

**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): April 22, 2021**

**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 April 22, 2021, Employers Holdings, Inc. (the “Company”) issued a press release and financial supplement announcing results for the quarter ended March 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 April 21, 2021, the Company's Board of Directors declared a second quarter 2021 cash dividend of \$0.25 per share on the Company's common stock. The dividend is payable on May 19, 2021 to stockholders of record as of May 5, 2021.

## Section 9 – Financial Statements and Exhibits

### Item 9.01. Financial Statements and Exhibits.

99.1 Employers Holdings, Inc. press release, dated April 22, 2021.

99.2 Employers Holdings, Inc. financial supplement, dated April 22, 2021.

## 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: April 22, 2021

/s/ Michael S. Paquette

Michael S. Paquette  
Executive Vice President,  
Chief Financial Officer

## Exhibit Index

<u>Exhibit No.</u>	<u>Exhibit</u>	
99.1	<a href="#">Employers Holdings, Inc. press release, dated</a>	April 22, 2021
99.2	<a href="#">Employers Holdings, Inc. financial supplement, dated</a>	April 22, 2021

**Employers Holdings, Inc. Reports First Quarter 2021 Results;  
Declares Second Quarter 2021 Cash Dividend of \$0.25 per Share****Company to Host Conference Call on Friday, April 23, 2021, at 11:00 a.m. Eastern Daylight Time**

**Reno, Nevada - April 22, 2021 - 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 first quarter ended March 31, 2021.

**Financial Highlights**

- Record number of ending policies in-force (104,772), up 3.3% year-over-year and up 1.2% since year-end;
- Net income of \$23.1 million, or \$0.80 per diluted share;
- Adjusted net income of \$14.7 million, or \$0.51 per diluted share;
- Net pretax realized and unrealized gains on investments recorded through the income statement of \$10.9 million;
- Net investment income of \$18.4 million, down 8% year-over-year;
- Net premiums earned of \$133.9 million, down 20% year-over-year;
- Favorable prior year loss reserve development on voluntary business of \$13.4 million, versus \$3.0 million a year ago;
- The Company repurchased 298,546 shares of its common stock at an average price of \$32.21 per share;
- Book value per share including the Deferred Gain of \$46.00, down 1.3% for the quarter including dividends declared.

**Management Commentary**

Chief Executive Officer Katherine Antonello commented: "During the first quarter, we delivered a 4.8% annualized return on adjusted equity and a combined ratio of 93.9% within our largest operating segment, Employers. These were favorable operating results considering the challenging macro-economic environment for small businesses, however our top line continues to be adversely impacted by a meaningful decrease in new business premium and lower average policy sizes as a result of the ongoing COVID-19 pandemic.

While our new business premium production did not meet our expectations in January and February, we are encouraged by the rebound we experienced in March and are experiencing thus far in April. We closed the quarter with another record number of policies in-force, which demonstrates that our policyholders are enduring the pandemic and small businesses are shopping for workers compensation coverage. As widespread vaccination occurs and the labor market improves, we are optimistic that rising payrolls will serve to increase premium. In support of this anticipated recovery, we have continued to pursue and advance the significant investments we have made in delivering a superior customer experience for our agents.

Regarding our expenses, during the first quarter: (i) we underwent a reduction-in-force, which impacted approximately 7% of our workforce; (ii) our former Chief Executive Officer retired, as planned; and (iii) we realigned the organization to increase efficiency and generate cost savings. As a result, our first quarter underwriting and general and administrative expenses of \$46.6 million will be the high-water mark for 2021 and you can expect to see immediate and significant expense reductions for the remainder of the year."

Ms. Antonello continued, "Our Cerity operating segment, which offers digital workers' compensation insurance solutions directly to consumers, is gaining traction and has already written close to \$500,000 in premium thus far in 2021. While the low-to-medium hazard direct to consumer workers' compensation market is relatively immature and Cerity is an early entrant in this space, we believe that its technological and intellectual capabilities will support our future growth initiatives, deliver greater pricing precision and flexibility, and provide direct access to workers' compensation insurance for customers seeking an online experience.

In summary, our primary goal for 2021 remains unchanged. We are preparing to fully capitalize on the upcoming labor market improvement, while continuing to maintain underwriting discipline and actively managing our expenses. Our balance sheet and capital position are very strong and are highly supportive of these initiatives."

## Summary of First Quarter 2021 Results

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

Gross premiums written were \$148.3 million, a decrease of 20%. The decrease was primarily due to declines in new business premium, particularly in California, non-renewals of certain unprofitable accounts and a reduction in our estimated final audit premium accruals to reflect our estimate of the exposure adjustments on our in-force policies that we anticipate returning to our policyholders. Net premiums earned were \$133.9 million, a decrease of 20% year-over-year.

Losses and loss adjustment expenses were \$69.6 million, a decrease of 33%. The Company recognized \$13.4 million of favorable prior year loss reserve development on voluntary business during the current period versus \$3.0 million a year ago.

Commission expenses were \$16.8 million, a decrease of 21%. The decrease was primarily due to the decrease in earned premiums.

Underwriting and general and administrative expenses were \$46.6 million, versus \$46.7 million. During the first quarter of 2021, the Company recognized a \$2.3 million acceleration in share-based compensation in connection with the April 1, 2021 retirement of Douglas D. Dirks, its former President and Chief Executive Officer.

Other expenses were \$2.9 million, representing employee severance costs resulting from a first quarter 2021 reduction-in-force. This action was taken to better align our expenses with our current revenues.

Net investment income was \$18.4 million, a decrease of 8%. The decrease was primarily due to lower interest rates year-over-year impacting bond yields.

Income tax expense (benefit) was \$4.5 million (16% effective rate) versus \$(10.4) million (23% effective rate). The effective rates during each of the periods presented included income tax benefits associated with tax-advantaged investment income, LPT adjustments, and deferred gain amortization.

The Company's book value per share of \$41.67 and book value per share including the Deferred Gain of \$46.00 each decreased by 1.3% during the first quarter of 2021, respectively, computed after taking into account dividends declared. These measures were impacted during the current period by \$35.5 million of after-tax unrealized losses arising from fixed maturity securities (which are reflected on the balance sheet) and \$8.0 million of net after tax unrealized gains arising from equity securities and other investments (which are reflected on the income statement).

## Summary of Results by Segment

(see page 12 of the Financial Supplement for a description of our reportable segments. All comparisons vs. first quarter 2020, unless noted otherwise).

### Employers Segment

The Employers segment reported net income (loss) before income taxes of \$34.0 million versus \$(37.7) million.

Highlights included the following:

- Underwriting income of \$8.1 million versus \$0.7 million;
- Combined ratio of 93.9% versus 99.5%;
- Current accident year loss and LAE ratio of 63.9% versus 65.6%;
- Favorable prior year loss reserve development of 10.4 percentage points versus 2.1 percentage points;
- Commission expense ratio of 12.5% versus 12.7%;
- Underwriting expense ratio of 27.9% versus 23.3%;
- Net investment income of \$17.6 million versus \$18.6 million; and
- Net realized and unrealized gains (losses) on investments recorded through the income statement of \$10.8 million versus \$(57.3) million.

### Cerity Segment

The Cerity segment reported a net loss before income taxes of \$2.9 million versus \$4.7 million, and an underwriting loss of \$3.7 million versus \$3.8 million.

Highlights included the following:

- Written premium of \$0.3 million versus less than \$0.1 million;
- Net investment income of \$0.7 million versus \$0.8 million;
- Net realized and unrealized gains (losses) on investments recorded through the income statement of \$0.1 million versus \$(1.7) million; and
- Underwriting expenses of \$3.7 million versus \$3.8 million.

## **Corporate and Other**

Corporate and Other activities reported a net loss before income taxes of \$3.5 million versus \$2.9 million.

Highlights included the following:

- LPT amortization, which served to reduce losses and LAE, of \$2.1 million versus \$2.4 million;
- Net investment income of \$0.1 million versus \$0.5 million; and
- General and administrative expenses of \$5.6 million versus \$3.7 million.

## **Share Repurchases and Second Quarter 2021 Dividend Declaration**

During the first quarter of 2021, the Company repurchased 298,546 shares of its common stock at an average price of \$32.21 per share. The Company currently has a remaining share repurchase authorization of \$18.9 million.

On April 21, 2021, the Board of Directors declared a second quarter 2021 dividend of \$0.25 per share. The dividend is payable on May 19, 2021 to stockholders of record as of May 5, 2021.

## **Earnings Conference Call and Webcast**

The Company will host a conference call on Friday, April 23, 2021, at 11:00 a.m. Eastern Daylight Time / 8:00 a.m. Pacific Daylight 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 3878857.

The webcast will be accessible on the Company's web site at [www.employers.com](http://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 call. 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 3878857.

## **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 is 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 U.S. Securities and Exchange Commission (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](http://www.employers.com). The Company's filings with the SEC can also be accessed through the SEC's EDGAR Database at [www.sec.gov](http://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 Certy Insurance Company, all rated A- (Excellent) by the A.M. Best Company. Not all companies do business in all jurisdictions. See [www.employers.com](http://www.employers.com) and [www.certy.com](http://www.certy.com) for coverage availability.

**Contact Information**

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**Employers Holdings, Inc.**  
First Quarter 2021  
Financial Supplement

***EMPLOYERS***<sup>®</sup>

*America's small business insurance specialist*<sup>®</sup>

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

	Three Months Ended		
	March 31,		
	2021	2020	% change
<b>Selected financial highlights:</b>			
Gross premiums written	\$ 148.3	\$ 184.7	(20)%
Net premiums written	146.9	183.4	(20)
Net premiums earned	133.9	167.9	(20)
Net investment income	18.4	19.9	(8)
Net income (loss) before impact of the LPT <sup>(1)</sup>	21.0	(37.3)	n/m
Adjusted net income <sup>(1)</sup>	14.7	11.0	34
Net income (loss) before income taxes	27.6	(45.3)	n/m
Net income (loss)	23.1	(34.9)	n/m
Comprehensive loss	(13.0)	(58.6)	78
Total assets	3,864.0	3,912.2	(1)
Stockholders' equity	1,186.6	1,057.3	12
Stockholders' equity including the Deferred Gain <sup>(2)</sup>	1,309.9	1,192.0	10
Adjusted stockholders' equity <sup>(2)</sup>	1,230.9	1,150.4	7
Annualized adjusted return on stockholders' equity <sup>(3)</sup>	4.8 %	3.7 %	30 %
<b>Amounts per share:</b>			
Cash dividends declared per share	\$ 0.25	\$ 0.25	— %
Earnings (loss) per diluted share <sup>(4)</sup>	0.80	(1.14)	n/m
Earnings (loss) per diluted share before impact of the LPT <sup>(4)</sup>	0.72	(1.22)	n/m
Adjusted earnings per diluted share <sup>(4)</sup>	0.51	0.35	46
Book value per share <sup>(2)</sup>	41.67	34.78	20
Book value per share including the Deferred Gain <sup>(2)</sup>	46.00	39.21	17
Adjusted book value per share <sup>(2)</sup>	43.22	37.84	14
<b>Financial information by Segment<sup>(5)</sup>:</b>			
Net income (loss) before income taxes			
Employers	\$ 34.0	\$ (37.7)	n/m
Cerity	(2.9)	(4.7)	38
Corporate and Other	(3.5)	(2.9)	(21)

(1) See Page 3 for calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

(2) See Page 9 for calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

(3) See Page 6 for calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

(4) See Page 10 for description and calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

(5) See Pages 4-5 for details and Page 12 for a description of our reportable segments.

n/m - not meaningful

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>ASSETS</b>		
Investments, cash and cash equivalents	\$ 2,850.8	\$ 2,917.8
Accrued investment income	17.2	15.3
Premiums receivable, net	243.7	232.1
Reinsurance recoverable, net of allowance, on paid and unpaid losses and LAE	499.1	504.2
Deferred policy acquisition costs	44.1	43.2
Contingent commission receivable—LPT Agreement	13.4	13.4
Other assets	195.7	196.6
<b>Total assets</b>	<b>\$ 3,864.0</b>	<b>\$ 3,922.6</b>
<b>LIABILITIES</b>		
Unpaid losses and LAE	\$ 2,034.1	\$ 2,069.4
Unearned premiums	313.8	299.1
Commissions and premium taxes payable	38.3	43.0
Deferred Gain	123.3	125.4
FHLB Advances <sup>(1)</sup>	15.0	20.0
Deferred income tax liability	7.4	15.5
Other liabilities	145.5	137.4
<b>Total liabilities</b>	<b>\$ 2,677.4</b>	<b>\$ 2,709.8</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock and additional paid-in capital	\$ 408.5	\$ 404.9
Retained earnings	1,263.8	1,247.9
Accumulated other comprehensive income, net	79.0	115.1
Treasury stock, at cost	(564.7)	(555.1)
<b>Total stockholders' equity</b>	<b>1,186.6</b>	<b>1,212.8</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,864.0</b>	<b>\$ 3,922.6</b>
Stockholders' equity including the Deferred Gain <sup>(2)</sup>	\$ 1,309.9	\$ 1,338.2
<b>Adjusted stockholders' equity <sup>(2)</sup></b>	<b>1,230.9</b>	<b>1,223.1</b>
Book value per share <sup>(2)</sup>	\$ 41.67	\$ 42.46
Book value per share including the Deferred Gain <sup>(2)</sup>	46.00	46.85
<b>Adjusted book value per share <sup>(2)</sup></b>	<b>43.22</b>	<b>42.82</b>

(1) FHLB=Federal Home Loan Bank

(2) See Page 9 for calculations and Page 11 for information regarding our use of Non-GAAP Financial Measures.

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

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>		
Net premiums earned	\$ 133.9	\$ 167.9
Net investment income	18.4	19.9
Net realized and unrealized gains (losses) on investments <sup>(1)</sup>	10.9	(61.1)
Other income	0.4	0.3
<b>Total revenues</b>	<b>163.6</b>	<b>127.0</b>
<b>Expenses:</b>		
Losses and LAE incurred	(69.6)	(104.3)
Commission expense	(16.8)	(21.3)
Underwriting and general and administrative expenses	(46.6)	(46.7)
Interest and financing expenses	(0.1)	—
Other expenses	(2.9)	—
<b>Total expenses</b>	<b>(136.0)</b>	<b>(172.3)</b>
Net income (loss) before income taxes	27.6	(45.3)
Income tax (expense) benefit	(4.5)	10.4
<b>Net income (loss)</b>	<b>23.1</b>	<b>(34.9)</b>
Unrealized AFS investment losses arising during the period, net of tax <sup>(2)</sup>	(35.5)	(29.2)
Reclassification adjustment for realized AFS investment (gains) losses in net income, net of tax <sup>(2)</sup>	(0.6)	5.5
<b>Total comprehensive income (loss)</b>	<b>\$ (13.0)</b>	<b>\$ (58.6)</b>
Net income (loss)	\$ 23.1	\$ (34.9)
Amortization of the Deferred Gain - losses	(1.7)	(2.0)
Amortization of the Deferred Gain - contingent commission	(0.4)	(0.4)
<b>Net income (loss) before impact of the LPT Agreement<sup>(3)</sup></b>	<b>21.0</b>	<b>(37.3)</b>
Net realized and unrealized (gains) losses on investments	(10.9)	61.1
Severance costs	2.9	—
Income tax expense (benefit) related to items excluded from Net income or loss	1.7	(12.8)
<b>Adjusted net income (loss)</b>	<b>\$ 14.7</b>	<b>\$ 11.0</b>

(1) Includes unrealized gains (losses) on equity securities of \$8.8 million and \$(69.2) million for the three months ended March 31, 2021 and 2020, respectively.

(2) AFS = Available for Sale securities.

(3) See Page 11 regarding our use of Non-GAAP Financial Measures.

**EMPLOYERS HOLDINGS, INC.**  
**Net Income Before Income Taxes by Segment <sup>(1)</sup> (unaudited)**  
**\$ in millions**

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
<b>Three Months Ended March 31, 2021</b>				
Gross premiums written	\$ 148.0	\$ 0.3	\$ —	\$ 148.3
Net premiums written	146.6	0.3	—	146.9
Net premiums earned	<b>A</b> 133.9	—	—	133.9
Net investment income	17.6	0.7	0.1	18.4
Net realized and unrealized gains on investments	10.8	0.1	—	10.9
Other income	0.4	—	—	0.4
<b>Total revenues</b>	<u>162.7</u>	<u>0.8</u>	<u>0.1</u>	<u>163.6</u>
Losses and LAE incurred	<b>B</b> (71.7)	—	2.1	(69.6)
Commission expense	<b>C</b> (16.8)	—	—	(16.8)
Underwriting and general and administrative expenses	<b>D</b> (37.3)	(3.7)	(5.6)	(46.6)
Interest and financing expenses	—	—	(0.1)	(0.1)
Other expenses	(2.9)	—	—	(2.9)
<b>Total expenses</b>	<u>(128.7)</u>	<u>(3.7)</u>	<u>(3.6)</u>	<u>(136.0)</u>
<b>Net income (loss) before income taxes</b>	<u>\$ 34.0</u>	<u>\$ (2.9)</u>	<u>\$ (3.5)</u>	<u>\$ 27.6</u>
<b>Underwriting income (loss)</b>	<b>A+B+C+D</b> 8.1	(3.7)		
Loss and LAE expense ratio:				
Current year	63.9 %	n/m		
Prior years	(10.4)	—		
Loss and LAE ratio	<u>53.5</u>	<u>n/m</u>		
Commission expense ratio	12.5	n/m		
Underwriting expense ratio	<u>27.9</u>	<u>n/m</u>		
<b>Combined ratio</b>	<u>93.9 %</u>	<u>n/m</u>		

n/m - not meaningful

(1) See Page 12 for a description of our reportable segments

**EMPLOYERS HOLDINGS, INC.**  
**Net Income Before Income Taxes by Segment <sup>(1)</sup> (unaudited)**  
**\$ in millions**

	<u>Employers</u>	<u>Cerity</u>	<u>Corporate and Other</u>	<u>Consolidated</u>
<b>Three Months Ended March 31, 2020</b>				
Gross premiums written	\$ 184.7	\$ —	\$ —	\$ 184.7
Net premiums written	183.4	—	—	183.4
Net premiums earned	<b>A</b> 167.9	—	—	167.9
Net investment income	18.6	0.8	0.5	19.9
Net realized and unrealized losses on investments	(57.3)	(1.7)	(2.1)	(61.1)
Other income	0.3	—	—	0.3
Total revenues	<u>129.5</u>	<u>(0.9)</u>	<u>(1.6)</u>	<u>127.0</u>
Losses and LAE incurred	<b>B</b> (106.7)	—	2.4	(104.3)
Commission expense	<b>C</b> (21.3)	—	—	(21.3)
Underwriting and general and administrative expenses	<b>D</b> (39.2)	(3.8)	(3.7)	(46.7)
Total expenses	<u>(167.2)</u>	<u>(3.8)</u>	<u>(1.3)</u>	<u>(172.3)</u>
<b>Net loss before income taxes</b>	<u>\$ (37.7)</u>	<u>\$ (4.7)</u>	<u>\$ (2.9)</u>	<u>\$ (45.3)</u>
<b>Underwriting income (loss)</b>	<b>A+B+C+D</b> \$ 0.7	\$ (3.8)		
Loss and LAE expense ratio:				
Current year	65.6 %	n/m		
Prior years	<u>(2.1)</u>	<u>—</u>		
Loss and LAE ratio	63.5	n/m		
Commission expense ratio	12.7	n/m		
Underwriting expense ratio	<u>23.3</u>	<u>n/m</u>		
<b>Combined ratio</b>	<u>99.5 %</u>	<u>n/m</u>		

n/m - not meaningful

(1) See Page 12 for a description of our reportable segments

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Net income (loss)</b>	<b>A</b> \$ 23.1	\$ (34.9)
Impact of the LPT Agreement	(2.1)	(2.4)
Net realized and unrealized (gains) losses on investments	(10.9)	61.1
Severance costs	2.9	—
Income tax expense (benefit) related to items excluded from Net income	1.7	(12.8)
<b>Adjusted net income <sup>(1)</sup></b>	<b>B</b> 14.7	11.0
Stockholders' equity - end of period	\$ 1,186.6	\$ 1,057.3
Stockholders' equity - beginning of period	1,212.8	1,165.8
<b>Average stockholders' equity</b>	<b>C</b> 1,199.7	1,111.6
Stockholders' equity - end of period	\$ 1,186.6	\$ 1,057.3
Deferred Gain - end of period	123.3	134.7
Accumulated other comprehensive income - end of period	(100.0)	(52.7)
Income taxes related to accumulated other comprehensive income - end of period	21.0	11.1
Adjusted stockholders' equity - end of period	1,230.9	1,150.4
Adjusted stockholders' equity - beginning of period	1,223.1	1,237.6
<b>Average adjusted stockholders' equity <sup>(1)</sup></b>	<b>D</b> 1,227.0	1,194.0
Return on stockholders' equity	<b>A / C</b> 1.9 %	(3.1)%
<b>Annualized return on stockholders' equity</b>	7.7	(12.6)
Adjusted return on stockholders' equity <sup>(1)</sup>	<b>B / D</b> 1.2 %	0.9 %
<b>Annualized adjusted return on stockholders' equity <sup>(1)</sup></b>	4.8	3.7

(1) See Page 11 for information regarding our use of Non-GAAP Financial Measures.

**EMPLOYERS HOLDINGS, INC.**  
**Roll-forward of Unpaid Losses and LAE (unaudited)**  
**\$ in millions**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
Unpaid losses and LAE at beginning of period	\$ 2,069.4	\$ 2,192.8
Reinsurance recoverable, excluding CECL allowance, on unpaid losses and LAE	497.0	532.5
Net unpaid losses and LAE at beginning of period	<u>1,572.4</u>	<u>1,660.3</u>
Losses and LAE incurred:		
Current year losses	85.6	110.2
Prior year losses on voluntary business	(13.4)	(3.0)
Prior year losses on involuntary business	<u>(0.5)</u>	<u>(0.5)</u>
Total losses incurred	<u>71.7</u>	<u>106.7</u>
Losses and LAE paid:		
Current year losses	4.7	6.9
Prior year losses	<u>97.6</u>	<u>95.4</u>
Total paid losses	<u>102.3</u>	<u>102.3</u>
Net unpaid losses and LAE at end of period	1,541.8	1,664.7
Reinsurance recoverable, excluding CECL allowance, on unpaid losses and LAE	492.3	527.0
Unpaid losses and LAE at end of period	<u>\$ 2,034.1</u>	<u>\$ 2,191.7</u>

Total losses and LAE shown in the above table exclude amortization of the Deferred Gain, which totaled \$2.1 million and \$2.4 million for the three months ended March 31, 2021 and 2020.

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

	March 31, 2021				December 31, 2020	
	Cost or Amortized Cost	Net Unrealized Gain (Loss)	Fair Value	%	Fair Value	%
<b>Investment Positions:</b>						
Fixed maturity securities	\$ 2,385.4	\$ 100.0	\$ 2,485.4	87 %	\$ 2,479.2	85 %
Equity securities	131.5	104.9	236.4	8	215.2	7
Short-term investments	1.0	—	1.0	—	26.6	1
Other invested assets	42.3	0.1	42.4	1	36.2	1
Cash and cash equivalents	85.4	—	85.4	3	160.4	5
Restricted cash and cash equivalents	0.2	—	0.2	—	0.2	—
Total investments and cash	<u>\$ 2,645.8</u>	<u>\$ 205.0</u>	<u>\$ 2,850.8</u>	<u>100 %</u>	<u>\$ 2,917.8</u>	<u>100 %</u>
<b>Breakout of Fixed Maturity Securities:</b>						
U.S. Treasuries and agencies	\$ 78.5	\$ 2.8	\$ 81.3	3 %	\$ 81.4	3 %
States and municipalities	415.3	27.0	442.3	18	482.7	19
Corporate securities	1,052.7	54.6	1,107.3	45	1,046.4	42
Mortgage-backed securities	515.7	14.2	529.9	21	563.4	23
Asset-backed securities	50.3	0.4	50.7	2	42.6	2
Collateralized loan obligations	84.5	(0.2)	84.3	3	83.6	3
Bank loans and other	188.4	1.2	189.6	8	179.1	7
Total fixed maturity securities	<u>\$ 2,385.4</u>	<u>\$ 100.0</u>	<u>\$ 2,485.4</u>	<u>100 %</u>	<u>\$ 2,479.2</u>	<u>100 %</u>
Weighted average book yield			3.0%		3.0%	
Average credit quality (S&P)			A+		A+	
Duration			3.8		3.2	



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

		<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
<b>Numerators:</b>					
<b>Stockholders' equity</b>	<b>A</b>	\$ 1,186.6	\$ 1,212.8	\$ 1,057.3	\$ 1,165.8
Plus: Deferred Gain		123.3	125.4	134.7	137.1
<b>Stockholders' equity including the Deferred Gain <sup>(1)</sup></b>	<b>B</b>	1,309.9	1,338.2	1,192.0	1,302.9
Accumulated other comprehensive income		(100.0)	(145.7)	(52.7)	(82.6)
Income taxes related to accumulated other comprehensive income		21.0	30.6	11.1	17.3
<b>Adjusted stockholders' equity <sup>(1)</sup></b>	<b>C</b>	<u>\$ 1,230.9</u>	<u>\$ 1,223.1</u>	<u>\$ 1,150.4</u>	<u>\$ 1,237.6</u>
<b>Denominator (shares outstanding)</b>	<b>D</b>	28,478,254	28,564,798	30,403,012	31,355,378
Book value per share <sup>(1)</sup>	<b>A / D</b>	\$ 41.67	\$ 42.46	\$ 34.78	\$ 37.18
Book value per share including the Deferred Gain <sup>(1)</sup>	<b>B / D</b>	46.00	46.85	39.21	41.55
Adjusted book value per share <sup>(1)</sup>	<b>C / D</b>	43.22	42.82	37.84	39.47
<b>YTD Change in: <sup>(2)</sup></b>					
Book value per share		(1.3)%		(5.8)%	
Book value per share including the Deferred Gain		(1.3)		(5.0)	
Adjusted book value per share		1.5		(3.5)	

(1) See Page 11 for information regarding our use of Non-GAAP Financial Measures.

(2) Reflects the change in book value per share after taking into account dividends declared of \$0.25 for each of the three months ended March 31, 2021 and 2020.

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Numerators:</b>		
<b>Net income (loss)</b>	<b>A</b> \$ 23.1	\$ (34.9)
Impact of the LPT Agreement	(2.1)	(2.4)
<b>Net income (loss) before impact of the LPT <sup>(1)</sup></b>	<b>B</b> 21.0	(37.3)
Net realized and unrealized (gains) losses on investments	(10.9)	61.1
Severance costs	2.9	—
Income tax expense (benefit) related to items excluded from Net income or loss	1.7	(12.8)
<b>Adjusted net income <sup>(1)</sup></b>	<b>C</b> \$ 14.7	\$ 11.0
<b>Denominators:</b>		
Average common shares outstanding (basic)	<b>D</b> 28,516,731	30,697,496
Average common shares outstanding (diluted)	<b>E</b> 28,968,339	31,156,149
<b>Earnings (loss) per share:</b>		
Basic	<b>A / D</b> \$ 0.81	\$ (1.14)
Diluted <sup>(2)</sup>	<b>A / E</b> 0.80	(1.14)
<b>Earnings (loss) per share before impact of the LPT: <sup>(1)</sup></b>		
Basic	<b>B / D</b> \$ 0.74	\$ (1.22)
Diluted <sup>(2)</sup>	<b>B / E</b> 0.72	(1.22)
<b>Adjusted earnings per share: <sup>(1)</sup></b>		
Basic	<b>C / D</b> \$ 0.52	\$ 0.36
Diluted	<b>C / E</b> 0.51	0.35

(1) See Page 11 for information regarding our use of Non-GAAP Financial Measures.

(2) Represents basic loss per share or diluted earnings per share, as appropriate.

## **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 3 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 9 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 9 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 6 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 9 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 3 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**

In 2019, the Company made changes to its corporate structure, mainly involving the launch and further development of a new digital insurance platform offered under the Cerity brand name (Cerity), resulting in changes to its reportable segments. As a result, 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 represents the traditional business offered through the EMPLOYERS brand name (Employers) through its agents, including business originated from its strategic partnerships and alliances;
- The Cerity segment represents the 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.