



EMPLOYERS[®]

America's small business insurance specialist.[®]

NYSE: EIG

INVESTOR PRESENTATION

NOVEMBER 2019

FORWARD-LOOKING STATEMENTS

In this presentation, 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. The Company and its management caution investors that such forward-looking statements are not guarantees of future performance. Risks and uncertainties are inherent in the Company'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 the Company'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.

Filings with the U.S. Securities and Exchange Commission (the "SEC")

The Company's filings with the SEC and its quarterly investor presentations can be accessed through the "Investors" link on the Company's website, www.employers.com. The Company's filings with the SEC can also be accessed through the SEC's EDGAR Database at www.sec.gov (EDGAR CIK No. 0001379041).

Reconciliation of Non-GAAP Financial Measures to GAAP

Within this investor presentation we present various financial measures, some of which are "non-GAAP financial measures" 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 our most directly comparable GAAP financial measures is included in the attached Financial Supplement. 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.

These measures should not be viewed as a substitute for those determined in accordance with GAAP. Reconciliation of these measures to their most comparable GAAP financial measures are included in the attachment to this presentation. They are also included in the earnings release Form 8-Ks filed with the Securities and Exchange Commission (SEC) and available in the "Investors" section of our website at www.employers.com.

At a Glance

Ticker	NYSE: EIG
Headquarters	Reno, Nevada
Stock Price*	\$42.40
Common Shares Outstanding	31.8 Million
Float	30.9 Million
Average Daily Volume	125,000 shares
Market Cap*	\$1.3 Billion
Book Value per Share at 9/30/2019	\$40.86**
Analyst Coverage	Boenning & Scattergood Dowling & Partners JMP Securities SunTrust Robinson Humphrey Buckingham Research Group

* As of October 18, 2019

** Including the Deferred Gain

OVERVIEW

EMPLOYERS® is a mono-line writer of workers' compensation (WC) insurance focused on **low to medium hazard risk** small businesses.

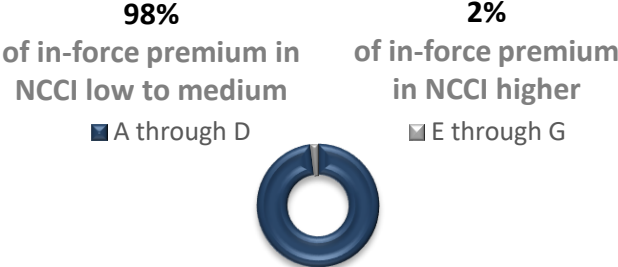
\$748 Million Written Premium in 2018

\$2.72 Adjusted EPS YTD 2019
\$4.11 Adjusted EPS 2018

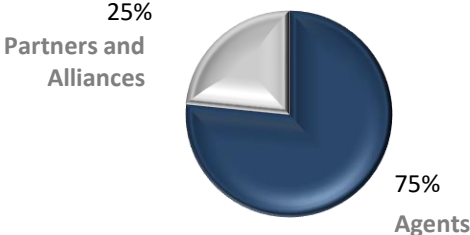
96,900 in-force policies at 9/30/19
\$6,858 average policy size

GROWTH and MARKETS

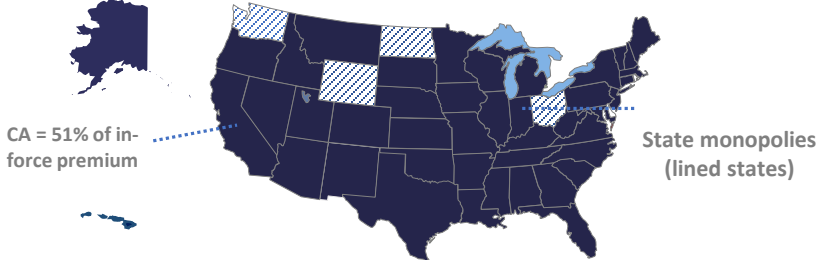
Low Hazard Focus



Premium Contribution



Nationwide

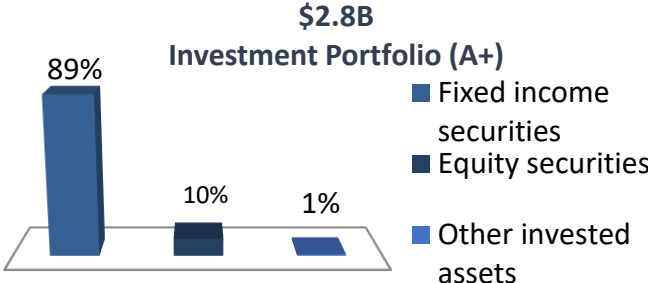


CAPITAL STRENGTH

Growing Statutory Surplus



Investment Portfolio Complements Structure



Shareholder Friendly While Focused on Long-term Stability



HIGHLIGHTS

OVER 100 YEAR OPERATING HISTORY

Strong underwriting focus with established presence in attractive markets

Realized growth with excellent 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

UNIQUE GROWTH DRIVERS SPECIFIC TO EMPLOYERS[®]

Transforming the way small businesses and insurance agents utilize digital capabilities to improve their customer experience:

(i) improving the agent experience and enhancing agent efficiency;

(ii) providing direct-to-customer workers' compensation insurance policies through Cerity, a subsidiary separate from EMPLOYERS' other insurance businesses.

THE WORKERS' COMPENSATION MARKET...

Background

Workers' compensation is a form of insurance providing wage replacement and medical benefits to employees injured in the course of employment.

Approximately 1,500 companies write workers' compensation in the U.S.

Size

Approximately \$58 Billion in Direct Written Premium in 2018*

Trends

Industry wide Direct Written Premiums CAGR of approximately 1.5% over past 5 years


Loss Ratio declines each of last 5 years

...AND EMPLOYERS' PLACE IN IT!

2018 Rank	Company	2018 Direct Premiums Written (\$000) (TOTAL LINES)	2018 Direct Premiums Written (\$000) (Workers' Comp.)	% in Workers' Compensation	
1	Travelers	26,244,172	4,280,547	16%	
2	The Hartford	12,167,267	3,382,972	28%	
3	Berkshire Hathaway Inc.	43,869,809	2,750,360	6%	
4	Zurich	12,412,211	2,694,390	22%	
5	AmTrust Financial	5,915,668	2,635,106	45%	
6	Chubb	22,125,338	2,479,397	11%	
7	Liberty Mutual	34,605,081	2,473,669	7%	
8	State Ins Fund Workers' Comp (NY)	2,256,138	2,256,138	100%	New York State Fund
9	AIG	14,815,391	1,690,380	11%	
10	AF Group	1,640,521	1,566,915	96%	
11	Old Republic Insurance	4,285,496	1,465,319	34%	
12	W. R. Berkley Corp.	5,930,760	1,360,656	23%	
13	State Compensation Ins Fund (CA)	1,338,989	1,338,989	100%	California State Fund
14	Great American Insurance	5,997,652	1,328,345	22%	
15	Texas Mutual Insurance Co.	1,097,244	1,097,244	100%	Texas State Fund
16	ICW	1,021,169	958,240	94%	
17	Fairfax Financial	6,060,748	928,499	15%	
18	CNA	10,690,865	800,609	7%	
19 EMPLOYERS[®]		739,056	739,056	100%	
20	STARR Cos.	2,728,912	649,470	24%	
21	Pinnacol Assurance	623,848	623,848	100%	Colorado State Fund
22	Arch Capital	3,684,847	581,504	16%	
23	Markel	5,255,185	530,230	10%	
24	NJM Insurance	1,992,947	519,827	26%	
25	Everest Re	2,004,332	512,191	26%	

100% focused on Workers' Compensation
Low-Medium Hazard Risk

MARKET CONDITIONS



Markets are competitive with generally declining loss costs reflected in rates. Net investment income is challenged by low interest rates.



For EMPLOYERS[®], new business policy counts are up and retention remains very high.

BOOK MIX BY HAZARD GROUP:

Workers' Compensation classifications that have relatively similar expected excess loss factors over a broad range of limits

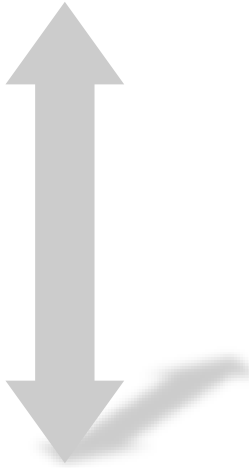
98% in Hazard Groups A-D

Focus on Select Low to Medium Hazard Groups

Data shown as a % of in-force premium

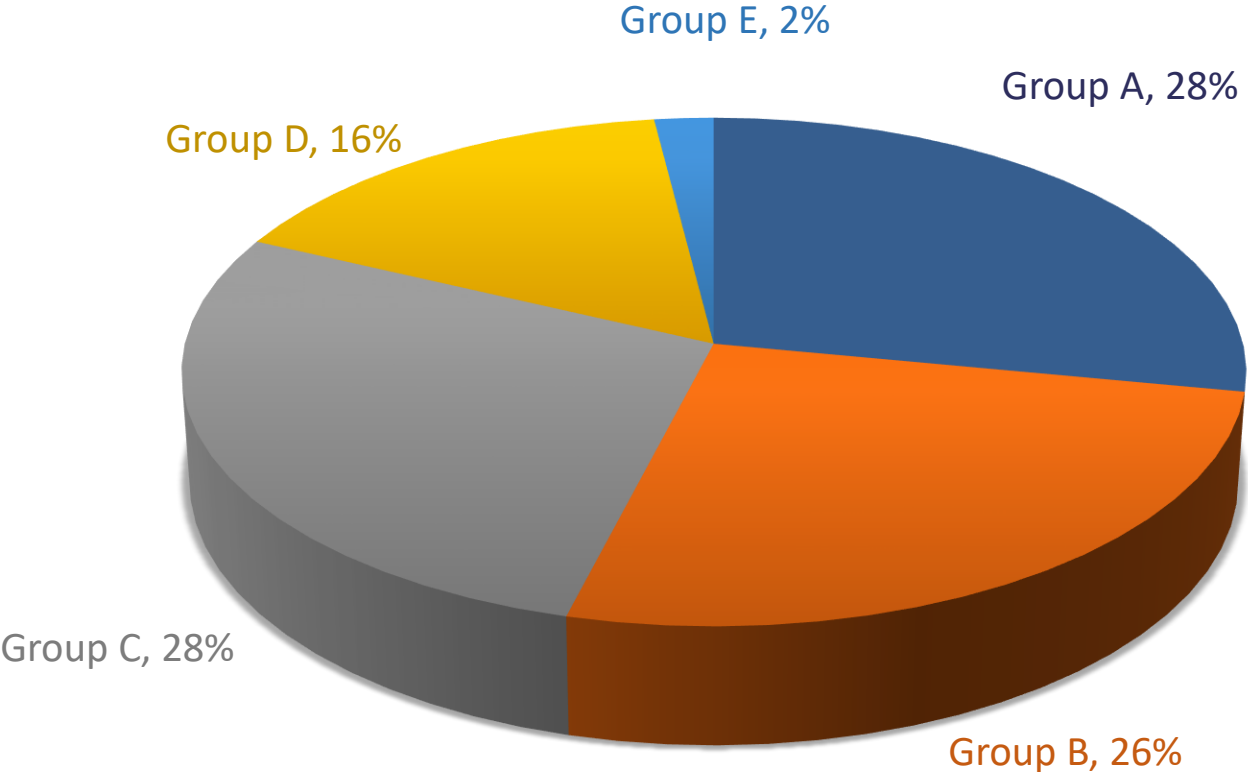
September 30, 2019

Lower Risk



Higher Risk

- Group A
- Group B
- Group C
- Group D
- Group E
- Group F
- Group G



EMPLOYERS' TARGET MARKET: SMALL BUSINESS / LOWER RISK



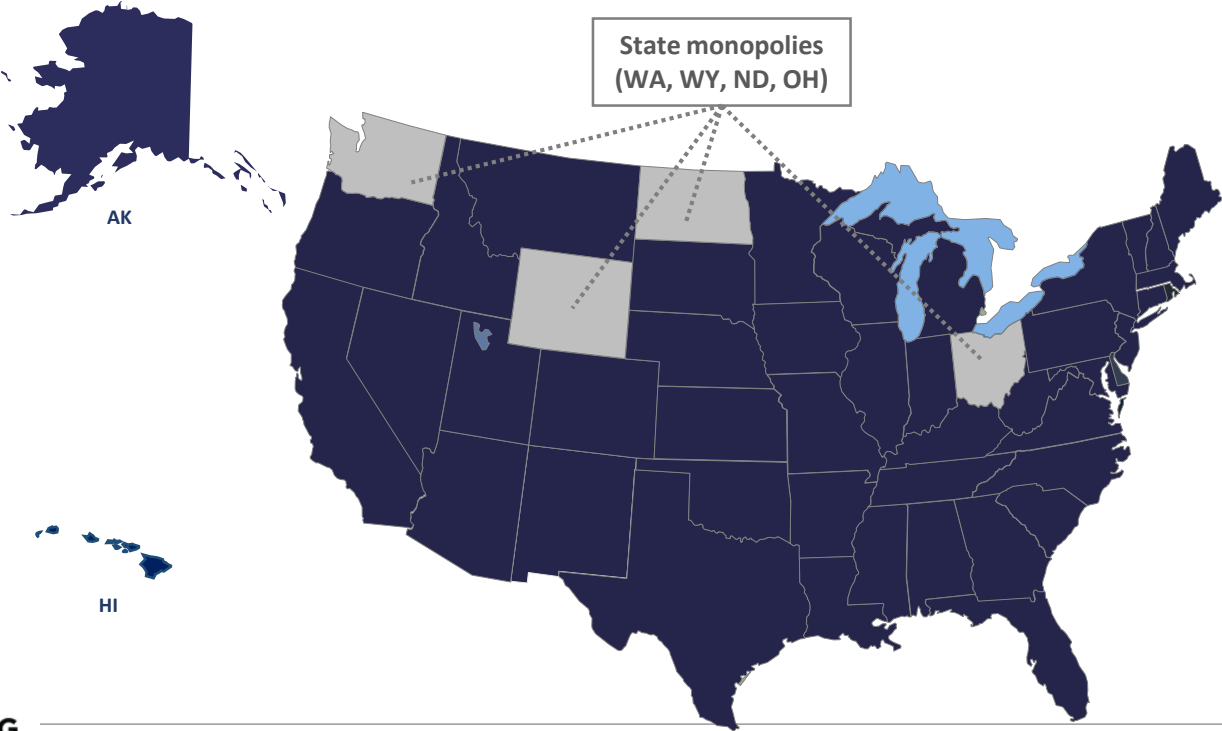
EMPLOYERS[®] **Top 10 types of insureds:**

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

IN-FORCE GROWTH (YOY)

OVERALL September 30, 2019 YTD

- Premiums: **DOWN 0.3%**
- Policies: **UP 5.9%**
- Average policy size: **DOWN 5.8%**
- Payroll exposure: **UP 13.5%**



CALIFORNIA
51%
of total premiums

Premiums: **DOWN (5.3%)** → Policies: **UP 3.5%**

ALL OTHER STATES
49%
of total premiums

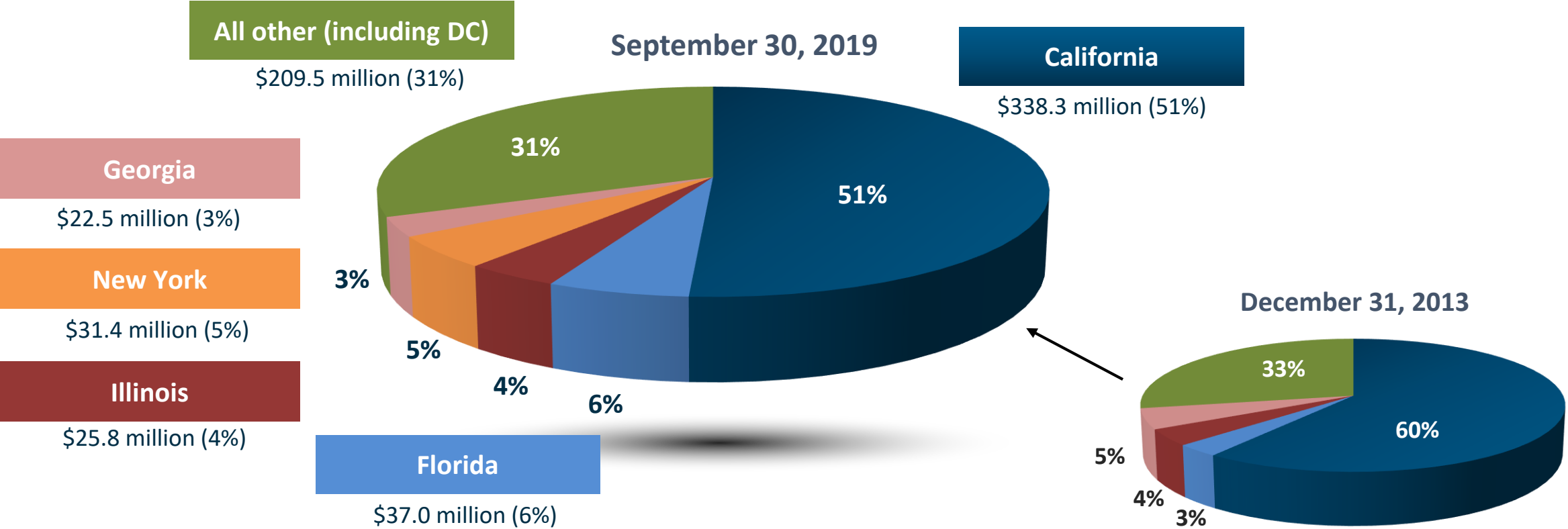
Premiums: **UP 5.5%** → Policies: **UP 7.9%**

GEOGRAPHIC SPREAD

(by in-force premium)

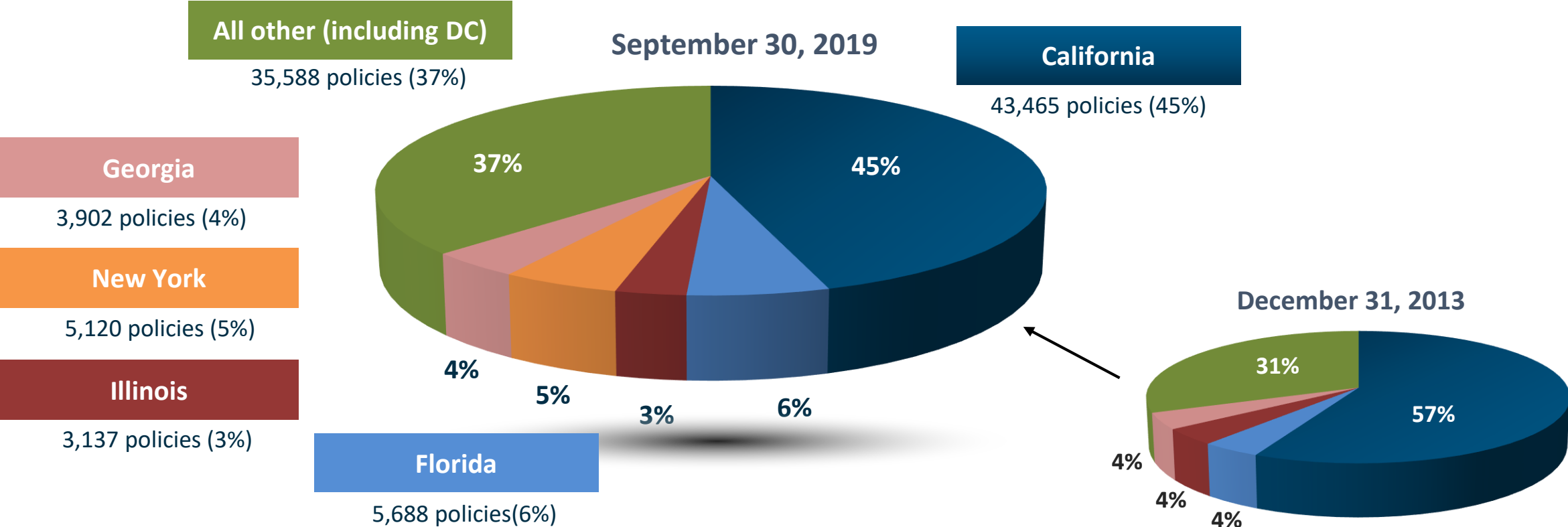
Continual diversification outside of CA

Now writing business throughout the United States (excluding four monopolistic states)



GEOGRAPHIC SPREAD

(by policies in-force)



HISTORY OF RESERVE STRENGTH

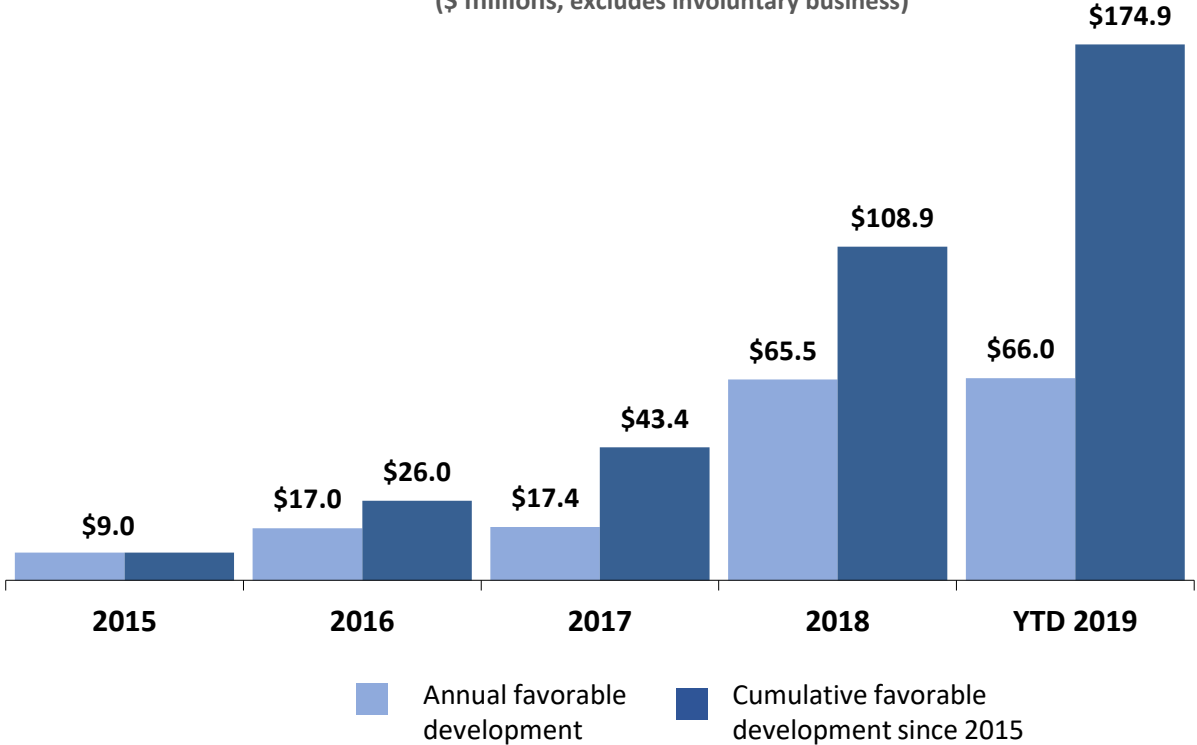
Reserve review



Favorable reserve development

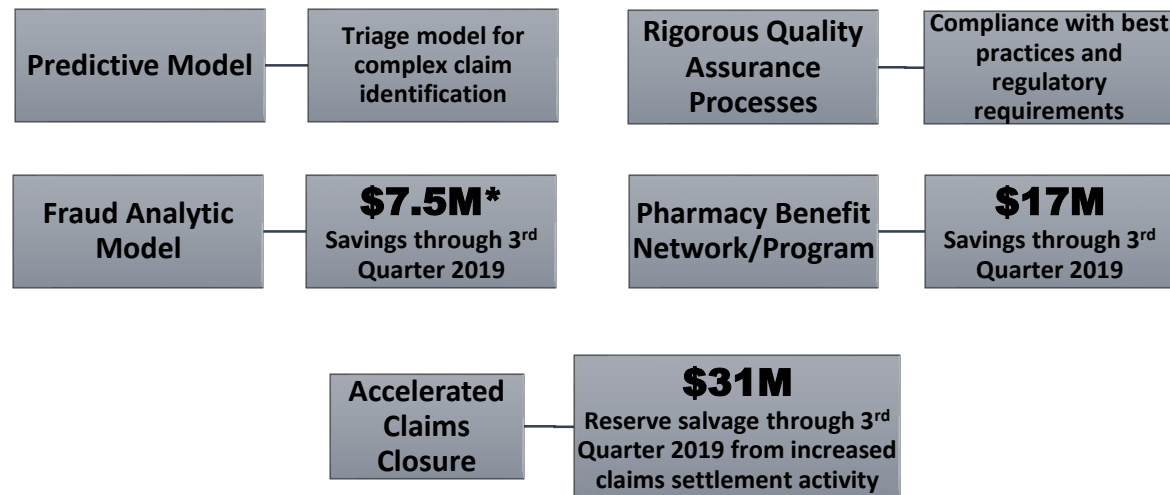
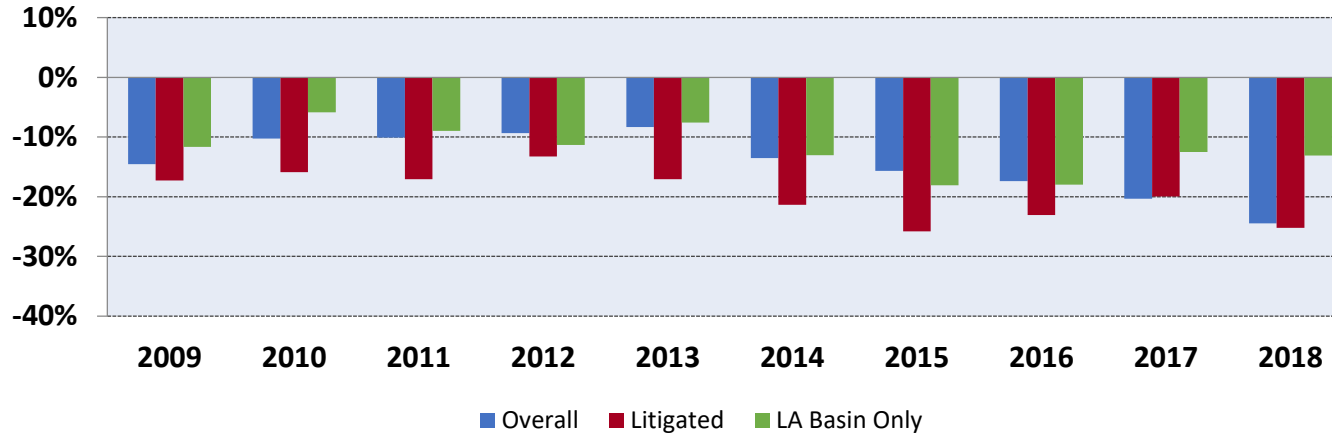
Net Calendar Year Reserve Development in Recent Prior Accident Years

(\$ millions, excludes involuntary business)



SUPERIOR CLAIMS HANDLING

CA - % Variance to Industry – Indemnity Claims
Avg Paid



Cerity™

Workers' comp
insurance for small
business



WHAT IS CERITY?



- Headquartered in Austin, TX, Cerity is a digital, direct-to-customer company dedicated to providing small/micro businesses with workers' compensation insurance policies that meet their specific needs.
- Cerity's Mission: Reimagine the way small business owners purchase and maintain their workers' compensation insurance
- Cerity's Vision: Make protecting small business easy



HOW IS CERITY DIFFERENT?

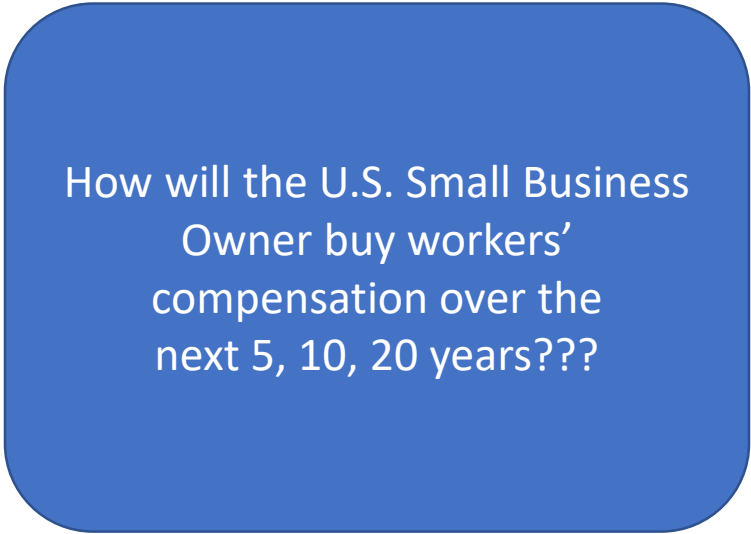


- Built from scratch with a focus exclusively on small business
- Leverages modern technology and advanced data and analytics including a predictive model with up to 100 price points, making it fast and precise
- Gives small businesses the ability to get a quote and purchase a policy in less than five minutes
- Enables small business owners to quote, purchase and maintain a policy from one organization

TARGET CUSTOMER



- 76% of small business owners within Cerity's target market indicate they would like to purchase commercial insurance online, reinforcing our belief customer buying behaviors are changing and the market is ready for a simple, digital purchasing solution.
- There are nearly 30 million small businesses in the United States and Cerity believes this number will continue to grow.
- Cerity's focus is on low-hazard business with 25 or less employees.

A blue rounded rectangle with a white border is positioned on the right side of the slide. It contains the following text in white, sans-serif font:

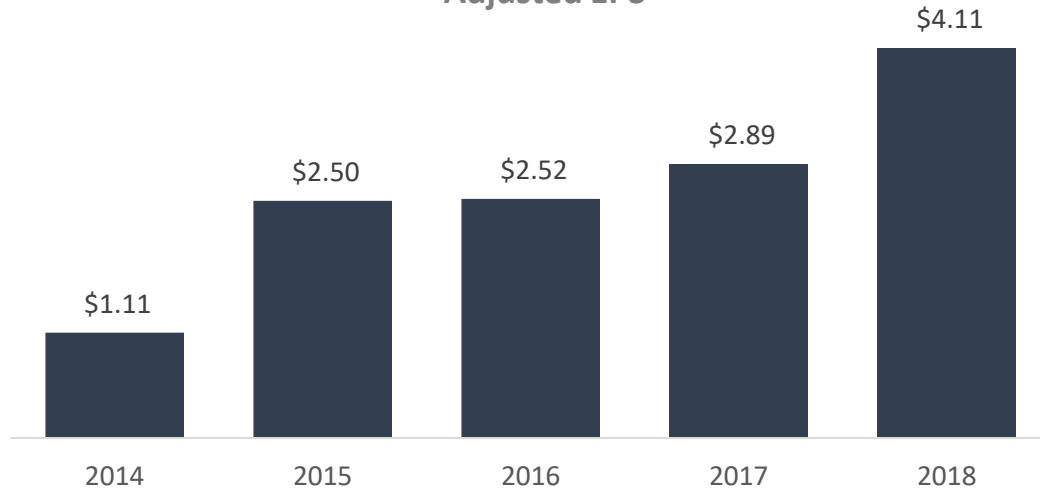
How will the U.S. Small Business Owner buy workers' compensation over the next 5, 10, 20 years???



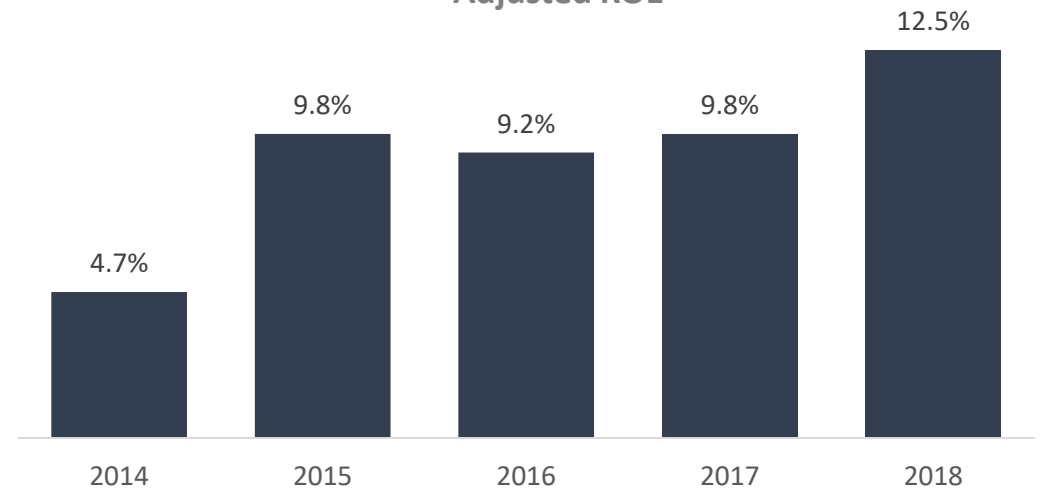
FINANCIAL PERFORMANCE

5 YEAR PERFORMANCE

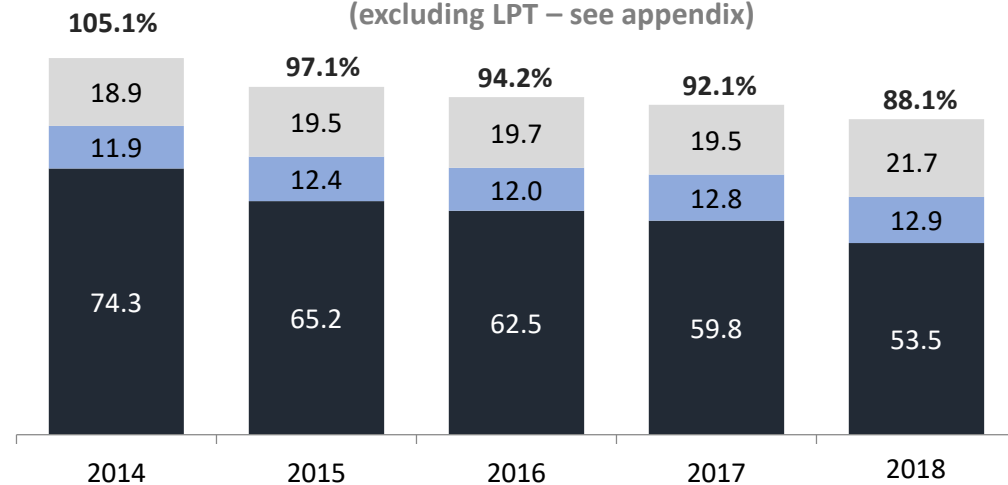
Adjusted EPS



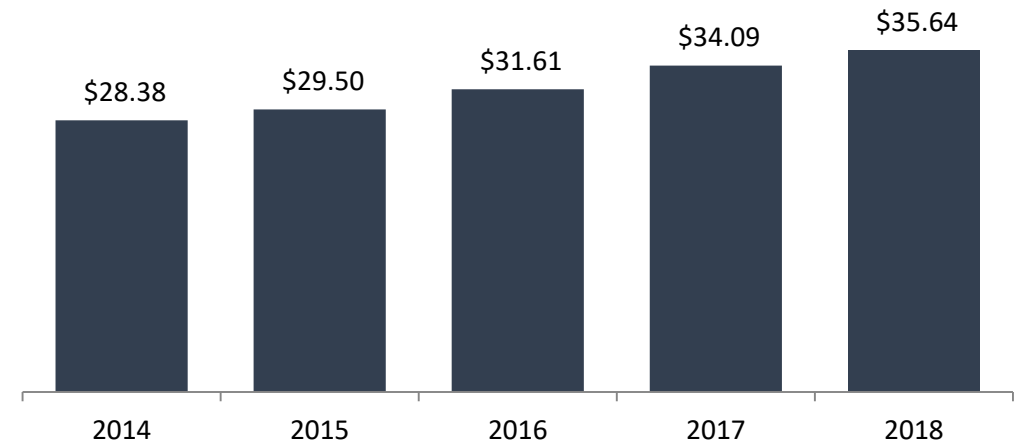
Adjusted ROE



Improved Combined Ratio
(excluding LPT – see appendix)



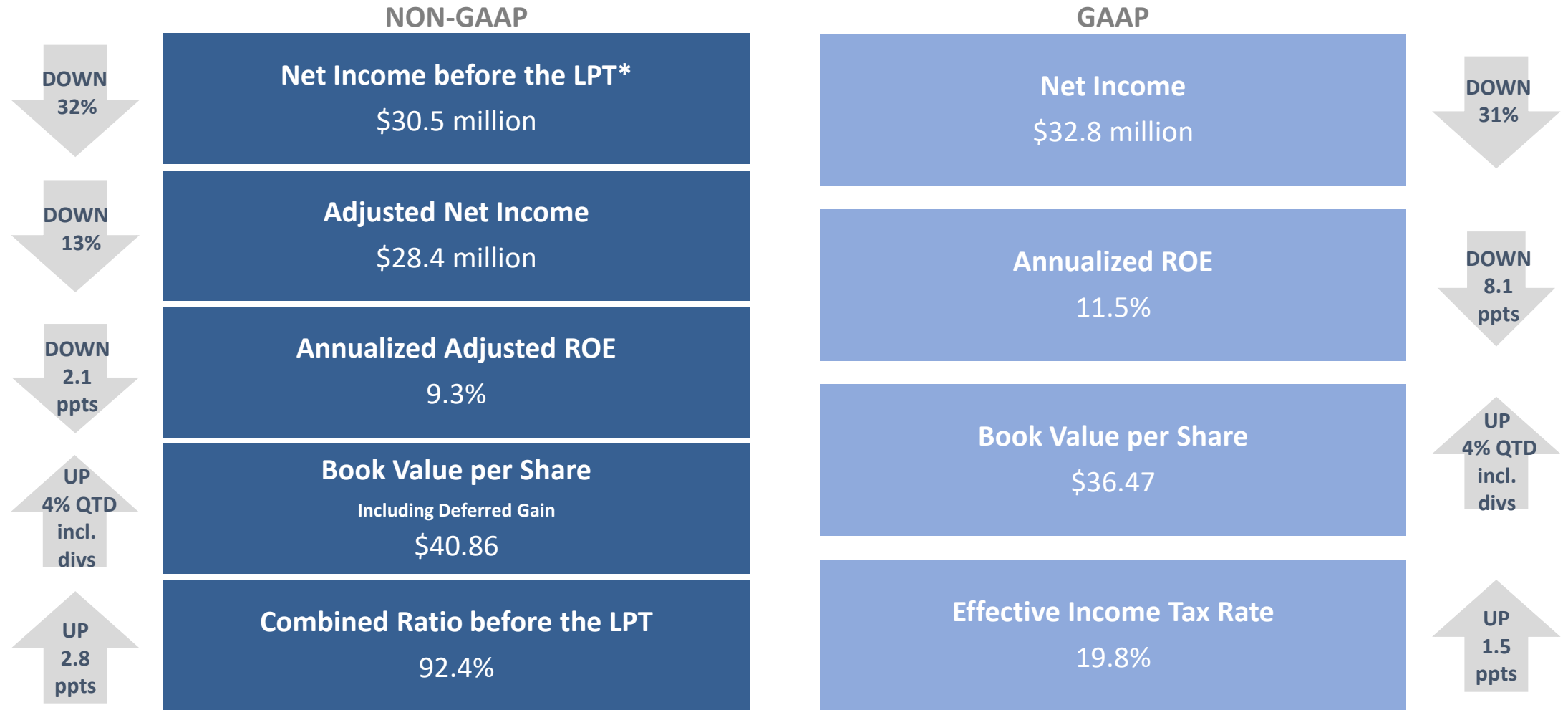
Book Value per Share
including Deferred Gain



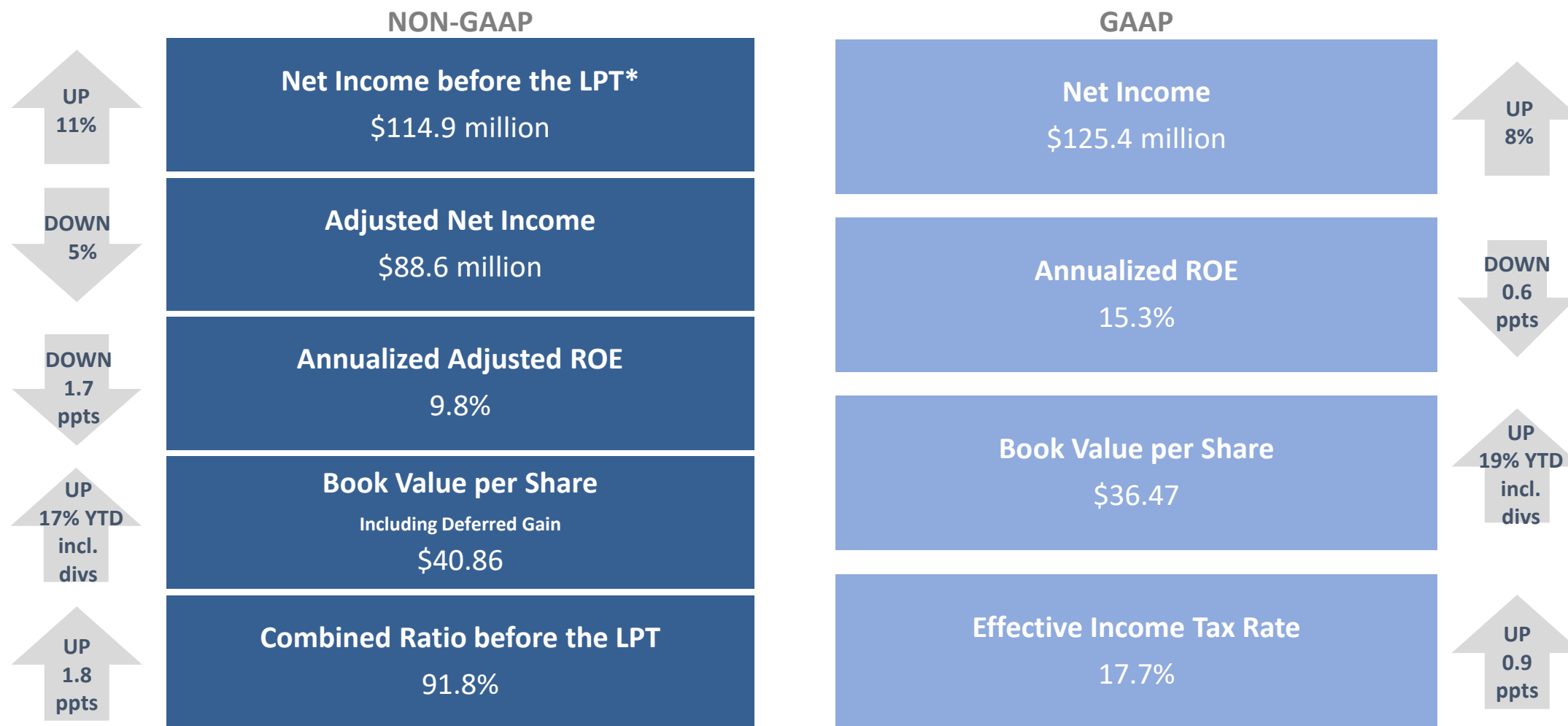
ADJUSTED NET INCOME

\$ in millions	Years ended December 31,				
	2018	2017	2016	2015	2014
Net investment income	\$ 81.2	\$ 74.6	\$ 73.2	\$ 72.2	\$ 72.4
Underwriting income (CAY ex LPT)	21.6	39.0	23.7	11.0	(34.4)
Underwriting income (PAY devel.)	65.5	17.4	17.0	9.0	-
Other operating items	(0.1)	(0.3)	(0.6)	(2.2)	(2.2)
Adj. income (pretax)	168.2	130.7	113.3	90.0	35.8
Income taxes	(31.4)	(35.2)	(30.3)	(8.7)	(0.2)
Adjusted net income	\$ 136.8	\$ 95.5	\$ 83.0	\$ 81.3	\$ 35.6

Q3 2019 HIGHLIGHTS (YOY)



YTD 2019 HIGHLIGHTS (YOY)



INVESTMENT PORTFOLIO

2019: \$2.8 billion fair market value (\$2.9 billion including cash)

- High quality (average credit quality of A+)
- Highly liquid (\$1.5 billion is unencumbered and available within 3 business days)
- Duration of 3.6
- 3.4% average pre-tax book yield
- 4.4% new money rate

Low premium leverage

Favorable reserving track record

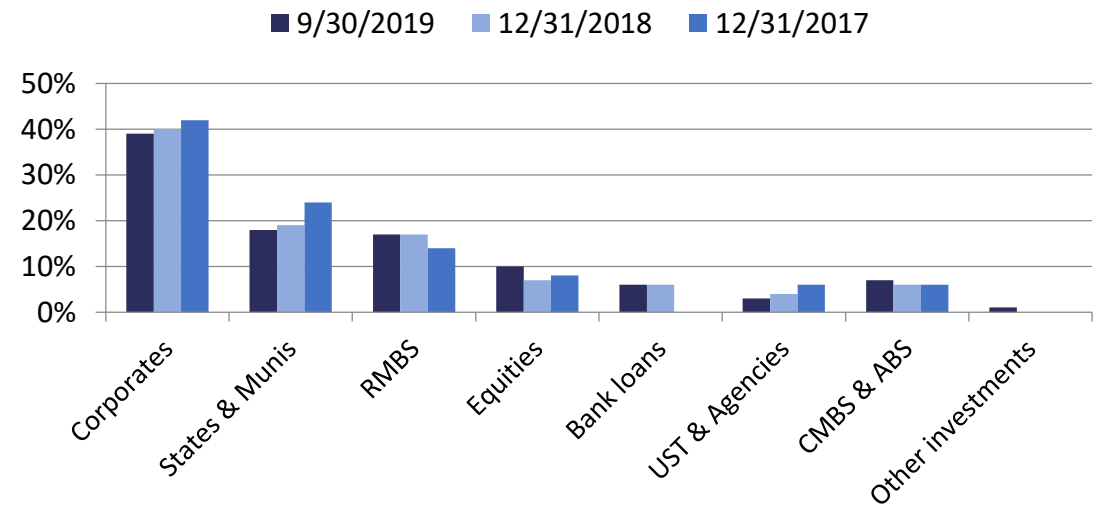
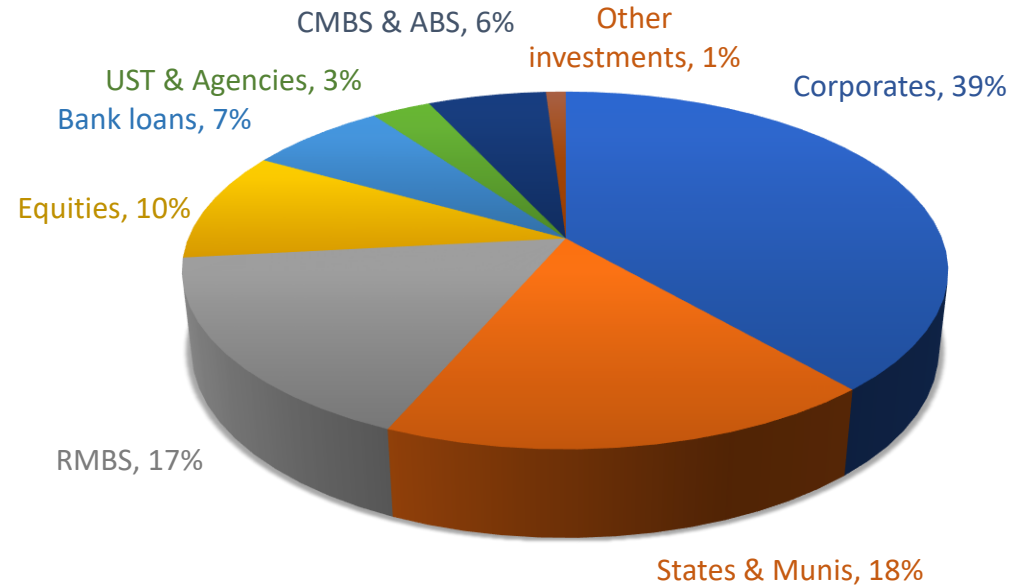
LPT* protection

High-quality reinsurance recoverables

Low duration investment portfolio

No significant intangible assets

Investment Portfolio Allocation



THE HISTORY OF THE LPT – SO WHAT DOES THAT MEAN

In 1999, the Nevada State Industrial Insurance System (our predecessor) entered into a retroactive 100% quota share reinsurance agreement for all losses incurred 6/30/95 and prior through a loss portfolio transfer transaction with third party reinsurers (LPT Agreement).

Upon entry into the LPT Agreement, an initial deferred reinsurance gain (Deferred Gain) was recorded as a liability on our GAAP Balance Sheets which is being periodically amortized to income as a reduction to our losses and loss adjustment expenses.

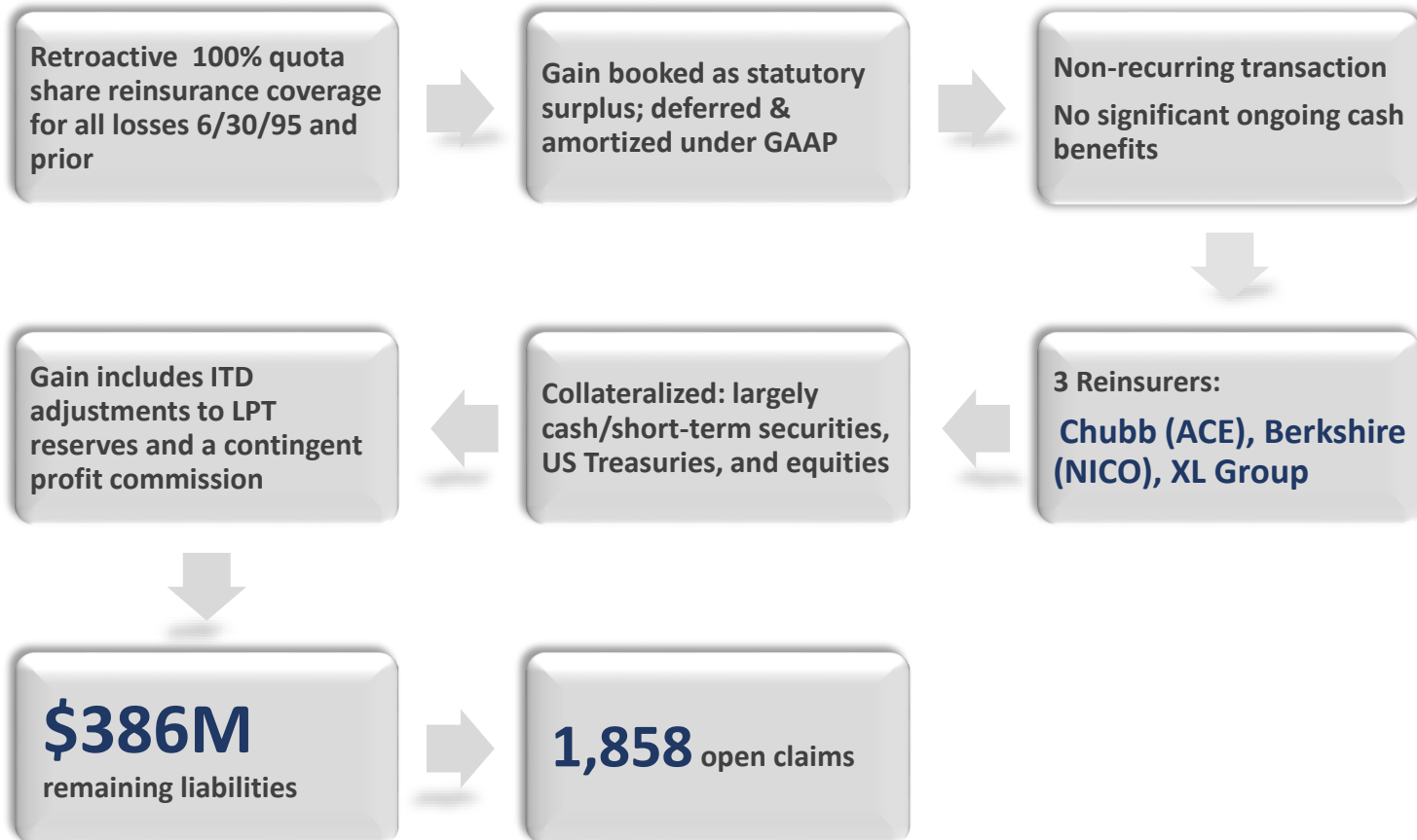


Pursuant to the LPT Agreement, through 2024 we are entitled to receive a contingent profit commission which is based on both actual paid results to-date and projections of expected paid losses under the LPT Agreement.

The LPT Agreement is a non-recurring transaction that provides us with no significant ongoing cash benefits.

As a result of the LPT Agreement, within each of our non-GAAP measures we include the remaining Deferred Gain in our book value calculations and exclude the current period amortization of the Deferred Gain from our operating results and underwriting ratios.

LPT STATUS



THE LPT AGREEMENT	(\$ million)
Total coverage	\$2,000
Original reserves (liabilities) transferred	1,525
Consideration	775
Unamortized gain at 9/30/1999	750
Subsequent LPT reserve adjustments	(348)
Subsequent LPT contingent commission adjustments (profit sharing)	69
Unamortized gain at 9/30/19	\$ 470
Accounting at 9/30/19	
Statutory surplus created	\$ 470
Cumulative amortization to date	(331)
GAAP: Deferred Reinsurance Gain-LPT Agreement	\$ 139

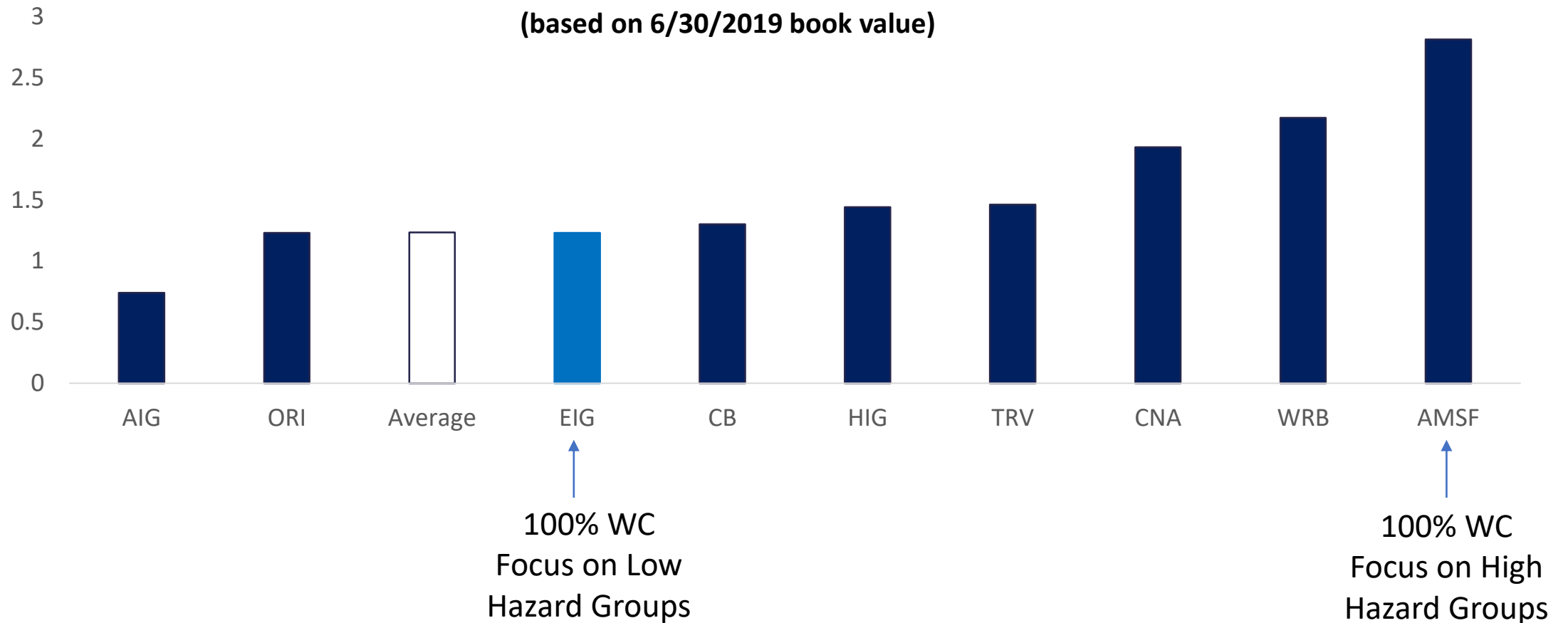
The current unamortized gain represents the balance that would have existed at the inception of the LPT Agreement had all subsequent adjustments been known at that time.

VALUATION AND COMPARING PUBLIC COMPS

Price to Book ratios as of 10/21/2019 for top 20 publicly-held workers' compensation writers

(EIG and AMSF are the only pure play publicly traded workers' compensation writers)

(based on 6/30/2019 book value)





America's small business insurance specialist.®

About Employers Holdings, Inc.

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EMPLOYERS® and *America's small business insurance specialist*® are registered trademarks of EIG Services, Inc. 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 operates throughout the United States, with the exception of four states that are served exclusively by their state funds. Insurance is offered through Employers Insurance Company of Nevada, Employers Compensation Insurance Company, Employers Preferred Insurance Company, Employers Assurance Company and Cerity Insurance Company, all rated A- (Excellent) by the A.M. Best Company. Not all companies do business in all jurisdictions. See www.employers.com and www.cerity.com for coverage availability.

Douglas D. Dirks

President and
Chief Executive Officer

Stephen V. Festa

Executive Vice President and
Chief Operating Officer

Michael Paquette

Executive Vice President and
Chief Financial Officer

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APPENDIX

Q3 2019 FINANCIAL SUPPLEMENT

EMPLOYERS HOLDINGS, INC.
Consolidated Financial Highlights (unaudited)
\$ in millions, except per share amounts

	Three Months Ended			Nine Months Ended		
	September 30,			September 30,		
	2019	2018	% change	2019	2018	% change
<i>Selected financial highlights:</i>						
Gross premiums written	\$ 166.5	\$ 189.2	(12)%	\$ 553.1	\$ 587.2	(6)%
Net premiums written	165.2	187.3	(12)	549.1	582.5	(6)
Net premiums earned	175.8	192.9	(9)	526.1	547.5	(4)
Net investment income	22.3	20.2	10	65.5	59.9	9
Underwriting income ⁽¹⁾	15.7	22.7	(31)	53.6	66.6	(20)
Net income before impact of the LPT ⁽¹⁾	30.5	45.0	(32)	114.9	103.7	11
Adjusted net income ⁽¹⁾	28.4	32.7	(13)	88.6	93.4	(5)
Net income	32.8	47.6	(31)	125.4	115.7	8
Comprehensive income	47.6	38.4	24	207.2	59.8	246
Total assets				4,024.9	3,898.5	3
Stockholders' equity				1,160.4	991.2	17
Stockholders' equity including the Deferred Gain ⁽²⁾				1,299.8	1,143.3	14
Adjusted stockholders' equity ⁽²⁾				1,231.7	1,165.8	6
Annualized adjusted return on stockholders' equity ⁽³⁾	9.3%	11.4%	(18)%	9.8%	11.5%	(15)%
<i>Amounts per share:</i>						
Cash dividends declared per share	\$ 0.22	\$ 0.20	10 %	\$ 0.66	\$ 0.60	10 %
Earnings per diluted share ⁽⁴⁾	1.01	1.43	(29)	3.85	3.48	11
Earnings per diluted share before impact of the LPT ⁽⁴⁾	0.94	1.35	(30)	3.53	3.12	13
Adjusted earnings per diluted share ⁽⁴⁾	0.88	0.98	(10)	2.72	2.81	(3)
Book value per share ⁽²⁾				36.47	30.22	21
Book value per share including the Deferred Gain ⁽²⁾				40.86	34.86	17
Adjusted book value per share ⁽²⁾				38.71	35.55	9
Combined ratio before impact of the LPT:⁽⁵⁾						
Loss and loss adjustment expense ratio:						
Current year	65.6%	62.8%		65.5%	62.6%	
Prior year	(11.4)	(6.2)		(12.5)	(7.5)	
Loss and loss adjustment expense ratio	54.2%	56.6%		53.0%	55.1%	
Commission expense ratio	12.5	12.9		12.9	13.4	
Underwriting and other operating expenses ratio	25.8	20.0		25.9	21.5	
Combined ratio before impact of the LPT	92.4%	89.6%		91.8%	90.0%	

(1) See Page 33 for calculations and Page 40 for information regarding our use of Non-GAAP Financial Measures.

(2) See Page 38 for calculations and Page 40 for information regarding our use of Non-GAAP Financial Measures.

(3) See Page 34 for calculations and Page 40 for information regarding our use of Non-GAAP Financial Measures.

(4) See Page 39 for calculations and Page 40 for information regarding our use of Non-GAAP Financial Measures.

(5) See Page 35 for calculations and Page 40 for information regarding our use of Non-GAAP Financial Measures.

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

	September 30, 2019	December 31, 2018
ASSETS		
Investments, cash and cash equivalents	\$ 2,937.5	\$ 2,829.7
Accrued investment income	17.5	18.0
Premiums receivable, net	314.7	333.1
Reinsurance recoverable on paid and unpaid losses and LAE	534.2	511.1
Deferred policy acquisition costs	51.2	48.2
Deferred income taxes, net	0.1	26.9
Contingent commission receivable—LPT Agreement	13.2	32.0
Other assets	156.5	120.2
Total assets	\$ 4,024.9	\$ 3,919.2
LIABILITIES		
Unpaid losses and LAE	\$ 2,197.3	\$ 2,207.9
Unearned premiums	360.3	336.3
Commissions and premium taxes payable	52.0	57.3
Deferred Gain	139.4	149.6
Notes payable	—	20.0
Other liabilities	115.5	129.9
Total liabilities	\$ 2,864.5	\$ 2,901.0
STOCKHOLDERS' EQUITY		
Common stock and additional paid-in capital	\$ 393.6	\$ 389.4
Retained earnings	1,134.3	1,030.7
Accumulated other comprehensive income (loss), net	68.1	(13.7)
Treasury stock, at cost	(435.6)	(388.2)
Total stockholders' equity	1,160.4	1,018.2
Total liabilities and stockholders' equity	\$ 4,024.9	\$ 3,919.2
Stockholders' equity including the Deferred Gain ⁽¹⁾	\$ 1,299.8	\$ 1,167.8
Adjusted stockholders' equity ⁽¹⁾	1,231.7	1,181.5
Book value per share ⁽¹⁾	\$ 36.47	\$ 31.08
Book value per share including the Deferred Gain ⁽¹⁾	40.86	35.64
Adjusted book value per share ⁽¹⁾	38.71	36.06

(1) See Page 38 for calculations and Page 40 for information regarding our use of Non-GAAP Financial Measures.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Underwriting revenues:				
Gross premiums written	\$ 166.5	\$ 189.2	\$ 553.1	\$ 587.2
Premiums ceded	(1.3)	(1.9)	(4.0)	(4.7)
Net premiums written	165.2	187.3	549.1	582.5
Net premiums earned	175.8	192.9	526.1	547.5
Underwriting expenses:				
Losses and LAE incurred	(92.9)	(106.6)	(268.2)	(289.7)
Commission expense	(21.9)	(24.8)	(67.7)	(73.1)
Underwriting and other operating expenses	(45.3)	(38.8)	(136.6)	(118.1)
Underwriting income	15.7	22.7	53.6	66.6
Net investment income	22.3	20.2	65.5	59.9
Net realized and unrealized gains on investments ⁽¹⁾	2.6	15.6	33.3	13.2
Other income	0.3	0.2	0.6	0.4
Interest and financing expenses	—	(0.4)	(0.6)	(1.1)
Income tax expense	(8.1)	(10.7)	(27.0)	(23.3)
Net income	32.8	47.6	125.4	115.7
Unrealized AFS investment gains (losses) arising during the period, net of tax ⁽²⁾	16.4	(9.2)	84.1	(56.3)
Reclassification adjustment for realized AFS investment (gains) losses in net income, net of tax ⁽²⁾	(1.6)	—	(2.3)	0.4
Comprehensive income	\$ 47.6	\$ 38.4	\$ 207.2	\$ 59.8
Net Income	\$ 32.8	\$ 47.6	\$ 125.4	\$ 115.7
Amortization of the Deferred Gain - losses	(1.9)	(2.1)	(7.1)	(7.8)
Amortization of the Deferred Gain - contingent commission	(0.4)	(0.5)	(1.4)	(1.5)
LPT reserve adjustment	—	—	(1.8)	(2.2)
LPT contingent commission adjustments	—	—	(0.2)	(0.5)
Net income before impact of the LPT Agreement ⁽³⁾	30.5	45.0	114.9	103.7
Net realized and unrealized gains on investments	(2.6)	(15.6)	(33.3)	(13.2)
Amortization of intangibles	—	—	—	0.1
Income tax expense related to items excluded from Net income	0.5	3.3	7.0	2.8
Adjusted net income ⁽³⁾	\$ 28.4	\$ 32.7	\$ 88.6	\$ 93.4

(1) Includes unrealized gains (losses) on equity securities of \$(10.3) million and \$11.2 million for the three months ended September 30, 2019 and 2018, respectively, and \$17.7 million and \$1.8 million for the nine months ended September 30, 2019 and 2018, respectively.

(2) AFS = Available for Sale securities.

(3) See Page 40 regarding our use of Non-GAAP Financial Measures.

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

		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2019	2018	2019	2018
Net income	A	\$ 32.8	\$ 47.6	\$ 125.4	\$ 115.7
Impact of the LPT Agreement		(2.3)	(2.6)	(10.5)	(12.0)
Net realized and unrealized gains on investments		(2.6)	(15.6)	(33.3)	(13.2)
Amortization of intangibles		—	—	—	0.1
Income tax expense related to items excluded from Net income		0.5	3.3	7.0	2.8
Adjusted net income ⁽¹⁾	B	28.4	32.7	88.6	93.4
Stockholders' equity - end of period		\$ 1,160.4	\$ 991.2	\$ 1,160.4	\$ 991.2
Stockholders' equity - beginning of period		1,121.5	956.5	1,018.2	947.7
Average stockholders' equity	C	1,141.0	973.9	1,089.3	969.5
Stockholders' equity - end of period		\$ 1,160.4	\$ 991.2	\$ 1,160.4	\$ 991.2
Deferred Gain - end of period		139.4	152.1	139.4	152.1
Accumulated other comprehensive loss (income) - end of period		(86.2)	28.4	(86.2)	28.4
Income taxes related to accumulated other comprehensive gains and losses - end of period		18.1	(5.9)	18.1	(5.9)
Adjusted stockholders' equity - end of period		1,231.7	1,165.8	1,231.7	1,165.8
Adjusted stockholders' equity - beginning of period		1,209.9	1,124.5	1,181.5	1,003.9
Average adjusted stockholders' equity ⁽¹⁾	D	1,220.8	1,145.2	1,206.6	1,084.9
Return on stockholders' equity	A / C	2.9%	4.9%	11.5%	11.9%
Annualized return on stockholders' equity		11.5	19.6	15.3	15.9
Adjusted return on stockholders' equity ⁽¹⁾	B / D	2.3%	2.9%	7.3%	8.6%
Annualized adjusted return on stockholders' equity ⁽¹⁾		9.3	11.4	9.8	11.5

(1) See Page 40 for information regarding our use of Non-GAAP Financial Measures.

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

		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2019	2018	2019	2018
Net premiums earned	A	\$ 175.8	\$ 192.9	\$ 526.1	\$ 547.5
Losses and LAE incurred	B	92.9	106.6	268.2	289.7
Amortization of the Deferred Gain - losses		1.9	2.1	7.1	7.8
Amortization of the Deferred Gain - contingent commission		0.4	0.5	1.4	1.5
LPT reserve adjustment		—	—	1.8	2.2
LPT contingent commission adjustments		—	—	0.2	0.5
Losses and LAE before impact of the LPT ⁽¹⁾	C	95.2	109.2	278.7	301.7
Prior accident year favorable loss reserve development		(20.2)	(11.9)	(66.1)	(40.8)
Losses and LAE before impact of the LPT - current accident year	D	\$ 115.4	\$ 121.1	\$ 344.8	\$ 342.5
Commission expense	E	\$ 21.9	\$ 24.8	\$ 67.7	\$ 73.1
Underwriting and other operating expenses	F	45.3	38.8	136.6	118.1
Combined ratio:					
Loss and LAE ratio	B/A	52.8%	55.3%	51.0%	52.9%
Commission expense ratio	E/A	12.5	12.9	12.9	13.4
Underwriting and other operating expenses ratio	F/A	25.8	20.0	25.9	21.5
Combined ratio		91.1%	88.2%	89.8%	87.8%
Combined ratio before impact of the LPT: ⁽¹⁾					
Loss and LAE ratio before impact of the LPT	C/A	54.2%	56.6%	53.0%	55.1%
Commission expense ratio	E/A	12.5	12.9	12.9	13.4
Underwriting and other operating expenses ratio	F/A	25.8	20.0	25.9	21.5
Combined ratio before impact of the LPT		92.4%	89.6%	91.8%	90.0%
Combined ratio before impact of the LPT: current accident year ⁽¹⁾					
Loss and LAE ratio before impact of the LPT	D/A	65.6%	62.8%	65.5%	62.6%
Commission expense ratio	E/A	12.5	12.9	12.9	13.4
Underwriting and other operating expenses ratio	F/A	25.8	20.0	25.9	21.5
Combined ratio before impact of the LPT: current accident year		103.9%	95.7%	104.4%	97.5%

(1) See Page 40 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		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Unpaid losses and LAE at beginning of period	\$ 2,161.8	\$ 2,227.9	\$ 2,207.9	\$ 2,266.1
Reinsurance recoverable on unpaid losses and LAE	484.2	512.5	504.4	537.0
Net unpaid losses and LAE at beginning of period	1,677.6	1,715.4	1,703.5	1,729.1
Losses and LAE incurred:				
Current year losses	115.4	121.1	344.8	342.5
Prior year losses on voluntary business	(20.0)	(12.0)	(66.0)	(40.5)
Prior year losses on involuntary business	(0.2)	0.1	(0.1)	(0.3)
Total losses incurred	95.2	109.2	278.7	301.7
Losses and LAE paid:				
Current year losses	32.9	31.2	63.5	56.9
Prior year losses	69.7	71.5	248.5	252.0
Total paid losses	102.6	102.7	312.0	308.9
Net unpaid losses and LAE at end of period	1,670.2	1,721.9	1,670.2	1,721.9
Reinsurance recoverable on unpaid losses and LAE	527.1	511.8	527.1	511.8
Unpaid losses and LAE at end of period	\$ 2,197.3	\$ 2,233.7	\$ 2,197.3	\$ 2,233.7

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 \$2.3 million and \$2.6 million for the three months ended September 30, 2019 and 2018, respectively, and \$10.5 million and \$12.0 million for the nine months ended September 30, 2019 and 2018, respectively.

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

	September 30, 2019				December 31, 2018	
	Cost or Amortized Cost	Net Unrealized Gain (Loss)	Fair Value	%	Fair Value	%
Investment Positions:						
Fixed maturity securities	\$ 2,394.6	\$ 86.2	\$ 2,480.8	84%	\$ 2,496.4	88%
Equity securities	205.7	85.7	291.4	10	206.3	7
Short-term investments	—	—	—	—	25.0	1
Other invested assets	24.9	(0.2)	24.7	1	—	—
Cash and cash equivalents	140.3	—	140.3	5	101.4	4
Restricted cash and cash equivalents	0.3	—	0.3	—	0.6	—
Total investments and cash	\$ 2,765.8	\$ 171.7	\$ 2,937.5	100%	\$ 2,829.7	100%
Breakout of Fixed Maturity Securities:						
U.S. Treasuries and agencies	\$ 84.7	\$ 2.4	\$ 87.1	4%	\$ 117.8	5%
States and municipalities	464.8	27.9	492.7	20	528.0	21
Corporate securities	1,035.9	41.9	1,077.8	43	1,090.4	44
Mortgage-backed securities	573.3	12.4	585.7	24	545.8	22
Asset-backed securities	56.7	1.3	58.0	2	64.5	3
Bank loans	179.2	0.3	179.5	7	149.9	6
Total fixed maturity securities	\$ 2,394.6	\$ 86.2	\$ 2,480.8	100%	\$ 2,496.4	100%
Weighted average book yield			3.4%		3.4%	
Average credit quality (S&P)			A+		AA-	
Duration			3.6		4.4	

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

		<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Numerators:					
Stockholders' equity	A	\$ 1,160.4	\$ 1,018.2	\$ 991.2	\$ 947.7
Plus: Deferred Gain		139.4	149.6	152.1	163.6
Stockholders' equity including the Deferred Gain ⁽¹⁾	B	<u>1,299.8</u>	<u>1,167.8</u>	<u>1,143.3</u>	<u>1,111.3</u>
Accumulated other comprehensive (income) loss		(86.2)	17.3	28.4	(136.0)
Income taxes related to accumulated other comprehensive gains and losses		18.1	(3.6)	(5.9)	28.6
Adjusted stockholders' equity ⁽¹⁾	C	<u>\$ 1,231.7</u>	<u>\$ 1,181.5</u>	<u>\$ 1,165.8</u>	<u>\$ 1,003.9</u>
Denominator (shares outstanding)	D	31,814,678	32,765,792	32,796,666	32,597,819
Book value per share ⁽¹⁾	A / D	\$ 36.47	\$ 31.08	\$ 30.22	\$ 29.07
Book value per share including the Deferred Gain ⁽¹⁾	B / D	40.86	35.64	34.86	34.09
Adjusted book value per share ⁽¹⁾	C / D	38.71	36.06	35.55	30.80
YTD Change in: ⁽²⁾					
Book value per share		19.5%		6.0%	
Book value per share including the Deferred Gain		16.5		4.0	
Adjusted book value per share		9.2		17.4	

(1) See Page 40 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 \$0.66 and \$0.60 for the nine months ended September 30, 2019 and 2018, respectively.

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

	Three Months Ended		Nine Months Ended		
	September 30,		September 30,		
	2019	2018	2019	2018	
Numerator:					
Net income	A	\$ 32.8	\$ 47.6	\$ 125.4	\$ 115.7
Impact of the LPT Agreement		(2.3)	(2.6)	(10.5)	(12.0)
Net income before impact of the LPT ⁽¹⁾	B	30.5	45.0	114.9	103.7
Net realized and unrealized (gains) on investments		(2.6)	(15.6)	(33.3)	(13.2)
Amortization of intangibles		—	—	—	0.1
Income tax expense related to items excluded from Net income		0.5	3.3	7.0	2.8
Adjusted net income ⁽¹⁾	C	\$ 28.4	\$ 32.7	\$ 88.6	\$ 93.4
Denominators:					
Average common shares outstanding (basic)	D	31,946,851	32,906,250	32,168,826	32,864,612
Average common shares outstanding (diluted)	E	32,318,017	33,316,164	32,587,455	33,278,790
Earnings per share:					
Basic	A / D	\$ 1.03	\$ 1.45	\$ 3.90	\$ 3.52
Diluted	A / E	1.01	1.43	3.85	3.48
Earnings per share before impact of the LPT: ⁽¹⁾					
Basic	B / D	\$ 0.95	\$ 1.37	\$ 3.57	\$ 3.16
Diluted	B / E	0.94	1.35	3.53	3.12
Adjusted earnings per share: ⁽¹⁾					
Basic	C / D	\$ 0.89	\$ 0.99	\$ 2.75	\$ 2.84
Diluted	C / E	0.88	0.98	2.72	2.81

(1) See Page 40 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 33 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 38 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 34 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 38 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 33 and 35 for calculations). Management believes that these performance and underwriting measures are widely used by our investors, analysts and other interested parties.