



November, 2009

Employers Holdings, Inc.
Investor Presentation

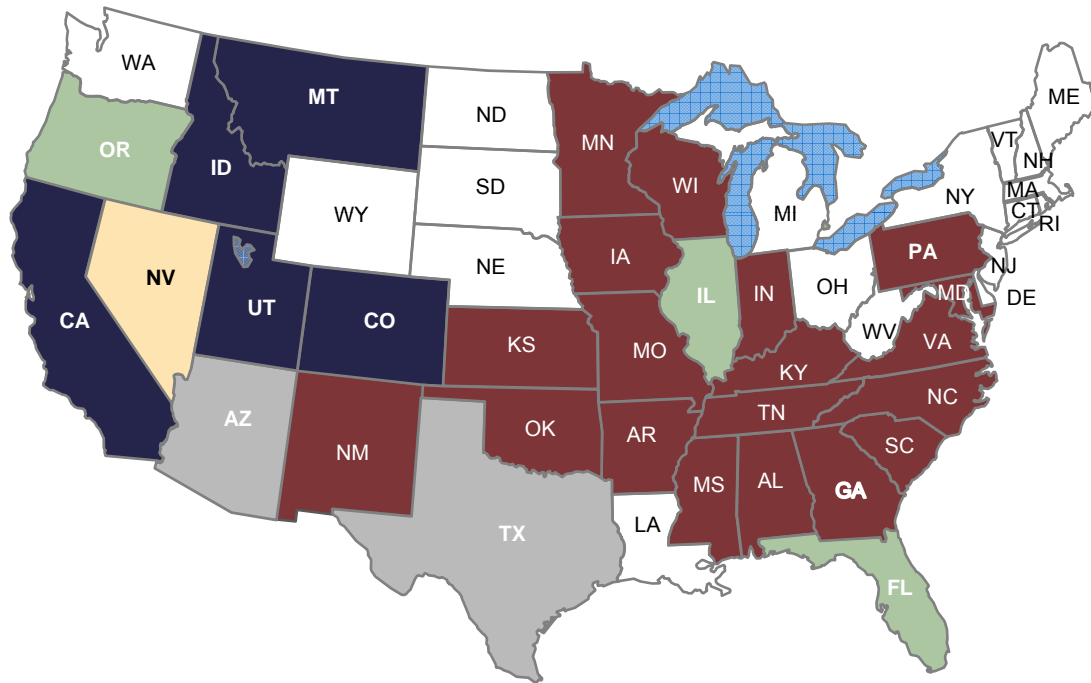
Key Strengths

- ***Strong underwriting franchise with established presence in attractive markets*** – 96 year operating history – attractive, underserved target market segment with growth opportunities
- ***Unique, long-standing strategic distribution relationships*** – resulting in higher retention
- ***Conservative risk profile and prudent capital management***
- ***Strong financial position and strong balance sheet*** – rated A- by A.M. Best
- ***Experienced management team with deep knowledge of workers' compensation*** – average 26 years experience with the ability to manage through challenging operating conditions

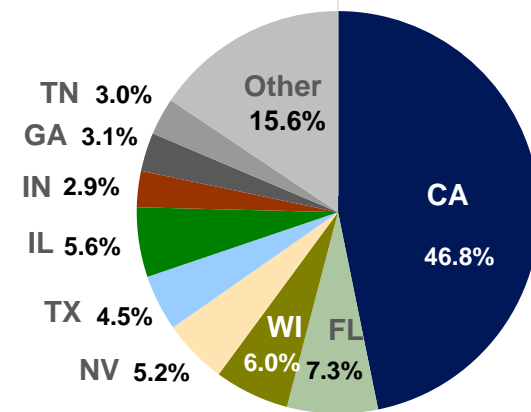
Overview

Business	<ul style="list-style-type: none">• Specialty provider of workers' compensation insurance• Coverage required by statute<ul style="list-style-type: none">➢ Medical, temporary/permanent indemnity, death	 <p><i>\$45 billion per year industry (2008, A.M. Best)</i></p>
Customers	<ul style="list-style-type: none">• Small "main street" businesses<ul style="list-style-type: none">➢ Small business accounts for over 70% of new jobs• Low-to-medium hazard exposure industries<ul style="list-style-type: none">➢ Top classes include restaurants, physicians, dentists, clerical, retail stores• Distribution through agents and strategic partners	 <p><i>Highly focused business model</i></p>
Geographic	<ul style="list-style-type: none">• 30 states with concentrations in CA, FL, WI, IL and NV<ul style="list-style-type: none">➢ Unique markets by state and area	 <p><i>Operate in 74% of total market (2008, A.M. Best)</i></p>

Selectively Expanding Footprint

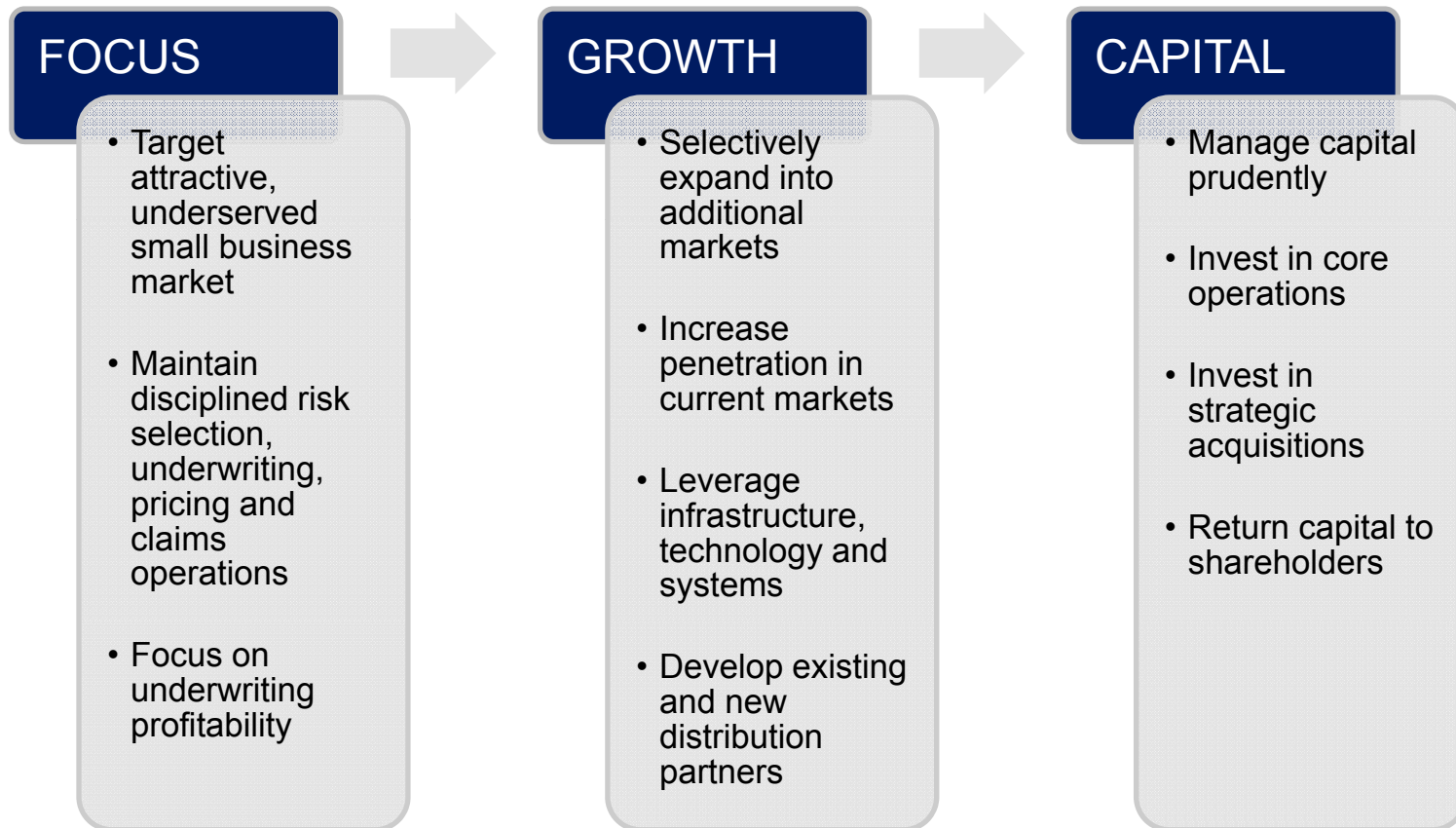


2000	2002	2006	2007	2008
1913 – 1999 State WC fund in NV	2002 Acquisition, book of business in CA, UT, ID, MT, CO	2005 Formation of mutual hold co	2007 Demutualization and IPO – entry into FL, IL and OR	2008 Acquisition of AmCOMP Incorporated, entry into IA
2000 Privatization		2006 Entry into TX, AZ		

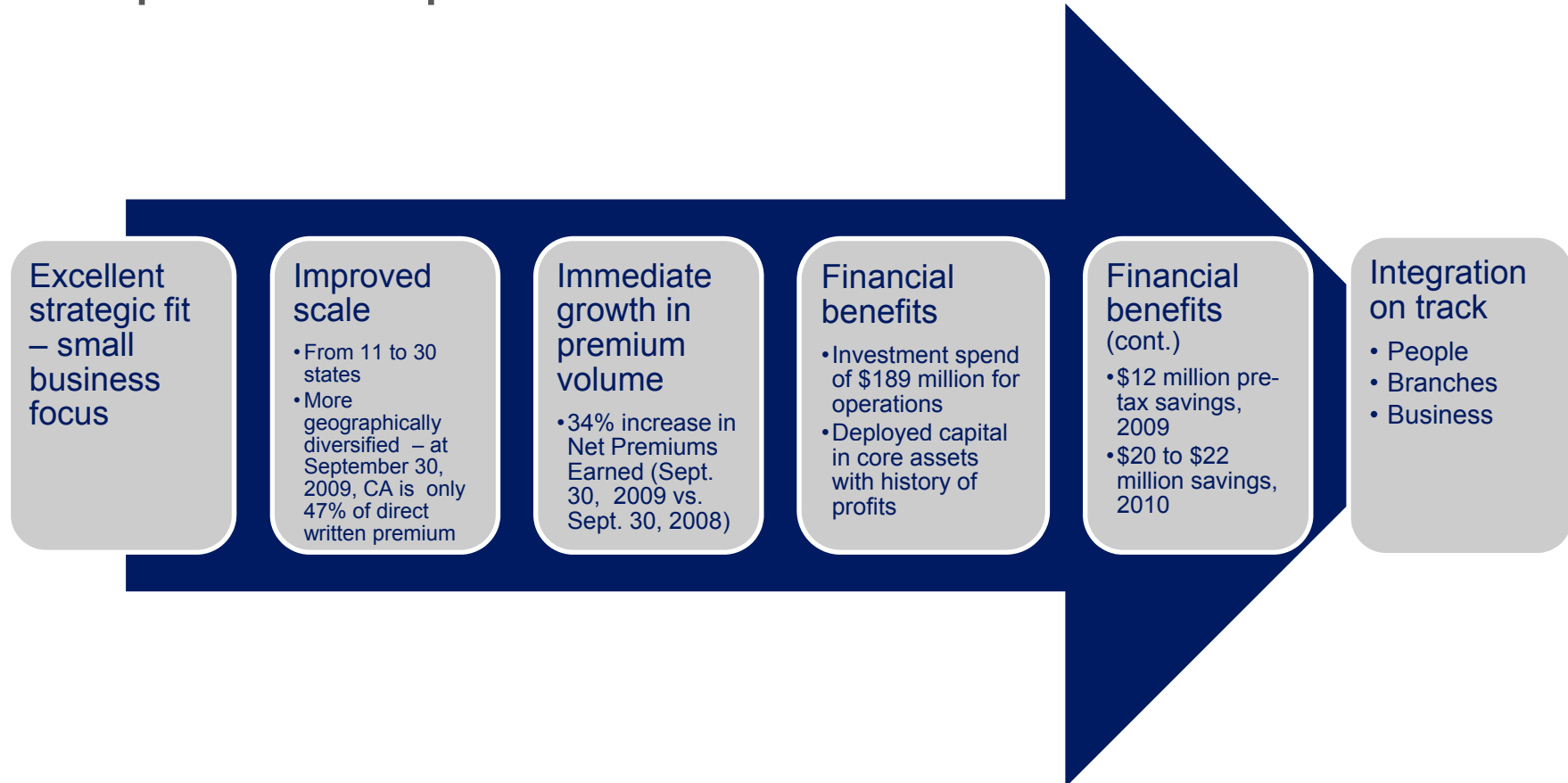


Direct Premiums Written (%)
Nine months ended 09/30/09

Key Strategies

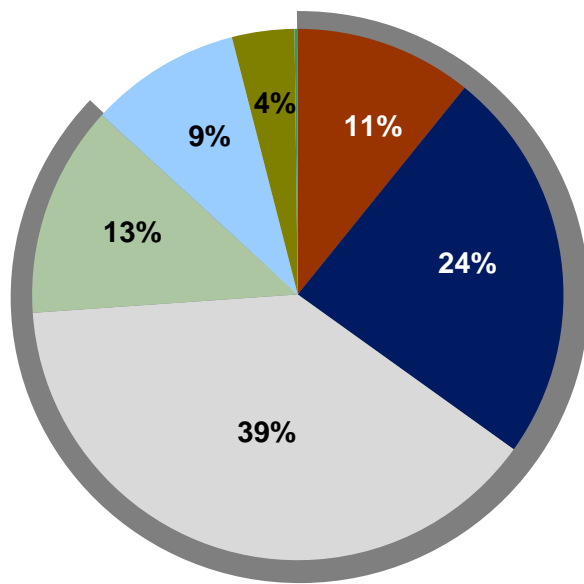


Acquisition Update / Outcomes



Disciplined Risk Selection

Focused Guidelines and Selection within Industry-defined Classes



EMPLOYERS = 87% of Premiums Written, Hazard Groups A – D

- Hazard Group A ■ Lower Risk
 - Hazard Group B ■
 - Hazard Group C ■
 - Hazard Group D ■
 - Hazard Group E ■
 - Hazard Group F ■
 - Hazard Group G ■ Higher Risk
- ↑ Lower Risk
↓ Higher Risk

% of Premiums Written, 12/31/08

NCCI Hazard Group	Top 10 Classes in 2008	% Direct Written Premium
C	Physicians and Clerical	6.8
A	Restaurants	6.5
B	Wholesale Stores	5.1
B	Retail Stores	2.9
B	College Employees	2.7
C	Clothing Manufacturers	2.6
D	Automobile Services	2.3
C	Clerical	2.2
D	Machine Shops	2.0
C	Retail Grocery/Provisions Stores	1.8
	Total Top 10	34.9

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

- \$4.2 million savings in 2008

Rigorous quality assurance processes

- Ensure compliance with best practices and regulatory requirements

Dedicated subrogation unit

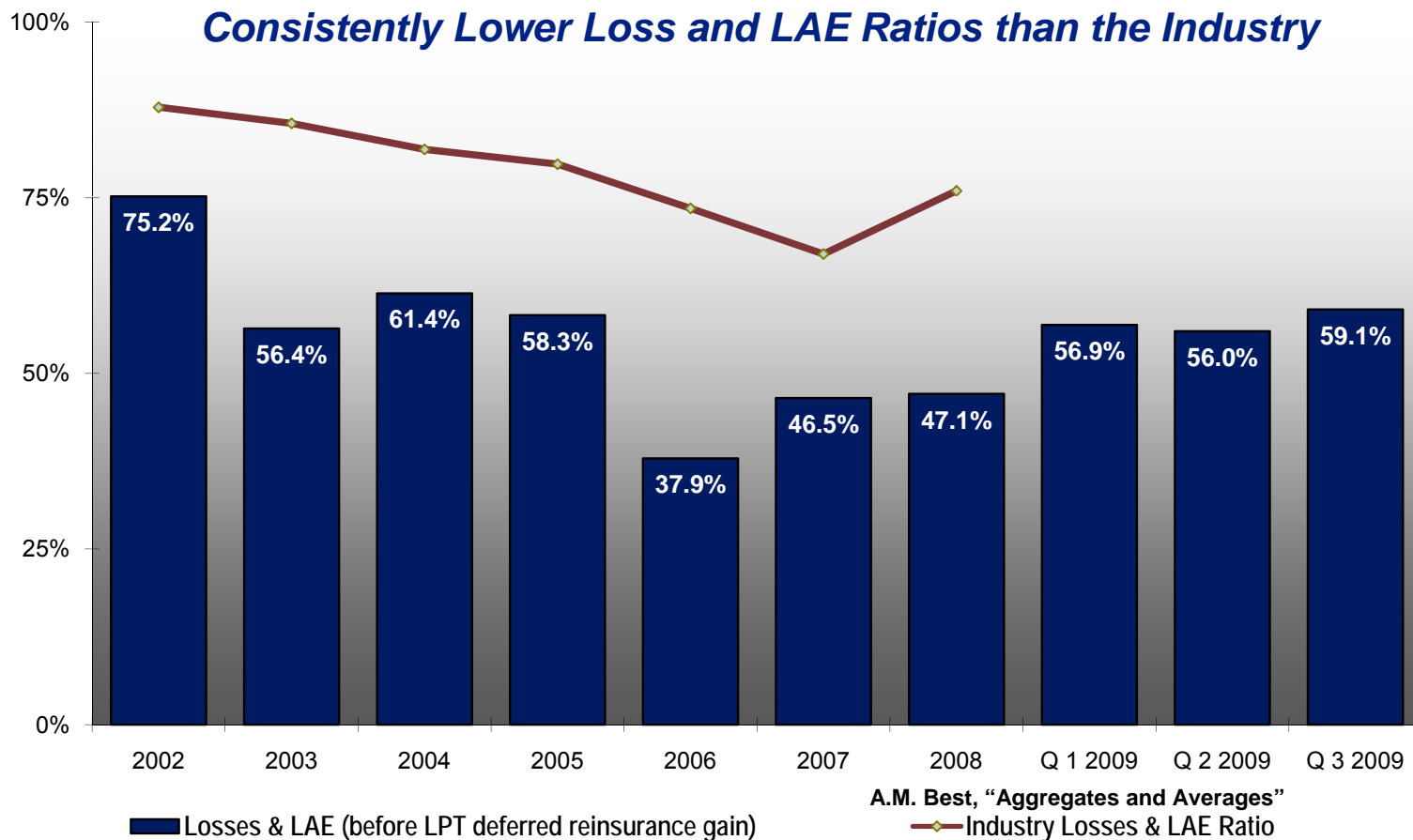
- Recoveries over \$3.9 million in 2008

Pharmacy benefit management program

- Savings over \$2.9 million in 2008

Claims professionals average over a decade of experience

Delivering Superior Loss Ratios



Unique Distribution Network

Independent Agents and Brokers

- Over 1,900 in place
- Strong relationships with agents

Strategic Partnerships

- ADP
- Wellpoint
- E-chx / Granite
- Intego Services
- Wells Fargo
- Telepayroll

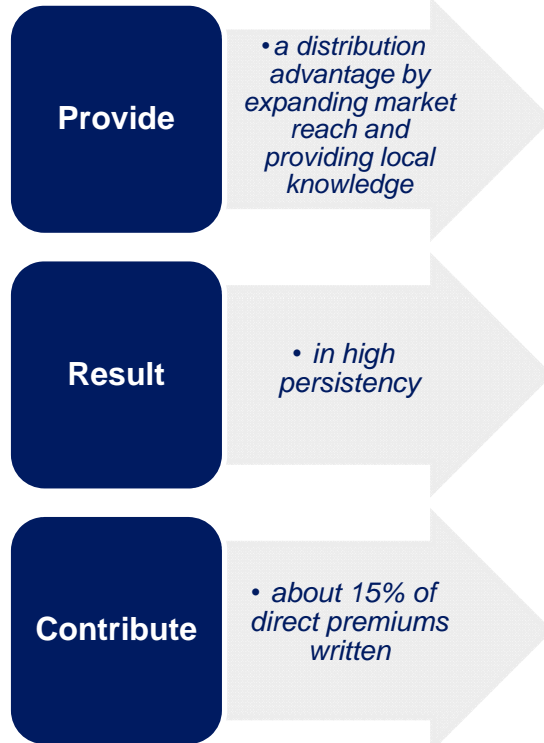
Physicians and restaurants are our top two classes of customers

Industry Focused

- California Restaurant Association provider of choice
- California Medical Association sponsorship
- NFIB (National Federation of Independent Businesses)

Increasing Points of Access

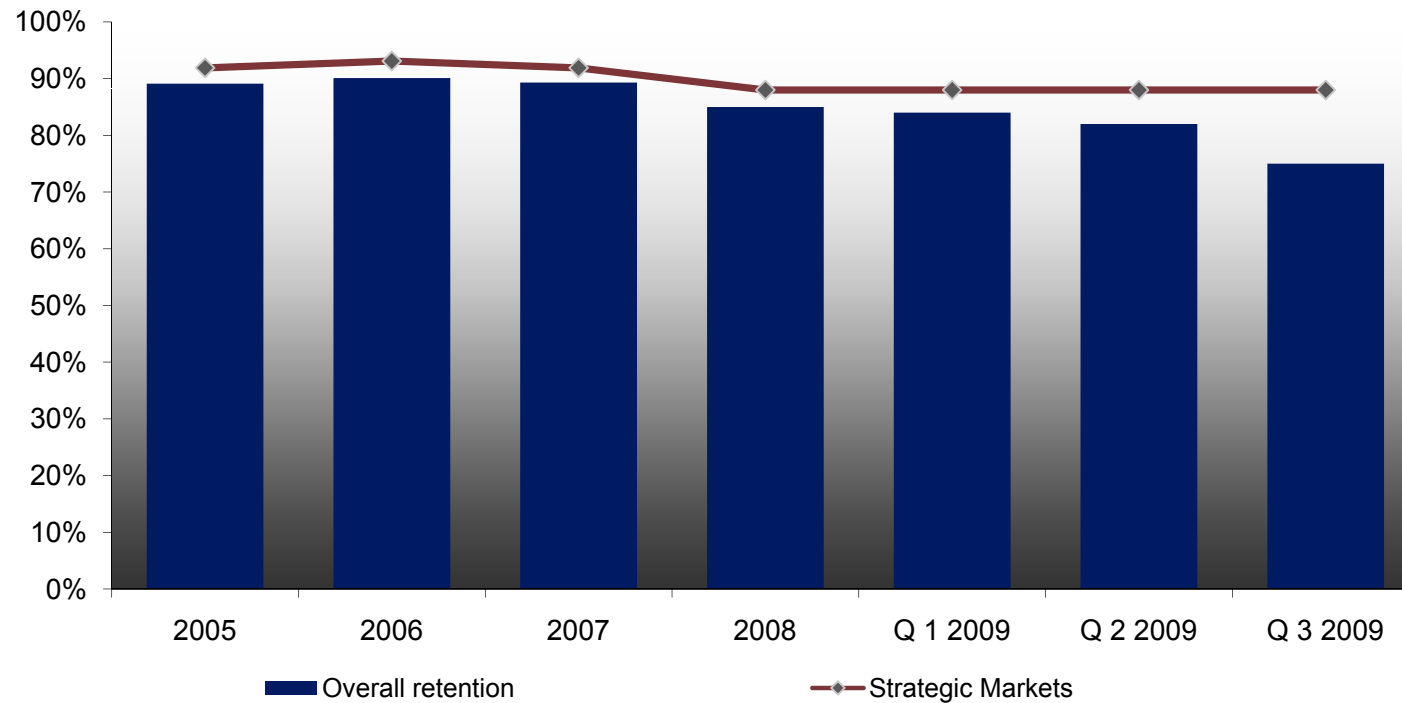
Strategic Partnerships



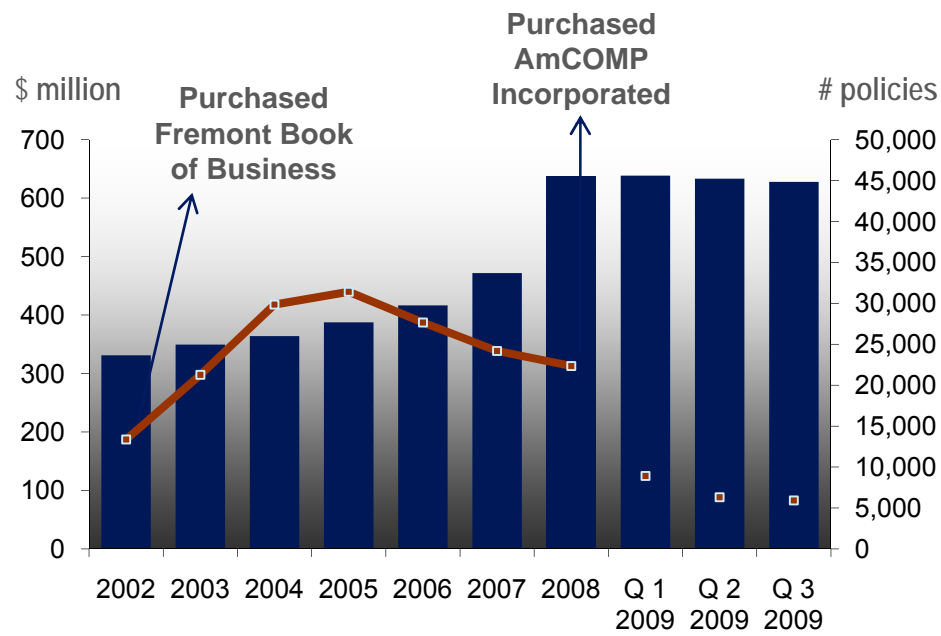
 <small>Automatic Data Processing, Inc.</small>	<p>Largest payroll services company in the U.S. Program since 2002 – business originates with ADP’s field sales staff and insurance agency with “Pay-by-Pay” premium collection</p>
	<p>Largest group health carrier in CA – exclusive relationship – use medical provider network Partner since 2002 – business originated by health agents with a single bill to customers</p>
	<p>Specialty provider of payroll services / insurance broker Partner since Q 4 2006, expanded alliance in 2008</p>
	<p>Provider of insurance software services Partner since Q 4 2007</p>
	<p>Small business payroll services Partner since Q 2 2008</p>
	<p>Online payroll services and payment processing One of the largest independent payroll processors in Southern CA Partner since Q 1 2009</p>

Strong Retention Rates

Strategic Partnerships Result in Consistently Higher Retention Rates



Increasing Market Penetration – Unit Count

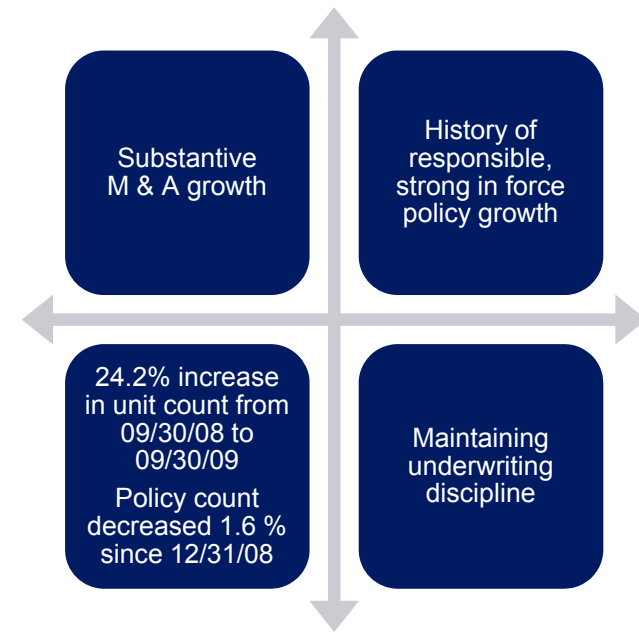


Policy Count '02-'08
CAGR = 12%

NPW '02-'08 CAGR = 9%

■ In Force Policies

— Net Premiums Written



Third Quarter Highlights

Increase in net premiums earned of 34% as a result of acquisition

Three month book value per share growth of 9.3% to \$20.74 and 19% book value per share growth since December 31, 2008

Contingent profit commission from LPT of \$14.1 million resulted in a negative commission expense of \$1.3 million

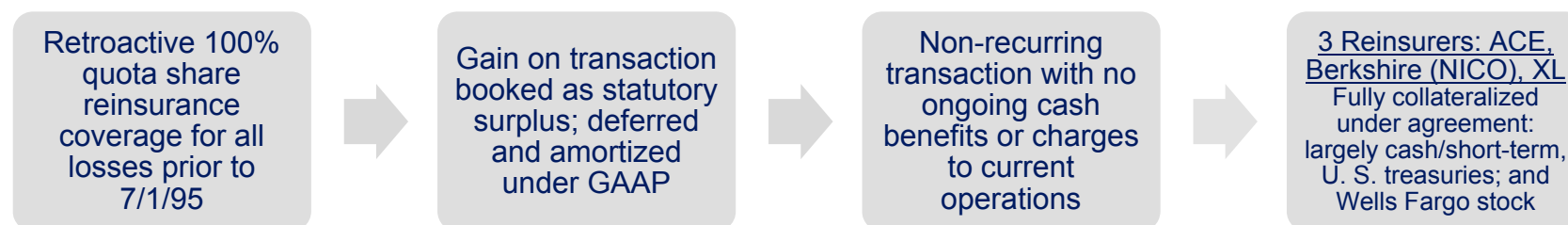
Favorable prior accident year development of \$10.4 million

Stable \$2.1 billion portfolio tax equivalent yield of 5.6%

Recent announcement of 2010 \$50 million stock repurchase program
 • Disciplined and opportunistic

Income Statement (\$ million)	Q 3 2009
Gross Written Premium	\$ 84.8
Net Written Premium	82.8
Net Earned Premium	98.2
Net Investment Income	22.3
Net Income	30.6
Net Income Before LPT Gain	25.9
Balance Sheet (\$ million)	Q 3 2009
Total Investments	\$ 2,114.9
Cash and Cash Equivalents	212.6
Total Assets	3,789.5
Reserves for Loss and LAE	2,443.6
Shareholders' Equity	524.6
Equity Including LPT Deferred Gain	917.8
Underwriting Ratios	Q 3 2009
Loss Ratio Before LPT Gain	59.1%
Combined Ratio Before LPT Gain	93.7%

Loss Portfolio Transfer (LPT)



Contract	
	(\$ million)
Total Coverage	<u>\$2,000</u>
Original Reserves (Liabilities) Transferred	\$1,525
Consideration	\$ 775
Gain at 1/1/2000	750
Subsequent Reserve Adjustments	(147.5)
Gain at 09/30/09	<u>\$602.5</u>

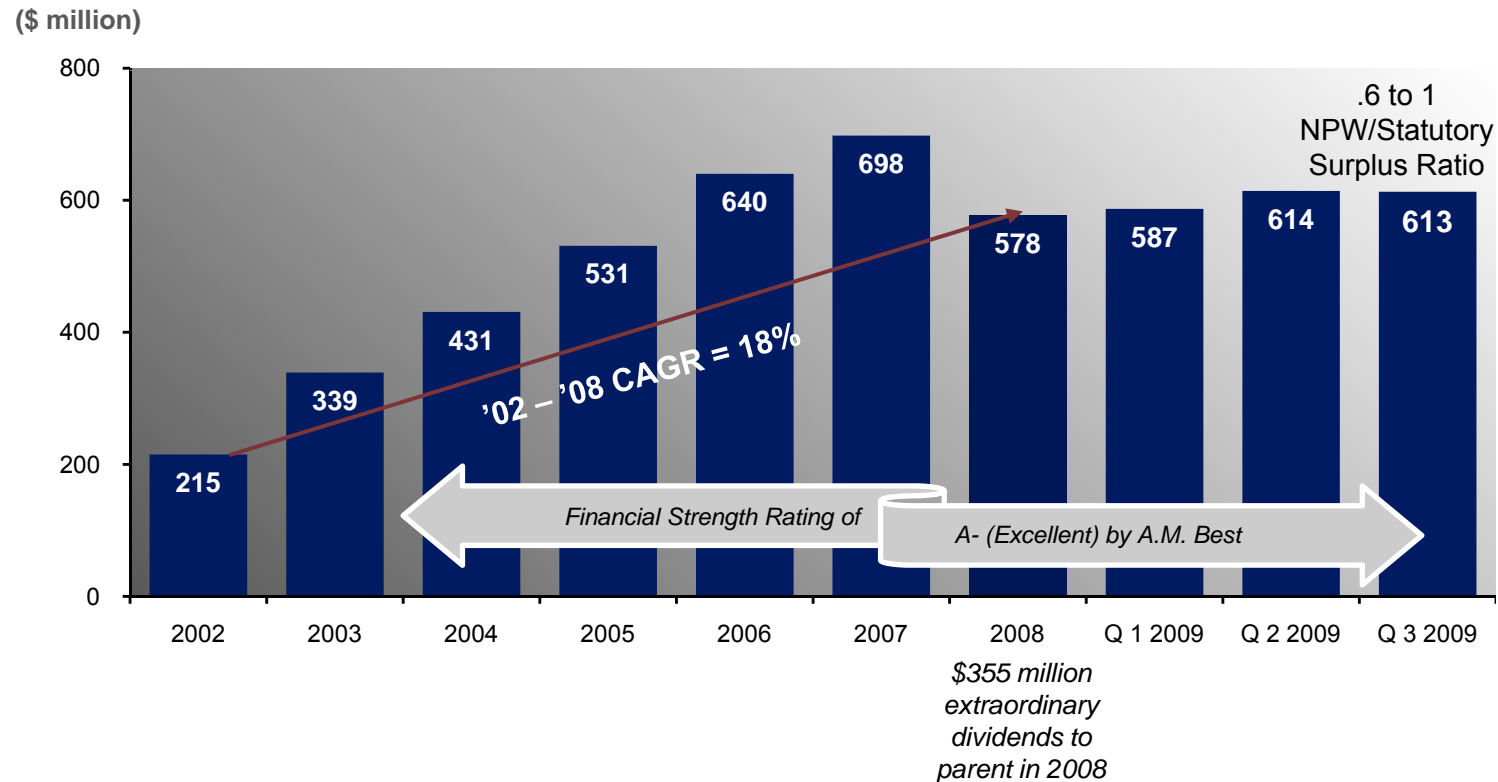
Accounting at 09/30/09	
	(\$ million)
Statutory Surplus Created	\$602.5
Cumulative Amortization To Date	(209.3)
GAAP: Deferred Reinsurance Gain – LPT Agreement	\$393.2

Youngest claim is 14 years old – Approximately 3,600 claims open as of 09/30/09 with 5% closing each year

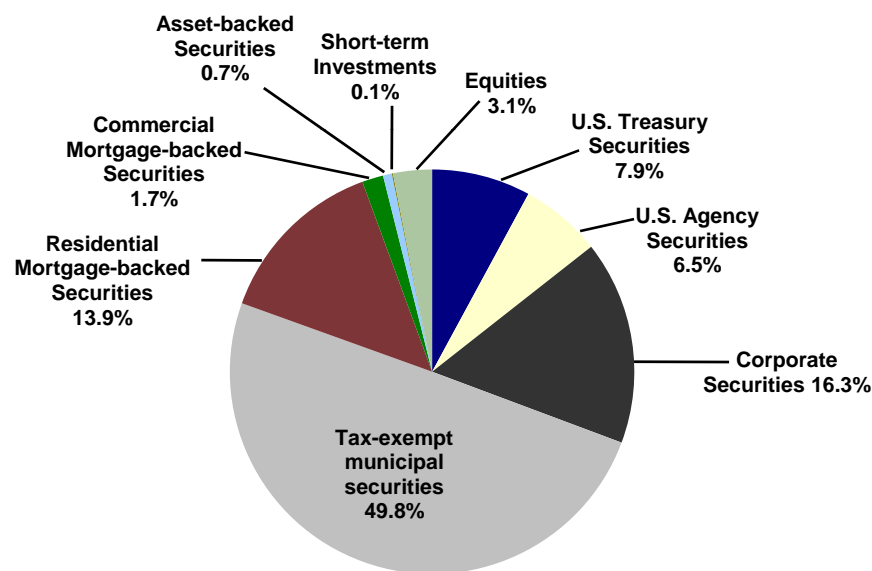
Remaining liabilities at 09/30/09: \$899.0 million

Strong Capital Position

Strong Growth in Statutory Surplus Provides a Solid Basis for Underwriting



High Quality Investment Portfolio



Portfolio at 09/30/09

\$2.1 billion fair market value

- Approximately 77.1% fixed maturities with an average weighted AA rating
- Nine month book yield of 4.6%
- Tax equivalent book yield of 5.6%
- Effective duration of 5.08
- 2008: added \$418 million acquired assets
- Managed by Conning Asset Management
- Minimal impacts during challenging markets
 - Nine months, 2009 OTTI of \$1.9 million
 - 2008 OTTI of \$12.7 million

Prudent Capital Management

Holding Company Flexibility

\$100 million in cash
\$18 million in paid dividends in July, 2009

Over \$210 million in fixed maturities
(\$120 million in maturing securities over the next year at subsidiaries)

Investing in the Future

Generating capital

Investing in operations

Investing in securities

Redeploying capital in profitable operations

Acquisition equity value, \$189 million

\$150 million Wells Fargo secured line of credit
• \$50 million due 12/31/09

Cost containment

Q 3 2009 expenses, *excluding acquired operations and integration/restructuring*, were flat in the quarter and decreased \$4 million in 1st nine months, 2009

14% staff reduction/consolidation
Extensive budget review

Returning Capital to Shareholders

Dividends

\$0.24 per share or approximately \$12 million per year – future dividends subject to Board approval

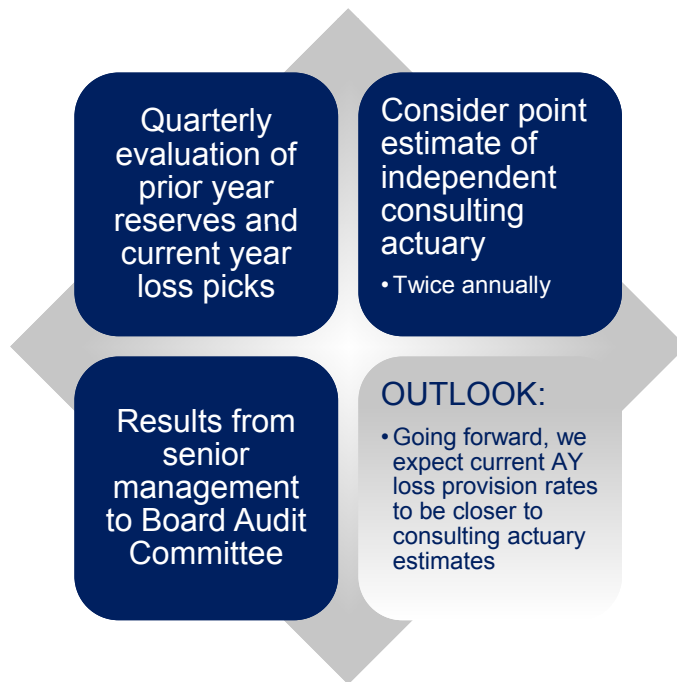
Share Repurchases

2008 Stock Repurchase Program: 4.6 million shares repurchased in 2009 as of 09/30/09, average price = \$11.79 per share
Since the IPO (02/05/07), repurchased 9.3 million shares, average price = \$15.41 per share

History of Reserve Strength

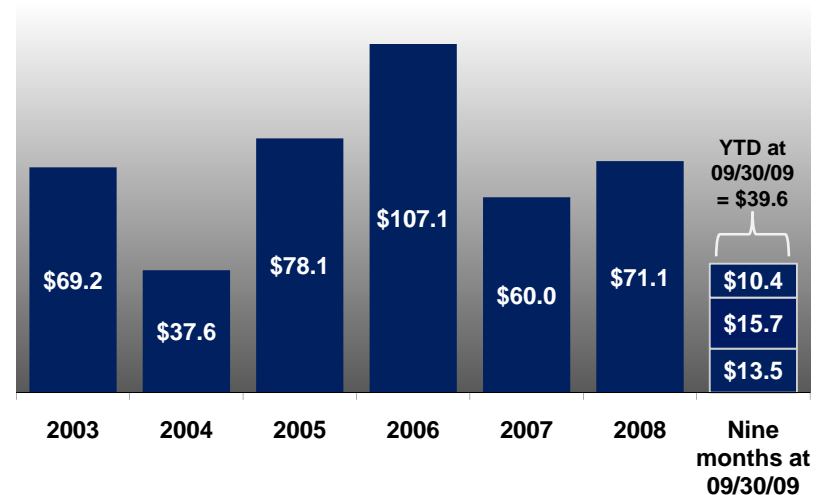
Net reserves for workers' comp industry estimated to be deficient by \$6 Billion at 12/31/08 ⁽¹⁾

Reserve Review



Reserve Development

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



(1) NCCI, "2009 State of the Line"

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

100% rated A or better

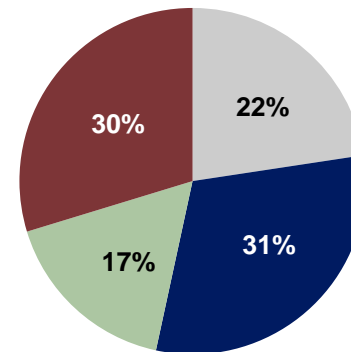
Program Structure, Effective 7/1/09

Limits of \$200M

Retention of \$5M

Reinsurers by Area

- USA
- Bermuda
- Europe/United Kingdom
- Lloyds

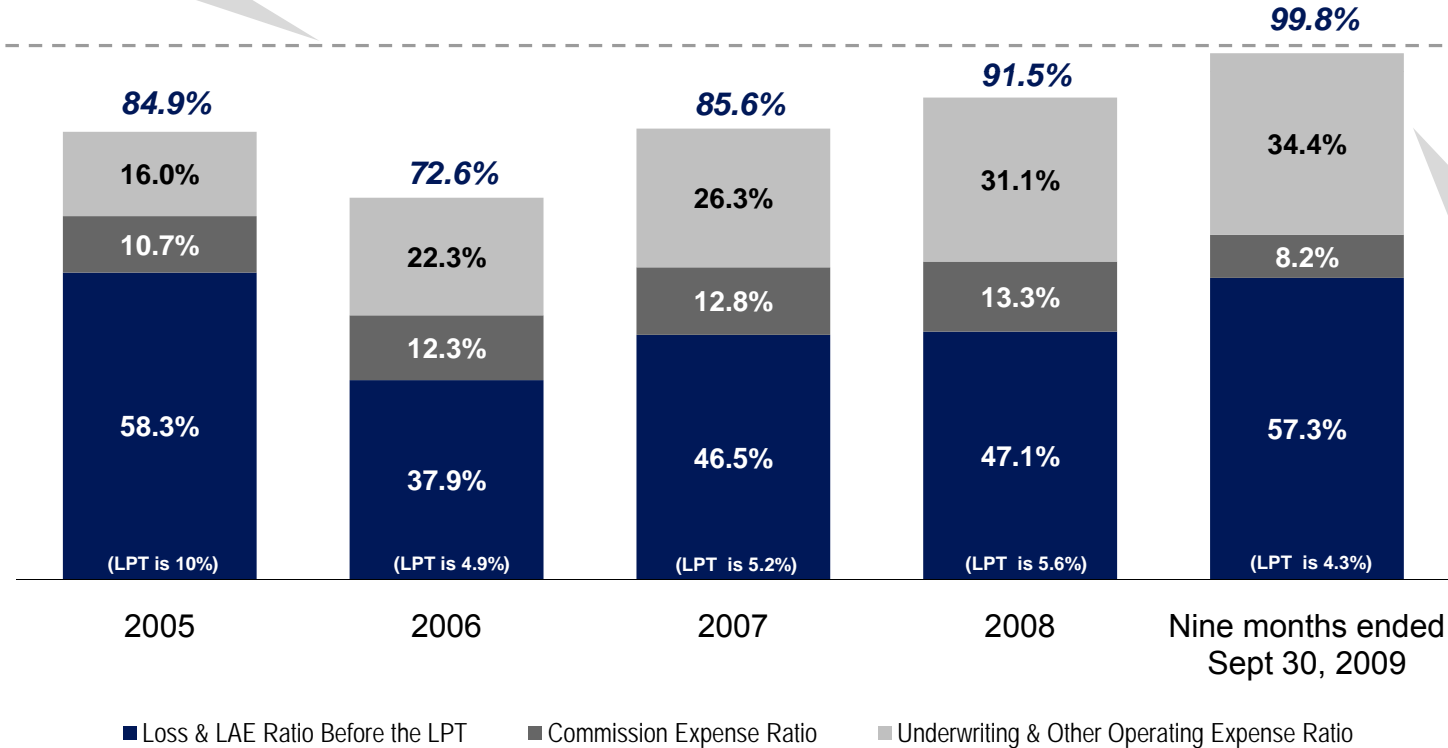


Consistently Profitable Underwriting

Underwriting model targets a 100% combined ratio and a 12-13% return on a premium dollar

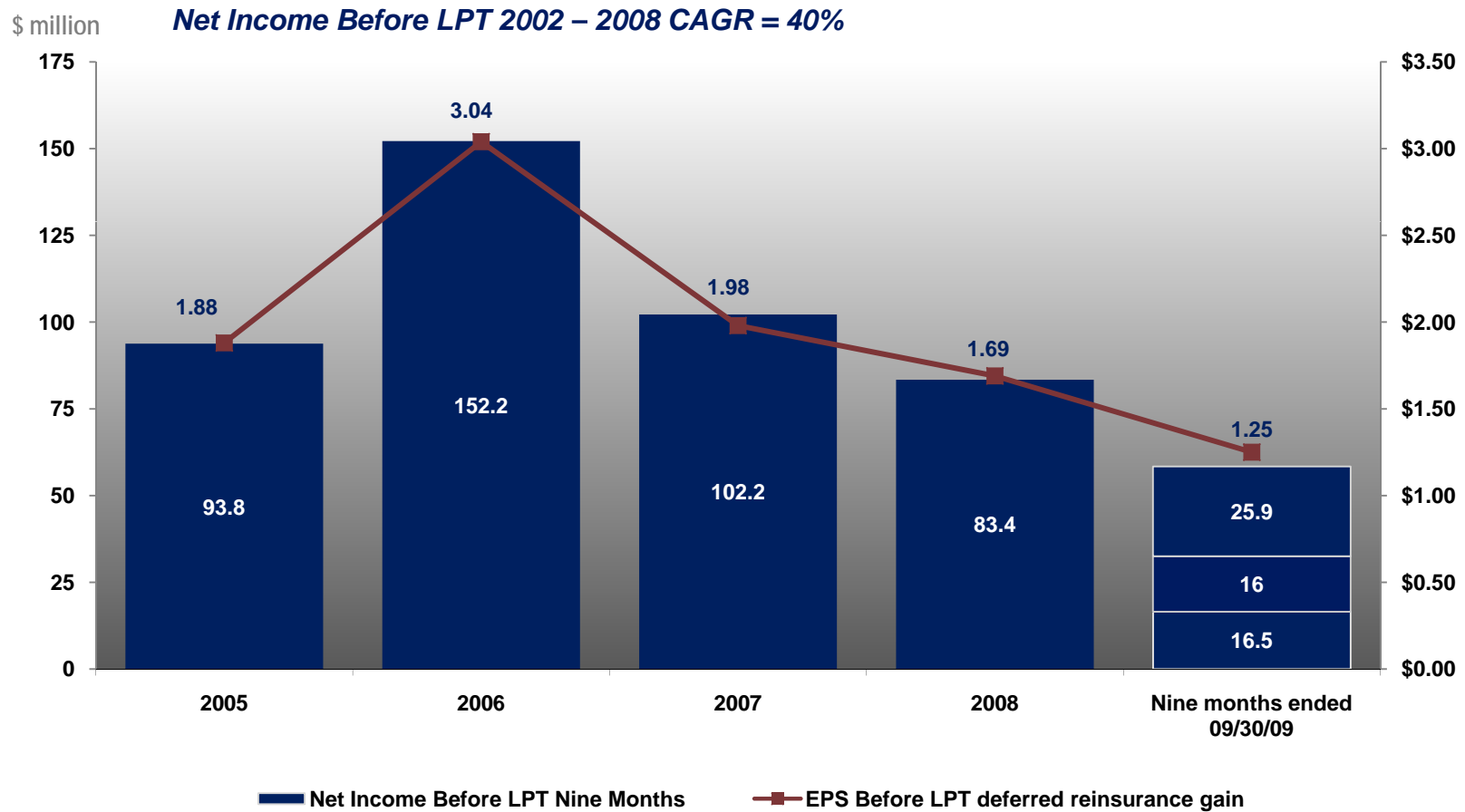
Calendar Year Combined Ratio Before the LPT

Expense ratio includes 1.6 points of non-recurring integration costs. The policyholder dividend ratio was 1.7 points versus 0 last year. LPT contingent profit commission lowered nine month commission expense ratio by 4.4 points.



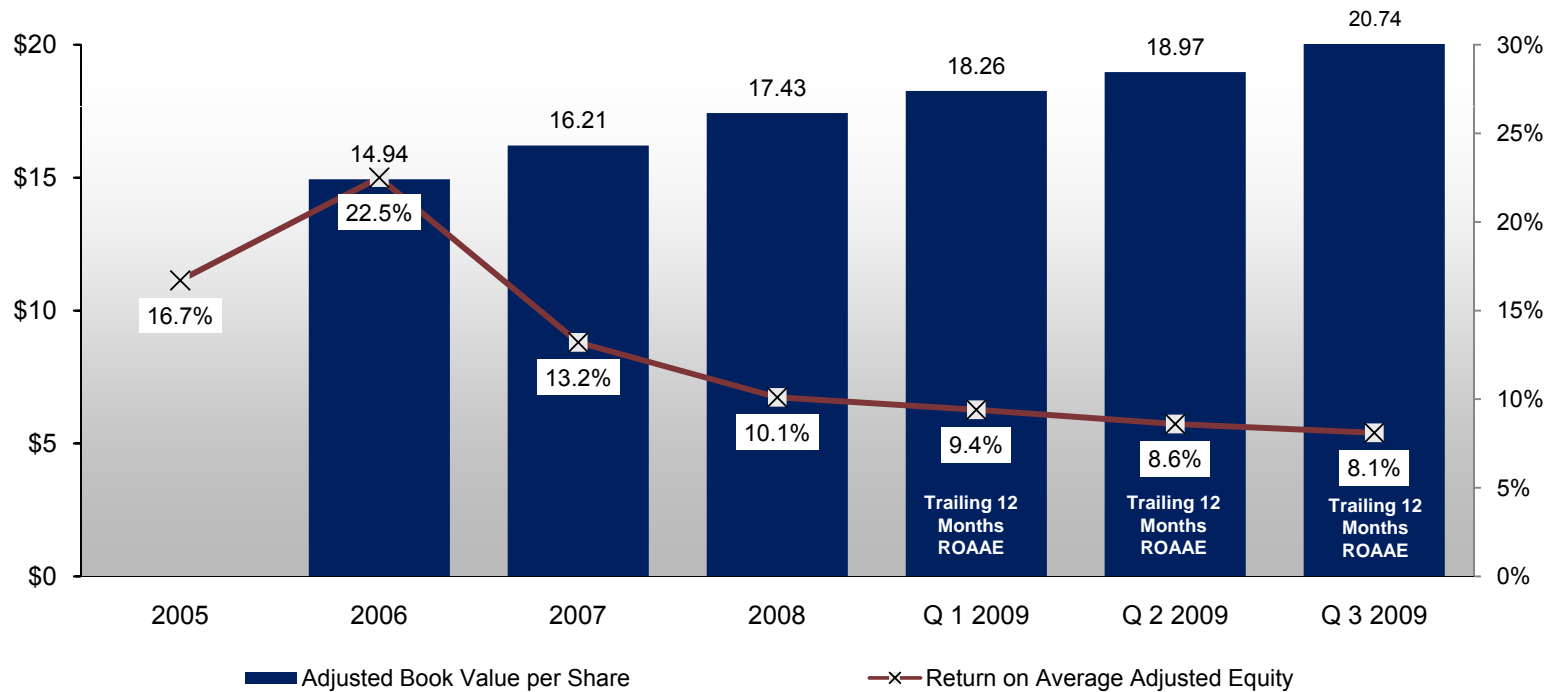
NOTE: LPT percentages include reserve adjustments

Continuing Profits



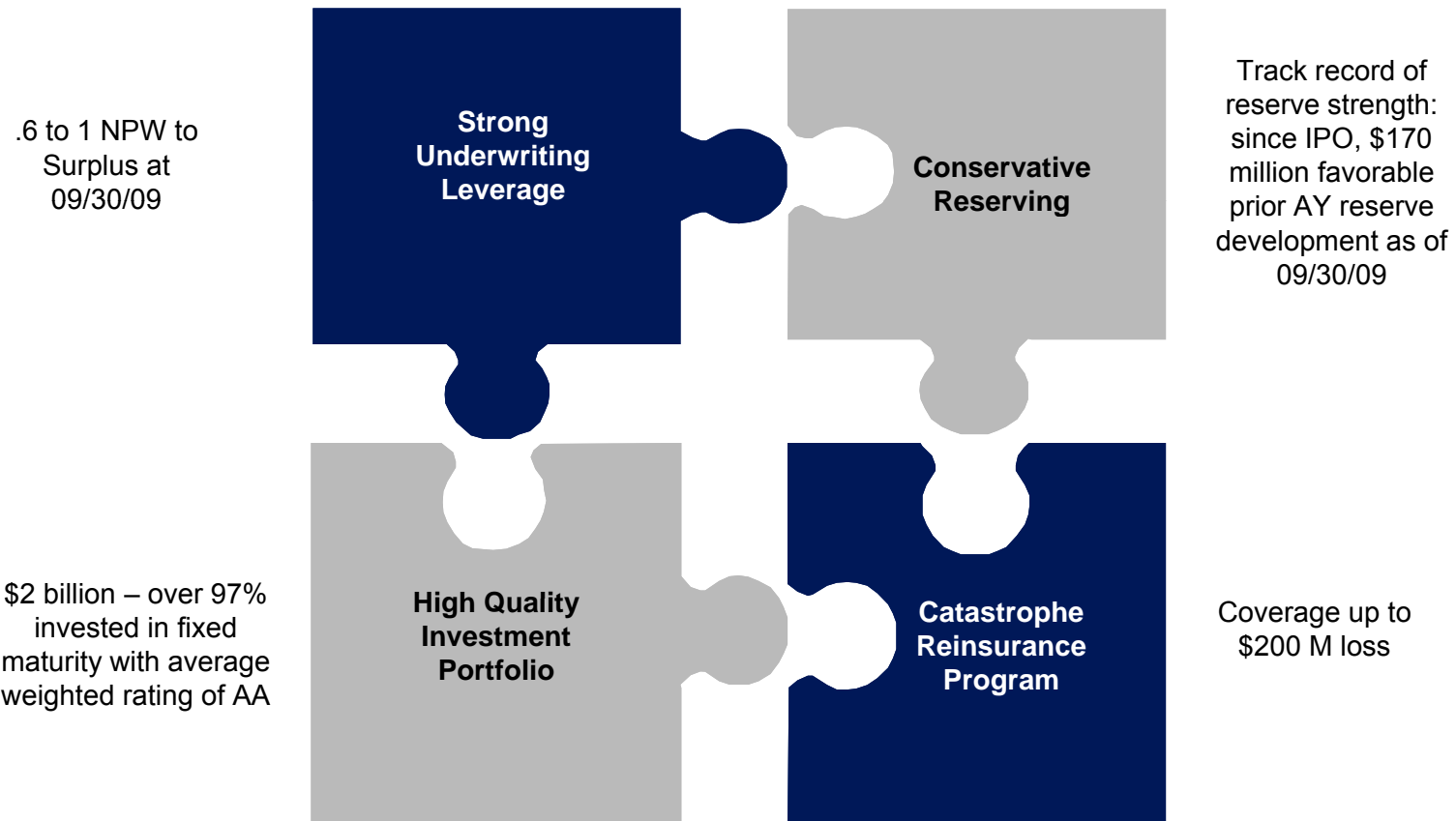
NOTE: 50,000,002 pro forma shares prior to February 5, 2007 (IPO date)

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 period

Summary of Financial Strength



Key Strengths

- ***Strong underwriting franchise with established presence in attractive markets*** – 96 year operating history – attractive, underserved target market segment with growth opportunities
- ***Unique, long-standing strategic distribution relationships*** – resulting in higher retention
- ***Conservative risk profile and prudent capital management***
- ***Strong financial position and strong balance sheet*** – rated A- by A.M. Best
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Stock Ownership Limitations

As a reminder to investors, Employers Holdings, Inc. ("EIG") owns several insurance companies, domiciled in several 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, EIG 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 EIG, which is 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 EIG's 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 EIG's 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.

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 2008, our Form 10-Qs for the first and second quarters of 2009 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 2008, our Form 10-Qs for the first and second quarters of 2009 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.

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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.

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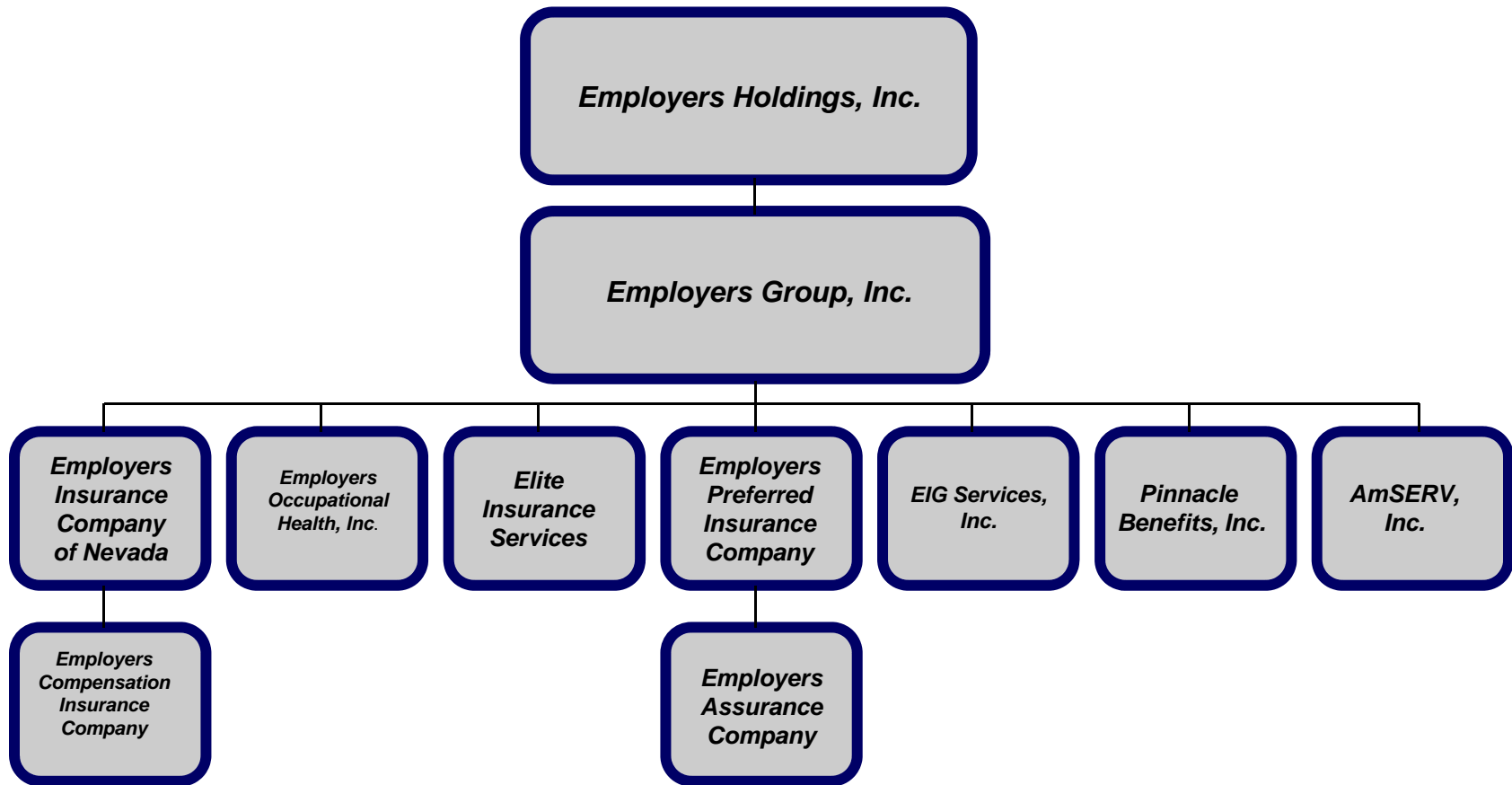
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Appendix

Organization



Selected Operating Results

Income Statement (\$ million)	2005	2006	2007	2008	Q 1 2009	Q 2 2009	Q 3 2009
Gross Written Premium	\$ 458.7	\$ 401.8	\$ 350.7	\$ 322.9	\$ 128.1	\$91.0	\$84.8
Net Written Premium	439.7	387.2	338.6	312.8	124.7	88.3	82.8
Net Earned Premium	438.3	393.0	346.9	328.9	111.6	104.4	98.2
Net Investment Income	54.4	68.2	78.6	78.1	23.3	23.1	22.3
Net Income	137.6	171.6	120.3	101.8	20.9	20.3	30.6
Net Income Before LPT	93.8	152.2	102.2	83.4	16.5	16.0	25.9
Balance Sheet (\$ million)	2005	2006	2007	2008	Q 1 2009	Q 2 2009	Q 3 2009
Total Investments	\$ 1,595.8	\$ 1,715.7	\$ 1,726.3	\$ 2,042.9	\$ 2,083.2	\$ 2,059.0	\$2,114.9
Cash and Cash Equivalents	61.1	80.0	149.7	202.9	190.4	217.0	212.6
Total Assets	3,094.2	3,195.7	3,191.2	3,756.7	3,764.8	3,729.0	3,789.5
Reserves for Loss and LAE	2,350.0	2,307.8	2,269.7	2,506.5	2,494.6	2,470.4	2,443.6
Shareholders' Equity	144.6	303.8	379.5	444.7	459.9	471.1	524.6
Equity Including LPT Deferred Gain	607.0	746.8	804.5	851.3	862.2	868.9	917.8

Computation of Adjusted Expense Ratio on Level Premiums

	Nine Months Ending <u>09/30/2008</u> (millions)	Nine Months Ending <u>09/30/2009</u>	
Earned Premium			
Employers	222.8	\$ 314.2	
Acquired operations	<u>148.9*</u>	<u>-</u>	
	<u><u>371.7</u></u> D	<u><u>314.2</u></u> A	
Underwriting & Other Operating Expenses		102.6	
Policyholder Dividends		<u>5.4</u>	
Total Expenses		108.0	B
Less: One-time restructuring charge	-	<u>4.9</u>	
Net Underwriting & Other		<u><u>\$ 103.1</u></u>	C
Expense ratio		<u><u>34.4%</u></u>	B/A
Adjusted Expense ratio (net)		<u><u>32.8%</u></u>	C/A
Adjusted Expense ratio (net) on Level Premiums (nine months ended 09/30/08)		<u><u>27.7%</u></u>	C/D

*Based on Employers Holdings, Inc. Form 8-K/A, filed on 12/31/08

Regional Organization, Pricing Trends in 2009 at 8/31/09

