

**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): July 24, 2019

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	EIG	New York Stock Exchange

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 July 24, 2019, Employers Holdings, Inc. (the “Company”) issued a press release and financial supplement announcing results for the quarter ended June 30, 2019. 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 July 24, 2019, the Company announced that its Board of Directors declared a third quarter 2019 cash dividend of \$0.22 per share on the Company’s common stock. The dividend is payable on August 21, 2019 to stockholders of record as of August 7, 2019.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

- 99.1 Employers Holdings, Inc. press release, dated July 24, 2019.
- 99.2 Employers Holdings, Inc. financial supplement, dated July 24, 2019.

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: July 24, 2019

/s/ Michael S. Paquette

Michael S. Paquette
Executive Vice President,
Chief Financial Officer

Exhibit Index

<u>Exhibit No.</u>	<u>Exhibit</u>	
99.1	Employers Holdings, Inc. press release, dated	July 24, 2019
99.2	Employers Holdings, Inc. financial supplement, dated	July 24, 2019

Employers Holdings, Inc. Reports Second Quarter 2019 Results

- Net income of \$40.7 million (\$1.25 per diluted share), adjusted net income of \$29.2 million (\$0.90 per diluted share),
- Net investment income of \$21.4 million, up 5% year-over-year,
- Gross premiums written of \$176.6 million, down 5% year-over-year,
- Combined ratio of 88.0%, combined ratio before the impact of the LPT of 91.2%.

Reno, Nevada-July 24, 2019-Employers Holdings, Inc. (“EHI” or the “Company”) (NYSE:EIG) today reported the following for the second quarter of 2019: (i) net income of \$40.7 million (\$1.25 per diluted share); (ii) net income before the impact of the LPT of \$35.0 million (\$1.08 per diluted share); and (iii) adjusted net income of \$29.2 million (\$0.90 per diluted share).

The Company's adjusted net income for the second quarter of 2019 decreased \$2.0 million year-over-year. This decrease primarily reflects the after-tax impact of the following items: (i) \$21.1 million of underwriting income versus \$25.6 million a year ago, partially offset by; (ii) \$21.4 million of net investment income versus \$20.3 million a year ago.

The Company's net income and net income before the impact of the LPT for the second quarter of 2019 decreased by \$1.8 million and \$0.6 million, respectively, year-over-year. These second quarter 2019 net income measures were each impacted by the after-tax impact of the items previously mentioned, but also benefited from a \$1.3 million after-tax increase in net investment gains relating to the Company's investments.

The Company's book value per share of \$35.15, book value per share including the Deferred Gain of \$39.59 and adjusted book value per share of \$37.92 increased by 14.5%, 12.3%, and 6.4% during the first six months of 2019, respectively, each computed after taking into account dividends declared. Book value per share and book value per share including the Deferred Gain at June 30, 2019 were each favorably impacted by \$67.0 million of net after tax unrealized gains from the Company's portfolio of fixed maturity securities.

Chief Executive Officer Douglas Dirks commented on the results: “Our second quarter and year-to-date results were very strong. During the quarter, we delivered a 9.7% annualized return on adjusted equity while continuing to execute well on our plan of aggressive development and implementation of digital IT initiatives and capabilities that will benefit and support our agency force as well as our direct (Cerity) customers.

Over the past several quarters, including the current period, we have experienced favorable loss reserve development throughout nearly every prior accident year which is due, in part, to our enhanced claims analytics capabilities as well as a continuation of our accelerated claims settlement initiatives.”

Summary of Second Quarter 2019 Operating Results

(All comparisons vs. second quarter 2018, unless noted otherwise).

Gross premiums written were \$176.6 million, a decrease of 5%. The decrease was due primarily to a period-over-period reduction in average premium rate. Net earned premiums were \$175.5 million, a decrease of 1% year-over-year.

The loss and LAE ratio before the impact of the LPT of 52.7% decreased 0.5 percentage points reflecting continued observed favorable paid loss trends. During the quarter, the Company increased its year-to-date current accident year loss and LAE ratio on its voluntary business to 65.5% (versus 64.5% in the first quarter, and 62.5% a year ago) and recognized \$24.0 million of favorable prior year loss reserve development (versus \$16.5 million of favorable prior year loss reserve development a year ago).

The commission expense ratio of 13.5% decreased 0.3 percentage points, primarily as a result of a decrease in projected 2019 agency incentive commissions.

The underwriting and other operating expense ratio of 25.0% increased 2.5 percentage points. Expenses associated with our aggressive development and implementation of new digital technologies and capabilities were the primary contributors to the increase.

Net investment income of \$21.4 million increased 5%, primarily as a result of the Company's strong operating cash flows, as well as a higher pre-tax book yield on the investment portfolio.

Income tax expense was \$9.0 million (an 18.1% effective rate) versus \$8.8 million (a 17.2% effective rate). The increase in the effective rate is due primarily to having a higher proportion of fully taxable income in the current quarter than a year ago.

Share Repurchases and Third Quarter Dividend Declaration

During the second quarter of 2019, the Company repurchased 372,290 shares of its common stock at an average price of \$41.05 per share.

On July 24, 2019, the Board of Directors also declared a third quarter 2019 dividend of \$0.22 per share. The dividend is payable on August 21, 2019 to stockholders of record as of August 7, 2019.

On June 7, 2019, the Company received approval from the Department of Financial Services of the State of New York to acquire PartnerRe Insurance Company of New York (PRNY) from Partner Reinsurance Company of the U.S. The Company expects to close the transaction on July 31, 2019. The purchase price will be the sum of: (i) PRNY's statutory capital and surplus at closing (which is currently estimated to be approximately \$47.0 million); and (ii) \$5.8 million. The Company intends to rename PRNY to be "Cerity Insurance Company" post-closing.

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, July 25, 2019, 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 2873686.

The Company provides its filings with the SEC and its investor presentations on its website at www.employers.com.

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).

About Employers Holdings, Inc.

Employers Holdings, Inc. (NYSE:EIG) is a holding company with subsidiaries that are specialty providers of workers' compensation insurance and services focused on select small businesses engaged in low-to-medium hazard industries. The company, through its subsidiaries, operates in 45 states and the District of Columbia. Insurance is offered by Employers Insurance Company of Nevada, Employers Compensation Insurance Company, Employers Preferred Insurance Company, and Employers Assurance Company, all rated A- (Excellent) by A.M. Best Company. Additional information can be found at: www.employers.com.

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Employers Holdings, Inc.
Second Quarter 2019
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			Six Months Ended		
	June 30,			June 30,		
	2019	2018	% change	2019	2018	% change
Selected financial highlights:						
Gross premiums written	\$ 176.6	\$ 186.4	(5)%	\$ 386.6	\$ 398.0	(3)%
Net premiums written	175.2	185.0	(5)	383.9	395.2	(3)
Net premiums earned	175.5	178.0	(1)	350.3	354.6	(1)
Net investment income	21.4	20.3	5	43.2	39.7	9
Underwriting income ⁽¹⁾	21.1	25.6	(18)	37.9	44.0	(14)
Net income before impact of the LPT ⁽¹⁾	35.0	35.6	(2)	84.4	58.6	44
Adjusted net income ⁽¹⁾	29.2	31.2	(6)	60.1	60.6	(1)
Net income	40.7	42.5	(4)	92.6	68.1	36
Comprehensive income (loss)	70.4	31.2	126	159.6	21.4	646
Total assets				3,954.3	3,868.5	2
Stockholders' equity				1,121.5	956.5	17
Stockholders' equity including the Deferred Gain ⁽²⁾				1,263.2	1,111.2	14
Adjusted stockholders' equity ⁽²⁾				1,209.9	1,124.5	8
Annualized adjusted return on stockholders' equity ⁽³⁾	9.7 %	11.3 %	(14)%	10.1 %	11.4 %	(11)%
Amounts per share:						
Cash dividends declared per share	\$ 0.22	\$ 0.20	10 %	\$ 0.44	\$ 0.40	10 %
Earnings per diluted share ⁽⁴⁾	1.25	1.28	(2)	2.84	2.05	39
Earnings per diluted share before impact of the LPT ⁽⁴⁾	1.08	1.07	1	2.59	1.76	47
Adjusted earnings per diluted share ⁽⁴⁾	0.90	0.94	(4)	1.84	1.82	1
Book value per share ⁽²⁾				35.15	29.20	20
Book value per share including the Deferred Gain ⁽²⁾				39.59	33.92	17
Adjusted book value per share ⁽²⁾				37.92	34.33	10
Combined ratio before impact of the LPT:⁽⁵⁾						
Loss and loss adjustment expense ratio:						
Current year	66.2 %	62.5 %		65.5 %	62.5 %	
Prior year	(13.5)	(9.3)		(13.1)	(8.2)	
Loss and loss adjustment expense ratio	52.7 %	53.2 %		52.4 %	54.3 %	
Commission expense ratio	13.5	13.8		13.1	13.6	
Underwriting and other operating expenses ratio	25.0	22.5		26.1	22.3	
Combined ratio before impact of the LPT	91.2 %	89.5 %		91.5 %	90.3 %	

(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

	June 30, 2019	December 31, 2018
ASSETS		
Investments, cash and cash equivalents	\$ 2,871.3	\$ 2,829.7
Accrued investment income	16.9	18.0
Premiums receivable, net	342.7	333.1
Reinsurance recoverable on paid and unpaid losses and LAE	490.7	511.1
Deferred policy acquisition costs	52.3	48.2
Deferred income taxes, net	2.2	26.9
Contingent commission receivable—LPT Agreement	32.2	32.0
Other assets	146.0	120.2
Total assets	<u>\$ 3,954.3</u>	<u>\$ 3,919.2</u>
LIABILITIES		
Unpaid losses and LAE	\$ 2,161.8	\$ 2,207.9
Unearned premiums	370.1	336.3
Commissions and premium taxes payable	55.0	57.3
Deferred Gain	141.7	149.6
Notes payable	—	20.0
Other liabilities	104.2	129.9
Total liabilities	<u>\$ 2,832.8</u>	<u>\$ 2,901.0</u>
STOCKHOLDERS' EQUITY		
Common stock and additional paid-in capital	\$ 390.4	\$ 389.4
Retained earnings	1,108.7	1,030.7
Accumulated other comprehensive income (loss), net	53.3	(13.7)
Treasury stock, at cost	(430.9)	(388.2)
Total stockholders' equity	<u>1,121.5</u>	<u>1,018.2</u>
Total liabilities and stockholders' equity	<u>\$ 3,954.3</u>	<u>\$ 3,919.2</u>
Stockholders' equity including the Deferred Gain ⁽¹⁾	\$ 1,263.2	\$ 1,167.8
Adjusted stockholders' equity ⁽¹⁾	1,209.9	1,181.5
Book value per share ⁽¹⁾	\$ 35.15	\$ 31.08
Book value per share including the Deferred Gain ⁽¹⁾	39.59	35.64
Adjusted book value per share ⁽¹⁾	37.92	36.06

(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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Underwriting revenues:				
Gross premiums written	\$ 176.6	\$ 186.4	\$ 386.6	\$ 398.0
Premiums ceded	(1.4)	(1.4)	(2.7)	(2.8)
Net premiums written	175.2	185.0	383.9	395.2
Net premiums earned	175.5	178.0	350.3	354.6
Underwriting expenses:				
Losses and LAE incurred	(86.8)	(87.8)	(175.3)	(183.2)
Commission expense	(23.8)	(24.5)	(45.8)	(48.2)
Underwriting and other operating expenses	(43.8)	(40.1)	(91.3)	(79.2)
Underwriting income	21.1	25.6	37.9	44.0
Net investment income	21.4	20.3	43.2	39.7
Net realized and unrealized gains (losses) on investments ⁽¹⁾	7.4	5.7	30.7	(2.4)
Other income	—	0.1	0.4	0.1
Interest and financing expenses	(0.2)	(0.4)	(0.6)	(0.7)
Income tax expense	(9.0)	(8.8)	(19.0)	(12.6)
Net income	40.7	42.5	92.6	68.1
Unrealized AFS investment gains (losses) arising during the period, net of tax ⁽²⁾	29.9	(11.3)	67.7	(47.1)
Reclassification adjustment for realized AFS investment (gains) losses in net income, net of tax ⁽²⁾	(0.2)	—	(0.7)	0.4
Comprehensive income (loss)	\$ 70.4	\$ 31.2	\$ 159.6	\$ 21.4
Net Income	\$ 40.7	\$ 42.5	\$ 92.6	\$ 68.1
Amortization of the Deferred Gain - losses	(3.2)	(3.6)	(5.2)	(5.7)
Amortization of the Deferred Gain - contingent commission	(0.5)	(0.6)	(1.0)	(1.1)
LPT reserve adjustment	(1.8)	(2.2)	(1.8)	(2.2)
LPT contingent commission adjustments	(0.2)	(0.5)	(0.2)	(0.5)
Net income before impact of the LPT Agreement ⁽³⁾	35.0	35.6	84.4	58.6
Net realized and unrealized (gains) losses on investments	(7.4)	(5.7)	(30.7)	2.4
Amortization of intangibles	—	0.1	—	0.1
Income tax expense (benefit) related to items excluded from Net income	1.6	1.2	6.4	(0.5)
Adjusted net income ⁽³⁾	\$ 29.2	\$ 31.2	\$ 60.1	\$ 60.6

(1) Includes unrealized gains (losses) on equity securities of \$6.8 million and \$3.5 million for the three months ended June 30, 2019 and 2018, respectively, and \$28.0 million and \$(9.4) million for the six months ended June 30, 2019 and 2018, respectively.

(2) AFS = Available for Sale securities.

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

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

	Three Months Ended		Six Months Ended		
	June 30,		June 30,		
	2019	2018	2019	2018	
Net income	A	\$ 40.7	\$ 42.5	\$ 92.6	\$ 68.1
Impact of the LPT Agreement		(5.7)	(6.9)	(8.2)	(9.5)
Net realized and unrealized (gains) losses on investments		(7.4)	(5.7)	(30.7)	2.4
Amortization of intangibles		—	0.1	—	0.1
Income tax expense (benefit) related to items excluded from Net income		1.6	1.2	6.4	(0.5)
Adjusted net income ⁽¹⁾	B	29.2	31.2	60.1	60.6
Stockholders' equity - end of period		\$ 1,121.5	\$ 956.5	\$ 1,121.5	\$ 956.5
Stockholders' equity - beginning of period		1,071.7	930.3	1,018.2	947.7
Average stockholders' equity	C	1,096.6	943.4	1,069.9	952.1
Stockholders' equity - end of period		\$ 1,121.5	\$ 956.5	\$ 1,121.5	\$ 956.5
Deferred Gain - end of period		141.7	154.7	141.7	154.7
Accumulated other comprehensive loss (income) - end of period		(67.5)	16.8	(67.5)	16.8
Income taxes related to accumulated other comprehensive gains and losses - end of period		14.2	(3.5)	14.2	(3.5)
Adjusted stockholders' equity - end of period		1,209.9	1,124.5	1,209.9	1,124.5
Adjusted stockholders' equity - beginning of period		1,195.2	1,093.3	1,181.5	1,003.9
Average adjusted stockholders' equity ⁽¹⁾	D	1,202.6	1,108.9	1,195.7	1,064.2
Return on stockholders' equity	A / C	3.7%	4.5%	8.7%	7.2%
Annualized return on stockholders' equity		14.8	18.0	17.3	14.3
Adjusted return on stockholders' equity ⁽¹⁾	B / D	2.4%	2.8%	5.0%	5.7%
Annualized adjusted return on stockholders' equity ⁽¹⁾		9.7	11.3	10.1	11.4

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

EMPLOYERS HOLDINGS, INC.
Combined Ratios (unaudited)
\$ in millions

		Three Months Ended		Six Months Ended	
		June 30,		June 30,	
		2019	2018	2019	2018
Net premiums earned	A	\$ 175.5	\$ 178.0	\$ 350.3	\$ 354.6
Losses and LAE incurred	B	86.8	87.8	175.3	183.2
Amortization of the Deferred Gain - losses		3.2	3.6	5.2	5.7
Amortization of the Deferred Gain - contingent commission		0.5	0.6	1.0	1.1
LPT reserve adjustment		1.8	2.2	1.8	2.2
LPT contingent commission adjustments		0.2	0.5	0.2	0.5
Losses and LAE before impact of the LPT ⁽¹⁾	C	92.5	94.7	183.5	192.7
Prior accident year favorable loss reserve development		(23.7)	(16.5)	(45.9)	(28.9)
Losses and LAE before impact of the LPT - current accident year	D	\$ 116.2	\$ 111.2	\$ 229.4	\$ 221.6
Commission expense	E	\$ 23.8	\$ 24.5	\$ 45.8	\$ 48.2
Underwriting and other operating expenses	F	43.8	40.1	91.3	79.2
Combined ratio:					
Loss and LAE ratio	B/A	49.5%	49.3%	50.0%	51.7%
Commission expense ratio	E/A	13.5	13.8	13.1	13.6
Underwriting and other operating expenses ratio	F/A	25.0	22.5	26.1	22.3
Combined ratio		88.0%	85.6%	89.2%	87.6%
Combined ratio before impact of the LPT: ⁽¹⁾					
Loss and LAE ratio before impact of the LPT	C/A	52.7%	53.2%	52.4%	54.3%
Commission expense ratio	E/A	13.5	13.8	13.1	13.6
Underwriting and other operating expenses ratio	F/A	25.0	22.5	26.1	22.3
Combined ratio before impact of the LPT		91.2%	89.5%	91.5%	90.3%
Combined ratio before impact of the LPT: current accident year ⁽¹⁾					
Loss and LAE ratio before impact of the LPT	D/A	66.2%	62.5%	65.5%	62.5%
Commission expense ratio	E/A	13.5	13.8	13.1	13.6
Underwriting and other operating expenses ratio	F/A	25.0	22.5	26.1	22.3
Combined ratio before impact of the LPT: current accident year		104.7%	98.8%	104.6%	98.4%

(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		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Unpaid losses and LAE at beginning of period	\$ 2,189.3	\$ 2,258.1	\$ 2,207.9	\$ 2,266.1
Reinsurance recoverable on unpaid losses and LAE	498.7	531.1	504.4	537.0
Net unpaid losses and LAE at beginning of period	1,690.6	1,727.0	1,703.5	1,729.1
Losses and LAE incurred:				
Current year losses	116.1	111.2	229.4	221.6
Prior year losses on voluntary business	(24.0)	(16.5)	(46.0)	(28.5)
Prior year losses on involuntary business	0.3	—	0.1	(0.4)
Total losses incurred	92.4	94.7	183.5	192.7
Losses and LAE paid:				
Current year losses	23.2	20.0	30.6	25.9
Prior year losses	82.2	86.3	178.8	180.5
Total paid losses	105.4	106.3	209.4	206.4
Net unpaid losses and LAE at end of period	1,677.6	1,715.4	1,677.6	1,715.4
Reinsurance recoverable on unpaid losses and LAE	484.2	512.5	484.2	512.5
Unpaid losses and LAE at end of period	\$ 2,161.8	\$ 2,227.9	\$ 2,161.8	\$ 2,227.9

Total losses and LAE shown in the above table exclude amortization of the Deferred Gain, LPT Reserve Adjustments, and LPT Contingent Commission Adjustments which totaled \$5.7 million and \$6.9 million for the three months ended June 30, 2019 and 2018, respectively, and \$8.2 million and \$9.5 million for the six months ended June 30, 2019 and 2018, respectively.

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

	June 30, 2019				December 31, 2018	
	Cost or Amortized Cost	Net Unrealized Gain (Loss)	Fair Value	%	Fair Value	%
Investment Positions:						
Fixed maturity securities	\$ 2,450.2	\$ 67.5	\$ 2,517.7	88%	\$ 2,496.4	88%
Equity securities	149.8	96.0	245.8	9	206.3	7
Short-term investments	—	—	—	—	25.0	1
Other invested assets	2.0	—	2.0	—	—	—
Cash and cash equivalents	105.5	—	105.5	4	101.4	4
Restricted cash and cash equivalents	0.3	—	0.3	—	0.6	—
Total investments and cash	<u>\$ 2,707.8</u>	<u>\$ 163.5</u>	<u>\$ 2,871.3</u>	<u>100%</u>	<u>\$ 2,829.7</u>	<u>100%</u>
Breakout of Fixed Maturity Securities:						
U.S. Treasuries and agencies	\$ 102.8	\$ 2.0	\$ 104.8	4%	\$ 117.8	5%
States and municipalities	478.8	26.6	505.4	20	528.0	21
Corporate securities	1,066.6	31.9	1,098.5	44	1,090.4	44
Mortgage-backed securities	560.1	6.6	566.7	23	545.8	22
Asset-backed securities	64.4	1.0	65.4	3	64.5	3
Bank loans	177.5	(0.6)	176.9	7	149.9	6
Total fixed maturity securities	<u>\$ 2,450.2</u>	<u>\$ 67.5</u>	<u>\$ 2,517.7</u>	<u>100%</u>	<u>\$ 2,496.4</u>	<u>100%</u>
Weighted average book yield				3.5%		3.4%
Average credit quality (S&P)				AA-		AA-
Duration				3.7		4.1

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

		June 30, 2019	December 31, 2018	June 30, 2018	December 31, 2017
Numerators:					
Stockholders' equity	A	\$ 1,121.5	\$ 1,018.2	\$ 956.5	\$ 947.7
Plus: Deferred Gain		141.7	149.6	154.7	163.6
Stockholders' equity including the Deferred Gain ⁽¹⁾	B	1,263.2	1,167.8	1,111.2	1,111.3
Accumulated other comprehensive (income) loss		(67.5)	17.3	16.8	(136.0)
Income taxes related to accumulated other comprehensive gains and losses		14.2	(3.6)	(3.5)	28.6
Adjusted stockholders' equity ⁽¹⁾	C	<u>\$ 1,209.9</u>	<u>\$ 1,181.5</u>	<u>\$ 1,124.5</u>	<u>\$ 1,003.9</u>
Denominator (shares outstanding)	D	31,904,916	32,765,792	32,759,575	32,597,819
Book value per share ⁽¹⁾	A / D	\$ 35.15	\$ 31.08	\$ 29.20	\$ 29.07
Book value per share including the Deferred Gain ⁽¹⁾	B / D	39.59	35.64	33.92	34.09
Adjusted book value per share ⁽¹⁾	C / D	37.92	36.06	34.33	30.80
YTD Change in: ⁽²⁾					
Book value per share		14.5%		1.8%	
Book value per share including the Deferred Gain		12.3		0.7	
Adjusted book value per share		6.4		12.8	

(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 of \$0.44 and \$0.40 for the six months ended June 30, 2019, and 2018, respectively. .

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

	Three Months Ended		Six Months Ended		
	June 30,		June 30,		
	2019	2018	2019	2018	
Numerators:					
Net income	A	\$ 40.7	\$ 42.5	\$ 92.6	\$ 68.1
Impact of the LPT Agreement		(5.7)	(6.9)	(8.2)	(9.5)
Net income before impact of the LPT ⁽¹⁾	B	35.0	35.6	84.4	58.6
Net realized and unrealized (gains) losses on investments		(7.4)	(5.7)	(30.7)	2.4
Amortization of intangibles		—	0.1	—	0.1
Income tax expense (benefit) related to items excluded from Net income		1.6	1.2	6.4	(0.5)
Adjusted net income ⁽¹⁾	C	\$ 29.2	\$ 31.2	\$ 60.1	\$ 60.6
Denominators:					
Average common shares outstanding (basic)	D	32,077,698	32,880,023	32,197,523	32,843,448
Average common shares outstanding (diluted)	E	32,450,628	33,222,706	32,639,885	33,259,759
Earnings per share:					
Basic	A / D	\$ 1.27	\$ 1.29	\$ 2.88	\$ 2.07
Diluted	A / E	1.25	1.28	2.84	2.05
Earnings per share before impact of the LPT: ⁽¹⁾					
Basic	B / D	\$ 1.09	\$ 1.08	\$ 2.62	\$ 1.78
Diluted	B / E	1.08	1.07	2.59	1.76
Adjusted earnings per share: ⁽¹⁾					
Basic	C / D	\$ 0.91	\$ 0.95	\$ 1.87	\$ 1.85
Diluted	C / E	0.90	0.94	1.84	1.82

(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 any significant 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 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.

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.

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.