
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **August 10, 2007 (August 8, 2007)**

EMPLOYERS HOLDINGS, INC.

(Exact Name of Registrant as Specified in its Charter)

NEVADA

(State or Other Jurisdiction of
Incorporation)

001-33245

(Commission File Number)

04-3850065

(I.R.S. Employer Identification No.)

9790 Gateway Drive
Reno, Nevada

(Address of Principal Executive Offices)

89521

(Zip Code)

Registrant's telephone number including area code: **(888) 682-6671**

No change since last report

(Former Name or Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Section 5 – Corporate Governance and Management

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Initial Annual Equity Awards to our Chief Executive Officer, Chief Financial Officers and other Named Executive Officers under the Equity and Incentive Plan

On August 8, 2007, the Compensation Committee of our Board of Directors (the "Compensation Committee") made initial grants of equity awards under our Equity and Incentive Plan (the "Plan") to our officers, including our Chief Executive Officer, our Chief Financial Officer and our three other named executive officers (collectively, the "Grantees"). Each Grantee's incentive award is comprised of two components, each of which was designed to constitute half of the value of each Grantee's incentive award (using a Black-Scholes method to determine option value). One half of the award is in the form of nonqualified stock options and the other half in the form of performance shares.

The specific terms of the options and the performance shares, other than the names of the Grantees, and the number of shares subject to each option grant and performance share grant (which information is provided in the table below), are set forth, respectively, in the terms of the Stock Option Agreement filed herewith as Exhibit 10.1 and in the terms of the Performance Share Agreement filed herewith as Exhibit 10.2. However, some of the material terms of these awards are also provided below.

Options

Each option will have a per share exercise price equal to the "fair market value" (as defined below) of one share of our common stock as of the date of grant, will have a seven-year term and will vest 25% on the six-month anniversary of the date of grant and 25% on each of the first three annual anniversaries of the six-month anniversary of the date of grant, in each case, conditioned on continued employment. "Fair market value" is defined as the closing price per share of the Company's common stock on the national securities exchange on which the stock is principally traded on the date of grant, or if the stock is not trading on the date of grant, then on

the last preceding date on which there was a sale of the stock on such exchange. Vesting of the options will accelerate (or continue) and options will remain exercisable for certain specified periods of time upon the termination of employment of the Grantee for certain specified reasons. In addition, vesting of options will accelerate upon the occurrence of a "change in control" (as defined in the Plan), unless the options are assumed or replaced in the transaction, in which case the replacement option will vest if, within 24 months following the change in control, the Grantee's employment is terminated by the Company for other than "cause" (as defined in the Plan).

Performance Shares

Each performance share award will be granted for the performance period commencing January 1, 2007, and ending December 31, 2009. The performance shares will vest upon the achievement of performance goals, which are determined by the Compensation Committee and are based on (1) the three-year average combined ratio and (2) the "adjusted" return on average

equity, each weighted 50%, where the return on average equity will be determined on a GAAP basis, adjusted for deferred gain on reinsurance. The number of performance shares earned at the end of the performance period will be based on a performance schedule where, if maximum performance is achieved, the Grantee will be entitled to 150% of the number of performance shares at target.

Payment of the performance shares will be made to Grantees in the form of shares of our common stock, less applicable withholding, in a lump sum following certification by the Compensation Committee that the applicable performance goals have been achieved, if, and to the extent, achieved. To the extent shares are payable, payment will be made no later than 75 days after completion of the performance period.

A Grantee whose employment is terminated for certain specified reasons prior to the end of the applicable performance period would be entitled to full or partial payment of performance shares following completion of the performance period, but in some instances, such payment would be contingent on the Grantee's adherence to certain restrictive covenants during the remainder of the performance period.

Upon the occurrence of a change in control, the performance shares will immediately accelerate and become payable based on target achievement of performance goals unless these awards are assumed or replaced in the transaction. In that event, the replacement awards will vest in full if, within 24 months following the change in control, the Grantee's employment is terminated by the Company for other than cause.

Award Table

The awards to our Grantees who are named executive officers are as follows:

Name	Number of Shares Subject to Options	Number of Performance Shares at Target
Douglas D. Dirks, President and Chief Executive Officer	75,000	25,000
Martin J. Welch, President and Chief Operating Officer, EICN and ECIC	37,500	12,500
William E. Yocke, Executive Vice President and Chief Financial Officer	25,000	8,333
Lenard T. Ormsby, Executive Vice President and Chief Legal Officer	25,000	8,333
Ann W. Nelson, Executive Vice President, Corporate and Public Affairs	20,000	6,667

The above description of the awards is qualified in its entirety by reference to the terms of the Plan (previously filed as Exhibit 10.15 to our Form 10-K for the fiscal year ended

December 31, 2006), the terms of the Stock Option Agreement filed herewith as Exhibit 10.1 and the terms of the Performance Share Agreement filed herewith as Exhibit 10.2.

Compensation of Named Executive Officers

On August 8, 2007, the Compensation Committee approved salary increases for certain of the named executive officers following, and based on, its review of peer group and survey information for companies of comparable size in similar industries, and taking into consideration personal and Company performance. The Compensation Committee approved the following annual base salaries for certain of the Company's named executive officers, effective as of August 1, 2007:

Name	Annual Base Salary effective 8/1/07
Martin J. Welch	\$400,000

William E. Yocke	\$350,000
Lenard T. Ormsby	\$345,000
Ann W. Nelson	\$225,000

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

- 10.1 Form of Stock Option Agreement.
- 10.2 Form of Performance Share Agreement.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EMPLOYERS HOLDINGS, INC.

By: /s/ Lenard T. Ormsby
 Name: Lenard T. Ormsby
 Title: Executive Vice President, Chief
 Legal Officer and General Counsel

Dated: August 10, 2007

Exhibit Index

Exhibit No.	Exhibit
10.1	Form of Stock Option Agreement
10.2	Form of Performance Share Agreement

**EMPLOYERS HOLDINGS, INC.
EQUITY AND INCENTIVE PLAN
STOCK OPTION AGREEMENT**

[_____] (the "Optionee") is granted, effective as of the 8th day of August, 2007 (the "Date of Grant"), options (the "Options") to purchase shares of common stock, par value \$.01 (the "Stock") of Employers Holdings, Inc. (the "Option Shares") pursuant to the Equity and Incentive Plan (the "Plan") of Employers Holdings, Inc. (the "Company"). The Options are subject to the terms and conditions set forth below in this Stock Option Agreement (this "Agreement") and in the Plan, which is a part of this Agreement. To the extent that there is a conflict between the terms of the Plan and this Agreement, the terms of the Plan shall govern. Any term not defined herein shall have the meaning assigned to such term in the Plan.

1. Exercise Price: \$[] per Option Share
2. Number of Option Shares: []
3. Type of Option: Nonqualified stock option
4. Vesting: The Options granted hereunder will become vested in accordance with the following schedule, provided that the Optionee has been continuously employed by the Company through the relevant vesting dates and subject to accelerated vesting as set forth in Section 7 of the Plan and as set forth below:

<u>Date of Vesting</u>	<u>Option Shares Vested</u>
February 8, 2008	1/4 th of the Option Shares
February 8, 2009	1/4 th of the Option Shares
February 8, 2010	1/4 th of the Option Shares
February 8, 2011	1/4 th of the Option Shares

5. Exercise of Option:
 - (a) The Option may be exercised with respect to vested Option Shares, from time to time, in whole or in part (but with respect to whole shares only), by delivery of a written notice (the "Exercise Notice") from the Optionee to the Company, which Exercise Notice shall:
 - (i) state that the Optionee elects to exercise the Option;
 - (ii) state the number of Option Shares with respect to which the Optionee is exercising the Option;
 - (iii) in the event that the Option shall be exercised by the representative of the Optionee's estate, include appropriate proof of the right of such person to exercise the Option;

 - (iv) state the date upon which the Optionee desires to consummate the purchase of such Option Shares (which date must be prior to the termination of the Option); and
 - (v) comply with such further provisions as the Company may reasonably require.
- (b) Payment of the Exercise Price for the Option Shares to be purchased on the exercise of the Option shall be made, in full, by: (i) certified or bank cashier's check payable to the order of the Company, (ii) unless otherwise determined by the Committee at the time of exercise, in the form of Shares already owned by the Optionee that have a Fair Market Value on the date of surrender

equal to the aggregate Exercise Price of the Shares as to which such Option shall be exercised, (iii) unless otherwise determined by the Committee at the time of exercise, authorization for the Company to withhold a number of shares otherwise payable pursuant to the exercise of an Option having a Fair Market Value less than or equal to the aggregate Exercise Price, (iv) any other form of consideration approved by the Committee and permitted by applicable law or (v) any combination of the foregoing.

- (c) As a condition of delivery of the Option Shares, the Company shall have the right to require the Optionee to remit to the Company in cash an amount sufficient to satisfy any federal, state and local withholding tax requirements related thereto. The Optionee may satisfy the foregoing requirement by electing to have the Company withhold from delivery Shares or by delivering already owned unrestricted Shares, in each case, having a value equal to the minimum amount of tax required to be withheld. Such shares shall be valued at their Fair Market Value on the date as of which the amount of tax to be withheld is determined.

6. Expiration Date:

- (a) General. Subject to earlier termination upon the occurrence of certain events related to the termination of the Optionee's employment as provided in Section 6(c) of the Plan, the Options granted hereunder shall expire on the seventh (7th) annual anniversary of the Date of Grant, unless earlier exercised (such seven year period, the "Option Term"). This Agreement does not constitute an employment contract.
- (b) Death or Disability. If the Optionee's employment terminates by reason of the Optionee's total and permanent disability (as defined in any agreement between the Optionee and the Company or, if no such agreement is in effect, as determined by the Committee in its good faith discretion) or death, the Option Shares shall vest in full as of the date of such termination of employment and the Option shall remain exercisable for a period of one year thereafter, regardless of the otherwise scheduled expiration of the Option Term.
- (c) Retirement. If the Optionee's employment terminates by reason of the Optionee's retirement (as defined below), the Option Shares shall continue vesting in accordance with the schedule set forth in Section 4 of this Agreement and shall remain exercisable for a period of three years following such date of termination, but in no event following the expiration of the Option Term, in each case, so long as the Optionee refrains from engaging in Harmful Conduct, provided, however, that if the Optionee dies during such post-termination exercise period, the Option shall remain exercisable with respect to the vested Option Shares for no less than one year following the Optionee's death, regardless of the otherwise scheduled expiration of the Option Term. For purposes of this

Agreement, "retirement" shall mean any termination of the Optionee's employment where the sum of the Optionee's age and service credit since January 1, 2000, equals or exceeds 65.

- (d) Without Cause. If the Company terminates the Optionee's employment other than for Cause, a portion of the Option Shares shall vest as of the date of such termination of employment equal to the product of (a) the total number of Option Shares granted pursuant to this Agreement and (b) a fraction, the numerator of which is the number of full months elapsed since the Date of Grant and the denominator of which is 42. The Option shall remain exercisable with respect to the vested Option Shares for a period of one year thereafter, but in no event following the expiration of the Option Term, provided, however, that if the Optionee dies during such post-termination exercise period, the Option Shares shall remain exercisable for no less than one year following the Optionee's death, regardless of the otherwise scheduled expiration of the Option Term.
- (e) Cause. If the Company terminates the Optionee's employment for Cause, the unexercised portion of the Option Shares, whether vested or unvested, shall terminate immediately and the Optionee shall have no right thereafter to exercise any part of the Option Shares.
- (f) Voluntary Termination. If the Optionee terminates his or her employment voluntarily and not for any of the reasons set forth above, the Option Shares, to the extent vested on the date of termination of employment, shall remain exercisable for 90 days following such termination of employment, provided, however, that if the Optionee dies during such post-termination exercise

period, the Option shall remain exercisable with respect to vested Option Shares for no less than one year following the Optionee's death, regardless of the otherwise scheduled expiration of the Option Term.

7. Change in Control Provisions. In the event of a Change of Control:

- (a) If Option Is Assumed. If the Option is assumed or substituted for in connection with a Change in Control, then, upon the termination of the Optionee's employment without cause during the 24-month period following such Change in Control (i) the Option shall become fully vested and exercisable, and (ii) any restrictions, payment conditions, and forfeiture conditions applicable to such Option shall lapse.
- (b) If Option Is Not Assumed. If the Option is not assumed or substituted in connection with a Change in Control, then upon the occurrence of the Change in Control (i) the Option shall become fully vested and exercisable, and (ii) any restrictions, payment conditions, and forfeiture conditions applicable to the Option granted shall lapse.
- (c) Definition of Assumed or Substituted For For purposes of this Section 7, the Option shall be considered assumed or substituted for if, following the Change in Control, the Option remains subject to the same terms and conditions that were applicable to the Option immediately prior to the Change in Control except that the Option confers the right to purchase or receive, for each share subject to the Option, the consideration (whether stock, cash or other securities or property) received in the Change in Control by holders of shares of Stock for each share of Stock held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the greatest number of holders of the outstanding shares).

3

-
- (d) Discretionary Cashout. Notwithstanding any other provision of the Plan or this Agreement, in the event of a Change in Control in which the consideration paid to the holders of shares of Stock is solely cash, the Committee may, in its discretion, provide that upon the occurrence of the Change in Control, the Committee may, in its discretion, provide that the Option shall, upon the occurrence of the Change in Control, be cancelled in exchange for a payment in an amount equal to (i) the excess of the consideration paid per share of Stock in the Change in Control over the exercise price per share of Stock subject to the Option multiplied by (ii) the number of Shares granted under the Option that have not been exercised at such time.

8. Governing Law: This Agreement shall be governed by and construed under the internal laws of the State of Nevada.

9. Amendment: This Agreement may not be amended, terminated, suspended or otherwise modified except in a written instrument duly executed by both parties.

10. Entire Agreement: This Agreement (and the other writings incorporated by reference herein) constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior written or oral negotiations, commitments, representations and agreements with respect thereto.

EMPLOYERS HOLDINGS, INC.

OPTIONEE

By: _____
Douglas D. Dirks
President and Chief Executive Officer

By: _____
[Insert Name of Optionee]

4

**EMPLOYERS HOLDINGS, INC.
EQUITY AND INCENTIVE PLAN
PERFORMANCE SHARE AGREEMENT**

[_____] (the "Grantee") is hereby granted, effective as of the 8th day of August, 2007 (the "Date of Grant"), an award (the "Performance Share Award") of the number of performance shares (the "Performance Shares") that are specified herein pursuant to the Equity and Incentive Plan (the "Plan") of Employers Holdings, Inc. (the "Company"). The Performance Share Award is subject to the terms and conditions set forth below in this Performance Share Agreement (this "Agreement") and of the Plan, which is a part of this Agreement. To the extent that there is a conflict between the terms of the Plan and this Agreement, the terms of the Plan shall govern. Any term not defined herein shall have the meaning assigned to such term in the Plan. This Agreement does not constitute an employment contract.

1. Performance Period: January 1, 2007 to December 31, 2009 (the "Performance Period").
2. Number of Performance Shares: The number of Performance Shares that the Grantee may earn hereunder will be determined in accordance with the provisions of Exhibit A, which is attached to and forms a part of this Agreement.
3. Performance Goals. The Performance Shares will become payable only upon the achievement of certain Performance Goals (as defined in Exhibit A) and the satisfaction of such other terms and conditions as are set herein and in the Plan.
4. Payment of Performance Shares: To the extent Performance Shares are payable pursuant to this Agreement, payment of one share of common stock, par value \$.01, of the Company ("Stock") for each Performance Share that becomes payable under this Agreement will be made following certification by the Committee that the Performance Goals have been achieved, but no later than 75 days after completion of the Performance Period (the "Payment Date").
5. Termination:
 - (a) General. In the event the Grantee's employment terminates prior to the expiration of the Performance Period, payment of the Performance Shares shall be made to the extent provided in subsections (b) through (e) of this Section 5.
 - (b) Death or Disability. If the Grantee's employment terminates by reason of the Grantee's total and permanent disability (as defined in any agreement between the Grantee and the Company or, if no such agreement is in effect, as determined by the Committee in its good faith discretion) or death, the Performance Shares shall become payable upon the Payment Date subject to, and to the extent of, the actual achievement of the Performance Goals, as determined by the Committee.
 - (c) Retirement. If the Grantee's employment terminates by reason of the Grantee's retirement (as defined below), the Performance Shares shall become payable upon the Payment Date subject to, and to the extent of, the actual achievement of the Performance Goals, as determined by the Committee, so long as the Grantee refrains from engaging in Harmful Conduct. For purposes of

this Agreement, "retirement" shall mean any termination of the Grantee's employment where the sum of the Grantee's age and service credit since January 1, 2000, equals or exceeds 65.

- (d) Involuntary Termination. If the Company terminates the Grantee's employment other than for Cause a portion of the Performance Shares shall be deemed earned as of the date of such termination of employment equal to the product of (a) the total number of Performance Shares granted pursuant to this Agreement and (b) a fraction, the numerator of which is the number of full months elapsed since the Date of Grant and the denominator of which is 36, and shall become payable upon the Payment Date, based on the actual achievement of the Performance Goals, as determined by the Committee.
- (e) For Cause: Voluntary Termination. If the Company terminates the Grantee's employment for Cause or the Grantee voluntarily terminates his/her employment for any reason other than for any of the reasons set forth above, the Performance Shares, and any rights thereto, shall

terminate immediately and the Grantee shall have no right thereafter to payment of any portion of the Performance Shares.

6. Change in Control Provisions. In the event of a Change of Control:

- (a) If Performance Share Are Assumed. If the Performance Shares are assumed or substituted for in connection with a Change in Control, then, upon the termination of the Grantee's employment without cause during the 24-month period following such Change in Control, (i) such Performance Shares shall become fully vested, (ii) any restrictions, payment conditions, and forfeiture conditions applicable to such Performance Shares shall lapse, and (iii) any performance conditions imposed with respect to such Performance Shares shall be deemed to be fully achieved.
- (b) If Performance Share Are Not Assumed. With respect to outstanding Performance Shares that are not assumed or substituted in connection with a Change in Control, upon the occurrence of the Change in Control (i) such Performance Shares shall become fully vested, (ii) any restrictions, payment conditions, and forfeiture conditions applicable to any such Performance Shares shall lapse, and (iii) any performance conditions imposed with respect to such Performance Shares shall be deemed to be fully achieved.
- (c) Definition of Assumed or Substituted For. For purposes of this Section 6, Performance Shares shall be considered assumed or substituted for if, following the Change in Control, such Performance Shares remain subject to the same terms and conditions that were applicable to such shares immediately prior to the Change in Control except that such shares confer the right to receive, for each such share the consideration (whether stock, cash or other securities or property) received in the Change in Control by holders of shares of Stock for each share of Stock held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the greatest number of holders of the outstanding shares).
- (d) Discretionary Cashout. Notwithstanding any other provision of the Plan or this Agreement, in the event of a Change in Control in which the consideration paid to the holders of shares of Stock is solely cash, the Committee may, in its discretion, provide that upon the occurrence of the Change in Control, the Performance Shares shall be cancelled in exchange for a payment in an amount equal to (i) the excess of the consideration paid per share of Stock in the Change in Control multiplied by (ii) the number of Performance Shares granted hereunder determined as if any performance conditions imposed with respect to such shares were fully achieved.

-
- 7. Tax Withholding. The Company shall have the power and the right to deduct or withhold, or require the Grantee or beneficiary to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Agreement. Without limiting the foregoing, the Company shall be entitled to require, as a condition of delivery of the shares of Stock in settlement of the Performance Shares, that the Grantee agree to remit an amount in cash sufficient to satisfy all then current and/or estimated future federal, state and local withholding, and other taxes relating thereto.
 - 8. Legend on Certificates. The certificates representing the shares of Stock issued in respect of the Performance Shares that are delivered to the Grantee pursuant to this Agreement shall be subject to such stop transfer orders and other restrictions as the Committee may determine are required by the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such shares of Stock are listed, any applicable federal or state laws and the Company's Certificate of Incorporation and Bylaws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.
 - 9. Transferability. The Performance Shares may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Grantee otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Subsidiary; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.
 - 10. Repayment Upon Restatement: In the event the Company is required to restate any of its financial statements applicable to the Performance Period, the Company may require the Grantee to repay to the Company the aggregate Fair Market Value of any Performance Shares that became payable upon the

achievement of the Performance Goals, to the extent such Performance Goals would not have been achieved had such restatement not been required.

11. Governing Law: This Agreement shall be governed by and construed under the internal laws of the State of Nevada.
12. Amendment: This Agreement may not be amended, terminated, suspended or otherwise modified except in a written instrument duly executed by both parties.
13. Entire Agreement: This Agreement (and the other writings incorporated by reference herein) constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior written or oral negotiations, commitments, representations and agreements with respect thereto.

EMPLOYERS HOLDINGS, INC.

OPTIONEE

By: _____
Douglas D. Dirks
President and Chief Executive Officer

By: _____
[Insert Name of Optionee]

Exhibit A

Number of Performance Shares Granted (at target)	[]
Date of Grant:	August 8, 2007
Beginning of Performance Cycle:	January 1, 2007
End of Performance Cycle:	December 31, 2009
Performance Goals and Determinations:	

(a) Performance Goals: The performance goals (as defined in the schedule below) are based on (1) the Company's three-year combined ratio and (2) the Company's "adjusted" return on average equity, each weighted 50%, where the return on average equity will be determined on a Generally Accepted Accounting Principles basis, adjusted for deferred gain on reinsurance, as set forth in the schedule below.

(b) Schedule: