

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

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Date of report (Date of earliest event reported): July 26, 2017

**EMPLOYERS HOLDINGS, INC.**

(Exact Name of Registrant as Specified in its Charter)

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NEVADA  
(State or Other Jurisdiction of  
Incorporation)

001-33245  
(Commission  
File Number)

04-3850065  
(I.R.S. Employer  
Identification No.)

10375 Professional Circle  
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)

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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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## Section 2 – Financial Information

### Item 2.02. Results of Operations and Financial Condition.

On July 26, 2017, Employers Holdings, Inc. (the “Company”) issued a press release and financial supplement announcing results for the quarter ended June 30, 2017. The press release and financial supplement are attached hereto as Exhibits 99.1 and 99.2, respectively, and are incorporated herein by reference, and are being furnished, not filed, under Item 2.02 to this Current Report on Form 8-K.

## Section 8 – Other Information

### Item 8.01. Other Events.

On July 26, 2017, the Company announced that its Board of Directors declared a third quarter 2017 cash dividend of \$0.15 per share on the Company’s common stock. The dividend is payable on August 23, 2017 to stockholders of record as of August 9, 2017.

## Section 9 – Financial Statements and Exhibits

### Item 9.01. Financial Statements and Exhibits.

- 99.1 Employers Holdings, Inc. press release, dated July 26, 2017.
- 99.2 Employers Holdings, Inc. financial supplement, dated July 26, 2017.

## 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.

Dated: July 26, 2017

/s/ Lenard T. Ormsby

Lenard T. Ormsby

Executive Vice President,

Chief Legal Officer and General Counsel

## Exhibit Index

<u>Exhibit No.</u>	<u>Exhibit</u>	
99.1	Employers Holdings, Inc. press release, dated	July 26, 2017
99.2	Employers Holdings, Inc. financial supplement, dated	July 26, 2017

## Employers Holdings, Inc. Reports Second Quarter 2017 Results

- Second quarter net income, net income excluding the impact of the Loss Portfolio Transfer (LPT) and operating income of \$24.8 million, \$21.7 million and \$19.7 million, respectively.
- Annualized operating return on adjusted equity of 8.1%.
- Second quarter combined ratio of 93.3% and combined ratio excluding the impact of the LPT of 95.1%, each an improvement year-over-year.
- Second quarter net written premiums of \$183.0 million, a decrease year-over-year related to a decline in final audit premium.
- GAAP book value per share of \$27.74, book value per share of \$32.95 and adjusted book value per share of \$30.17; increased 7.2%, 5.2% and 4.0%, respectively, in the first half of 2017, each including dividends declared.
- In-force payroll exposure increased 1.7% overall, year-over-year.
- In-force policies increased 0.8% overall, year-over-year.
- Net earned premiums decreased 2.9% in the quarter, year-over-year.
- Board of Directors approved a quarterly dividend of \$0.15 per share.

**Reno, Nevada-July 26, 2017-Employers Holdings, Inc. (“EHI” or the “Company”) (NYSE:EIG)** today reported net income, net income excluding the impact of the LPT and operating income of \$24.8 million (\$0.75 per diluted share), \$21.7 million (\$0.66 per diluted share), and \$19.7 million (\$0.60 per diluted share), respectively, for the second quarter of 2017.

The Company's net income for the second quarter of 2017 decreased \$2.0 million year-over-year. This decrease reflects non-routine adjustments made to LPT reserves and the LPT contingent profit commission in the second quarter of 2016, which served to reduce our losses and loss adjustment expense (LAE) and raise net income by \$4.9 million during that period.

The Company's net income before the impact of the LPT and operating income increased by \$2.5 million and \$4.3 million, respectively, year-over-year. These increases reflect a lower combined ratio for the current period, driven primarily from a reduction in the current accident year loss and LAE expense ratio.

Chief Executive Officer Douglas Dirks commented on the results:

“We produced another quarter of strong financial and operating results. Excluding impacts of the LPT, our net income increased 13%, or eight cents per diluted share, and our combined ratio improved 3.7 percentage points, demonstrating our disciplined underwriting and sound investment strategies. Final audit premium declined \$6.2 million in the current quarter relative to the same period last year, driving the 3% decline in top line year-over-year. We achieved an annualized return on adjusted equity of 8.1%, 1.2 percentage points higher than last year's second quarter. Our balance sheet remained strong as we continued to grow stockholders' equity and book value per share. We again drove strong new business growth and maintained high levels of retention for our in-force policies, despite competitive market conditions, while improving loss costs.”

### **Summary of Second Quarter 2017 Results**

(All comparisons vs. second quarter 2016, unless noted otherwise).

#### **Underwriting results**

- The combined ratio before the impact of the LPT decreased 3.7 percentage points to 95.1%, driven by a lower current accident year loss and LAE ratio.
- The loss ratio before the LPT of 63.6% decreased 3.8 percentage points reflecting a higher current accident year loss ratio in last year's second quarter related to four large losses and the continued impacts of key business initiatives including: an emphasis on settling open claims; diversifying our risk exposure across geographic markets; and leveraging data-driven strategies to target, underwrite and price profitable classes of business across all of our markets.
- The commission expense ratio of 12.5% increased 0.1 percentage point due to an increase in partnership and alliance business.

- The underwriting and other expense ratio of 19.0% was flat.

Gross written premiums of \$184.5 million decreased \$6.1 million due to a decline of \$6.2 million in final audit premium compared with the second quarter of 2016. Final audit pickup continued to be positive with employers reporting higher payrolls at final audit driven by increases in hours worked and the number of full-time employees. We experienced strong new business growth but lower renewal business overall, driven by one of our territories in California.

In-force premium in states outside California grew 1.9% and in-force premium in California increased by 0.5%. Policy count outside of California grew 5.2% while policy count in California declined 3.5%. Retention remained high and average renewal rates decreased slightly by 1.8% year-to-date.

Net investment income of \$18.2 million decreased \$0.2 million relative to the second quarter of last year. Net realized gains on investments were \$1.1 million versus \$6.0 million in the second quarter of last year when equity securities were sold as part of a routine rebalancing of the equity portfolio.

In May of 2017, the Company redeemed \$12.0 million of notes payable for \$9.9 million, resulting in a \$2.1 million pre-tax gain.

The Company's effective tax rate of 23.9% was slightly higher than that of a year ago due mainly to the non-routine LPT adjustments made in the second quarter of 2016, as previously described.

#### **Stockholders' Equity including the Deferred Gain, Second Quarter 2017 Dividend Declaration**

Stockholders' equity including the deferred reinsurance gain was \$1,068.1 million, an increase of 4.1% year-over-year.

The Board of Directors declared a third quarter 2017 dividend of \$0.15 per share. The dividend is payable on August 23, 2017 to stockholders of record as of August 9, 2017.

#### **Conference Call and Web Cast; Form 10-Q; Supplemental Materials**

The information in this press release should be read in conjunction with the financial supplement that is attached to this press release and is available on our website.

#### **Reconciliation of Non-GAAP Financial Measures to GAAP**

Within this earnings release we present various financial measures, some of which are a "non-GAAP financial measure" 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 the Company's most directly comparable GAAP financial measures is included in the attached Financial Supplement. Management believes that these non-GAAP measures are meaningful 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. These non-GAAP measures are not a substitute for GAAP measures 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.

The Company will host a conference call on Thursday, July 27, 2017, at 8:30 a.m. Pacific Daylight Time. The conference call will be available via a live web cast on the Company's web site at [www.employers.com](http://www.employers.com). An archived version will be available several hours after the call. The conference call replay number is (404) 537-3406 or (855) 859-2056 with a pass code of 55002602.

The Company provides a list of portfolio securities in the Calendar of Events, "Investors" section of its website at [www.employers.com](http://www.employers.com). The Company also provides its filings with the Securities and Exchange Commission and its investor presentations on its website.

#### **Forward-Looking Statements**

In this press release, 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. 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. EHI and its management caution investors that such forward-looking statements are not guarantees of future performance. Risks and uncertainties are inherent in EHI'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 EHI'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.

The SEC filings for EHI can be accessed through the "Investors" link on the Company's website, [www.employers.com](http://www.employers.com), or through the SEC's EDGAR Database at [www.sec.gov](http://www.sec.gov) (EHI EDGAR CIK No. 0001379041).

**Contact:**

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Additional information can be found at: <http://www.employers.com>.

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**Employers Holdings, Inc.**  
Second Quarter 2017  
Financial Supplement



*America's small business insurance specialist®*

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

	Three Months Ended			Six Months Ended		
	June 30,			June 30,		
	2017	2016*	% change	2017	2016*	% change
<b>Selected financial highlights:</b>						
Gross insurance premiums written	\$ 184.5	\$ 190.6	(3)%	\$ 382.1	\$ 381.3	— %
Net insurance premiums written	183.0	188.7	(3)	379.1	377.4	—
Net insurance premiums earned	171.7	176.9	(3)	347.1	349.5	(1)
Net investment income	18.2	18.4	(1)	36.9	36.2	2
Underwriting income	11.5	9.7	19	20.5	18.4	11
Net income before impact of the LPT <sup>(1)</sup>	21.7	19.2	13	42.0	37.9	11
Operating income <sup>(1)</sup>	19.7	15.4	28	38.6	33.1	17
Net income	24.8	26.8	(7)	48.0	48.6	(1)
Comprehensive income	32.5	46.2	(29)	63.8	87.8	(27)
Total assets				3,824.8	3,832.4	—
Stockholders' equity				899.2	845.3	6
Stockholders' equity including deferred reinsurance gain <sup>(2)</sup>				1,068.1	1,026.0	4
Adjusted stockholders' equity <sup>(2)</sup>				977.8	903.2	8
Annualized operating return on adjusted stockholders' equity <sup>(3)</sup>	8.1 %	6.9 %	17 %	8.0 %	7.5 %	7 %
<b>Amounts per share:</b>						
Cash dividends declared per share	\$ 0.15	\$ 0.09	67 %	\$ 0.30	\$ 0.18	67 %
Net income per diluted share <sup>(4)</sup>	0.75	0.81	(7)	1.46	1.47	(1)
Net income before impact of the LPT per diluted share <sup>(4)</sup>	0.66	0.58	14	1.27	1.15	10
Operating income per diluted share <sup>(4)</sup>	0.60	0.46	30	1.17	1.00	17
GAAP book value per share <sup>(2)</sup>				27.74	26.04	7
Book value per share <sup>(2)</sup>				32.95	31.60	4
Adjusted book value per share <sup>(2)</sup>				30.17	27.82	8
<b>Combined ratio before impact of the LPT:<sup>(5)</sup></b>						
Loss and loss adjustment expense ratio:						
Current year	63.8 %	68.6 %		63.8 %	66.4 %	
Prior year	(0.2)	(1.2)		(0.1)	(0.7)	
Loss and loss adjustment expense ratio	63.6 %	67.4 %		63.7 %	65.7 %	
Commission expense ratio	12.5	12.4		12.4	12.1	
Underwriting and other operating expense ratio	19.0	19.0		19.8	19.9	
Combined ratio before impact of the LPT	95.1 %	98.8 %		95.8 %	97.8 %	

(1) See Page 3 for calculations and Page 10 for information regarding our use of Non-GAAP Financial Measures.

(2) See Page 8 for calculations and Page 10 for information regarding our use of Non-GAAP Financial Measures.

(3) See Page 4 for calculations and Page 10 for information regarding our use of Non-GAAP Financial Measures.

(4) See Page 9 for calculations and Page 10 for information regarding our use of Non-GAAP Financial Measures.

(5) See Page 5 for calculations and Page 10 for information regarding our use of Non-GAAP Financial Measures.

\*The Company adopted ASU Number 2016-9, *Stock Compensation* in the third quarter of 2016 with an effective date of January 1, 2016. Adoption of this standard resulted in a reduction to our income tax expense of \$0.5 million and \$1.3 million for the three and six months ended June 30, 2016, respectively.



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

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
<b>ASSETS</b>		
Investments, cash and cash equivalents	\$ 2,666.9	\$ 2,623.4
Accrued investment income	20.5	20.6
Premiums receivable, net	333.1	304.7
Reinsurance recoverable on paid and unpaid losses	568.2	588.7
Deferred policy acquisition costs	49.6	44.3
Deferred income taxes, net	44.9	59.4
Contingent commission receivable—LPT Agreement	31.1	31.1
Other assets	110.5	101.2
<b>Total assets</b>	<b>\$ 3,824.8</b>	<b>\$ 3,773.4</b>
<b>LIABILITIES</b>		
Unpaid losses and LAE	\$ 2,284.9	\$ 2,301.0
Unearned premiums	341.1	310.3
Commissions and premium taxes payable	52.0	48.8
Deferred reinsurance gain—LPT Agreement	168.9	174.9
Notes payable	20.0	32.0
Other liabilities	58.7	65.8
<b>Total liabilities</b>	<b>\$ 2,925.6</b>	<b>\$ 2,932.8</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock and additional paid-in capital	\$ 377.2	\$ 372.6
Retained earnings	815.4	777.2
Accumulated other comprehensive income, net	90.3	74.5
Treasury stock, at cost	(383.7)	(383.7)
<b>Total stockholders' equity</b>	<b>899.2</b>	<b>840.6</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,824.8</b>	<b>\$ 3,773.4</b>
Stockholders' equity including deferred reinsurance gain <sup>(1)</sup>	\$ 1,068.1	\$ 1,015.5
Adjusted stockholders' equity <sup>(1)</sup>	977.8	941.0
GAAP Book Value per Share <sup>(1)</sup>	\$ 27.74	\$ 26.16
Book value per share <sup>(1)</sup>	32.95	31.61
Adjusted Book Value per Share <sup>(1)</sup>	30.17	29.29

(1) See Page 8 for calculations and Page 10 for information regarding our use of Non-GAAP Financial Measures.

**EMPLOYERS HOLDINGS, INC.**  
**Summary Consolidated Income Statements (unaudited)**  
**\$ in millions, except per share amounts**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016*	2017	2016*
<b>Underwriting revenues:</b>				
Gross premiums written	\$ 184.5	\$ 190.6	\$ 382.1	\$ 381.3
Premiums ceded	(1.5)	(1.9)	(3.0)	(3.9)
Net premiums written	183.0	188.7	379.1	377.4
Net premiums earned	171.7	176.9	347.1	349.5
<b>Underwriting expenses:</b>				
Losses and LAE incurred	(106.1)	(111.7)	(215.0)	(219.0)
Commission expense	(21.5)	(21.9)	(43.0)	(42.2)
Underwriting and other operating expenses	(32.6)	(33.6)	(68.6)	(69.9)
<b>Underwriting income</b>	<b>11.5</b>	<b>9.7</b>	<b>20.5</b>	<b>18.4</b>
Net investment income	18.2	18.4	36.9	36.2
Gain on redemption of notes payable	2.1	—	2.1	—
Other income	0.1	0.5	0.1	0.6
Interest expense	(0.4)	(0.4)	(0.8)	(0.8)
Net realized gains on investments	1.1	6.0	3.3	7.5
Income tax expense	(7.8)	(7.4)	(14.1)	(13.3)
<b>Net income</b>	<b>24.8</b>	<b>26.8</b>	<b>48.0</b>	<b>48.6</b>
Net unrealized gains on investments arising during the period, net of tax	8.4	23.3	17.9	44.1
Reclassification adj. for realized gains in net income, net of tax	(0.7)	(3.9)	(2.1)	(4.9)
<b>Comprehensive income</b>	<b>\$ 32.5</b>	<b>\$ 46.2</b>	<b>\$ 63.8</b>	<b>\$ 87.8</b>
<i>Add (subtract)</i>				
Amortization of deferred reinsurance gain - losses	\$ (2.5)	\$ (2.2)	\$ (4.9)	\$ (4.8)
Amortization of deferred reinsurance gain - contingent commission	(0.6)	(0.5)	(1.1)	(1.0)
LPT reserve adjustment	—	(3.1)	—	(3.1)
LPT contingent commission adjustments	—	(1.8)	—	(1.8)
<b>Net income before impact of the LPT Agreement <sup>(1)</sup></b>	<b>\$ 21.7</b>	<b>\$ 19.2</b>	<b>\$ 42.0</b>	<b>\$ 37.9</b>
<i>Add (subtract)</i>				
Impact of the LPT Agreement	\$ (3.1)	\$ (7.6)	\$ (6.0)	\$ (10.7)
Net realized gains on investments, net of tax	(0.7)	(3.9)	(2.1)	(4.9)
Gain on redemption of notes payable, net of tax	(1.4)	—	(1.4)	—
Amortization of intangibles, net of tax	0.1	0.1	0.1	0.1
<b>Operating income <sup>1</sup></b>	<b>\$ 19.7</b>	<b>\$ 15.4</b>	<b>\$ 38.6</b>	<b>\$ 33.1</b>

(1) See Page 10 regarding our use of Non-GAAP Financial Measures.

\*The Company adopted ASU Number 2016-9, *Stock Compensation* in the third quarter of 2016 with an effective date of January 1, 2016. Adoption of this standard resulted in a reduction to our income tax expense of \$0.5 million and \$1.3 million for the three and six months ended June 30, 2016, respectively.

**EMPLOYERS HOLDINGS, INC.**  
**Return on Equity (unaudited)**  
**\$ in millions, except per share amounts**

		Three Months Ended		Six Months Ended	
		June 30,		June 30,	
		2017	2016*	2017	2016*
<b>Net income</b>	<b>A</b>	\$ 24.8	\$ 26.8	\$ 48.0	\$ 48.6
<i>Add (subtract):</i>					
Impact of LPT Agreement		(3.1)	(7.6)	(6.0)	(10.7)
Net realized gains on investments, net of tax		(0.7)	(3.9)	(2.1)	(4.9)
Gain on redemption of notes payable, net of tax		(1.4)	—	(1.4)	—
Amortization of intangibles, net of tax		0.1	0.1	0.1	0.1
<b>Operating income <sup>(1)</sup></b>	<b>B</b>	\$ 19.7	\$ 15.4	\$ 38.6	\$ 33.1
<hr/>					
Stockholders' equity - end of period		\$ 899.2	\$ 845.3	\$ 899.2	\$ 845.3
Stockholders' equity - beginning of period		867.5	803.7	840.6	760.8
<b>Average stockholders' equity</b>	<b>C</b>	\$ 883.4	\$ 824.5	\$ 869.9	\$ 803.1
<hr/>					
Stockholders' equity - end of period		\$ 899.2	\$ 845.3	\$ 899.2	\$ 845.3
<i>Add (subtract):</i>					
Deferred reinsurance gain		168.9	180.7	168.9	180.7
Accumulated other comprehensive income, net of tax		(90.3)	(122.8)	(90.3)	(122.8)
Adjusted stockholders' equity - end of period		977.8	903.2	977.8	903.2
Adjusted stockholders' equity - beginning of period		956.9	886.7	941.0	866.7
<b>Average adjusted stockholders' equity <sup>(1)</sup></b>	<b>D</b>	\$ 967.4	\$ 895.0	\$ 959.4	\$ 885.0
<hr/>					
Return on stockholders' equity	<b>A / C</b>	2.8%	3.3%	5.5%	6.1%
<b>Annualized return on stockholders' equity</b>		11.2	13.0	11.0	12.1
<hr/>					
Operating return on adjusted stockholders' equity <sup>(1)</sup>	<b>B / D</b>	2.0%	1.7%	4.0%	3.7%
<b>Annualized operating return on adjusted stockholders' equity <sup>(1)</sup></b>		8.1	6.9	8.0	7.5

(1) See Page 10 for information regarding our use of Non-GAAP Financial Measures.

\*The Company adopted ASU Number 2016-9, *Stock Compensation* in the third quarter of 2016 with an effective date of January 1, 2016. Adoption of this standard resulted in a reduction to our income tax expense of \$0.5 million and \$1.3 million for the three and six months ended June 30, 2016, respectively.

**EMPLOYERS HOLDINGS, INC.**  
**Combined Ratios (unaudited)**  
**\$ in millions, except per share amounts**

		Three Months Ended		Six Months Ended	
		June 30,		June 30,	
		2017	2016	2017	2016
Net premiums earned	<b>A</b>	\$ 171.7	\$ 176.9	\$ 347.1	\$ 349.5
Losses and LAE incurred	<b>B</b>	106.1	111.7	215.0	219.0
Amortization of deferred reinsurance gain - losses		2.5	2.2	4.9	4.8
Amortization of deferred reinsurance gain - contingent commission		0.6	0.5	1.1	1.0
LPT reserve adjustment		—	3.1	—	3.1
LPT contingent commission adjustments		—	1.8	—	1.8
Losses and LAE before impact of the LPT <sup>(1)</sup>	<b>C</b>	\$ 109.2	\$ 119.3	\$ 221.0	\$ 229.7
Less: favorable prior year loss reserve development		(0.3)	(2.0)	(0.3)	(2.3)
Losses and LAE before impact of the LPT - current accident year	<b>D</b>	\$ 109.5	\$ 121.3	\$ 221.3	\$ 232.0
Commission expense	<b>E</b>	\$ 21.5	\$ 21.9	\$ 43.0	\$ 42.2
Underwriting and other operating expenses	<b>F</b>	32.6	33.6	68.6	69.9
<b>GAAP combined ratio:</b>					
Loss and LAE ratio	<b>B/A</b>	61.8%	63.1%	61.9%	62.7%
Commission expense ratio	<b>E/A</b>	12.5	12.4	12.4	12.1
Underwriting and other operating expense ratio	<b>F/A</b>	19.0	19.0	19.8	19.9
GAAP combined ratio		93.3%	94.5%	94.1%	94.7%
<b>Combined ratio before impact of the LPT: <sup>(1)</sup></b>					
Loss and LAE ratio before impact of the LPT	<b>C/A</b>	63.6%	67.4%	63.7%	65.7%
Commission expense ratio	<b>E/A</b>	12.5	12.4	12.4	12.1
Underwriting and other operating expense ratio	<b>F/A</b>	19.0	19.0	19.8	19.9
Combined ratio before impact of the LPT		95.1%	98.8%	95.8%	97.8%
<b>Combined ratio before impact of the LPT: current accident year <sup>(1)</sup></b>					
Loss and LAE ratio before impact of the LPT	<b>D/A</b>	63.8%	68.6%	63.8%	66.4%
Commission expense ratio	<b>E/A</b>	12.5	12.4	12.4	12.1
Underwriting and other operating expense ratio	<b>F/A</b>	19.0	19.0	19.8	19.9
Combined ratio before impact of the LPT: current accident year		95.3%	99.9%	95.9%	98.5%

(1) See Page 10 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		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Unpaid losses and LAE at beginning of period	\$ 2,298.2	\$ 2,341.9	\$ 2,301.0	\$ 2,347.5
Reinsurance recoverable on unpaid losses and LAE	572.9	621.4	580.0	628.2
Net unpaid losses and LAE at beginning of period	1,725.3	1,720.5	1,721.0	1,719.3
Losses and LAE incurred:				
Current year losses	109.4	121.3	221.3	232.0
Prior year losses on voluntary business	—	—	—	—
Prior year losses on involuntary business	(0.3)	(2.0)	(0.3)	(2.3)
Total losses incurred	109.1	119.3	221.0	229.7
Losses and LAE paid:				
Current year losses	17.0	14.4	21.7	19.1
Prior year losses	92.3	91.9	195.2	196.4
Total paid losses	109.3	106.3	216.9	215.5
Net unpaid losses and LAE at end of period	1,725.1	1,733.5	1,725.1	1,733.5
Reinsurance recoverable on unpaid losses and LAE	559.8	598.8	559.8	598.8
Unpaid losses and LAE at end of period	\$ 2,284.9	\$ 2,332.3	\$ 2,284.9	\$ 2,332.3

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

	June 30, 2017				December 31, 2016	
	Cost or Amortized Cost	Net Unrealized Gain	Fair Value	%	Fair Value	%
<b>Investment Positions:</b>						
Fixed maturities	\$ 2,361.3	\$ 57.4	\$ 2,418.7	91%	\$ 2,344.4	89%
Equity securities	118.2	81.5	199.7	7	192.2	7
Short-term investments	5.5	—	5.5	—	16.0	1
Cash and cash equivalents	42.6	—	42.6	2	67.2	3
Restricted cash and cash equivalents	0.4	—	0.4	—	3.6	—
Total investments and cash	<u>\$ 2,528.0</u>	<u>\$ 138.9</u>	<u>\$ 2,666.9</u>	<u>100%</u>	<u>\$ 2,623.4</u>	<u>100%</u>
<b>Breakout of Fixed Maturities:</b>						
U.S. Treasuries and Agencies	\$ 146.1	\$ 3.4	\$ 149.5	6%	\$ 140.2	6%
States and Municipalities	785.9	31.2	817.1	34	851.6	36
Corporate Securities	989.4	19.9	1,009.3	42	956.7	41
Mortgage-Backed Securities	394.5	2.6	397.1	16	353.5	15
Asset-Backed Securities	45.4	0.3	45.7	2	42.4	2
Total fixed maturities	<u>\$ 2,361.3</u>	<u>\$ 57.4</u>	<u>\$ 2,418.7</u>	<u>100%</u>	<u>\$ 2,344.4</u>	<u>100%</u>
Weighted average book yield			3.2%		3.1%	
Weighted average tax equivalent yield			3.7%		3.6%	
Average credit quality (S&P)			AA-		AA-	
Duration			4.1		4.3	

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

		June 30, 2017	December 31, 2016	June 30, 2016	December 31, 2015
<b>Numerators:</b>					
<b>Stockholders' equity</b>	<b>A</b>	\$ 899.2	\$ 840.6	\$ 845.3	\$ 760.8
Plus: Deferred reinsurance gain		168.9	174.9	180.7	189.5
<b>Stockholders' equity including deferred reinsurance gain <sup>(1)</sup></b>	<b>B</b>	1,068.1	1,015.5	1,026.0	950.3
Less: Accumulated other comprehensive income, net of tax		90.3	74.5	122.8	83.6
<b>Adjusted stockholders' equity <sup>(1)</sup></b>	<b>C</b>	\$ 977.8	\$ 941.0	\$ 903.2	\$ 866.7
<b>Denominator (shares outstanding)</b>	<b>D</b>	32,412,997	32,128,922	32,463,660	32,216,480
GAAP book value per share <sup>(1)</sup>	<b>A / D</b>	\$ 27.74	\$ 26.16	\$ 26.04	\$ 23.62
Book value per share <sup>(1)</sup>	<b>B / D</b>	32.95	31.61	31.60	29.50
Adjusted book value per share <sup>(1)</sup>	<b>C / D</b>	30.17	29.29	27.82	26.90
Cash dividends declared per share		\$ 0.30	\$ 0.36	\$ 0.18	\$ 0.24
<b>YTD Change in: <sup>(2)</sup></b>					
GAAP book value per share		7.2%		11.0%	
Book value per share		5.2		7.7	
Adjusted book value per share		4.0		4.1	

(1) See Page 10 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 in the period.

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

		Three Months Ended		Six Months Ended	
		June 30,		June 30,	
		2017	2016*	2017	2016*
<b>Numerators:</b>					
<b>Net income</b>	<b>A</b>	\$ 24.8	\$ 26.8	\$ 48.0	\$ 48.6
<i>Add (subtract):</i>					
Impact of the LPT Agreement		(3.1)	(7.6)	(6.0)	(10.7)
<b>Net income before impact of LPT <sup>(1)</sup></b>	<b>B</b>	\$ 21.7	\$ 19.2	\$ 42.0	\$ 37.9
Net realized gains on investments, net of tax		(0.7)	(3.9)	(2.1)	(4.9)
Gain on redemption of notes payable, net of tax		(1.4)	—	(1.4)	—
Amortization of intangibles, net of tax		0.1	0.1	0.1	0.1
<b>Operating income <sup>(1)</sup></b>	<b>C</b>	\$ 19.7	\$ 15.4	\$ 38.6	\$ 33.1
<b>Denominators:</b>					
Average common shares outstanding (basic)	<b>D</b>	32,469,137	32,629,525	32,398,858	32,521,672
Average common shares outstanding (diluted)	<b>E</b>	32,992,598	33,143,948	32,982,928	33,003,449
<b>Net income per share:</b>					
Basic	<b>A / D</b>	\$ 0.76	\$ 0.82	\$ 1.48	\$ 1.49
Diluted	<b>A / E</b>	0.75	0.81	1.46	1.47
<b>Net income before impact of the LPT per share: <sup>(1)</sup></b>					
Basic	<b>B / D</b>	\$ 0.67	\$ 0.59	\$ 1.30	\$ 1.17
Diluted	<b>B / E</b>	0.66	0.58	1.27	1.15
<b>Operating income per share: <sup>(1)</sup></b>					
Basic	<b>C / D</b>	\$ 0.61	\$ 0.47	\$ 1.19	\$ 1.02
Diluted	<b>C / E</b>	0.60	0.46	1.17	1.00

(1) See Page 10 for information regarding our use of Non-GAAP Financial Measures.

\*The Company adopted ASU Number 2016-9, *Stock Compensation* in the third quarter of 2016 with an effective date of January 1, 2016. Adoption of this standard resulted in a reduction to our income tax expense of \$0.5 million and \$1.3 million for the three and six months ended June 30, 2016, respectively.



## Glossary of Financial Measures

Within this earnings release we present the following measures, each of which are a "non-GAAP financial measure" as defined in Regulation G pursuant to Section 401 of the *Sarbanes - Oxley Act* of 2002. 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 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** 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.

**Operating income** (see Page 4 for calculations) is net income excluding the effects of the LPT Agreement, net realized gains (losses) on investments (net of tax), gain on redemption of notes payable (net of tax), and amortization of intangible assets (net of tax). Management believes that providing this non-GAAP measure 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 reinsurance gain** is stockholders' equity including the deferred reinsurance 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 8 for calculations) is stockholders' equity including the deferred reinsurance 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 Operating return on stockholders' equity** (see Page 4 for calculations). Management believes that these profitability measures are widely used by our investors, analysts and other interested parties.

**GAAP book value per share, Book value per share and Adjusted book value per share** (see Page 8 for calculations). Management believes that these valuation measures are widely used by our investors, analysts and other interested parties.

**Net income, Combined ratio and Combined ratio before impact of the LPT** (see Pages 3 and 5 for calculations). Management believes that these performance and underwriting measures are widely used by our investors, analysts and other interested parties.