EMPLOYERS®

America's small business insurance specialist.®

September, 2011

Employers Holdings, Inc.

Investor Presentation

EIG LISTED NYSE

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Safe Harbor Disclosure

This slide presentation is for informational purposes only. It should be read in conjunction with our Form 10-K for the year 2010, our Form 10-Qs and our Form 8-Ks filed with the Securities and Exchange Commission (SEC), all of which are available on the "Investor Relations" section of our website at www.employers.com.

Non-GAAP Financial Measures

In presenting Employers Holdings, Inc.'s (EMPLOYERS) results, management has included and discussed certain non-GAAP financial measures, as defined in Regulation G. Management believes these non-GAAP measures better explain EMPLOYERS results allowing for a more complete understanding of underlying trends in our business. These measures should not be viewed as a substitute for those determined in accordance with GAAP. The reconciliation of these measures to their most comparable GAAP financial measures is included in this presentation or in our Form 10-K for the year 2010, our Form 10-Qs and our Form 8-Ks filed with the Securities and Exchange Commission (SEC) and available in the "Investor Relations" section of our website at www.employers.com.

Forward-looking Statements

This presentation may contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements regarding anticipated future results and can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like "believe", "expect", "anticipate", "estimate" and "intend" or future or conditional verbs such as "will", "would", "should", "could" or "may". All subsequent written and oral forward-looking statements attributable to us or individuals acting on our behalf are expressly qualified in their entirety by these cautionary statements.

All forward--looking statements made in this presentation reflect EMPLOYERS current views with respect to future events, business transactions and business performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties, which may cause actual results to differ materially from those set forth in these statements. The business of EHI and those engaged in similar lines of business could be affected by, among other things, competition, pricing and policy term trends, the levels of new and renewal business achieved, market acceptance, changes in demand, the frequency and severity of catastrophic events, actual loss experience including observed levels of increased indemnity claims frequency and severity in California, uncertainties in the loss reserving and claims settlement process, new theories of liability, judicial, legislative, regulatory and other governmental developments, litigation tactics and developments, investigation developments, the amount and timing of reinsurance recoverables, credit developments among reinsurers, changes in the cost or availability of reinsurance, market developments (including adverse developments in financial markets as a result of, among other things, changes in local, regional or national economic conditions and volatility and deterioration of financial markets), credit and other risks associated with EHI's investment activities, significant changes in investment yield rates, rating agency action, possible terrorism or the outbreak and effects of war and economic, political, regulatory, insurance and reinsurance business conditions, relations with and performance of employees and agents, and other factors identified in EHI's filings with the SEC. **In addition, EHI's ability to consummate a business combination transaction or to realize the benefits thereof are dependent on factors beyond EHI's control.** Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Overview

Business	• **Specialty provider of workers' compensation insurance** • **Coverage generally required by statute** ➢ **Medical, temporary/permanent indemnity, death**	***$38 billion per year industry*** *(2010, A.M. Best)*
Customers	• **Small "Main Street" businesses** • **Low-to-medium hazard exposure industries** ➢ **Top classes include restaurants, physicians, dentists, clerical, retail stores** • **Distribution through agents and strategic partners**	***Highly focused business model***
Geographic	• **Diversified: 30 states with concentrations in CA, IL, NV, FL and GA** ➢ **Unique markets by state and area**	***Operate in 76% of total market*** *(2010, A.M. Best)*

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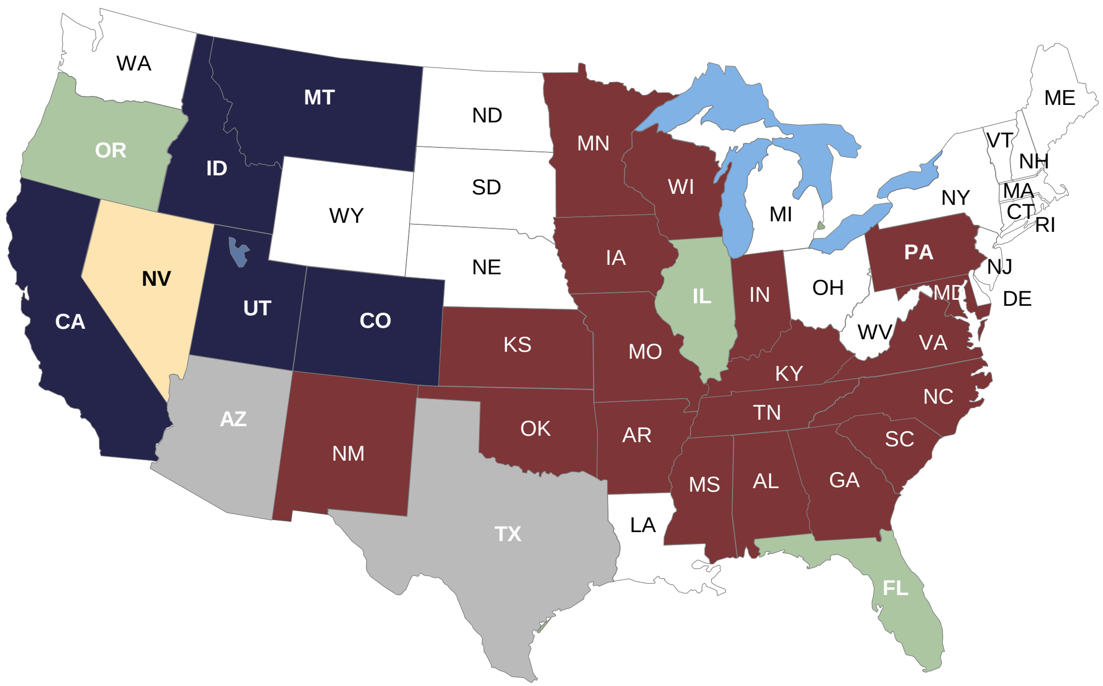
Selectively Expanding Footprint

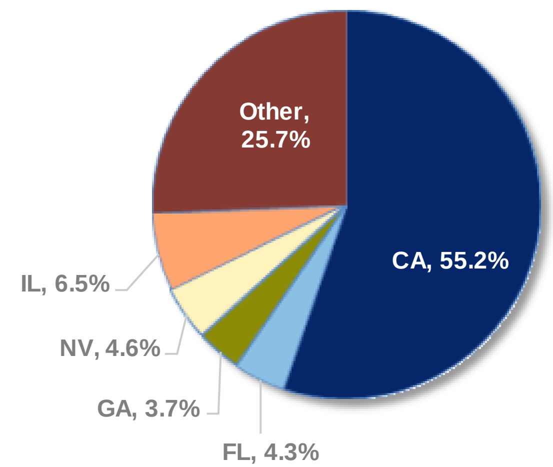


2000	2002	2006	2007	2008
1913 – 1999 State WC fund in NV 2000 Privatization	2002 Acquisition, book of business in CA, UT, ID, MT, CO	2005 Formation of mutual hold co 2006 Entry into TX, AZ	2007 Demutualization and IPO – entry into FL, IL and OR	2008 Acquisition of AmCOMP Incorporated, entry into IA

Highlights

(at June 30, 2011)

- 6 Mo. NPW: $207 million
- Adjusted BV per share: $22.73
- Combined ratio before LPT:121%



**In Force Premiums Written (%)
June 30, 2011**

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Current trends - actions

Current operating environment is characterized by high levels of unemployment, reduced work hours, price competition and historically low yields.

Growth initiatives

- In past year, added over 700 agencies and 8,705 policies; rapid quote technology now available in all states of operation
- Increase in net written premium of 35% in the first six months of 2011 compared with the same period in 2010

Cost controls implemented

- Combined four regional operating units into two, consolidated offices and staffing declined by 225
- Reduced underwriting expenses 9.6% in the first six months of this year relative to the same period last year

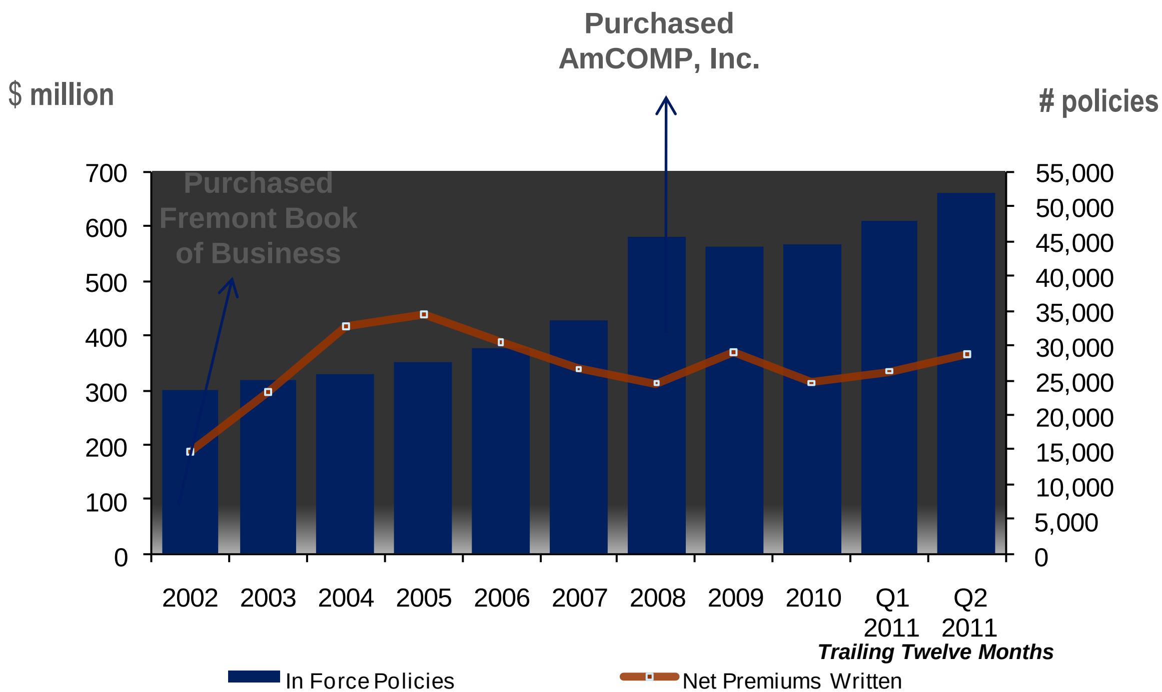
Increased California filed rates over 30% since 2009

- Positive net rate of 10% year over year in California, which represents half of our book of business as of 6/30/11
- Additional 3.9% average pure premium rate effective 9/15/11

Announced potential acquisition of GUARD

- Early stages of transaction – publicly disclosed by counterparty – submitted non-binding letter of intent
- Strategic rationale: accelerated growth and market expansion, increased scale, enhanced strategic partnership relationships and attractive financial characteristics

Market Penetration

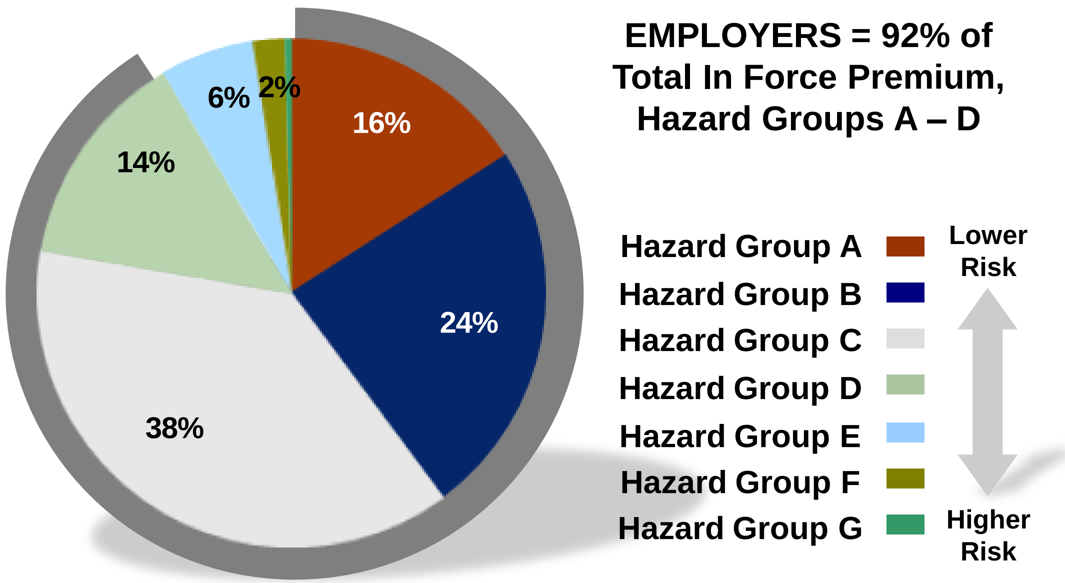


Policy Count 2002-2010
CAGR = 8.3%

NPW 2002-2010
CAGR = 6.7%

Disciplined Risk Selection

Focused guidelines and selection within industry-defined classes

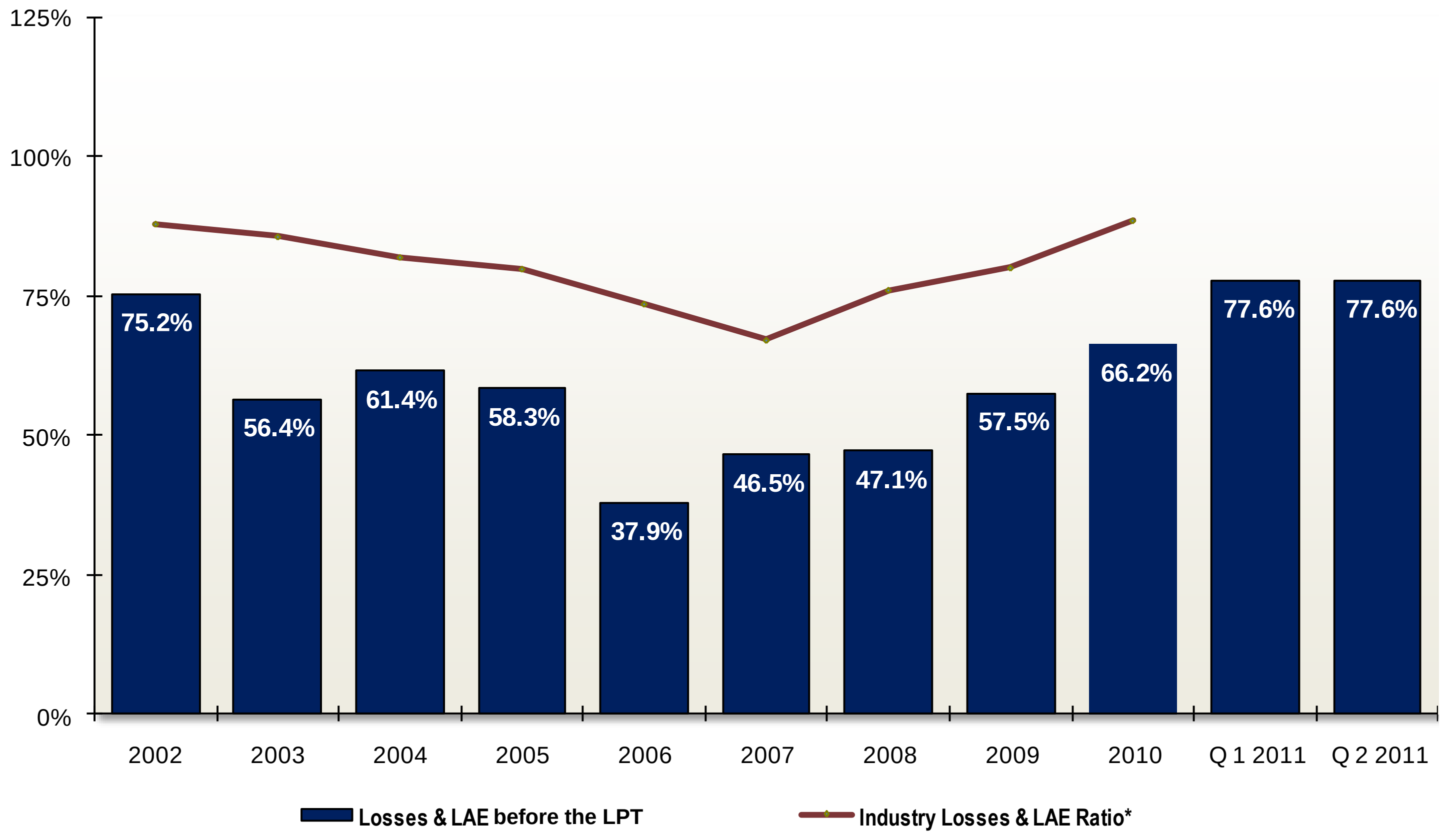


% In Force Premiums, 06/30/11

NCCI Hazard Group	EMPLOYERS Top 10 Classes	% In Force Premium
A	Restaurants	14.3
C	Physicians/Clerical	8.7
D	Automobile Services	8.2
B	Wholesale Stores	4.6
B	College Employees	2.9
B	Retail Stores	2.8
B	Hotel Employees	2.2
C	Grocery/Provisions Stores	1.9
D	Machine Shops	1.9
C	Clerical	1.9
	Total Top 10	**49.4**

Delivering Superior Loss Ratios

Consistently lower Loss and LAE Ratios than the industry composite



*** A.M. Best, "Aggregates and Averages" and "QAR" (For 2010, estimate based on first nine months)**

Unique Distribution Network

June 30, 2011

Independent Agents and Brokers

- 3,318 agencies
- Strong relationships with agents
- Increase of 708 over last two quarters

Strategic Partnerships

- Two key partners
  - ADP
  - Anthem Blue Cross

Restaurants and physicians are our top two classes of customers

Industry Focused

- California and Nevada Restaurant Associations' provider of choice
- California Medical Association sponsorship
- NFIB (National Federation of Independent Business)

Increasing Points of Access

Partnerships

Provide … a distribution advantage by expanding market reach and providing local knowledge

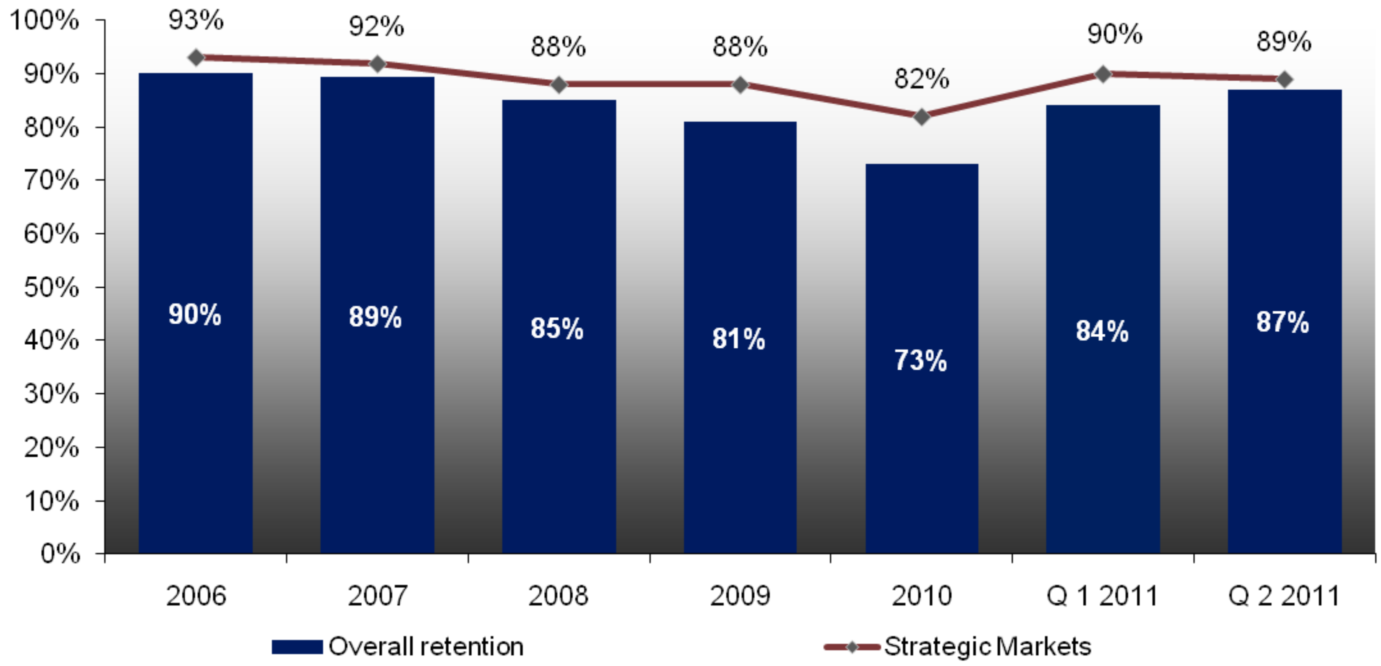
Result … in high persistency

Contribute … about 23% of in-force premiums at 06/30/11

ADP (Automatic Data Processing, Inc.)	*Largest payroll services company in the U.S.* *Partner since 2002 – business originates with ADP's field sales staff and insurance agency with "Pay-by-Pay" premium collection*
Anthem.	*Largest group health carrier in CA – exclusive relationship – use medical provider network* *Partner since 2002 – business originated by health agents with a single bill to customers*
Granite Insurance Brokers / E-chx, Inc. Payroll Solutions	*Specialty provider of payroll services / insurance broker* *Partner since Q4 2006, expanded alliance in 2008*
INTEGO Insurance Services, LLC	*Provider of insurance software services – partner since Q4 2007*
WELLS FARGO	*Small business payroll services – partner since Q2 2008*
Telepayroll.com, Inc.	*Online payroll services and payment processing* *One of the largest independent payroll processors in Southern CA* *Partner since Q1 2009*
HISCOX	*First company in the U.S. to offer insurance coverage on-line or direct for professional service businesses with 10 employees or less* *NEW partner – Q4 2010*

Strong Retention Rates

Strategic partnerships result in consistently higher retention rates



Superior Claims Management

In-house medical management staff

- Coordinate care and manage medical costs
- URAC accreditation in case management and utilization review

Comprehensive fraud program

- $5.2 million savings in 2010

Rigorous quality assurance processes

- Ensure compliance with best practices and regulatory requirements

Dedicated subrogation unit

- Recoveries over $2.9 million in 2010

Pharmacy benefit management program

- Savings over $3.1 million in 2010

Claims professionals average over a decade of experience

Key Highlights: (Q 2, 2011 compared with Q 2, 2010 except where noted)

Net income	•GAAP net income $0.21/diluted share, decrease of 18 cents/share •Net income before the LPT $0.10/diluted share, decrease of 19 cents/share
Premium	•Increased net premiums written 43%, net premiums earned 13%
Policy count	•Increased 20.1% to approximately 52,000 •Average policy size of approximately $6,700
Underwriting and other operating expense	•UW expense ratio improved 2.3 points; underlying expense increased $1 million primarily due to increased premium taxes and assessments
Loss ratio before LPT	•Increased to 77.6% from 63.2% •Losses & LAE before the LPT increased 38.4% to $68.4 million
Tax benefit	•$2 million due to higher percentage of tax-exempt pre-tax income
Net rate (change)	•Positive in California, approximately 10% •Negative 1% for first six months of 2011, negative 4% year over year
Book value per share	•Book value per share of $22.73, growth of 3% in first six months

Loss Portfolio Transfer (LPT)

- Retroactive 100% quota share reinsurance coverage for all losses prior to 7/1/95
- Gain on transaction booked as statutory surplus; deferred and amortized under GAAP
- Non-recurring transaction with no ongoing cash benefits or charges to current operations
- Adjustments in LPT reserves do not impact adjusted surplus or equity
- 3 Reinsurers: ACE, Berkshire (NICO), XL Collateralized under agreement: largely cash/short-term securities, U. S. treasuries, and Wells Fargo stock

Contract	($ million)
Total Coverage	$2,000
Original Reserves (Liabilities) Transferred	$1,525
Consideration	$ 775
Gain at 1/1/2000	750
Subsequent Reserve Adjustments	(147.5)
Gain at 6/30/11	$602.5

Accounting at 6/30/11	($ million)
Statutory Surplus Created	$602.5
Cumulative Amortization To Date	(240.9)
GAAP: Deferred Reinsurance Gain – LPT Agreement	**$361.6**

Claims 6/30/1995 and prior – Approximately 3,300 claims open as of 6/30/11 with 4.5% closing each year

Remaining liabilities at 6/30/11: $826.7 million

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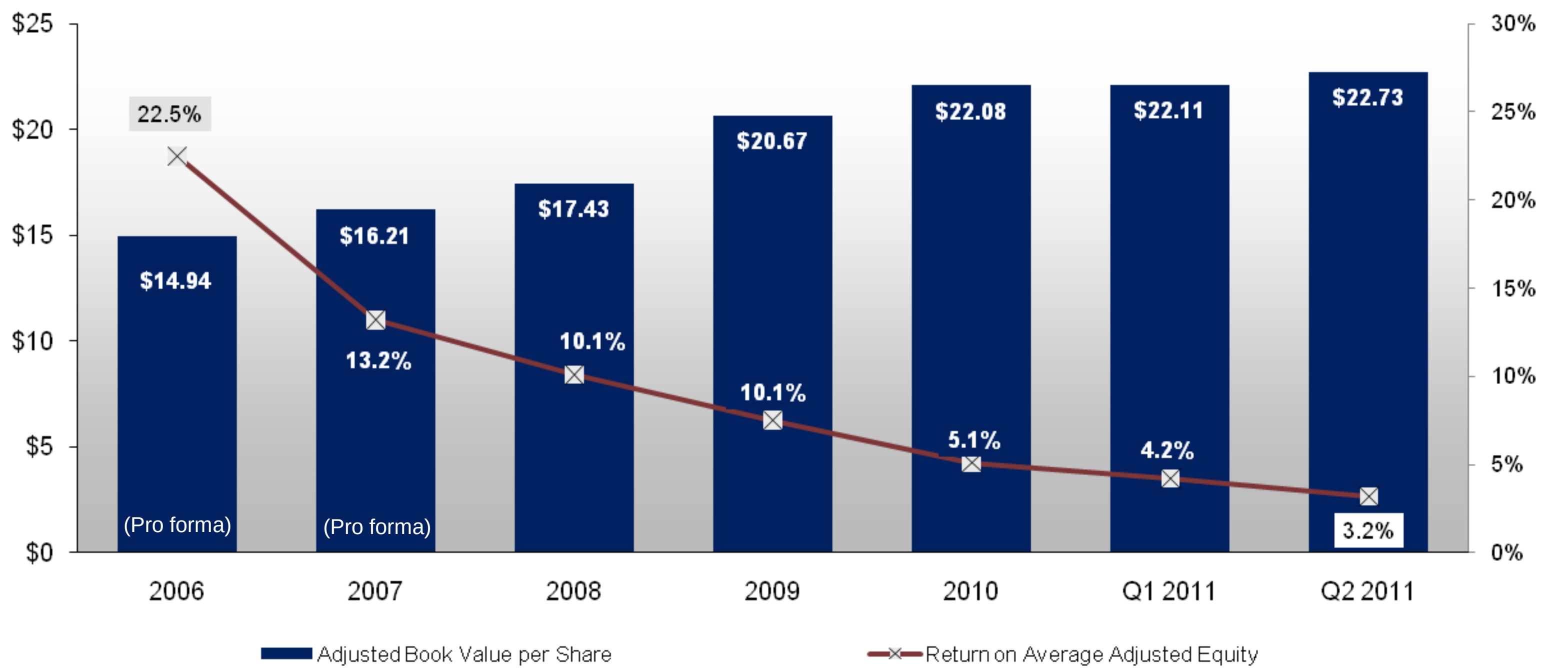
Return on Average Adjusted Equity, Increasing Book Value per Share



NOTE: 50,000,002 pro forma shares prior to February 5, 2007 (IPO date)
Return on Average Equity includes deferred gain related to the LPT – equity in the ROE calculation is averaged for the trailing 12-month period

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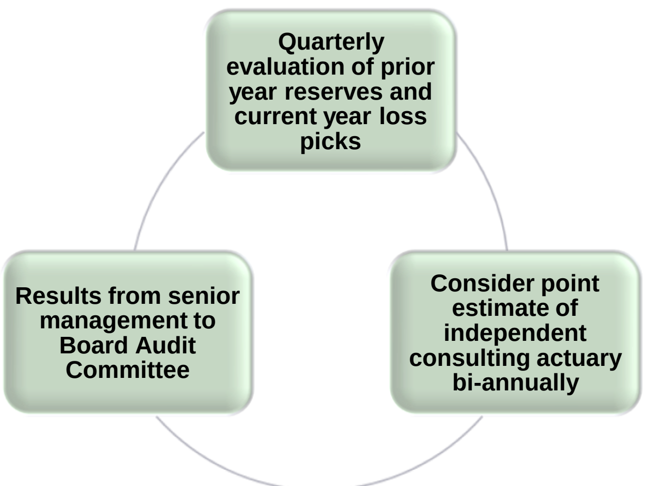
History of Reserve Strength

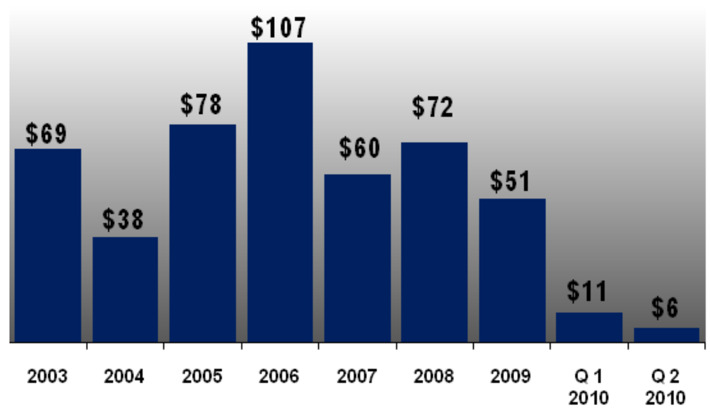
Net reserves for workers' comp industry estimated to be deficient by $10 Billion at 12/31/10 (1)

Reserve Review



Reserve Development

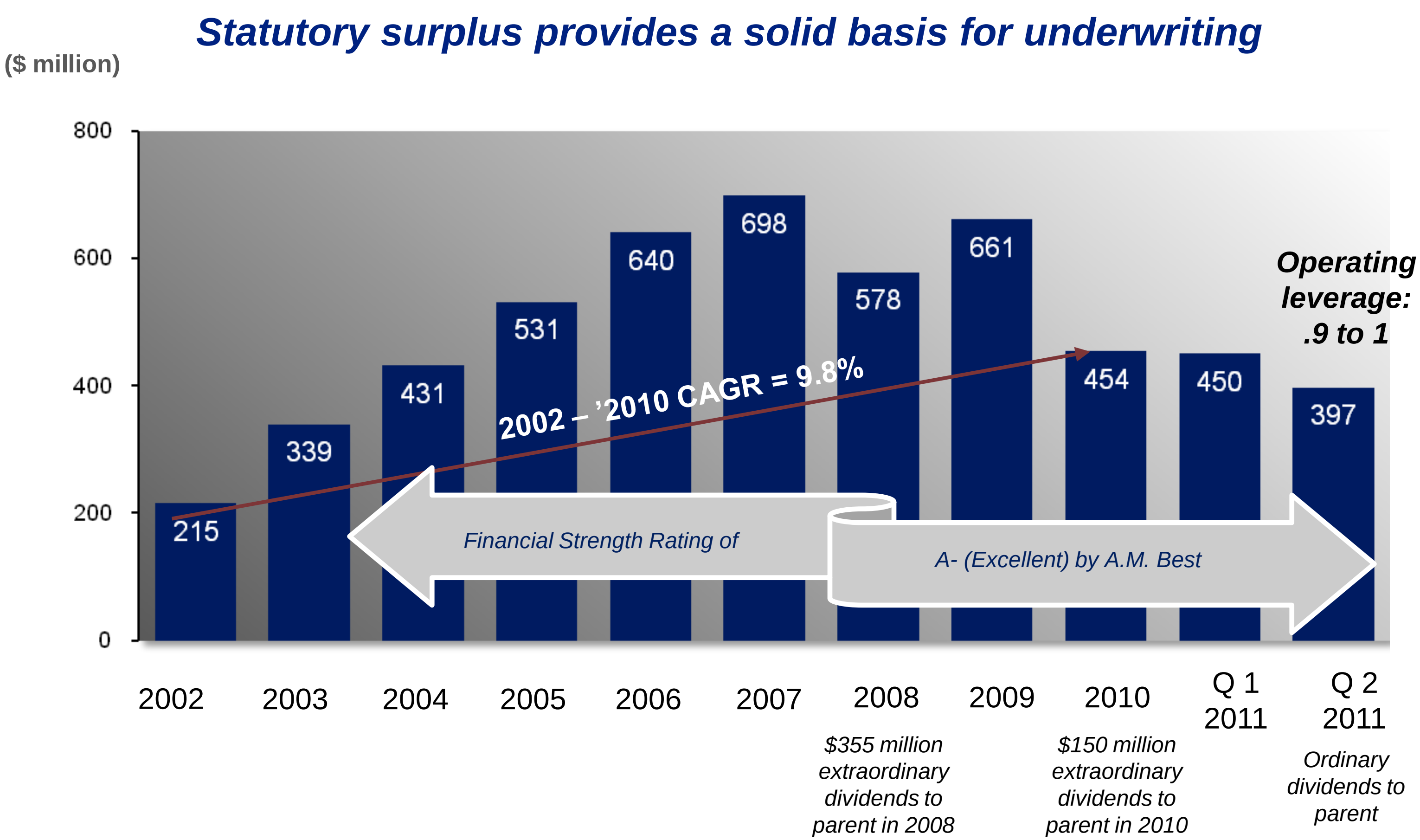
Net Calendar Year Reserve Releases for Prior Accident Years ($ million)



No favorable or unfavorable prior period development for voluntary business since the second quarter of 2010

(1) NCCI, "State of the Line" – June 2011 – an increase of over 50% from $6 billion in 2008

Strong Capital Position



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Prudent Capital Management

Holding Company Flexibility at 6/30/11

- ***Debt to total capital (including the deferred reinsurance gain, LPT) ratio – 13.3%***
- ***$425 million in cash and securities***

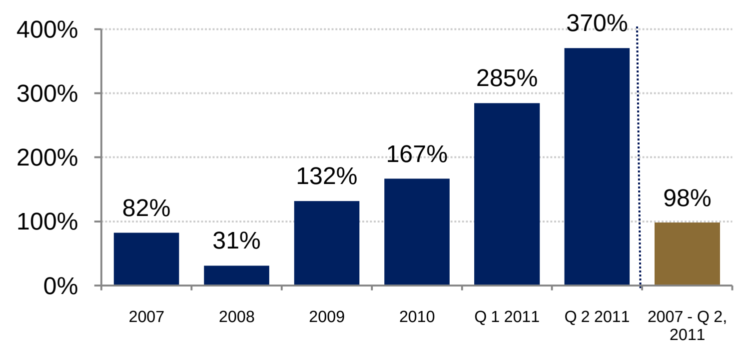
Investing in the Future

- ***Generate capital to invest in operations/securities***
- ***Deploy capital – opportunistic acquisitions***
- ***Control costs***
  - Underwriting and other operating expense declined 9.6% year over year in the first six months of the year

Returning Capital to Shareholders

- ***Dividends - $0.24 per share – subject to Board approval***
- ***Share Repurchases – $21.1 million in 2011 YTD***

Common share repurchases and dividends as a percent of net income before the LPT



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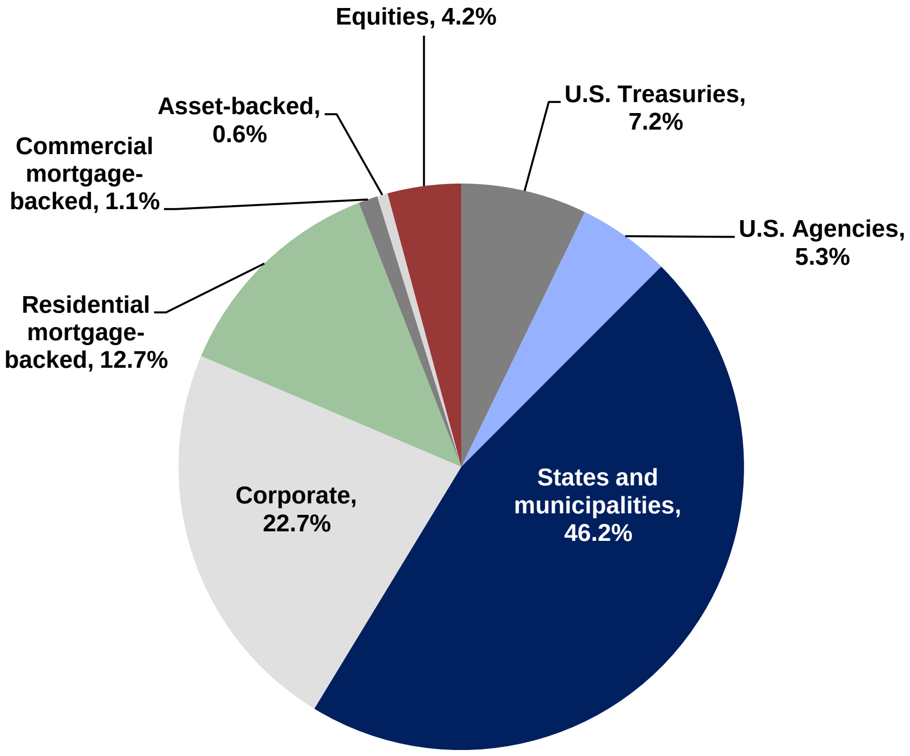
High Quality Investment Portfolio



Portfolio at 06/30/11

$2.0 billion fair market value

- 96% fixed maturities with an average weighted rating of AA
- Average book yield of 4.1%
- Tax equivalent book yield of 5.2%
- Effective duration of 4.85
- Managed by Conning Asset Management

High Quality Reinsurance

Reinsurance Management

Maintain a high quality reinsurance program

Focus on select small business provides a natural dispersion of exposure across markets

Long-term relationships with lead reinsurers

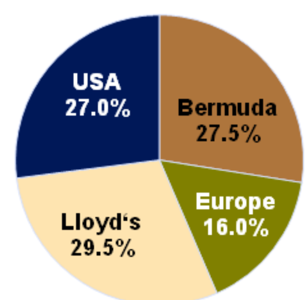
Rated A or better

Program Structure, Effective 7/1/11

Limits of $200M

Retention of $5M plus $2M annual deductible

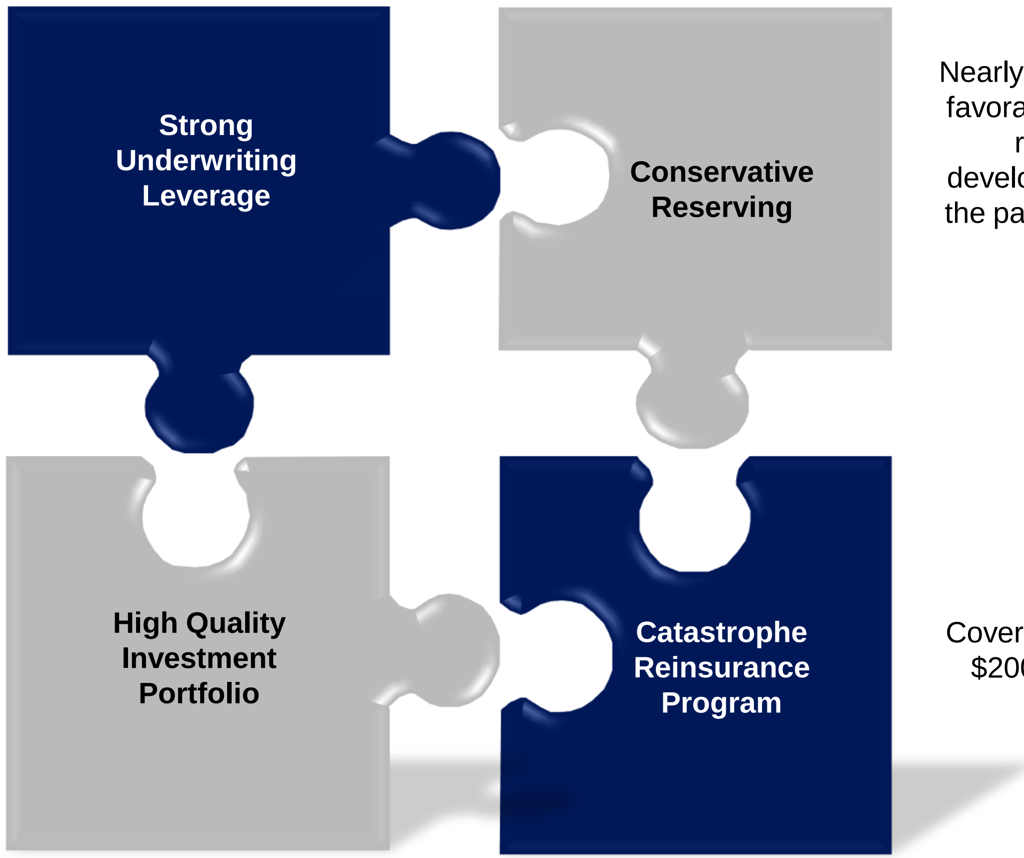
Reinsurers by Market



Summary of Financial Strength

.9 to 1 NPW to Surplus at 06/30/11

Nearly $200 million favorable prior AY reserve development over the past five years



$2 billion – approximately 96% invested in fixed maturities with average weighted rating of AA

Coverage up to $200M loss

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Key Strategies

FOCUS

- Target attractive small business market
- Maintain disciplined risk selection, underwriting, pricing and claims operations
- Focus on underwriting profitability

GROWTH

- Increase penetration in current markets
- Leverage infrastructure, technology and systems
- Develop existing and new distribution partners

CAPITAL

- Invest in core operations
- Invest in strategic acquisitions
- Return capital to shareholders

Key Strengths

- ***Strong underwriting franchise with established presence in attractive markets***
  – 98 year operating history – attractive, target market segment with growth opportunities
- ***Unique, long-standing strategic distribution relationships***
- ***Conservative risk profile and prudent capital management***
- ***Strong financial position and strong balance sheet***
- ***Experienced management team with deep knowledge of workers' compensation***
  – average 28 years experience with the ability to manage through challenging operating conditions

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Appendix

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Stock Ownership Limitations

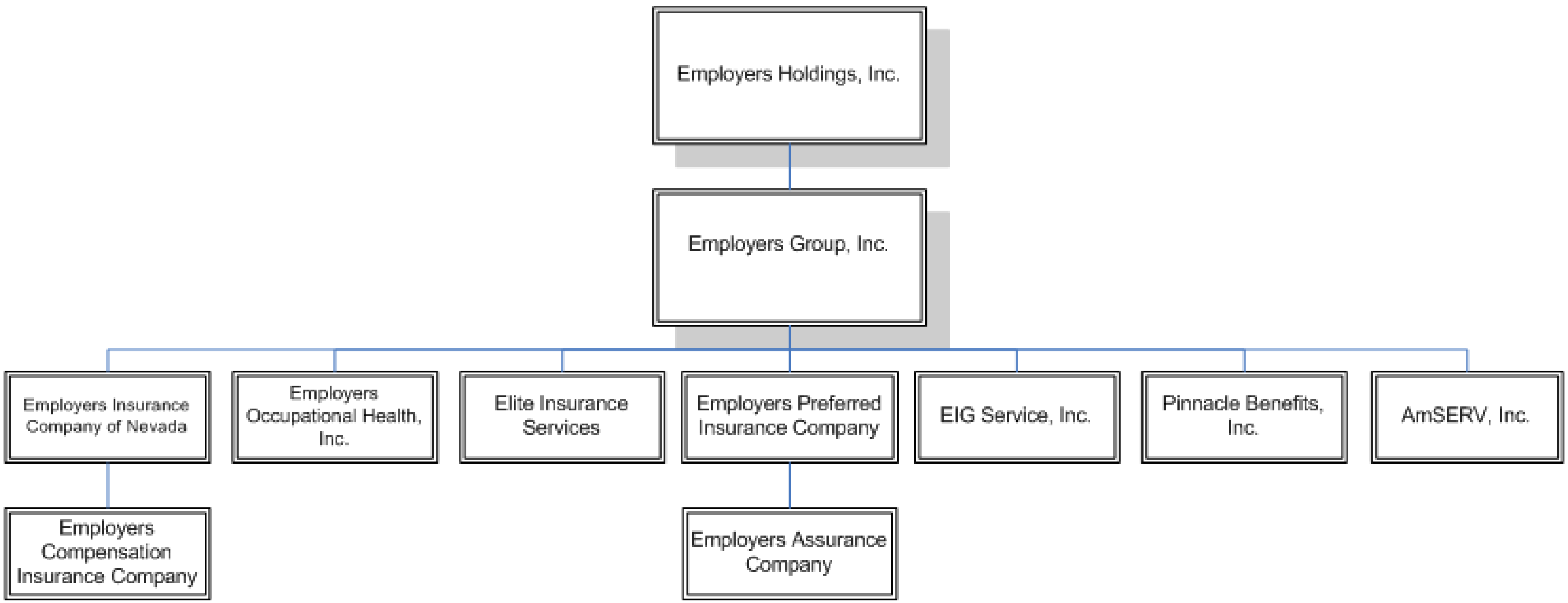
As a reminder to investors, Employers Holdings, Inc. (EMPLOYERS) owns four insurance companies, domiciled in three different states. These wholly-owned insurers are regulated by insurance commissioners and are subject to the statutes and regulations of the various states where they are domiciled and authorized to transact insurance. As a result, EMPLOYERS has the following stock ownership limitations, which must be satisfied prior to certain stock transactions.

- For a period of five years following the effective date of the Plan of Conversion of EMPLOYERS, which was February 5, 2007, no person may directly or indirectly acquire or offer to acquire in any manner beneficial ownership of 5% or more of any class of EMPLOYERS voting securities without the prior approval by the Nevada Commissioner of Insurance of an application for acquisition under Section 693A.500 of the Nevada Revised Statutes.

- Under Nevada insurance law, the Nevada Commissioner of Insurance may not approve an application for such acquisition unless the Commissioner finds that (1) the acquisition will not frustrate the plan of conversion as approved by our members and the Commissioner, (2) the board of directors of Employers Insurance Company of Nevada has approved the acquisition or extraordinary circumstances not contemplated in the plan of conversion have arisen which would warrant approval of the acquisition, and (3) the acquisition is consistent with the purpose of relevant Nevada insurance statutes to permit conversions on terms and conditions that are fair and equitable to the members eligible to receive consideration.

- Furthermore, any person or entity who individually or together with an affiliate (as defined by applicable law) seeks to directly or indirectly acquire in any manner, at any time, beneficial ownership of 5% or more of any class of EMPLOYERS voting securities, will be subject to certain requirements, including the prior approval of the proposed acquisition by certain state insurance regulators, depending upon the circumstances involved. Any such acquisition without prior satisfaction of applicable regulatory requirements may be deemed void under state law.

Corporate Structure

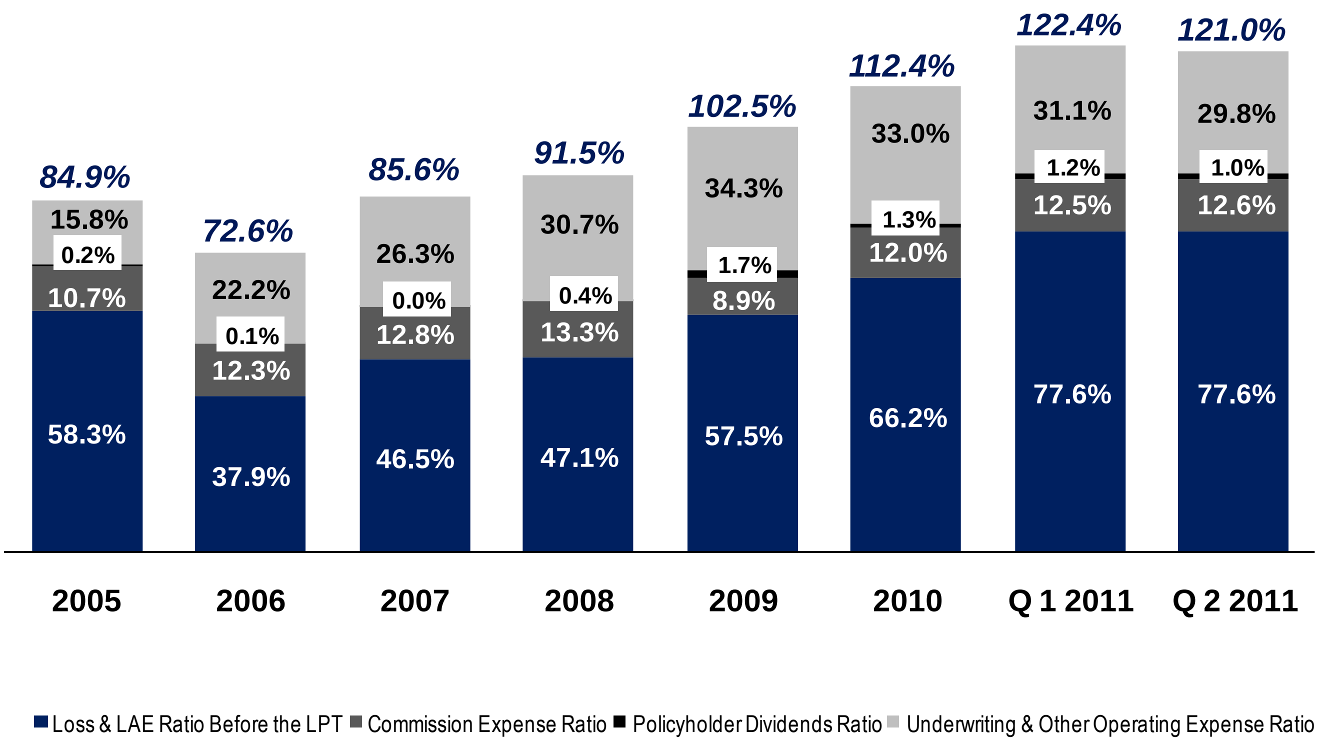


Selected Operating Results

Income Statement ($ million)	2005	2006	2007	2008	2009	2010
Gross Written Premium	$ 451.4	$ 386.8	$ 351.8	$ 318.4	$ 379.9	$ 322.3
Net Written Premium	432.5	372.2	339.7	308.3	368.3	313.1
Net Earned Premium	438.3	393.0	346.9	328.9	404.2	321.8
Net Investment Income	54.4	68.2	78.6	78.1	90.5	83.0
Net Income	137.6	171.6	120.3	101.8	83.0	62.8
Net Income Before LPT	93.8	152.2	102.2	83.4	65.0	44.6
Balance Sheet ($ million)	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Total Investments	$ 1,595.8	$ 1,715.7	$ 1,726.3	$ 2,042.9	$ 2,029.6	$ 2,080.5
Cash and Cash Equivalents *	61.1	80.0	149.7	202.9	191.6	136.8
Total Assets	3,188.8	3,266.8	3,264.3	3,825.1	3,676.7	3,480.1
Reserves for Loss and LAE	2,350.0	2,307.8	2,269.7	2,506.5	2,425.7	2,279.7
Shareholders' Equity	144.6	303.8	379.5	444.7	498.4	490.1
Equity Including LPT Deferred Gain	607.0	746.8	804.5	851.3	887.0	860.5

* Includes Restricted cash and cash equivalents

Calendar Year Combined Ratio



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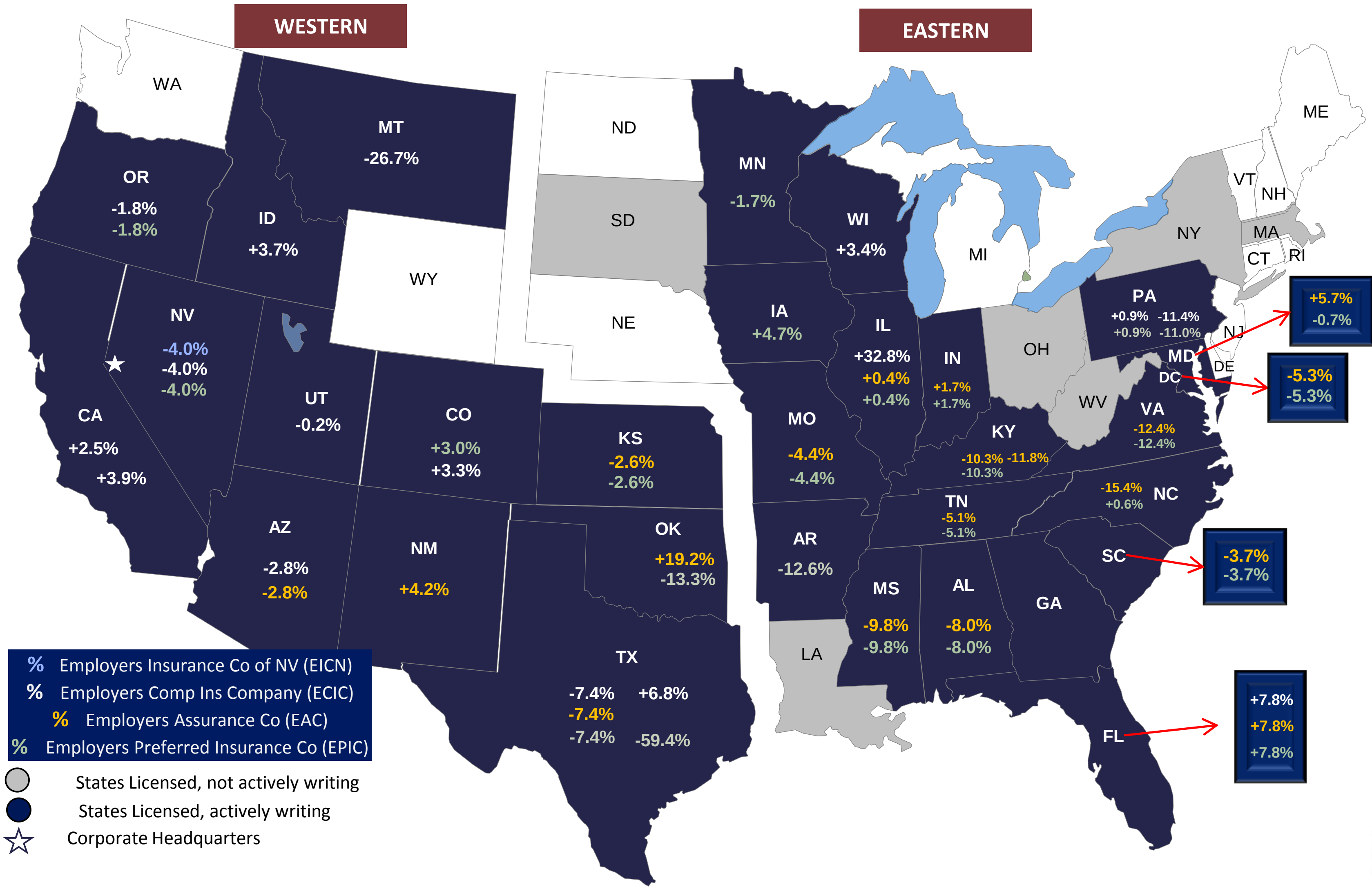
Filed Rate Changes: 10/01/10 thru 10/01/11



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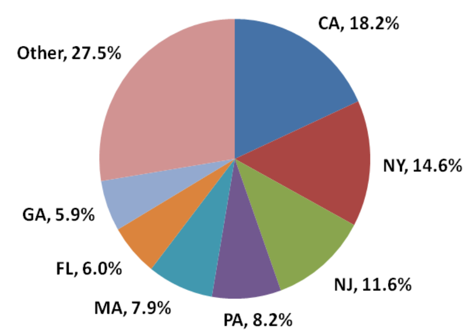
Potential Acquisition of GUARD: Overview

Overview

- Workers' compensation insurer focused on low / middle hazard classes
- Small / medium account focused
- Also provides BOP / package products to insureds
- Headquartered in Wilkes Barre, PA; established in 1983
- 2010 direct written premium of $242 million

Distribution, Geography & Licenses

- Distribution through independent agencies (600), wholesalers, and payroll service providers (multiple vendors including ADP and Paychex)
- Well-diversified by geography; emphasis on the Northeast, Mid-Atlantic, Southeast and California
- Licensed in 45 states plus D.C.



2010 Direct Written Premium by State
(A.M. Best)

Ownership

- Wholly owned subsidiary of Israeli-domiciled Clal Insurance Enterprises Holdings Ltd. ("Clal")
- Clal is publicly traded on the Tel Aviv stock exchange
- Clal acquired GUARD in May 2007
- U.S. Holdings, Inc. includes Guard Financial Group, Inc. – an intermediary holding company – and GUARD Insurance Group, consisting principally of EastGUARD, NorGUARD, AmGUARD, and WestGUARD

Rating

- Rated A- by AM Best

Potential Acquisition of GUARD: Strategic Rationale

A strong franchise

- GUARD has many years of profitable underwriting in targeted niches
- GUARD has long established independent agency relationships

Accelerated growth and market expansion in complementary markets

- Approximately half of GUARD business is in states with minimal or no EIG presence – immediate premium in new northeastern states
- CA presence would be reduced to over one-third of overall portfolio compared to half currently

Increased scale

- Greater diversity of earnings
- Potential to reduce overall expense ratio
- Enhanced visibility with agents and customers

Enhanced strategic partner relationships

- ADP partnership in New York
- Additional partnership with Paychex

Attractive financial characteristics

- Efficient use of excess capital and debt capacity
- Potentially accretive to EPS