

**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): February 16, 2022

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.)

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)

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	EIG	New York Stock Exchange

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 February 16, 2022, Employers Holdings, Inc. (the “Company”) issued a press release and financial supplement announcing results for the fourth quarter and fiscal year ended December 31, 2021. 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 February 15, 2022, the Company's Board of Directors declared a first quarter 2022 cash dividend of \$0.25 per share on the Company's common stock. The dividend is payable on March 15, 2022 to stockholders of record as of March 1, 2022.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

- 99.1 Employers Holdings, Inc. press release, dated February 16, 2022.
- 99.2 Employers Holdings, Inc. financial supplement, dated February 16, 2022.

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: February 16, 2022

/s/ Michael S. Paquette

Michael S. Paquette
Executive Vice President,
Chief Financial Officer

Exhibit Index

<u>Exhibit No.</u>	<u>Exhibit</u>	
99.1	Employers Holdings, Inc. press release, dated	February 16, 2022
99.2	Employers Holdings, Inc. financial supplement, dated	February 16, 2022



America's small business insurance specialist®

Exhibit 99.1

news release
For Immediate Release

Employers Holdings, Inc. Reports Fourth Quarter 2021 and Year End Financial Results; Declares Quarterly Cash Dividend of \$0.25 per Share

Company to Host Conference Call on Thursday, February 17, 2022, at 11:00 a.m. Eastern Standard Time

Reno, Nevada – February 16, 2022 – Employers Holdings, Inc. (the “Company”) (NYSE:EIG), 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, today reported financial results for its fourth quarter and year ended December 31, 2021.

2021 Highlights

- Record number of ending policies in-force 111,350, up 8% year-over-year;
- Net income of \$119.3 million, or \$4.17 per diluted share;
- Adjusted net income of \$67.9 million, or \$2.37 per diluted share;
- Net investment income of \$72.7 million, down 5% year-over-year;
- Net realized and unrealized gains on investments recorded through the income statement of \$54.6 million;
- Gross premiums written of \$589.7 million, up 2% year-over-year;
- Net premiums earned of \$574.4 million, down 7% year-over-year;
- Favorable prior year loss reserve development of \$39.8 million, versus \$81.6 million a year ago;
- The Company repurchased 1,099,846 shares of its common stock at an average price of \$38.36 per share;
- Book value per share including the Deferred Gain of \$47.85, up 4.3% year-over-year including dividends declared.

Fourth Quarter 2021 Highlights

- Net income of \$54.8 million, or \$1.94 per diluted share;
- Adjusted net income of \$29.8 million, or \$1.06 per diluted share;
- Net investment income of \$17.7 million, down 2% year-over-year;
- Net realized and unrealized gains on investments recorded through the income statement of \$25.0 million;
- Gross premiums written of \$142.0 million, up 15% year-over-year;
- Net premiums earned of \$156.4 million, up 3% year-over-year;
- Favorable prior year loss reserve development of \$24.2 million, versus \$39.7 million a year ago;
- The Company repurchased 223,562 shares of its common stock at an average price of \$39.63 per share.

Management Commentary

Chief Executive Officer, Katherine Antonello, commented, “I am very excited about the progress we made in 2021, particularly over the last several months. Gross premiums written were up 15% year-over-year in both the fourth quarter and the second half of 2021, with submissions, quotes and binds increasing in the quarter. This growth resulted from our appetite expansion efforts within our established low hazard groups, continued strong new business writings, particularly in California, and further audit premium recognition. In addition, written premiums in January have provided a very strong start for us in 2022.

We maintained our current accident year loss and LAE ratio on voluntary business at 63.5%, down from 64.3% for all of 2020. Our indemnity claim frequency has continued to decrease in recent periods while indemnity claim severity remains moderate. During the fourth quarter, we recognized \$24.2 million of net favorable prior year loss reserve development primarily related to favorable loss cost trends in accident year 2017 and prior. Additionally, our underwriting and administrative expenses of \$39.2 million were down 10% from a year ago, primarily driven by targeted expense savings in compensation and professional fees.

As a result of the growth in written premium and reduction in expenses that we have achieved in recent quarters, we began 2022 with a significantly lower expense ratio”.

Ms. Antonello continued, "Our Cerity operating segment, which offers direct-to-consumer digital workers' compensation insurance solutions, continues to successfully grow its business within its targeted low-hazard groups. Cerity's written premium increased to more than \$1.5 million in 2021, from just \$0.3 million in 2020, and is off to a very strong start in 2022. We are confident that Cerity's unique online experience will attract an untapped segment of our target market, and we expect increased momentum through strategic opportunities and partnerships that are currently being developed”.

Summary of Consolidated Fourth Quarter 2021 Operating Results

(All comparisons vs. fourth quarter 2020, unless noted otherwise).

Gross premiums written were \$142.0 million, an increase of 15%. The increase was primarily due to higher new business writings, particularly in California, and an increase in final audit premiums. Net earned premiums were \$156.4 million, an increase of 3% year-over-year.

Losses and loss adjustment expenses were \$70.7 million, an increase of 48%. The increase was primarily due to higher earned premium and lower favorable prior accident year loss reserve development. The Company recognized \$24.2 million of favorable prior accident year loss reserve development during the quarter versus \$39.7 million of favorable prior accident year loss reserve development a year ago.

Commission expenses were \$21.4 million, an increase of 13%. The increase was primarily due to higher earned premiums and increased commissions on new business writings.

Underwriting and general and administrative expenses were \$39.2 million, a decrease of 10%. The decrease resulted from targeted expense savings and employee reductions and departures, which reduced our fixed expenses such as compensation and professional fees, as well as reductions in assessments.

Net investment income was \$17.7 million, a decrease of 2%. The decrease was primarily due to lower average yields on our fixed maturity investments.

Income tax expense was \$13.6 million (19.9% effective rate) versus \$16.4 million (20.4% effective rate). The effective rates in each period included income tax benefits and exclusions associated with tax-advantaged investment income, LPT adjustments, and deferred gain amortization.

The Company's book value per share of \$43.73 and book value per share including the Deferred Gain of \$47.85 increased by 5.3% and 4.3% during 2021, respectively, each computed after taking into account dividends declared. These measures were adversely impacted by \$51.3 million of after-tax unrealized losses arising from fixed maturity securities (which are reflected on the balance sheet), partially offset by \$39.9 million of net after tax unrealized gains arising from equity securities and other investments (which are reflected on the income statement).

Summary of Fourth Quarter 2021 Results by Segment

(see page 16 of the Financial Supplement for a description of our reportable segments. All comparisons are vs. fourth quarter 2020, unless noted otherwise).

Employers Segment

The Employers segment reported net income before income taxes of \$69.7 million versus \$83.4 million.

Highlights included the following:

- Underwriting income of \$27.5 million versus \$45.2 million;
- Calendar year combined ratio of 82.4% versus 70.2%;
- Current accident year loss and LAE ratio of 64.2% versus 60.8%;
- Favorable prior year loss reserve development of 15.6 percentage points versus 26.2 percentage points;
- Commission expense ratio of 13.7% versus 12.5%;
- Underwriting expense ratio of 20.1% versus 23.1%;
- Net investment income of \$16.7 million versus \$17.2 million; and
- Net realized and unrealized gains on investments of \$24.8 million versus \$20.8 million.

Cerity Segment

The Cerity segment reported a net loss before income tax of \$2.4 million versus \$3.6 million.

Highlights included the following:

- Underwriting loss of \$3.2 million versus \$4.6 million;
- Premiums written of \$0.5 million versus \$0.2 million;
- Consistent current accident year loss and LAE ratios to that of the Employers segment; and
- Net investment income and net unrealized investment gains of \$0.8 million versus \$1.1 million.

Corporate and Other

Corporate and Other activities reported net income before income taxes of \$1.1 million versus \$0.6 million. Highlights included the following:

- LPT amortization, which served to reduce losses and LAE, of \$5.4 million versus \$4.5 million;
- Net investment income of \$0.3 million versus \$0.2 million; and
- General and administrative expenses of \$4.6 million versus \$3.8 million.

Share Repurchases and First Quarter 2022 Dividend Declarations

During the fourth quarter of 2021, the Company repurchased 223,562 shares of its common stock at an average price of \$39.63 per share. During the period from January 1, 2022 through February 15, 2022, the Company repurchased a further 88,991 shares of its common stock at an average price of \$38.33 per share. The Company currently has a remaining share repurchase authorization of \$24.5 million.

On February 15, 2022, the Board of Directors declared a first quarter 2022 dividend of \$0.25 per share. The dividend is payable on March 15, 2022 to stockholders of record as of March 1, 2022.

Earnings Conference Call and Webcast / Availability of Financial Supplement and Investor Presentation

The Company will host a conference call on Thursday, February 17, 2022 at 11:00 a.m. Eastern Standard Time / 8:00 a.m. Pacific Standard Time.

To participate in the live conference call by telephone, dial +1 (888) 364-8443 or +1 (484) 747-6630 and use the conference call access code 9194478.

The webcast will be accessible on the Company's website at www.employers.com through the "Investors" link. An archived version of the webcast will remain on the Company's web site for up to seven days following the live webcast. To listen to a recording of the call by telephone, dial +1 (855) 859-2056 or +1 (404) 537-3406 and use the conference call access code 9194478.

Reconciliation of Non-GAAP Financial Measures to GAAP

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

Within this earnings release 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.

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, including the effects of the Coronavirus (COVID-19) pandemic, 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 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).

About Employers Holdings, Inc.

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.

Contact Information

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Employers Holdings, Inc.
Fourth Quarter and Full Year 2021
Financial Supplement

February 16, 2022

EMPLOYERS[®]

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			Years Ended		
	December 31,			December 31,		
	2021	2020	% change	2021	2020	% change
Selected financial highlights:						
Gross premiums written	\$ 142.0	\$ 123.9	15 %	\$ 589.7	\$ 580.1	2 %
Net premiums written	140.4	122.9	14	583.1	574.9	1
Net premiums earned	156.4	151.5	3	574.4	615.3	(7)
Net investment income	17.7	18.0	(2)	72.7	76.3	(5)
Net income before impact of the LPT ⁽¹⁾	49.5	59.5	(17)	107.8	107.9	—
Adjusted net income ⁽¹⁾	29.8	42.8	(30)	67.9	93.5	(27)
Net income before income taxes	68.4	80.4	(15)	147.0	147.7	—
Net income	54.8	64.0	(14)	119.3	119.8	—
Comprehensive income	37.0	67.4	(45)	64.8	169.6	(62)
Total assets				3,783.2	3,922.6	(4)
Stockholders' equity				1,213.1	1,212.8	—
Stockholders' equity including the Deferred Gain ⁽²⁾				1,327.5	1,338.2	(1)
Adjusted stockholders' equity ⁽²⁾				1,266.9	1,223.1	4
Annualized adjusted return on stockholders' equity ⁽³⁾	9.5 %	14.2 %	(33)%	5.5 %	7.6 %	(28)
Amounts per share:						
Cash dividends declared per share	\$ 0.25	\$ 0.25	— %	\$ 1.00	\$ 1.00	— %
Earnings per diluted share ⁽⁴⁾	1.94	2.19	(11)	4.17	3.97	5
Earnings per diluted share before impact of the LPT ⁽⁴⁾	1.76	2.04	(14)	3.77	3.57	6
Adjusted earnings per diluted share ⁽⁴⁾	1.06	1.46	(27)	2.37	3.10	(24)
Book value per share ⁽²⁾				43.73	42.46	3
Book value per share including the Deferred Gain ⁽²⁾				47.85	46.85	2
Adjusted book value per share ⁽²⁾				45.67	42.82	7
Financial information by Segment⁽⁵⁾:						
Net income (loss) before income taxes:						
Employers	\$ 69.7	\$ 83.4	(16)%	\$ 161.3	\$ 164.0	(2)%
Cerity	(2.4)	(3.6)	33	(9.6)	(13.5)	29
Corporate and Other	1.1	0.6	83 %	(4.7)	(2.8)	(68)

(1) See Page 5 for calculations and Page 15 for information regarding our use of Non-GAAP Financial Measures.

(2) See Page 13 for calculations and Page 15 for information regarding our use of Non-GAAP Financial Measures.

(3) See Page 10 for calculations and Page 15 for information regarding our use of Non-GAAP Financial Measures.

(4) See Page 14 for calculations and Page 15 for information regarding our use of Non-GAAP Financial Measures.

(5) See Pages 6-9 for details and Page 16 for a description of our reportable segments.

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

	December 31, 2021	December 31, 2020
ASSETS		
Available for sale:		
Investments, cash and cash equivalents	\$ 2,811.3	\$ 2,917.8
Accrued investment income	14.5	15.3
Premiums receivable, net	244.7	232.1
Reinsurance recoverable, net of allowance, on paid and unpaid losses and LAE	483.8	504.2
Deferred policy acquisition costs	43.7	43.2
Contingent commission receivable—LPT Agreement	13.9	13.4
Other assets	171.3	196.6
Total assets	\$ 3,783.2	\$ 3,922.6
LIABILITIES		
Unpaid losses and LAE	\$ 1,981.2	\$ 2,069.4
Unearned premiums	304.7	299.1
Commissions and premium taxes payable	42.1	43.0
Deferred Gain	114.4	125.4
FHLB Advances ⁽¹⁾	—	20.0
Other liabilities	127.7	152.9
Total liabilities	\$ 2,570.1	\$ 2,709.8
STOCKHOLDERS' EQUITY		
Common stock and additional paid-in capital	\$ 411.3	\$ 404.9
Retained earnings	1,338.5	1,247.9
Accumulated other comprehensive income, net	60.6	115.1
Treasury stock, at cost	(597.3)	(555.1)
Total stockholders' equity	1,213.1	1,212.8
Total liabilities and stockholders' equity	\$ 3,783.2	\$ 3,922.6
Stockholders' equity including the Deferred Gain ⁽²⁾	\$ 1,327.5	\$ 1,338.2
Adjusted stockholders' equity ⁽²⁾	1,266.9	1,223.1
Book value per share ⁽²⁾	\$ 43.73	\$ 42.46
Book value per share including the Deferred Gain ⁽²⁾	47.85	46.85
Adjusted book value per share ⁽²⁾	45.67	42.82

(1) FHLB = Federal Home Loan Bank

(2) See Page 13 for calculations and Page 15 for information regarding our use of Non-GAAP Financial Measures.

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

	Three Months Ended		Years Ended	
	December 31,		December 31,	
	2021	2020	2021	2020
Revenues:				
Net premiums earned	\$ 156.4	\$ 151.5	\$ 574.4	\$ 615.3
Net investment income	17.7	18.0	72.7	76.3
Net realized and unrealized gains on investments ⁽¹⁾	25.0	21.3	54.6	19.0
Other income	0.7	0.3	1.4	0.8
Total revenues	199.8	191.1	703.1	711.4
Expenses:				
Losses and LAE incurred	(70.7)	(47.9)	(315.2)	(302.4)
Commission expense	(21.4)	(18.9)	(76.1)	(78.8)
Underwriting and general and administrative expenses	(39.2)	(43.4)	(160.2)	(181.3)
Interest and financing expenses	(0.1)	(0.4)	(0.5)	(0.4)
Other expenses	—	(0.1)	(4.1)	(0.8)
Total expenses	(131.4)	(110.7)	(556.1)	(563.7)
Net income before income taxes	68.4	80.4	147.0	147.7
Income tax expense	(13.6)	(16.4)	(27.7)	(27.9)
Net income	54.8	64.0	119.3	119.8
Unrealized AFS investment gains (losses) arising during the period, net of tax ⁽²⁾	(17.4)	5.3	(51.3)	53.4
Reclassification adjustment for realized AFS investment gains in net income, net of tax ⁽²⁾	(0.4)	(1.9)	(3.2)	(3.6)
Total Comprehensive income	\$ 37.0	\$ 67.4	\$ 64.8	\$ 169.6
Net income	\$ 54.8	\$ 64.0	\$ 119.3	\$ 119.8
Amortization of the Deferred Gain - losses	(1.7)	(2.6)	(6.7)	(8.7)
Amortization of the Deferred Gain - contingent commission	(0.5)	(0.5)	(1.7)	(1.8)
LPT reserve adjustment	(2.6)	(1.2)	(2.6)	(1.2)
LPT contingent commission adjustments	(0.5)	(0.2)	(0.5)	(0.2)
Net income before impact of the LPT Agreement⁽³⁾	\$ 49.5	\$ 59.5	\$ 107.8	\$ 107.9
Net realized and unrealized gains on investments	(25.0)	(21.3)	(54.6)	(19.0)
Non-recurring severance costs and asset impairment charges	—	0.1	4.1	0.8
Income tax expense related to items excluded from Net income	5.3	4.5	10.6	3.8
Adjusted net income⁽³⁾	\$ 29.8	\$ 42.8	\$ 67.9	\$ 93.5

(1) Includes unrealized gains (losses) on equity securities and other invested assets of \$23.6 million and \$17.8 million for the three months ended December 31 2021 and 2020, respectively, and \$34.9 million and \$(6.3) million for the year ended December 31, 2021 and 2020, respectively

(2) AFS = Available for Sale securities

(3) See Page 15 regarding our use of Non-GAAP Financial Measures.

EMPLOYERS HOLDINGS, INC.
Net Income Before Income Taxes by Segment⁽¹⁾ (unaudited)
\$ in millions

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
(in millions)				
Year Ended December 31, 2021				
Gross premiums written	\$ 588.2	\$ 1.5	\$ —	\$ 589.7
Net premiums written	581.6	1.5	—	583.1
Net premiums earned	A 573.7	0.7	—	574.4
Net investment income	69.3	2.8	0.6	72.7
Net realized and unrealized gains (losses) on investments	54.5	0.3	(0.2)	54.6
Other income	1.4	—	—	1.4
Total revenues	<u>698.9</u>	<u>3.8</u>	<u>0.4</u>	<u>703.1</u>
Losses and LAE incurred	B (326.2)	(0.5)	11.5	(315.2)
Commission expense	C (76.1)	—	—	(76.1)
Underwriting expenses	D (131.2)	(12.9)	—	(144.1)
General and administrative expenses	—	—	(16.1)	(16.1)
Interest and financing expenses	—	—	(0.5)	(0.5)
Other expenses	(4.1)	—	—	(4.1)
Total expenses	<u>(537.6)</u>	<u>(13.4)</u>	<u>(5.1)</u>	<u>(556.1)</u>
Net income (loss) before income taxes	<u>\$ 161.3</u>	<u>\$ (9.6)</u>	<u>\$ (4.7)</u>	<u>\$ 147.0</u>
Underwriting income (loss)	A+B+C+D \$ 40.2	\$ (12.7)		
Loss and LAE expense ratio:				
Current year	63.8 %	n/m		
Prior years	<u>(6.9)</u>	<u>—</u>		
Loss and LAE ratio	56.9	n/m		
Commission expense ratio	13.3	n/m		
Underwriting expense ratio	22.9	n/m		
Combined ratio	<u>93.1 %</u>	<u>n/m</u>		

n/m - not meaningful

(1) See Page 16 for a description of our reportable segments.

EMPLOYERS HOLDINGS, INC.
Net Income Before Income Taxes by Segment⁽¹⁾ (unaudited)
\$ in millions

Year Ended December 31, 2020	Employers	Cerity	Corporate and Other	Consolidated
	(in millions)			
Gross premiums written	\$ 579.8	\$ 0.3	\$ —	\$ 580.1
Net premiums written	574.6	0.3	—	574.9
Net premiums earned	A 615.1	0.2	—	615.3
Net investment income	72.1	3.1	1.1	76.3
Net realized and unrealized gains (losses) on investments	20.9	—	(1.9)	19.0
Other income	0.8	—	—	0.8
Total revenues	708.9	3.3	(0.8)	711.4
Losses and LAE incurred	B (314.2)	(0.1)	11.9	(302.4)
Commission expense	C (78.8)	—	—	(78.8)
Underwriting expenses	D (151.1)	(16.6)	—	(167.7)
General and administrative expenses	—	—	(13.6)	(13.6)
Interest and financing expenses	(0.1)	—	(0.3)	(0.4)
Other expenses	(0.7)	(0.1)	—	(0.8)
Total expenses	(544.9)	(16.8)	(2.0)	(563.7)
Net income (loss) before income taxes	\$ 164.0	\$ (13.5)	\$ (2.8)	\$ 147.7
Underwriting income (loss)	A+B+C+D \$ 71.0	\$ (16.5)		
Loss and LAE expense ratio:				
Current year	64.3 %	n/m		
Prior years	(13.2)	—		
Loss and LAE ratio	51.1	n/m		
Commission expense ratio	12.8	n/m		
Underwriting expense ratio	24.6	n/m		
Combined ratio	88.5 %	n/m		

n/m - not meaningful

(1) See Page 16 for a description of our reportable segments.

EMPLOYERS HOLDINGS, INC.
Net Income Before Income Taxes by Segment⁽¹⁾ (unaudited)
\$ in millions

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
Three Months Ended December 31, 2021				
	(in millions)			
Gross premiums written	\$ 141.5	\$ 0.5	\$ —	\$ 142.0
Net premiums written	139.9	0.5	—	140.4
Net premiums earned	A 156.1	0.3	—	156.4
Net investment income	16.7	0.7	0.3	17.7
Net realized and unrealized gains on investments	24.8	0.1	0.1	25.0
Other income	0.7	—	—	0.7
Total revenues	<u>198.3</u>	<u>1.1</u>	<u>0.4</u>	<u>199.8</u>
Losses and LAE incurred	B (75.9)	(0.2)	5.4	(70.7)
Commission expense	C (21.4)	—	—	(21.4)
Underwriting expenses	D (31.3)	(3.3)	—	(34.6)
General and administrative expenses	—	—	(4.6)	(4.6)
Interest and financing expenses	—	—	(0.1)	(0.1)
Other expenses	—	—	—	—
Total expenses	<u>(128.6)</u>	<u>(3.5)</u>	<u>0.7</u>	<u>(131.4)</u>
Net income (loss) before income taxes	<u>\$ 69.7</u>	<u>\$ (2.4)</u>	<u>\$ 1.1</u>	<u>\$ 68.4</u>
Underwriting income (loss)	A+B+C+D \$ 27.5	\$ (3.2)		
Loss and LAE expense ratio:				
Current year	64.2 %	n/m		
Prior years	<u>(15.6)</u>	<u>—</u>		
Loss and LAE ratio	48.6	n/m		
Commission expense ratio	13.7	n/m		
Underwriting expense ratio	20.1	n/m		
Combined ratio	<u>82.4 %</u>	<u>n/m</u>		

n/m - not meaningful

(1) See Page 16 for a description of our reportable segments.

EMPLOYERS HOLDINGS, INC.
Net Income Before Income Taxes by Segment⁽¹⁾ (unaudited)
\$ in millions

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
Three Months Ended December 31, 2020				
	(in millions)			
Gross premiums written	\$ 123.7	\$ 0.2	\$ —	\$ 123.9
Net premiums written	122.7	0.2	—	122.9
Net premiums earned	A 151.4	0.1	—	151.5
Net investment income	17.2	0.6	0.2	18.0
Net realized and unrealized gains on investments	20.8	0.5	—	21.3
Other income	0.3	—	—	0.3
Total revenues	<u>189.7</u>	<u>1.2</u>	<u>0.2</u>	<u>191.1</u>
Losses and LAE incurred	B (52.4)	—	4.5	(47.9)
Commission expense	C (18.9)	—	—	(18.9)
Underwriting expenses	D (34.9)	(4.7)	—	(39.6)
General and administrative expenses	—	—	(3.8)	(3.8)
Interest and financing expenses	(0.1)	—	(0.3)	(0.4)
Other expenses	—	(0.1)	—	(0.1)
Total expenses	<u>(106.3)</u>	<u>(4.8)</u>	<u>0.4</u>	<u>(110.7)</u>
Net income (loss) before income taxes	<u>\$ 83.4</u>	<u>\$ (3.6)</u>	<u>\$ 0.6</u>	<u>\$ 80.4</u>
Underwriting income (loss)	A+B+C+D \$ 45.2	\$ (4.6)		
Loss and LAE expense ratio:				
Current year	60.8 %	n/m		
Prior years	<u>(26.2)</u>	<u>—</u>		
Loss and LAE ratio	34.6	n/m		
Commission expense ratio	12.5	n/m		
Underwriting expense ratio	23.1	n/m		
Combined ratio	<u>70.2 %</u>	<u>n/m</u>		

n/m - not meaningful

(1) See Page 16 for a description of our reportable segments.

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

		Three Months Ended		Years Ended	
		December 31,		December 31,	
		2021	2020	2021	2020
Net income	A	\$ 54.8	\$ 64.0	\$ 119.3	\$ 119.8
Impact of the LPT Agreement		(5.3)	(4.5)	(11.5)	(11.9)
Net realized and unrealized gains on investments		(25.0)	(21.3)	(54.6)	(19.0)
Non-recurring severance costs and asset impairment charges		—	0.1	4.1	0.8
Income tax expense related to items excluded from Net income		5.3	4.5	10.6	3.8
Adjusted net income⁽¹⁾	B	\$ 29.8	\$ 42.8	\$ 67.9	\$ 93.5
Stockholders' equity - end of period		\$ 1,213.1	\$ 1,212.8	\$ 1,213.1	\$ 1,212.8
Stockholders' equity - beginning of period		1,189.9	1,167.4	1,212.8	1,165.8
Average stockholders' equity	C	\$ 1,201.5	\$ 1,190.1	\$ 1,213.0	\$ 1,189.3
Stockholders' equity - end of period		\$ 1,213.1	\$ 1,212.8	\$ 1,213.1	\$ 1,212.8
Deferred Gain - end of period		114.4	125.4	114.4	125.4
Accumulated other comprehensive income, before taxes - end of period		(76.7)	(145.7)	(76.7)	(145.7)
Income tax related to accumulated other comprehensive income - end of period		16.1	30.6	16.1	30.6
Adjusted stockholders' equity - end of period		1,266.9	1,223.1	1,266.9	1,223.1
Adjusted stockholders' equity - beginning of period		1,230.7	1,185.4	1,223.1	1,237.6
Average adjusted stockholders' equity⁽¹⁾	D	\$ 1,248.8	\$ 1,204.3	\$ 1,245.0	\$ 1,230.4
Return on stockholders' equity	A / C	4.6 %	5.4 %	9.8 %	10.1 %
Annualized return on stockholders' equity		18.2	21.5		
Adjusted return on stockholders' equity ⁽¹⁾	B / D	2.4	3.6	5.5	7.6
Annualized adjusted return on stockholders' equity⁽¹⁾		9.5	14.2		

(1) See Page 15 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		Years Ended	
	December 31,		December 31,	
	2021	2020	2021	2020
Unpaid losses and LAE at beginning of period	\$ 2,002.1	\$ 2,141.4	\$ 2,069.4	\$ 2,192.8
Less reinsurance recoverable on unpaid losses and LAE	478.4	513.7	497.0	532.5
Net unpaid losses and LAE at beginning of period	1,523.7	1,627.7	1,572.4	1,660.3
Losses and LAE incurred:				
Current year	100.3	92.1	366.5	395.9
Prior years - voluntary business	(23.0)	(38.7)	(38.0)	(80.2)
Prior years - involuntary business	(1.2)	(1.0)	(1.8)	(1.4)
Total losses incurred	76.1	52.4	326.7	314.3
Losses and LAE paid:				
Current year	34.0	32.9	76.6	83.6
Prior years	61.5	74.8	318.2	318.6
Total paid losses	95.5	107.7	394.8	402.2
Net unpaid losses and LAE at end of period	1,504.3	1,572.4	1,504.3	1,572.4
Reinsurance recoverable, excluding CECL allowance, on unpaid losses and LAE	476.9	497.0	476.9	497.0
Unpaid losses and LAE at end of period	\$ 1,981.2	\$ 2,069.4	\$ 1,981.2	\$ 2,069.4

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 \$5.3 million and \$4.5 million for the three months ended December 31, 2021 and 2020, respectively, and \$11.5 million and \$11.9 million for the year ended December 31, 2021 and 2020, respectively.

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

	December 31, 2021				December 31, 2020	
	Cost or Amortized Cost	Net Unrealized Gain (Loss)	Fair Value	%	Fair Value	%
Investment Positions:						
Fixed maturity securities	\$ 2,266.1	\$ 76.6	\$ 2,342.7	83 %	\$ 2,479.2	85 %
Equity securities	218.2	126.2	344.4	12	215.2	7
Other invested assets	34.1	4.3	38.4	1	36.2	1
Short-term investments	10.5	—	10.5	—	26.6	1
Cash and cash equivalents	75.1	—	75.1	3	160.4	5
Restricted cash and cash equivalents	0.2	—	0.2	—	0.2	—
Total investments and cash	\$ 2,604.2	\$ 207.1	\$ 2,811.3	100 %	\$ 2,917.8	100 %
Breakout of Fixed Maturity Securities:						
U.S. Treasuries and Agencies	\$ 66.5	\$ 1.6	\$ 68.1	3 %	\$ 81.4	3 %
States and Municipalities	413.8	22.3	436.1	19	482.7	19
Corporate Securities	1,035.1	45.2	1,080.3	46	1,046.4	42
Mortgage-Backed Securities	406.9	7.2	414.1	18	563.4	23
Asset-Backed Securities	68.6	(0.1)	68.5	3	42.6	2
Collateralized loan obligations	85.5	(0.1)	85.4	4	83.6	3
Bank loans and other	189.7	0.5	190.2	8	179.1	7
Total fixed maturity securities	\$ 2,266.1	\$ 76.6	\$ 2,342.7	100 %	\$ 2,479.2	100 %
Weighted average ending book yield				3.0 %		3.0 %
Average credit quality (S&P)				A+		A+
Duration				3.4		3.2

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

		December 31, 2021	December 31, 2020
Numerators:			
Stockholders' equity	A	\$ 1,213.1	\$ 1,212.8
Deferred Gain		114.4	125.4
Stockholders' equity including the Deferred Gain⁽¹⁾	B	1,327.5	1,338.2
Accumulated other comprehensive income, before taxes		(76.7)	(145.7)
Income taxes related to accumulated other comprehensive income, before taxes		16.1	30.6
Adjusted stockholders' equity⁽¹⁾	C	\$ 1,266.9	\$ 1,223.1
Denominator (shares outstanding)	D	27,741,400	28,564,798
Book value per share ⁽¹⁾	A / D	\$ 43.73	\$ 42.46
Book value per share including the Deferred Gain ⁽¹⁾	B / D	47.85	46.85
Adjusted book value per share ⁽¹⁾	C / D	45.67	42.82
Cash dividends declared per share		\$ 1.00	\$ 1.00
YTD Change in:⁽²⁾			
Book value per share		5.3 %	16.9 %
Book value per share including the Deferred Gain		4.3	15.2
Adjusted book value per share		9.0	11.0

(1) See Page 15 for information regarding our use of Non-GAAP Financial Measures.

(2) Reflects the change 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 December 31,		Years Ended December 31,	
		2021	2020	2021	2020
Numerators:					
Net income	A	\$ 54.8	\$ 64.0	\$ 119.3	\$ 119.8
Impact of the LPT Agreement		(5.3)	(4.5)	(11.5)	(11.9)
Net income before impact of the LPT ⁽¹⁾	B	\$ 49.5	\$ 59.5	\$ 107.8	\$ 107.9
Net realized and unrealized gains on investments		(25.0)	(21.3)	(54.6)	(19.0)
Non-recurring severance costs and asset impairment charges		—	0.1	4.1	0.8
Income tax expense related to items excluded from Net income		5.3	4.5	10.6	3.8
Adjusted net income ⁽¹⁾	C	\$ 29.8	\$ 42.8	\$ 67.9	\$ 93.5
Denominators:					
Average common shares outstanding (basic)	D	27,931,565	28,931,963	28,289,118	29,912,063
Average common shares outstanding (diluted)	E	28,178,237	29,227,878	28,600,993	30,204,864
Earnings per share:					
Basic	A / D	\$ 1.96	\$ 2.21	\$ 4.22	\$ 4.01
Diluted	A / E	1.94	2.19	4.17	3.97
Earnings per share before impact of the LPT: ⁽¹⁾					
Basic	B / D	\$ 1.77	\$ 2.06	\$ 3.81	\$ 3.61
Diluted	B / E	1.76	2.04	3.77	3.57
Adjusted earnings per share: ⁽¹⁾					
Basic	C / D	\$ 1.07	\$ 1.48	\$ 2.40	\$ 3.13
Diluted	C / E	1.06	1.46	2.37	3.10

(1) See Page 15 for information regarding our use of Non-GAAP Financial Measures.

Non-GAAP 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 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 5 for calculations) is net income excluding the effects of the LPT Agreement, and net realized and unrealized gains and losses on investments (net of tax), and any miscellaneous non-recurring transactions (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 Gain (see Page 13 for calculations) 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 13 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 adjusted return on stockholders' equity metric.

Return on stockholders' equity and Adjusted return on stockholders' equity (see Page 10 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 13 for calculations). Management believes that these valuation measures are widely used by our investors, analysts and other interested parties.

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

Description of Reportable Segments

The Company has determined that it has two reportable segments: Employers and Cerity. Each of these segments represents a separate and distinct underwriting platform through which the Company conducts insurance business.

The nature and composition of each reportable segment and its Corporate and Other activities are as follows:

- The Employers segment is defined as traditional business offered through the EMPLOYERS brand name through its agents, including business originated from its strategic partnerships and alliances;
- The Cerity segment is defined as business offered under the Cerity brand name, which includes the Company's direct-to-customer business; and
- Corporate and Other activities consist of those holding company expenses that are not considered to be underwriting in nature, the financial impact of the LPT agreement and legacy (pre-acquisition) business assumed and ceded by Cerity Insurance Company. These expenses are not considered to be part of a reportable segment and are not otherwise allocated to a reportable segment.