Employers Holdings, Inc. Results Through Q4 2016

Investor Presentation

Regulation FD

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 are included in this presentation. They are also included in our Form 10-K for the year 2016, 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. 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.

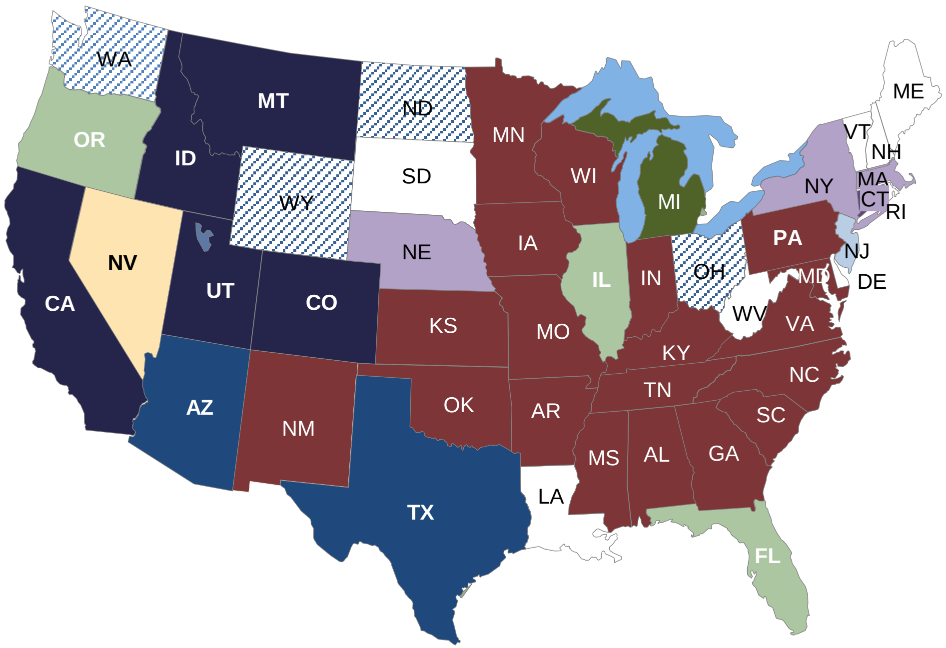
We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

 Employers Holdings, Inc. 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 36 states and the District of Columbia. Insurance subsidiaries include 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: http://www.employers.com.

Overview and History

- **Workers' compensation mono-line writer**
- **Focused on small, low to medium hazard risks**
- **A- (Excellent) rating from A.M. Best**
- **Distribution through agencies and strategic partners**
  - Approximately 4,000 agencies at 12/31/2016
  - Independent agencies generated 75% of in-force premiums at 12/31/2016
  - Strategic Partners generated 25% of in-force premiums at 12/31/2016
- **Writing in 36 states and the District of Columbia**
  - Operate in approximately 90% of total market
  - Long-term goal to operate in all of the contiguous United States, except monopolistic states
- **$7,293 average policy size / 84,822 in-force policies / $618 million in-force premium at 12/31/16**

Selectively expanding footprint



2000	2002	2006	2007	2008	2009–2014	2015	2016
1913 – 1999: State WC fund in NV 2000: Privatization	Acquisition, book of business in CA, UT, ID, MT, CO	2005: Formation of mutual holding co 2006: Entry into TX, AZ	Demutualization and IPO; entry into FL, IL and OR	Acquisition of AmCOMP Incorporated, entry into IA	Focus on growth in existing states; entry into NJ	Build out national platform; entry into MI	Entry into NY, MA, CT and NE

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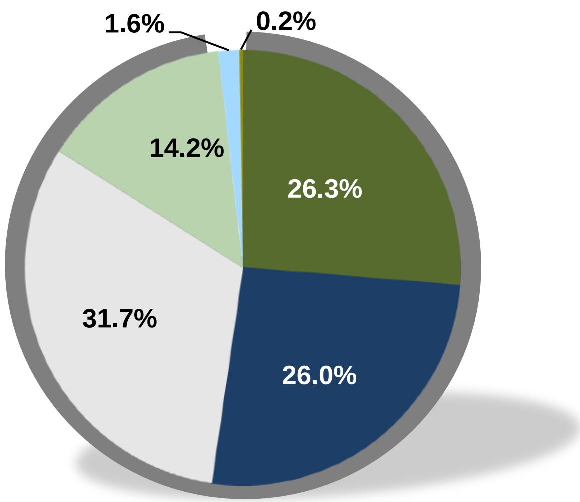
Low Risk Focus

Underwriting focus on select low to medium hazard groups A - D

EMPLOYERS® Top 10 types of insureds:

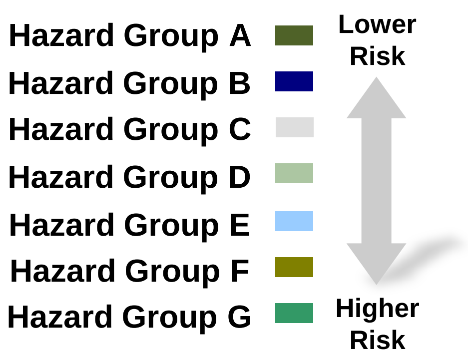
- Restaurants
- Hotels, Motels and Clubs
- Automobile Service or Repair Shops
- Dentists, Optometrists, and Physicians
- Stores
- Real Estate Management
- Wholesale Stores
- Professional Services
- Groceries and Provisions
- Schools-Colleges and Religious Organizations



Hazard Group Percentage
at December 31, 2016
98.2% in Hazard Groups A – D

Data shown as a % of in-force premium

NCCI Hazard Groups



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Highlights

Q4 2016 results relative to Q4 2015 results unless otherwise stated

Net Income	•$35.5 million, up 33% •$32.6 million before the LPT, up 36%
Operating Income	•$31.3 million, down 9% - principally due to higher than expected final audit premium in Q4 of 2015 (despite continuing high final audit pickup)
Return on Equity (ROE)	•16.8% (annualized), up 2.4 percentage points (pps)
Operating Return on Equity (OROE)	•13.5%, down 2.6 pps
Book Value per Share (BVPS)	•$26.16 (GAAP equity), up 12% •$31.61 (including LPT), up 8% •$29.29 (adjusted), up 10%
Combined Ratio	•84%, down 7.5 pps •85.6% (before LPT), down 7.4 pps •Favorable prior year loss reserve development of $16.9 million (9.8 pps) versus $8.5 (4.7 pps) million a year ago
Capital Management	•Repurchased $2.5 million of common stock •Ordinary dividend increased to $0.15 per share

Please see Appendix for financial definitions and reconciliations to GAAP

FULL YEAR Highlights

- Net income = $106.7 million, up 13%
  Net income before LPT = $90.1 million, up 22%
- Operating income = $83.0 million, up 2%
- ROE = 13.3%, up 0.3 percentage points (pps)
- OROE = 9.2%, down 0.6 pps
- Combined ratio = 91.8%, down 2.3 pps
  Combined ratio before the LPT = 94.1%, down 3.0 pps
- Favorable prior year loss reserve development of $18.4 million (2.7 pps) versus $7.2 million (1.0 pps) in 2015
- Repurchased $21.1 million of common stock

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Strategies Implemented

Markets are competitive with generally declining loss costs reflected in rates; Focus on operating return on equity

- Focus on pricing and risk selection
- Accelerated claims settlement
- Technology
  - Data-driven strategies
    - Predictive analytics
    - Policy administration
- Targeting attractive classes of business
- National distribution expansion

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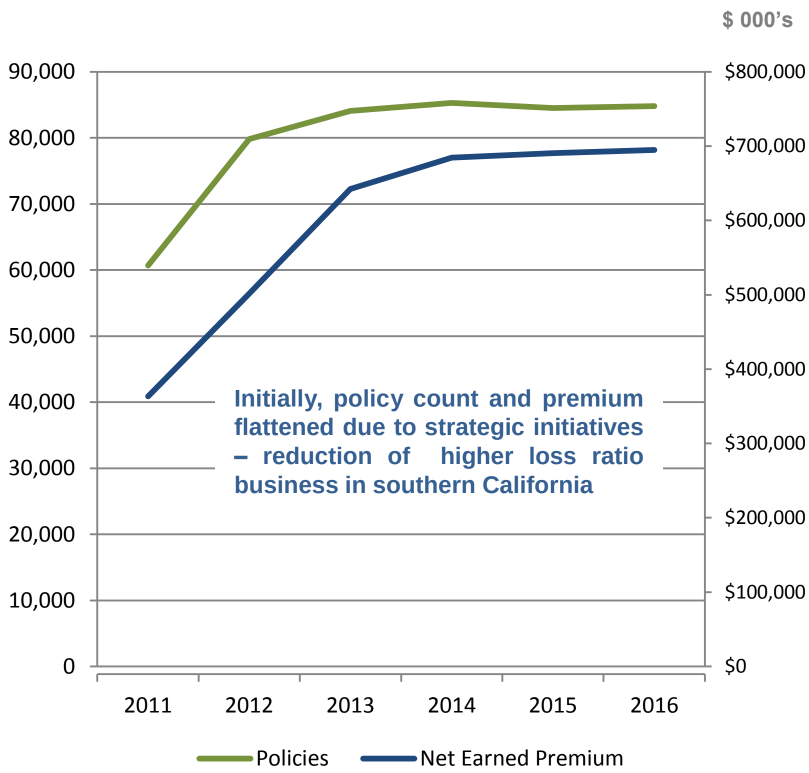
Growth and Rates

Growth: policies, net earned premium



- **Markets characterized by competition and generally declining rates nationally, continuing low yields which challenge net investment income and drive more favorable workers' comp underwriting profitability**
- **Final audit premium contribution continued to be strong but declined in the second half of 2016 due to higher than expected levels in 2015**

	2016	2015	YoY % Change
In-force Premiums ($million)			
California	348.3	352.2	-1.1%
Other	270.3	267.3	1.1%
TOTAL	618.6	619.5	-0.1%
In-force Policies			
California	42,120	44,080	-4.4%
Other	42.702	40,416	5.7%
TOTAL	84,822	84,496	0.4%

	As of December 31, 2016		
	YOY % Change		
	Overall	California	Other
Average in-force policy size	(0.5)	3.5	(4.3)
In-force payroll exposure	0.6	1.1	0.3
Net rate	(0.7)	(2.2)	(0.8)

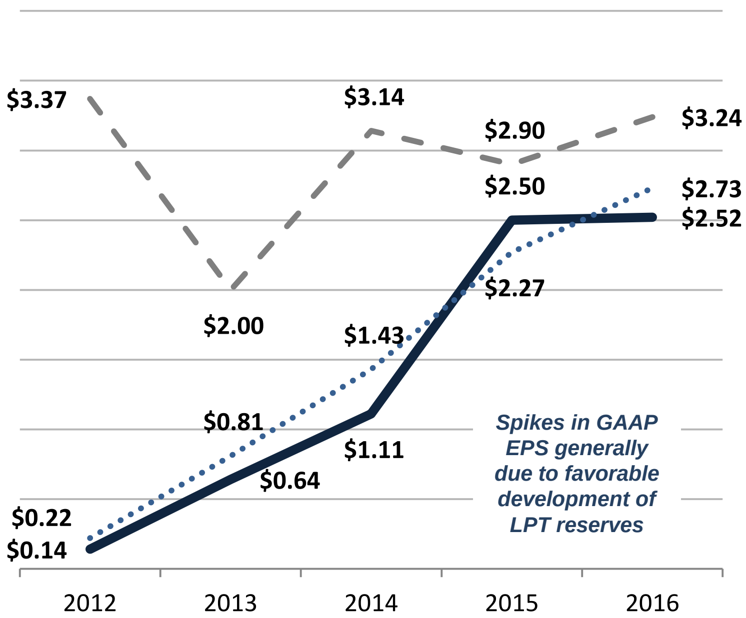
- *Net rate.* Net rate, defined as total premium in-force divided by total insured payroll exposure, is a function of several factors, including rate changes, underwriting risk profiles and pricing, and changes in business mix related to economic and competitive pressures.

Performance – Earnings Per Share

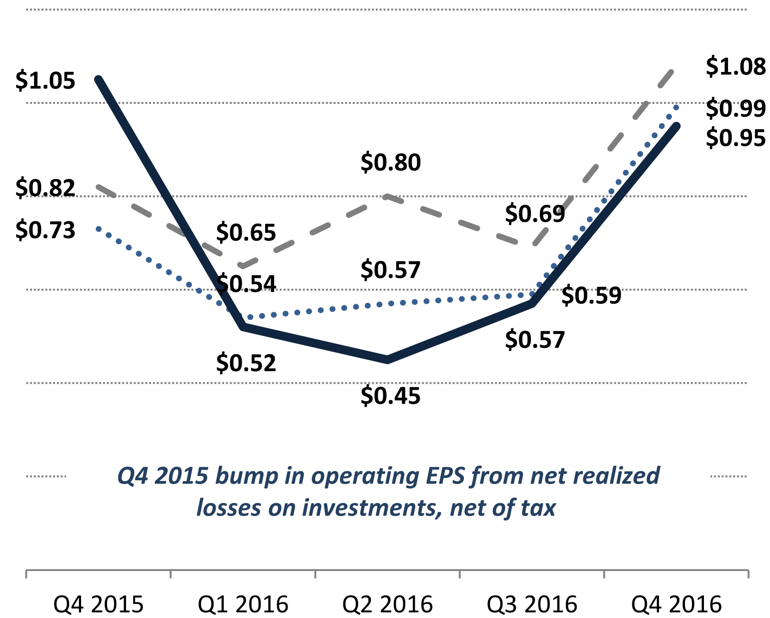
Increased EPS, reflecting increased underwriting profitability

GAAP EPS, EPS Before the LPT, Operating EPS

Annual



Quarterly



Operating EPS before the LPT per Diluted Share — GAAP Earnings per Diluted Share — Earnings before the LPT per Diluted Share

Please see Appendix for financial definitions and reconciliations to GAAP, see Pages A-3 and A-4.

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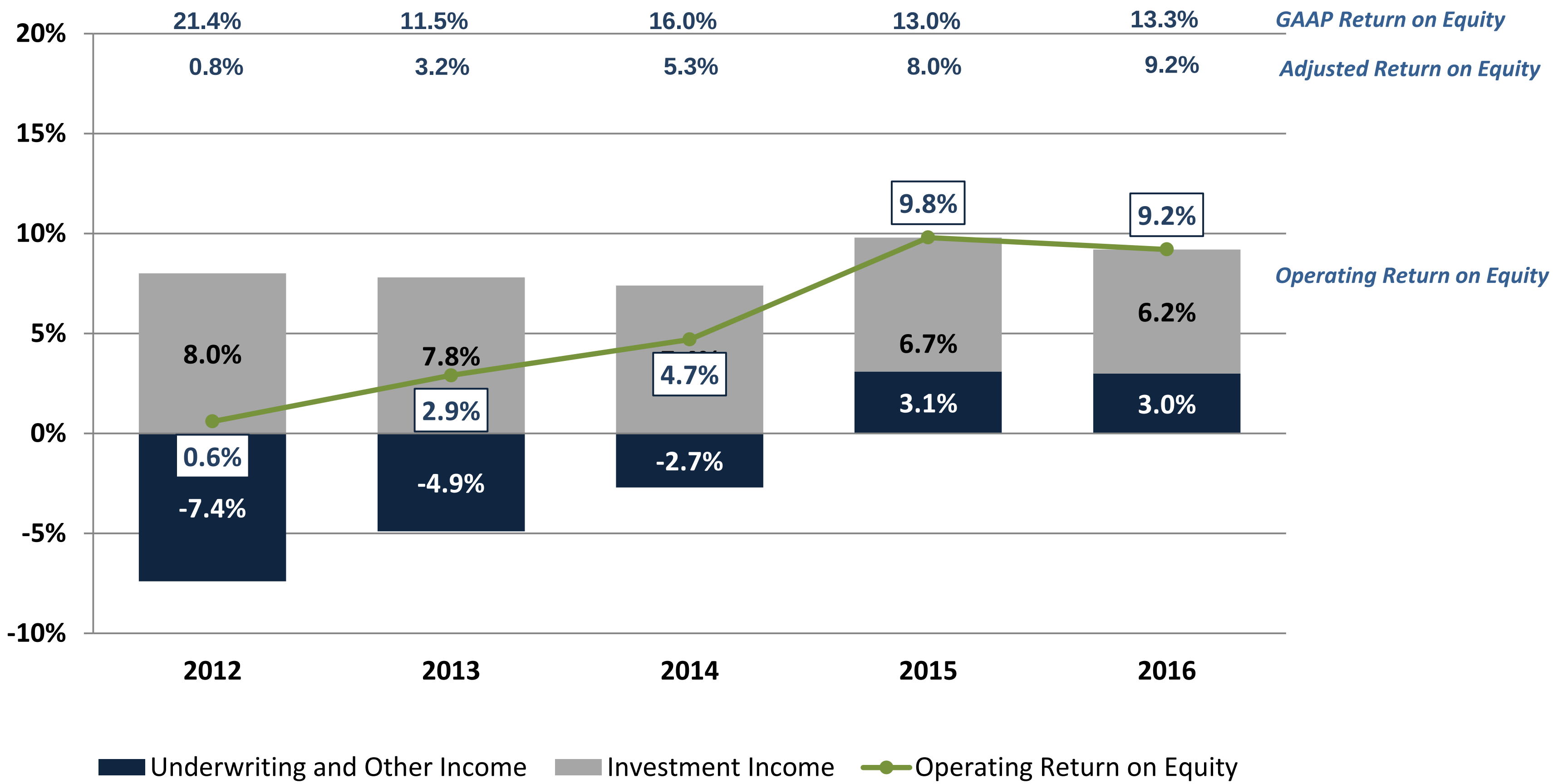
GAAP ROE, Adjusted ROE and Components of Operating ROE

Increased returns, generally reflecting increased underwriting profitability



Please see Appendix for financial definitions and reconciliations to GAAP, see Page A-6.

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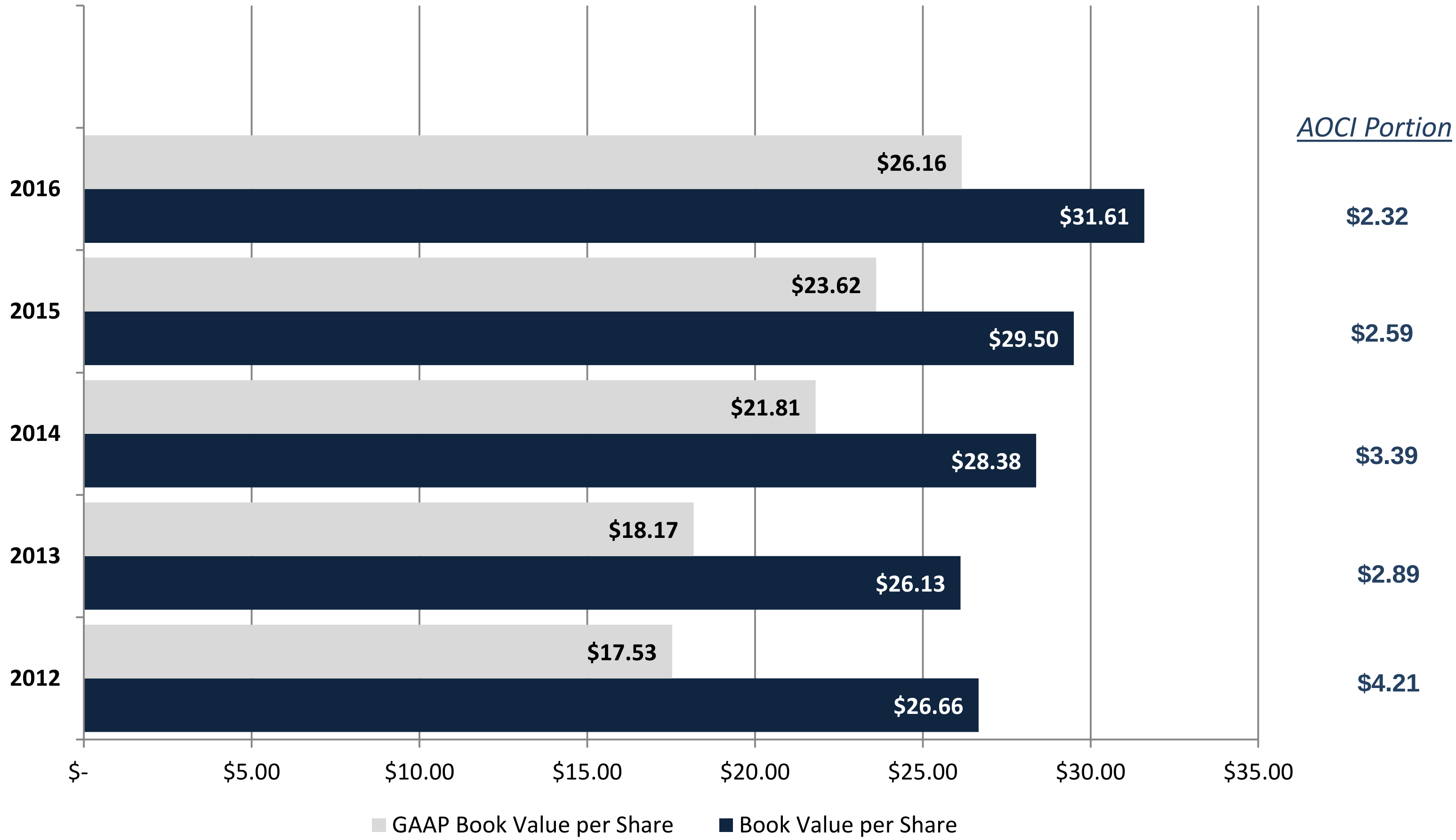
Performance – Book Values Per Share (BVPS)

BVPS (using GAAP equity), BVPS (including deferred reinsurance gain – LPT) and AOCI Portion



Please see Appendix for financial definitions and reconciliations to GAAP, see Page A-5.

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Improved Calendar Year Combined Ratios

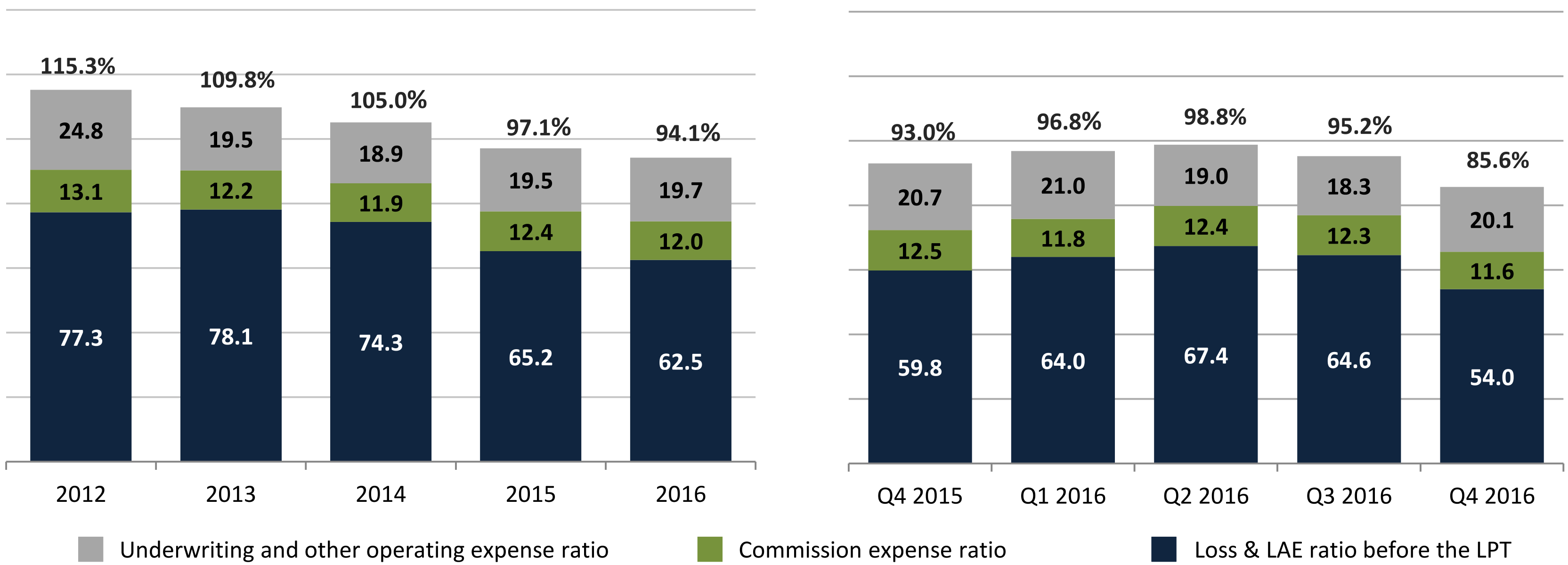
Annually

Quarterly

Combined Ratio using GAAP data

2012	2013	2014	2015	2016	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
95.3%	103.9%	97.0%	94.1%	91.8%	91.5%	95.0%	94.5%	93.5%	84.0%

Combined Ratio before the LPT



Please see Appendix for financial definitions and reconciliations to GAAP, see Page A-7 and A-8.

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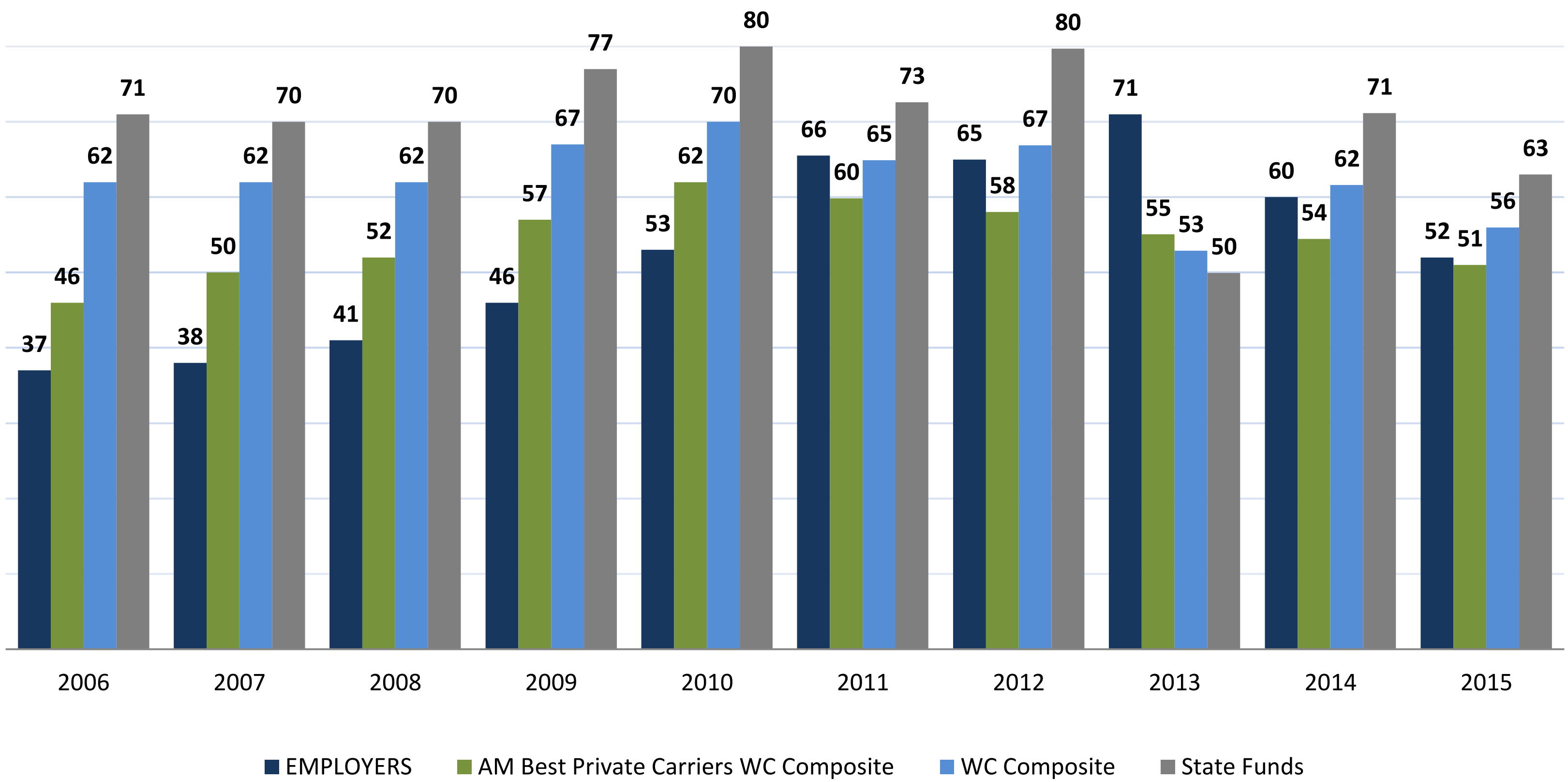
Statutory Calendar Year Pure Loss Ratios

EMPLOYERS® long history of historically low loss ratios (%)

(Excluding accounting impacts of the LPT)



A.M. Best data, or derived from A.M. Best data --- 2013 data is an anomaly.

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History of Reserve Strength

Reserve review

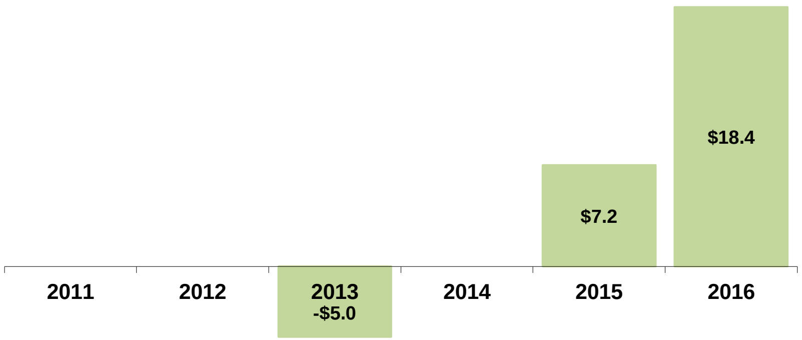
Quarterly evaluation of prior year reserves and current year loss picks

Consider point estimate of independent consulting actuary at June and December

Results from senior management to Board Audit Committee

Reserve development

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



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Superior Claims Management

In-house medical management staff

- Manage care and medical costs

Rigorous quality assurance processes

- Compliance with best practices and regulatory requirements

Comprehensive fraud program

- $13.3 million savings in 2016

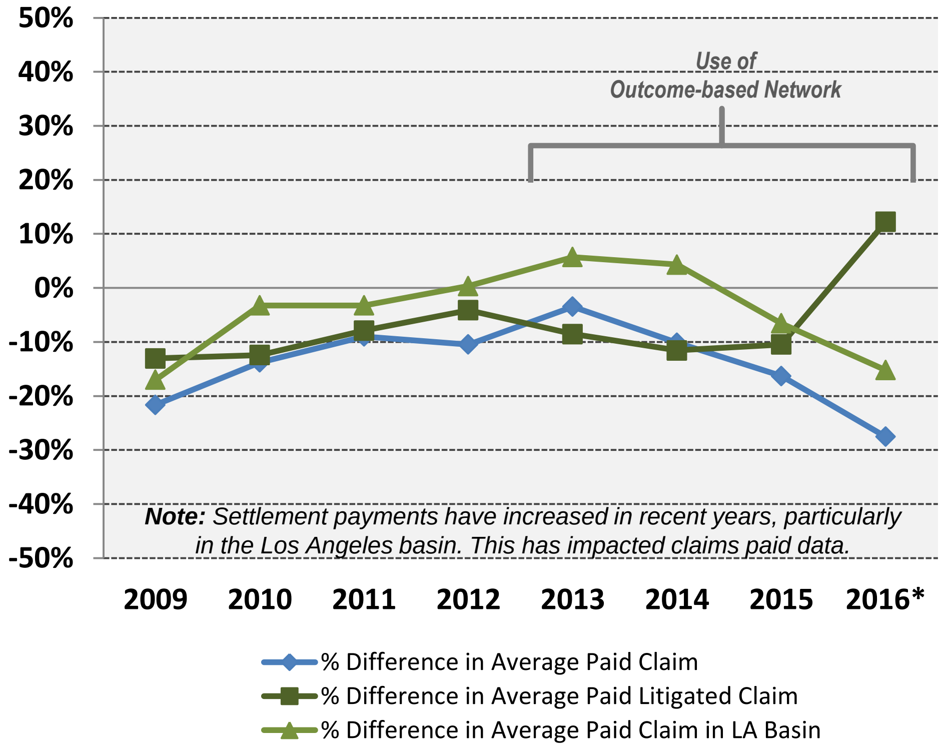
Pharmacy benefit management program

- $16.7 million savings in 2016

Claims professionals average over a decade of experience

- Increased claims settlement activity

Percent difference in the average cost per paid claim in California for EMPLOYERS® compared to the California industry average



Source: California Workers' Compensation Institute, data as of June 30, 2016.

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Strong Capital Position

ACTIVE CAPITAL MANAGEMENT

- 67% increase in cash dividend to $0.15/share
- $50 million two-year share repurchase program authorized by Board of Directors in February 2016, approximately $29 million remaining at 12/31/16
- Since IPO in 2007, deployed nearly $480 million through share repurchases and dividends

FINANCIAL FLEXIBILITY

- $57.3 million cash and securities at parent company
- Low debt ratio at 12/31/16
- Our insurance subsidiaries are each members of the Federal Home Loan Bank of San Francisco – provides access to collateralized advances (none have advances under these credit facilities)

GROWTH IN BOOK VALUE PER SHARE

- GAAP Book value per share increase of 12% YoY
- Book value per share (including deferred LPT gain) growth of 8% YoY
- Adjusted book value per share (excluding AOCI) growth of 10% YoY

STRONG STATUTORY CAPITAL

- Statutory capital of $829 at 12/31/16

$2.6 BILLION INVESTED ASSETS

HIGH QUALITY REINSURANCE

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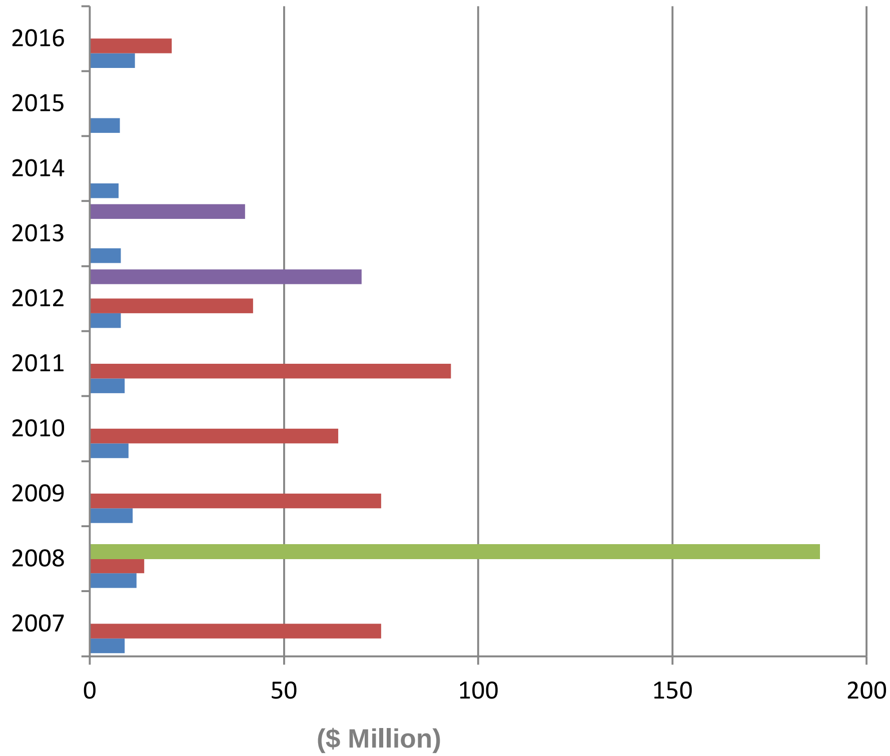
Capital Deployment

Uses of capital

- Support business operations by maintaining capital levels commensurate with our desired ratings from independent rating agencies, satisfying regulatory constraints and legal requirements and sustaining a level of financial flexibility to prudently manage our business through insurance and economic cycles while allowing us to take advantage of investment opportunities, including mergers and acquisitions and related financings, as and when they arise.
- Going forward, the return of capital is not expected to exceed operating income.



■ Deploy in business

$40 million to operating subsidiaries in September, 2013
$70 million to operating subsidiaries in September, 2012
--- in support of growth and financial ratings

■ Strategic acquisitions

$188 million purchase of AmCOMP Inc. in 2008 expanded footprint, increased scale

■ Share repurchases

2007 through 2012: $364 million returned
(23.4 million shares repurchased at an average price of $15.51)
$50 million authorized: repurchased $21.1 mil at 12/31/16

■ Dividends

$94 million in dividends, stable quarterly dividend of $0.06/share, 2007 through 2015; increased to $0.09/share Q1 2016 and $0.15/share Q1, 2017

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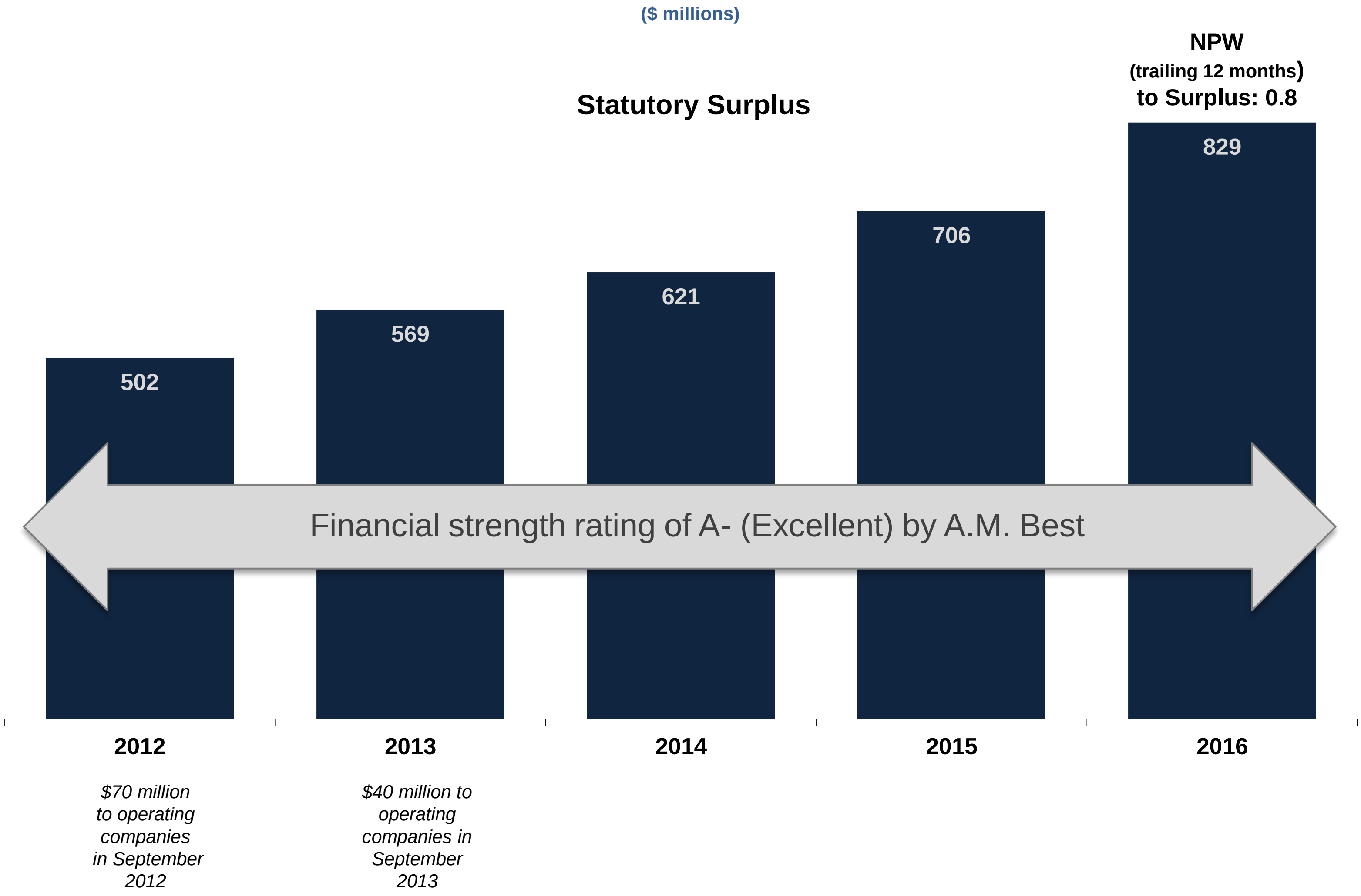
Statutory Surplus

Solid statutory surplus provides a solid basis for underwriting



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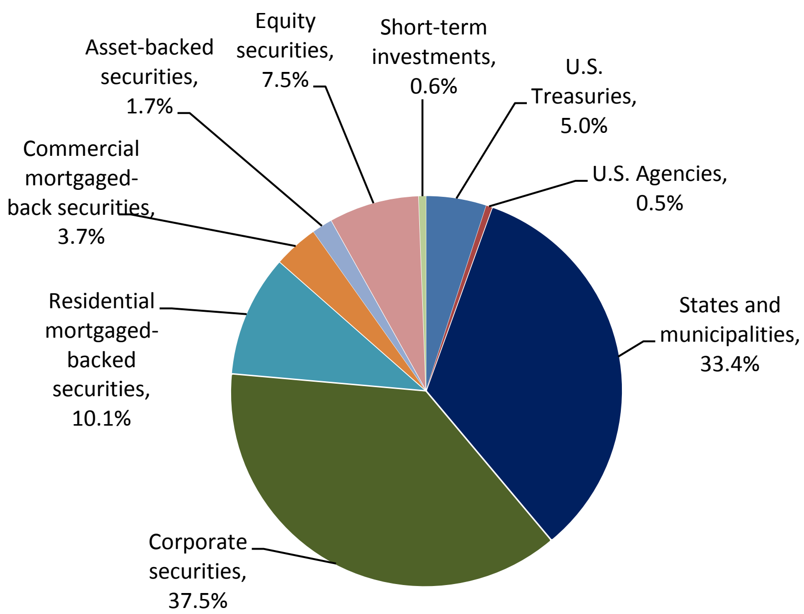
High Quality Investment Portfolio



$2.6 billion fair market value

December 31, 2016

- **Fixed maturities have an average weighted rating of AA-**
- **3.1% average pre-tax book yield**
- **3.6% tax equivalent book yield**
- **Effective duration of 4.3**

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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

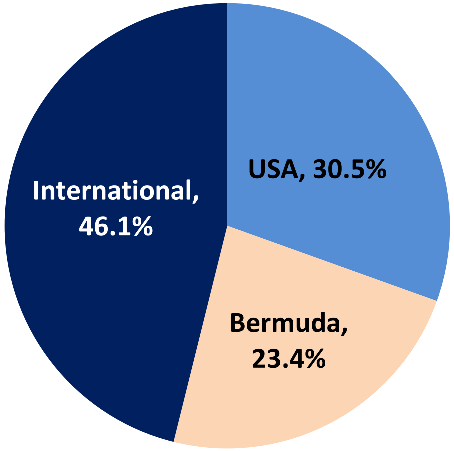
Program structure, effective 7/1/16

Limits of $200M

Retention of $10M *(increased from $7 million)*

Maximum any one life - $20 million

<u>Reinsurers by Market</u>



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Key Strengths

EMPLOYERS®

- **OVER 100 YEAR OPERATING HISTORY**
- Strong underwriting franchise with established presence in attractive markets
- Realized growth, expense management, improving operating ratios
- Unique, long-standing strategic distribution relationships
- Conservative risk profile and prudent capital management
- Solid financial position and strong balance sheet
- Experienced management team with deep knowledge of workers' compensation
- Demonstrated ability to manage through challenging operating conditions

Douglas D. Dirks
President and Chief Executive Officer
Employers Holdings, Inc.

Michael Paquette
Executive Vice President and Chief Financial Officer
Employers Holdings, Inc.

Stephen V. Festa
Executive Vice President and Chief Operating Officer
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Appendix

Glossary of Financial Measures and Reconciliation of Non-GAAP Financial Measures to GAAP

The Company uses the following measures to evaluate its financial performance for the periods presented. Certain measures are considered non-GAAP financial measures under applicable SEC rules and include or exclude certain items not ordinarily included or excluded in the most comparable GAAP financial measures.

These non-GAAP financial measures exclude impacts related to the LPT Agreement deferred reinsurance gain. The 1999 LPT Agreement was a non-recurring transaction that does not result in ongoing cash benefits and, consequently, the Company believes these non-GAAP measures are useful in providing stockholders and management a meaningful understanding of the Company's operating performance. Some of these measures also exclude net realized gains, net of taxes, and/or accumulated other comprehensive income, net of taxes, and amortization of intangibles, net of taxes. Management believes these are important indicators of how well the Company creates value for its stockholders through its operating activities and capital management. These measures, as defined, are helpful to management in identifying trends in the Company's performance because the items excluded have limited significance in current and ongoing operations or can be impacted by both discretionary and other economic factors and may not represent operating trends.

The Company strongly urges stockholders and other interested persons not to rely on any single financial measure to evaluate its business. The non-GAAP measures are not a substitute for GAAP measure 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. Reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures are provided in the following discussion.

Definitions and Reconciliations of Non-GAAP to GAAP Measures

Loss Portfolio Transfer (LPT)

- Retroactive 100% quota share reinsurance coverage for all losses 6/30/95 and prior
- 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
- 3 Reinsurers: Chubb (ACE), Berkshire (NICO), XL
  Collateralized under agreement: largely cash/short-term securities, US Treasuries, and Wells Fargo stock
- Gain includes favorable adjustments to LPT ceded reserves and adjustments in contingent commission such that the current gain represents the balance that would have existed at the inception of the LPT Agreement

Contract

	($ million)
Total Coverage	$2,000
Original Reserves (Liabilities) Transferred	$1,525
Consideration	775
Gain at 6/30/1999	$ 750
Subsequent LPT reserve adjustments	(337)
Subsequent LPT contingent commission adjustments	67
Gain at 12/31/16	$ 481

Accounting at 12/31/16

	($ million)
Statutory Surplus Created	$ 481.0
Cumulative Amortization To Date	$ (306.1)
GAAP: Deferred Reinsurance Gain – LPT Agreement	**$174.9**

Claims 6/30/1995 and prior: 2,366 claims open as of 12/31/16 with 6.5% closing each year

Remaining liabilities at 12/31/16: $465.5 million

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Definitions and Reconciliations of Non-GAAP to GAAP Measures

Reconciliation of Net Income to Net Income Before Impact of the LPT and Operating Income

	Three Months Ended December 31,		Years Ended December 31,				
(In millions)	2016	2015	2016	2015	2014	2013	2012
Net income	$ 35.5	$ 26.7	106.7	94.4	100.7	63.8	106.9
Less: Impact of the LPT Agreement	2.9	2.8	16.6	20.4	55.0	37.9	99.9
Net income before impact of the LPT	32.6	23.9	90.1	74.0	45.7	25.9	7.0
Less: Net realized gains (losses) on investments, net of taxes	1.4	(10.3)	7.3	(7.0)	10.6	6.2	3.3
Plus: Amortization of intangibles, net of taxes	0.1	0.1	0.2	0.3	0.5	0.6	0.8
Operating income	$ 31.3	$ 34.3	$ 83.0	$ 81.3	$ 35.6	$ 20.3	$ 4.5

- *Net Income before impact of the LPT Agreement* is net income less (a) amortization of deferred reinsurance gain–LPT Agreement; (b) adjustments to LPT Agreement ceded reserves; and (c) adjustments to contingent commission receivable–LPT Agreement.
- *Deferred reinsurance gain–LPT Agreement (Deferred Gain)* reflects the unamortized gain from the LPT Agreement. Under GAAP, this gain is deferred and 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 amortized through June 30, 2024. The amortization is reflected in losses and LAE.
- *Operating income* is net income before the impact of the LPT excluding net realized gains on investments, net of taxes, and amortization of intangibles, net of taxes.

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Definitions and Reconciliations of Non-GAAP to GAAP Measures

Reconciliation of Net Income per Share to Operating Income per Share

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Years Ended December 31, 2016	2015	2014	2013	2012
Weighted average shares outstanding							
Basic	32,247,251	32,279,494	32,434,580	32,070,911	31,529,621	31,142,534	31,476,056
Diluted	32,861,090	32,747,809	32,976,835	32,561,453	32,069,069	31,938,167	31,722,057
Basic earnings per common share							
Net income	$ 1.10	$ 0.83	3.29	2.94	3.19	2.05	3.40
Less: Impact of the LPT Agreement	0.09	0.09	0.51	0.63	1.74	1.22	3.18
Net income before the impact of the LPT	1.01	0.74	2.78	2.31	1.45	0.83	0.22
Less: Net realized gains (losses) on investments, net of taxes	0.04	(0.32)	0.23	(0.22)	0.34	0.20	0.10
Plus: Amortization of intangibles, net of taxes	---	---	0.01	0.01	0.02	0.02	0.02
Operating income per basic share	$ 0.97	$ 1.06	2.56	2.54	1.13	0.65	0.14
Diluted earnings per common share							
Net income	$ 1.08	$ 0.82	3.24	2.90	3.14	2.00	3.37
Less: Impact of the LPT Agreement	0.09	0.09	0.51	0.63	1.71	1.19	3.15
Net income before the impact of the LPT	0.99	0.73	2.73	2.27	1.43	0.81	0.22
Less: Net realized gains (losses) on investments, net of taxes	0.04	(0.31)	0.22	(0.21)	0.33	0.19	0.10
Plus: Amortization of intangibles, net of taxes	—	0.01	0.01	0.02	0.01	0.02	0.02
Operating income per diluted share	$ 0.95	$ 1.05	2.52	2.50	1.11	0.64	0.14

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Definitions and Reconciliations of Non-GAAP to GAAP Measures

Reconciliation of Stockholders' Equity to Stockholders' Equity Including the Deferred Gain and Adjusted Stockholders' Equity

	Years Ended December 31,				
(in millions, except share data)	2016	2015	2014	2013	2012
Stockholders' equity	$ 840.6	$ 760.8	$ 686.8	$ 568.7	$ 539.4
Deferred reinsurance gain–LPT Agreement	174.9	189.5	207.0	249.1	281.0
Stockholders' equity including the Deferred Gain	1,015.5	950.3	893.8	817.8	820.4
Less: Accumulated other comprehensive income, net	74.5	83.6	106.9	90.4	129.5
Adjusted stockholders' equity	$ 941.0	$ 866.7	$ 786.9	$ 727.4	$ 690.9
Common shares outstanding	32,128,922	32,216,480	31,493,828	31,299,930	30,771,479
GAAP book value per share	$ 26.16	$ 23.62	$ 21.81	$ 18.17	$ 17.53
Book value per share	31.61	29.50	28.38	26.13	26.66
Adjusted book value per share	29.29	26.90	24.99	23.24	22.45

- *GAAP book value per share* is stockholders' equity divided by the number of common shares outstanding.
- *Stockholders' Equity Including the Deferred Gain* is stockholders' equity including the Deferred reinsurance gain–LPT Agreement.
- *Average Stockholders' Equity Including the Deferred Gain* is the sum of stockholders' equity including the deferred gain at the beginning and end of each of the periods presented divided by two.
- *Average stockholders' equity* is the sum of stockholders' equity at the beginning and end of each of the periods presented divided by two.
- *Adjusted stockholders' equity* is stockholders' equity including the Deferred Gain, less accumulated other comprehensive income, net.
- *Average adjusted stockholders' equity* is the average of stockholders' equity including the deferred reinsurance gain-LPT Agreement, less accumulated other comprehensive income, net, for all quarters included in the calculation.
- *Book value per share* is stockholders' equity including the Deferred Gain divided by the number of common shares outstanding.
- *Adjusted book value per share* is adjusted stockholders' equity divided by the number of common shares outstanding.

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Reconciliation of Operating Return on Equity and Adjusted Return on Equity to Return on Equity

	Three Months Ended		Years Ended				
	December 31,		December 31,				
(in millions, except for percentages)	2016	2015	2016	2015	2014	2013	2012
Annualized operating income	$ 125.2	$ 137.2					
Operating income			$ 83.0	$ 81.3	$ 35.6	$ 20.3	$ 4.5
Average adjusted stockholders' equity	925.7	854.0	903.9	826.8	757.2	709.2	701.1
Operating return on equity	13.5 %	16.1 %	9.2 %	9.8 %	4.7 %	2.9 %	0.6 %
Annualized net income before impact of the LPT	$ 130.4	$ 95.6					
Net income before impact of the LPT			$ 90.1	$ 74.0	$ 45.7	$ 25.9	$ 7.0
Average stockholders' equity including the Deferred Gain	1,021.7	934.4	982.9	922.1	855.8	819.1	824.2
Adjusted return on equity	12.8 %	10.2 %	9.2 %	8.0 %	5.3 %	3.2 %	0.8 %
Annualized net income	$ 142.0	$ 106.8					
Net income			$ 106.7	$ 94.4	$ 100.7	$ 63.8	$ 106.9
Average stockholders' equity	845.4	743.4	800.7	723.8	627.8	554.1	500.7
Return on equity	16.8 %	14.4 %	13.3 %	13.0 %	16.0 %	11.5 %	21.4 %

- *Operating return on equity* is the ratio of annualized operating income to adjusted average stockholders' equity for the periods presented.
- *Adjusted return on equity* is the ratio of annualized net income before the LPT to average stockholders' equity including the Deferred Gain.
- *Return on equity* is the ratio of annualized net income to average stockholders' equity for the periods presented.

Definitions and Reconciliations of Non-GAAP to GAAP Measures

Calculation of Combined Ratio before the Impact of the LPT Agreement and Reconciliation to Current Accident Period Combined Ratio

	Three months ended December 31,		Years ended December 31,				
(in millions, except for percentages)	2016	2015	2016	2015	2014	2013	2012
Net premiums earned	$ 172.0	$ 181.8	$ 694.8	$ 690.4	$ 684.5	$ 642.3	$ 501.5
Losses and loss adjustment expenses	89.9	105.9	417.9	429.4	453.4	463.6	287.9
Loss & LAE ratio	52.3%	58.3%	60.1%	62.2%	66.2%	72.2%	57.4%
Amortization of Deferred Gain related to losses	$ 2.4	$ 2.3	$ 9.7	$ 9.5	$ 11.2	$ 12.9	$ 15.4
Amortization of Deferred Gain related to contingent commission	0.5	0.5	2.0	1.9	1.9	1.7	1.6
LPT Reserve Adjustments	---	---	3.1	6.4	31.1	19.0	73.3
LPT Contingent Commission Adjustment	---	---	1.8	2.6	10.8	4.3	9.6
Loss & LAE before impact of LPT	$ 92.8	$ 108.7	$ 434.5	$ 449.8	$ 508.4	$ 501.5	$ 387.8
Impact of LPT	1.6%	1.5%	2.3%	3.0%	8.0%	5.9%	19.9%
Loss & LAE ratio before impact of LPT	54.0%	59.8%	62.5%	65.2%	74.3%	78.1%	77.3%
Commission expense	$ 20.0	$ 22.8	$ 83.5	$ 85.4	$ 81.4	$ 78.3	$ 65.6
Commission expense ratio	11.6%	12.5%	12.0%	12.4%	11.9%	12.2%	13.1%
Underwriting & other operating expenses	$ 34.5	$ 37.6	$ 136.1	$ 135.2	$ 129.1	$ 125.3	$ 124.6
Underwriting & other operating expenses ratio	20.1%	20.7%	19.7%	19.5%	18.9%	19.5%	24.8%
Total expenses	$ 144.4	$ 166.3	$ 637.5	$ 650.0	$ 663.9	$ 667.2	$ 478.1
Combined ratio	84.0%	91.5%	91.8%	94.1%	97.0%	103.9%	95.3%
Total expense before impact of the LPT	$ 147.3	$ 169.1	$ 654.1	$ 670.4	$ 718.9	$ 705.1	$ 578.1
Combined ratio before the impact of the LPT	85.6%	93.0%	94.1%	97.1%	105.0%	109.8%	115.3%
Reconciliations to Current Accident Period Combined Ratio:							
Losses & LAE before impact of LPT	$ 92.8	$ 108.7	$ 434.5	$ 449.8	$ 508.4	$ 501.5	$ 387.8
Plus: Favorable (unfavorable) prior period reserve development	16.9	8.5	18.4	7.2	(4.6)	(6.9)	(1.8)
Accident period losses & LAE before impact of LPT	$ 109.7	$ 117.2	$ 452.9	$ 457.0	$ 503.8	$ 494.6	$ 386.0
Losses & LAE ratio before impact of LPT	54.0%	59.8%	62.5%	65.2%	74.3%	78.1%	77.3%
Plus: Favorable (unfavorable) prior period reserve development ratio	9.8	4.7	2.7	1.0	(0.7)	(1.1)	(0.3)
Accident period losses & LAE ratio before impact of LPT	63.8%	64.5%	65.2%	66.2%	73.6%	77.0%	77.0%
Combined ratio before impact of the LPT	85.6%	93.0%	94.1%	97.1%	105.0%	109.8%	115.3%
Plus: Favorable (unfavorable) prior period reserve development ratio	9.8	4.7	2.7	1.0	(0.7)	(1.1)	(0.3)
Accident period combined ratio before impact of LPT	95.4%	97.7%	96.8%	98.1%	104.3%	108.7%	115.0%

Calculation of Combined Ratio before the Impact of the LPT Agreement and Reconciliation to Current Accident Period Combined Ratio (continued)

- *Gross Premiums Written.* Gross premiums written is the sum of both direct premiums written and assumed premiums written before the effect of ceded reinsurance. Direct premiums written represents the premiums on all policies the Company's insurance subsidiaries have issued during the year. Assumed premiums written represents the premiums that the insurance subsidiaries have received from an authorized state-mandated pool.
- *Net Premiums Written.* Net premiums written is the sum of direct premiums written and assumed premiums written less ceded premiums written. Ceded premiums written is the portion of direct premiums written that are ceded to reinsurers under reinsurance contracts. The Company uses net premiums written, primarily in relation to gross premiums written, to measure the amount of business retained after cession to reinsurers.
- *Losses and LAE before impact of the LPT Agreement.* Losses and LAE less (a) amortization of Deferred Gain; (b) adjustments to LPT Agreement ceded reserves; and (c) adjustments to contingent commission receivable–LPT Agreement.
- *Losses and LAE Ratio.* The losses and LAE ratio is a measure of underwriting profitability. Expressed as a percentage, it is the ratio of losses and LAE to net premiums earned.
- *Commission Expense Ratio.* The commission expense ratio is the ratio (expressed as a percentage) of commission expense to net premiums earned.
- *Underwriting and Other Operating Expense Ratio.* The underwriting and other operating expense ratio is the ratio (expressed as a percentage) of underwriting and other operating expense to net premiums earned.
- *Combined Ratio.* The combined ratio represents a summary percentage of claims and expenses to net premiums earned. The combined ratio is the sum of the losses and LAE ratio, the commission expense ratio, and the underwriting and other operating expense ratio.
- *Combined Ratio before impacts of the LPT Agreement*. Combined ratio before impacts of LPT is the GAAP combined ratio before (a) amortization of deferred reinsurance gain–LPT Agreement; (b) adjustments to LPT Agreement ceded reserves; and (c) adjustments to contingent commission receivable–LPT Agreement.