over-year 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. Favorable prior year loss reserve development represented 7.0 percentage points of the decline.

The commission expense ratio of 13.4% increased 1.1 percentage points year-over-year 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 22.2% increased 1.8 percentage points year-over-year due largely to expenses associated with the development and implementation of new technologies and capabilities.

Net investment income of \$19.4 million, an increase of 3% year-over-year. The increase is due to a higher pre-tax book yield on invested assets.

Income tax expense was \$3.8 million, a decrease of 40% year-over-year. The decrease is due to a reduction in the statutory Federal income tax rate from 35% to 21% as a result of the Tax Cuts and Job Act.

Stockholders' Equity including the Deferred Gain, First Quarter 2018 Dividend Declaration

Stockholders' equity including the Deferred Gain was \$1,091.3 million, a decrease of 2% from December 31, 2017 as a result of unrealized losses relating to the Company's fixed maturity investments.

On April 25, 2018, the Board of Directors declared a second quarter 2018 dividend of \$0.20 per share. The dividend is payable on May 23, 2018 to stockholders of record as of May 9, 2018.

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, April 26, 2018, 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 2449837.

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, 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, or through the SEC's EDGAR Database at www.sec.gov (EHI EDGAR CIK No. 0001379041).

Contact:

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Employers Holdings, Inc.
First Quarter 2018
Financial Supplement

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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,		
	2018	2017	% change
Selected financial highlights:			
Gross premiums written	\$ 211.6	\$ 197.6	7%
Net premiums written	210.1	196.1	7
Net premiums earned	176.6	175.3	1
Net investment income	19.4	18.8	3
Underwriting income ⁽¹⁾	18.3	8.9	106
Net income before impact of the LPT ⁽¹⁾	23.0	20.3	13
Adjusted net income ⁽¹⁾	29.3	18.9	55
Net income	25.6	23.2	10
Comprehensive (loss) income	(9.8)	31.2	n/m
Total assets	3,847.9	3,833.6	—
Stockholders' equity	930.3	867.5	7
Stockholders' equity including the Deferred Gain ⁽²⁾	1,091.3	1,039.4	5
Adjusted stockholders' equity ⁽²⁾	1,093.3	956.9	14
Annualized adjusted return on stockholders' equity ⁽³⁾	11.2 %	8.0%	40%
Amounts per share:			
Cash dividends declared per share	\$ 0.20	\$ 0.15	33%
Earnings per diluted share ⁽⁴⁾	0.77	0.70	10
Earnings per diluted share before impact of the LPT ⁽⁴⁾	0.69	0.62	11
Adjusted earnings per diluted share ⁽⁴⁾	0.88	0.57	54
Book value per share ⁽²⁾	28.40	26.88	6
Book value per share including the Deferred Gain ⁽²⁾	33.32	32.20	3
Adjusted book value per share ⁽²⁾	33.38	29.65	13
Combined ratio before impact of the LPT:⁽⁵⁾			
Loss and loss adjustment expense ratio:			
Current year	62.5 %	63.8%	
Prior year	(7.0)	—	
Loss and loss adjustment expense ratio	55.5 %	63.8%	
Commission expense ratio	13.4	12.3	
Underwriting and other operating expenses ratio	22.2	20.4	
Combined ratio before impact of the LPT	91.1 %	96.6%	

(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

	March 31, 2018	December 31, 2017
ASSETS		
Investments, cash and cash equivalents	\$ 2,725.6	\$ 2,752.0
Accrued investment income	18.9	19.6
Premiums receivable, net	350.0	326.7
Reinsurance recoverable on paid and unpaid losses	538.0	544.2
Deferred policy acquisition costs	50.8	45.8
Deferred income taxes, net	26.5	28.7
Contingent commission receivable—LPT Agreement	31.4	31.4
Other assets	106.7	91.7
Total assets	\$ 3,847.9	\$ 3,840.1
LIABILITIES		
Unpaid losses and LAE	\$ 2,258.1	\$ 2,266.1
Unearned premiums	351.9	318.3
Commissions and premium taxes payable	55.8	55.3
Deferred Gain	161.0	163.6
Notes payable	20.0	20.0
Other liabilities	70.8	69.1
Total liabilities	\$ 2,917.6	\$ 2,892.4
STOCKHOLDERS' EQUITY		
Common stock and additional paid-in capital	\$ 381.0	\$ 381.8
Retained earnings ⁽²⁾	935.0	842.2
Accumulated other comprehensive (loss) income, net ⁽²⁾	(2.0)	107.4
Treasury stock, at cost	(383.7)	(383.7)
Total stockholders' equity	930.3	947.7
Total liabilities and stockholders' equity	\$ 3,847.9	\$ 3,840.1
Stockholders' equity including the Deferred Gain⁽¹⁾	\$ 1,091.3	\$ 1,111.3
Adjusted stockholders' equity⁽¹⁾	1,093.3	1,003.9
Book value per share⁽¹⁾	\$ 28.40	\$ 29.07
Book value per share including the Deferred Gain⁽¹⁾	33.32	34.09
Adjusted book value per share⁽¹⁾	33.38	30.80

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

(2) Adoption of a new accounting standard (ASU No. 2016-01) resulted in a \$74.0 million reclassification adjustment from Accumulated other comprehensive income to Retained earnings as of January 1, 2018.

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

	Three Months Ended	
	March 31,	
	2018	2017
Underwriting revenues:		
Gross premiums written	\$ 211.6	\$ 197.6
Premiums ceded	(1.5)	(1.5)
Net premiums written	210.1	196.1
Net premiums earned	176.6	175.3
Underwriting expenses:		
Losses and LAE incurred	(95.4)	(109.0)
Commission expense	(23.7)	(21.5)
Underwriting and other operating expenses	(39.2)	(35.9)
Underwriting income	18.3	8.9
Net investment income	19.4	18.8
Net realized and unrealized (losses) gains on investments ⁽²⁾	(8.0)	2.2
Interest and financing expenses	(0.3)	(0.4)
Income tax expense	(3.8)	(6.3)
Net income	25.6	23.2
Unrealized AFS investment (losses) gains arising during the period, net of tax ⁽³⁾	(35.8)	9.4
Reclassification adjustment for realized AFS investment losses (gains) in net income, net of tax ⁽³⁾	0.4	(1.4)
Comprehensive (loss) income	\$ (9.8)	\$ 31.2
Net Income	\$ 25.6	\$ 23.2
Amortization of the Deferred Gain - losses	(2.1)	(2.4)
Amortization of the Deferred Gain - contingent commission	(0.5)	(0.5)
Net income before impact of the LPT Agreement ⁽¹⁾	23.0	20.3
Net realized and unrealized losses (gains) on investments	8.0	(2.2)
Amortization of intangibles	—	0.1
Income tax (benefit) expense related to items excluded from Net income	(1.7)	0.7
Adjusted net income ⁽¹⁾	\$ 29.3	\$ 18.9

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

(2) Adoption of a new accounting standard (ASU No. 2016-01) resulting in \$12.9 million of unrealized losses on equity securities at March 31, 2018.

(3) AFS = Available for Sale securities.

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

	Three Months Ended	
	March 31,	
	2018	2017
Net income	A \$ 25.6	\$ 23.2
Impact of the LPT Agreement	(2.6)	(2.9)
Net realized and unrealized losses (gains) on investments ⁽²⁾	8.0	(2.2)
Amortization of intangibles	—	0.1
Income tax (benefit) expense related to items excluded from Net income	(1.7)	0.7
Adjusted net income ⁽¹⁾	B 29.3	18.9
Stockholders' equity - end of period	\$ 930.3	\$ 867.5
Stockholders' equity - beginning of period	947.7	840.6
Average stockholders' equity	C 939.0	854.1
Stockholders' equity - end of period	\$ 930.3	\$ 867.5
Deferred Gain - end of period	161.0	171.9
Accumulated other comprehensive loss (income) - end of period ⁽³⁾	2.5	(126.9)
Income taxes related to accumulated other comprehensive gains and losses - end of period	(0.5)	44.4
Adjusted stockholders' equity - end of period	1,093.3	956.9
Adjusted stockholders' equity - beginning of period	1,003.9	941.0
Average adjusted stockholders' equity ⁽¹⁾	D 1,048.6	949.0
Return on stockholders' equity	A / C 2.7%	2.7%
Annualized return on stockholders' equity	10.9	10.9
Adjusted return on stockholders' equity ⁽¹⁾	B / D 2.8%	2.0%
Annualized adjusted return on stockholders' equity ⁽¹⁾	11.2	8.0

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

(2) Adoption of a new accounting standard (ASU No. 2016-01) resulting in \$12.9 million of unrealized losses on equity securities at March 31, 2018.

(3) Adoption of a new accounting standard (ASU No. 2016-01) resulted in a \$74.0 million reclassification adjustment from Accumulated other comprehensive income to Retained earnings as of January 1, 2018.

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

		Three Months Ended	
		March 31,	
		2018	2017
Net premiums earned	A	\$ 176.6	\$ 175.3
Losses and LAE incurred	B	95.4	109.0
Amortization of the Deferred Gain - losses		2.1	2.4
Amortization of the Deferred Gain - contingent commission		0.5	0.5
Losses and LAE before impact of the LPT ⁽¹⁾	C	98.0	111.9
Prior accident year favorable loss reserve development		(12.4)	—
Losses and LAE before impact of the LPT - current accident year	D	\$ 110.4	\$ 111.9
Commission expense	E	\$ 23.7	\$ 21.5
Underwriting and other operating expenses	F	39.2	35.9
Combined ratio:			
Loss and LAE ratio	B/A	54.0%	62.2%
Commission expense ratio	E/A	13.4	12.3
Underwriting and other operating expenses ratio	F/A	22.2	20.4
Combined ratio		89.6%	94.9%
Combined ratio before impact of the LPT: ⁽¹⁾			
Loss and LAE ratio before impact of the LPT	C/A	55.5%	63.8%
Commission expense ratio	E/A	13.4	12.3
Underwriting and other operating expenses ratio	F/A	22.2	20.4
Combined ratio before impact of the LPT		91.1%	96.6%
Combined ratio before impact of the LPT: current accident year ⁽¹⁾			
Loss and LAE ratio before impact of the LPT	D/A	62.5%	63.8%
Commission expense ratio	E/A	13.4	12.3
Underwriting and other operating expenses ratio	F/A	22.2	20.4
Combined ratio before impact of the LPT: current accident year		98.1%	96.6%

(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	
	March 31,	
	2018	2017
Unpaid losses and LAE at beginning of period	\$ 2,266.1	\$ 2,301.0
Reinsurance recoverable on unpaid losses and LAE	537.0	580.0
Net unpaid losses and LAE at beginning of period	1,729.1	1,721.0
Losses and LAE incurred:		
Current year losses	110.4	111.9
Prior year losses on voluntary business	(12.0)	—
Prior year losses on involuntary business	(0.4)	—
Total losses incurred	98.0	111.9
Losses and LAE paid:		
Current year losses	5.9	4.7
Prior year losses	94.2	102.9
Total paid losses	100.1	107.6
Net unpaid losses and LAE at end of period	1,727.0	1,725.3
Reinsurance recoverable on unpaid losses and LAE	531.1	572.9
Unpaid losses and LAE at end of period	\$ 2,258.1	\$ 2,298.2

Total losses and LAE shown in the above table exclude amortization of the Deferred Gain, which totaled \$2.6 million and \$2.9 million for the three months ended March 31, 2018 and 2017, respectively.

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

	March 31, 2018				December 31, 2017	
Investment Positions:	Cost or Amortized Cost	Net Unrealized (Loss) Gain	Fair Value	%	Fair Value	%
Fixed maturities	\$ 2,437.3	\$ (2.5)	\$ 2,434.8	89%	\$ 2,463.4	83%
Equity securities	118.0	80.7	198.7	7	210.3	7
Short-term investments	34.9	—	34.9	1	4.0	—
Cash and cash equivalents	56.3	—	56.3	2	73.3	2
Restricted cash and cash equivalents	0.9	—	0.9	—	1.0	—
Total investments and cash	<u>\$ 2,647.4</u>	<u>\$ 78.2</u>	<u>\$ 2,725.6</u>	<u>100%</u>	<u>\$ 2,962.3</u>	<u>100%</u>
Breakout of Fixed Maturities:						
U.S. Treasuries and Agencies	\$ 148.8	\$ (0.2)	\$ 148.6	6%	\$ 148.8	6%
States and Municipalities	550.1	14.9	565.0	23	642.5	26
Corporate Securities	1,134.8	(7.5)	1,127.3	46	1,118.0	45
Mortgage-Backed Securities	541.5	(9.6)	531.9	22	495.3	20
Asset-Backed Securities	62.1	(0.1)	62.0	3	58.8	2
Total fixed maturities	<u>\$ 2,437.3</u>	<u>\$ (2.5)</u>	<u>\$ 2,434.8</u>	<u>100%</u>	<u>\$ 2,463.4</u>	<u>100%</u>
Weighted average book yield			3.2%		3.1%	
Average credit quality (S&P)			AA-		AA-	
Duration			4.4		4.2	

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

		March 31, 2018	December 31, 2017	March 31, 2017	December 31, 2016
Numerators:					
Stockholders' equity	A	\$ 930.3	\$ 947.7	\$ 867.5	\$ 840.6
Plus: Deferred Gain		161.0	163.6	171.9	174.9
Stockholders' equity including the Deferred Gain⁽¹⁾	B	1,091.3	1,111.3	1,039.4	1,015.5
Accumulated other comprehensive loss (income) ⁽²⁾		2.5	(136.0)	(126.9)	(114.6)
Income taxes related to accumulated other comprehensive gains and losses		(0.5)	28.6	44.4	40.1
Adjusted stockholders' equity⁽¹⁾	C	\$ 1,093.3	\$ 1,003.9	\$ 956.9	\$ 941.0
Denominator (shares outstanding)	D	32,752,139	32,597,819	32,276,213	32,128,922
Book value per share ⁽¹⁾	A / D	\$ 28.40	\$ 29.07	\$ 26.88	\$ 26.16
Book value per share including the Deferred Gain ⁽¹⁾	B / D	33.32	34.09	32.20	31.61
Adjusted book value per share ⁽¹⁾	C / D	33.38	30.80	29.65	29.29
Cash dividends declared per share		\$ 0.20	\$ 0.60	\$ 0.15	\$ 0.36
YTD Change in:⁽³⁾					
Book value per share			(1.6)%	3.3%	
Book value per share including the Deferred Gain			(1.7)	2.3	
Adjusted book value per share			9.0	1.7	

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

(2) Adoption of a new accounting standard (ASU No. 2016-01) resulted in a \$74.0 million reclassification adjustment from Accumulated other comprehensive income to Retained earnings as of January 1, 2018.

(3) 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			
	March 31,			
	2018			2017
Numerators:				
Net income	A	\$ 25.6	\$	23.2
Impact of the LPT Agreement		(2.6)		(2.9)
Net income before impact of the LPT ⁽¹⁾	B	23.0		20.3
Net realized and unrealized losses (gains) on investments ⁽²⁾		8.0		(2.2)
Amortization of intangibles		—		0.1
Income tax (benefit) expense related to items excluded from Net income		(1.7)		0.7
Adjusted net income ⁽¹⁾	C	\$ 29.3	\$	18.9
Denominators:				
Average common shares outstanding (basic)	D	32,830,481		32,327,784
Average common shares outstanding (diluted)	E	33,320,420		32,965,367
Earnings per share:				
Basic	A / D	\$ 0.78	\$	0.72
Diluted	A / E	0.77		0.70
Earnings per share before impact of the LPT: ⁽¹⁾				
Basic	B / D	\$ 0.70	\$	0.63
Diluted	B / E	0.69		0.62
Adjusted earnings per share: ⁽¹⁾				
Basic	C / D	\$ 0.89	\$	0.58
Diluted	C / E	0.88		0.57

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

(2) Adoption of a new accounting standard (ASU No. 2016-01) resulting in \$12.9 million of unrealized losses on equity securities at March 31, 2018.

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 and unrealized gains (losses) on investments (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. 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.