

**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): October 28, 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 October 28, 2021, Employers Holdings, Inc. (the “Company”) issued a press release and financial supplement announcing results for the quarter ended September 30, 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 October 27, 2021, the Company's Board of Directors declared a fourth quarter 2021 cash dividend of \$0.25 per share on the Company's common stock. The dividend is payable on November 24, 2021 to stockholders of record as of November 10, 2021.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

99.1 Employers Holdings, Inc. press release, dated October 28, 2021.

99.2 Employers Holdings, Inc. financial supplement, dated October 28, 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: October 28, 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	Employers Holdings, Inc. press release, dated	October 28, 2021
99.2	Employers Holdings, Inc. financial supplement, dated	October 28, 2021

**Employers Holdings, Inc. Reports Third Quarter 2021 Results;
Declares Fourth Quarter 2021 Cash Dividend of \$0.25 per Share****Company to Host Conference Call on Friday, October 29, 2021, at 11:00 a.m. Eastern Daylight Time**

Reno, Nevada - October 28, 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 third quarter ended September 30, 2021.

Financial Highlights

- Record number of ending policies in-force (109,870), up 6% since year-end;
- Gross premiums written were \$152.3 million, up 16% year-over-year;
- Net premiums earned of \$147.1 million, up 2% year-over-year;
- Net income of \$15.0 million, or \$0.53 per diluted share;
- Adjusted net income of \$11.6 million, or \$0.41 per diluted share;
- The Company repurchased 327,402 shares of its common stock at an average price of \$40.54 per share;

Management Commentary

Chief Executive Officer Katherine Antonello commented: "We closed the quarter with yet another record number of policies in-force and our written premiums, which were up 16% year-over-year, were the highest they have been since the first quarter of 2020. To recognize the positive shift we are experiencing in audits, we increased our final audit accruals by \$4.7 million during the quarter. In addition, October premium writings are off to a very strong start, a sign that small businesses are beginning to thrive and are actively shopping for workers' compensation coverage.

We maintained our current accident year loss and LAE ratio on voluntary business at 63.6%, down from 65.5% a year ago. Indemnity claim frequency continues to be down in recent periods while indemnity claim severity remains moderate. As part of our continued technology and process improvements initiative, we implemented a new comprehensive claims system during the quarter which we believe has enhanced and streamlined our claims handling processes. In connection with this implementation, we undertook several process changes and, as a result, we chose not to recognize any prior year loss reserve development during the quarter.

Our underwriting and administrative expenses of \$37.4 million were down 19% from a year ago. The decrease was primarily a result of targeted expense savings, mainly in the areas of compensation and professional fees."

Ms. Antonello continued, "Our Cerity operating segment, which offers digital workers' compensation insurance solutions directly to consumers, continues to grow while remaining within our targeted low hazard groups. We believe that Cerity's technological and intellectual capabilities will support our future growth initiatives and provide direct access to workers' compensation insurance for businesses seeking an online experience.

To capitalize on emerging labor market improvements, we recently expanded our underwriting appetite at both Employers and Cerity to include additional classes of business within our targeted hazard group mix. We remain committed to maintaining the highest level of underwriting discipline and to aggressively managing our expenses within our Employers and Cerity segments. Our balance sheet and capital position are very strong and are highly supportive of these key initiatives."

Summary of Third Quarter 2021 Results

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

Gross premiums written were \$152.3 million, an increase of 16%. The increase was primarily due to an increase in new policies written. Net premiums earned were \$147.1 million, an increase of 2%.

Losses and loss adjustment expenses were \$91.2 million, an increase of 18%. The Company did not recognize any prior year loss reserve development on voluntary business during the current period, versus \$14.8 million of net favorable development recognized a year ago.

Commission expenses were \$19.9 million, an increase of 3%. The increase was primarily the result of increased commissions on new business writings.

Underwriting and general and administrative expenses were \$37.4 million, a decrease of 19%. 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 a reduction in bad debt expenses.

Net investment income was \$18.4 million, largely unchanged from a year ago.

Income tax expense was \$3.6 million (19% effective rate) versus \$7.2 million (19% effective rate). The effective rates during each of the periods presented 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 \$42.55 and book value per share including the Deferred Gain of \$46.81 each increased by less than one percent during the third quarter of 2021, respectively, computed after taking into account dividends declared. These measures were impacted during the current period by \$8.8 million of after-tax unrealized losses arising from fixed maturity securities (which are reflected on the balance sheet) and \$1.4 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 14 of the Financial Supplement for a description of our reportable segments. All comparisons vs. third quarter 2020, unless noted otherwise).

Employers Segment

The Employers segment reported net income before income taxes of \$22.4 million versus \$42.8 million.

Highlights include the following:

- Underwriting income of \$2.8 million versus \$6.9 million;
- Combined ratio of 98.1% versus 95.2%;
- Current accident year loss and LAE ratio of 63.4% versus 65.3%;
- Calendar year loss and LAE ratio of 63.4% versus 55.1%;
- Commission expense ratio of 13.5% versus 13.4%;
- Underwriting expense ratio of 21.2% versus 26.7%;
- Net investment income of \$17.5 million in each period; and
- Net realized and unrealized gains on investments recorded through the income statement of \$3.1 million versus \$19.2 million.

Cerity Segment

The Cerity segment reported a net loss before income taxes of \$2.7 million versus \$3.2 million, and an underwriting loss of \$3.3 million versus \$3.9 million.

Highlights include the following:

- Written premium of \$0.3 million versus \$0.1 million;
- Net investment income of \$0.7 million versus \$0.8 million;
- Net realized and unrealized losses on investments recorded through the income statement of \$0.1 million in each period; and
- Underwriting expenses of \$3.3 million versus \$3.8 million.

Corporate and Other

Corporate and Other activities reported a net loss before income taxes of \$1.1 million versus \$1.3 million.

Highlights include the following:

- LPT amortization, which served to reduce losses and LAE, of \$2.1 million versus \$2.5 million;
- Net investment income of \$0.2 million in each period;
- Net realized and unrealized losses on investments recorded through the income statement of \$0.3 million versus zero; and
- General and administrative expenses of \$3.0 million versus \$4.0 million.

Share Repurchases and Fourth Quarter 2021 Dividend Declaration

During the third quarter of 2021, the Company repurchased 327,402 shares of its common stock at an average price of \$40.54 per share.

On October 27, 2021, the Board of Directors declared a fourth quarter 2021 dividend of \$0.25 per share. The dividend is payable on November 24, 2021 to stockholders of record as of November 10, 2021.

Earnings Conference Call and Webcast

The Company will host a conference call on Friday, October 29, 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 8886980.

The webcast will be accessible on the Company's web site 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 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 8886980.

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. 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.
Third Quarter 2021
Financial Supplement

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 September 30,			Nine Months Ended September 30,		
	2021	2020	% change	2021	2020	% change
Selected financial highlights:						
Gross premiums written	\$ 152.3	\$ 131.3	16 %	\$ 447.7	\$ 456.2	(2)%
Net premiums written	149.8	129.6	16	442.7	452.0	(2)
Net premiums earned	147.1	144.4	2	418.0	463.8	(10)
Net investment income	18.4	18.5	(1)	54.9	58.3	(6)
Net income before impact of the LPT ⁽¹⁾	12.9	28.6	(55)	58.4	48.4	21
Adjusted net income ⁽¹⁾	11.6	14.1	(18)	38.3	50.8	(25)
Net income before income taxes	18.6	38.3	(51)	78.6	67.3	17
Net income	15.0	31.1	(52)	64.5	55.8	16
Comprehensive income	5.6	37.8	(85)	27.8	102.2	(73)
Total assets				3,801.5	3,985.1	(5)
Stockholders' equity				1,189.9	1,167.4	2
Stockholders' equity including the Deferred Gain ⁽²⁾				1,309.1	1,297.1	1
Adjusted stockholders' equity ⁽²⁾				1,230.7	1,185.4	4
Annualized adjusted return on stockholders' equity ⁽³⁾	3.8 %	4.8 %	(21)%	4.2 %	5.6 %	(25)%
Amounts per share:						
Cash dividends declared per share	\$ 0.25	\$ 0.25	— %	\$ 0.75	\$ 0.75	— %
Earnings per diluted share ⁽⁴⁾	0.53	1.05	(50)	2.24	1.83	22 %
Earnings per diluted share before impact of the LPT ⁽⁴⁾	0.45	0.97	(54)	2.03	1.59	28 %
Adjusted earnings per diluted share ⁽⁴⁾	0.41	0.48	(15)	1.33	1.66	(20)
Book value per share ⁽²⁾				42.55	40.16	6
Book value per share including the Deferred Gain ⁽²⁾				46.81	44.62	5
Adjusted book value per share ⁽²⁾				44.01	40.78	8
Financial information by Segment⁽⁵⁾:						
Net income (loss) before income taxes						
Employers	\$ 22.4	\$ 42.8	(48)%	\$ 91.6	\$ 80.6	14
Cerity	(2.7)	(3.2)	16	(7.2)	(9.9)	27
Corporate and Other	(1.1)	(1.3)	(15)	(5.8)	(3.4)	(71)

(1) See Page 3 for calculations and Page 13 for information regarding our use of Non-GAAP Financial Measures.

(2) See Page 11 for calculations and Page 13 for information regarding our use of Non-GAAP Financial Measures.

(3) See Page 8 for calculations and Page 13 for information regarding our use of Non-GAAP Financial Measures.

(4) See Page 12 for description and calculations and Page 13 for information regarding our use of Non-GAAP Financial Measures.

(5) See Pages 4-7 for details and Page 14 for a description of our reportable segments.

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

	September 30, 2021	December 31, 2020
ASSETS		
Investments, cash and cash equivalents	\$ 2,807.8	\$ 2,917.8
Accrued investment income	17.0	15.3
Premiums receivable, net	250.8	232.1
Reinsurance recoverable, net of allowance, on paid and unpaid losses and LAE	484.8	504.2
Deferred policy acquisition costs	46.4	43.2
Contingent commission receivable—LPT Agreement	13.4	13.4
Other assets	181.3	196.6
Total assets	\$ 3,801.5	\$ 3,922.6
LIABILITIES		
Unpaid losses and LAE	\$ 2,002.1	\$ 2,069.4
Unearned premiums	317.4	299.1
Commissions and premium taxes payable	41.7	43.0
Deferred Gain	119.2	125.4
FHLB Advances ⁽¹⁾	—	20.0
Deferred income tax liability	7.3	15.5
Other liabilities	123.9	137.4
Total liabilities	\$ 2,611.6	\$ 2,709.8
STOCKHOLDERS' EQUITY		
Common stock and additional paid-in capital	\$ 409.1	\$ 404.9
Retained earnings	1,290.8	1,247.9
Accumulated other comprehensive income, net	78.4	115.1
Treasury stock, at cost	(588.4)	(555.1)
Total stockholders' equity	1,189.9	1,212.8
Total liabilities and stockholders' equity	\$ 3,801.5	\$ 3,922.6
Stockholders' equity including the Deferred Gain ⁽²⁾	\$ 1,309.1	\$ 1,338.2
Adjusted stockholders' equity ⁽²⁾	1,230.7	1,223.1
Book value per share ⁽²⁾	\$ 42.55	\$ 42.46
Book value per share including the Deferred Gain ⁽²⁾	46.81	46.85
Adjusted book value per share ⁽²⁾	44.01	42.82

(1) FHLB=Federal Home Loan Bank

(2) See Page 11 for calculations and Page 13 for information regarding our use of Non-GAAP Financial Measures.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Revenues:				
Net premiums earned	\$ 147.1	\$ 144.4	\$ 418.0	\$ 463.8
Net investment income	18.4	18.5	54.9	58.3
Net realized and unrealized gains (losses) on investments ⁽¹⁾	2.7	19.1	29.6	(2.3)
Other income (loss)	0.1	(0.1)	0.8	0.5
Total revenues	168.3	181.9	503.3	520.3
Expenses:				
Losses and LAE incurred	(91.2)	(77.1)	(244.5)	(254.5)
Commission expense	(19.9)	(19.4)	(54.7)	(59.9)
Underwriting and general and administrative expenses	(37.4)	(46.4)	(121.0)	(137.9)
Interest and financing expenses	(0.1)	—	(0.4)	—
Other expenses	(1.1)	(0.7)	(4.1)	(0.7)
Total expenses	(149.7)	(143.6)	(424.7)	(453.0)
Net income before income taxes	18.6	38.3	78.6	67.3
Income tax expense	(3.6)	(7.2)	(14.1)	(11.5)
Net income	15.0	31.1	64.5	55.8
Unrealized AFS investment gains (losses) arising during the period, net of tax ⁽²⁾	(8.8)	8.0	(33.8)	48.2
Reclassification adjustment for net realized AFS investment gains in net income, net of tax ⁽²⁾	(0.6)	(1.3)	(2.9)	(1.8)
Total comprehensive income	\$ 5.6	\$ 37.8	\$ 27.8	\$ 102.2
Net income	\$ 15.0	\$ 31.1	\$ 64.5	\$ 55.8
Amortization of the Deferred Gain - losses	(1.7)	(2.0)	(5.0)	(6.1)
Amortization of the Deferred Gain - contingent commission	(0.4)	(0.5)	(1.1)	(1.3)
Net income before impact of the LPT Agreement⁽³⁾	12.9	28.6	58.4	48.4
Net realized and unrealized (gains) losses on investments	(2.7)	(19.1)	(29.6)	2.3
Severance costs and asset impairment charges	1.1	0.7	4.1	0.7
Income tax expense (benefit) related to items excluded from Net income or loss	0.3	3.9	5.4	(0.6)
Adjusted net income	\$ 11.6	\$ 14.1	\$ 38.3	\$ 50.8

(1) Includes unrealized gains (losses) on equity securities and other investments of \$3.9 million and \$3.5 million for the three months ended September 30, 2021 and 2020, respectively, and \$11.3 million and \$(24.1) million for the nine months ended September 30, 2021 and 2020, respectively.

(2) AFS = Available for Sale securities.

(3) See Page 13 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>
Three Months Ended September 30, 2021				
Gross premiums written	\$ 152.0	\$ 0.3	\$ —	\$ 152.3
Net premiums written	149.5	0.3	—	149.8
Net premiums earned	A 146.9	0.2	—	147.1
Net investment income	17.5	0.7	0.2	18.4
Net realized and unrealized gains (losses) on investments	3.1	(0.1)	(0.3)	2.7
Other income	0.1	—	—	0.1
Total revenues	<u>167.6</u>	<u>0.8</u>	<u>(0.1)</u>	<u>168.3</u>
Losses and LAE incurred ⁽²⁾	B (93.1)	(0.2)	2.1	(91.2)
Commission expense	C (19.9)	—	—	(19.9)
Underwriting and general and administrative expenses	D (31.1)	(3.3)	(3.0)	(37.4)
Interest and financing expenses	—	—	(0.1)	(0.1)
Other expenses	(1.1)	—	—	(1.1)
Total expenses	<u>(145.2)</u>	<u>(3.5)</u>	<u>(1.0)</u>	<u>(149.7)</u>
Net income (loss) before income taxes	<u>\$ 22.4</u>	<u>\$ (2.7)</u>	<u>\$ (1.1)</u>	<u>\$ 18.6</u>
Underwriting income (loss)	A+B+C+D 2.8	(3.3)		
Loss and LAE expense ratio:				
Current year	63.4 %	n/m		
Prior years	—	—		
Loss and LAE ratio	<u>63.4</u>	<u>n/m</u>		
Commission expense ratio	13.5	n/m		
Underwriting expense ratio	<u>21.2</u>	<u>n/m</u>		
Combined ratio	<u>98.1 %</u>	<u>n/m</u>		

n/m - not meaningful

(1) See Page 14 for a description of our reportable segments

(2) Losses and LAE in Corporate and Other represent the impact of the LPT Agreement

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 September 30, 2020				
Gross premiums written	\$ 131.2	\$ 0.1	\$ —	\$ 131.3
Net premiums written	129.5	0.1	—	129.6
Net premiums earned	A 144.4	—	—	144.4
Net investment income	17.5	0.8	0.2	18.5
Net realized and unrealized gains (losses) on investments	19.2	(0.1)	—	19.1
Other income (loss)	(0.1)	—	—	(0.1)
Total revenues	<u>181.0</u>	<u>0.7</u>	<u>0.2</u>	<u>181.9</u>
Losses and LAE incurred ⁽²⁾	B (79.5)	(0.1)	2.5	(77.1)
Commission expense	C (19.4)	—	—	(19.4)
Underwriting and general and administrative expenses	D (38.6)	(3.8)	(4.0)	(46.4)
Other expenses	(0.7)	—	—	(0.7)
Total expenses	<u>(138.2)</u>	<u>(3.9)</u>	<u>(1.5)</u>	<u>(143.6)</u>
Net income (loss) before income taxes	\$ 42.8	\$ (3.2)	\$ (1.3)	\$ 38.3
Underwriting income (loss)	A+B+C+D \$ 6.9	\$ (3.9)		
Loss and LAE expense ratio:				
Current year	65.3 %	n/m		
Prior years	<u>(10.2)</u>	<u>—</u>		
Loss and LAE ratio	55.1	n/m		
Commission expense ratio	13.4	n/m		
Underwriting expense ratio	26.7	n/m		
Combined ratio	<u>95.2 %</u>	<u>n/m</u>		

n/m - not meaningful

(1) See Page 14 for a description of our reportable segments

(2) Losses and LAE in Corporate and Other represent the impact of the LPT Agreement

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>
Nine Months Ended September 30, 2021				
Gross premiums written	\$ 446.7	\$ 1.0	\$ —	\$ 447.7
Net premiums written	441.7	1.0	—	442.7
Net premiums earned	A 417.6	0.4	—	418.0
Net investment income	52.5	2.1	0.3	54.9
Net realized and unrealized gains (losses) on investments	29.7	0.2	(0.3)	29.6
Other income	0.8	—	—	0.8
Total revenues	<u>500.6</u>	<u>2.7</u>	<u>—</u>	<u>503.3</u>
Losses and LAE incurred ⁽²⁾	B (250.3)	(0.3)	6.1	(244.5)
Commission expense	C (54.7)	—	—	(54.7)
Underwriting and general and administrative expenses	D (99.9)	(9.6)	(11.5)	(121.0)
Interest and financing expenses	—	—	(0.4)	(0.4)
Other expenses	(4.1)	—	—	(4.1)
Total expenses	<u>(409.0)</u>	<u>(9.9)</u>	<u>(5.8)</u>	<u>(424.7)</u>
Net income (loss) before income taxes	<u>\$ 91.6</u>	<u>\$ (7.2)</u>	<u>\$ (5.8)</u>	<u>\$ 78.6</u>
Underwriting income (loss)	A+B+C+D 12.7	(9.5)		
Loss and LAE expense ratio:				
Current year	63.7 %	n/m		
Prior years	(3.8)	—		
Loss and LAE ratio	<u>59.9</u>	<u>n/m</u>		
Commission expense ratio	13.1	n/m		
Underwriting expense ratio	<u>23.9</u>	<u>n/m</u>		
Combined ratio	<u>96.9 %</u>	<u>n/m</u>		

n/m - not meaningful

(1) See Page 14 for a description of our reportable segments

(2) Losses and LAE in Corporate and Other represent the impact of the LPT Agreement

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>
Nine Months Ended September 30, 2020				
Gross premiums written	\$ 456.1	\$ 0.1	\$ —	\$ 456.2
Net premiums written	451.9	0.1	—	452.0
Net premiums earned	A 463.7	0.1	—	463.8
Net investment income	54.9	2.5	0.9	58.3
Net realized and unrealized gains (losses) on investments	0.1	(0.5)	(1.9)	(2.3)
Other income	0.5	—	—	0.5
Total revenues	<u>519.2</u>	<u>2.1</u>	<u>(1.0)</u>	<u>520.3</u>
Losses and LAE incurred ⁽²⁾	B (261.8)	(0.1)	7.4	(254.5)
Commission expense	C (59.9)	—	—	(59.9)
Underwriting and general and administrative expenses	D (116.2)	(11.9)	(9.8)	(137.9)
Other expenses	(0.7)	—	—	(0.7)
Total expenses	<u>(438.6)</u>	<u>(12.0)</u>	<u>(2.4)</u>	<u>(453.0)</u>
Net income (loss) before income taxes	<u>\$ 80.6</u>	<u>\$ (9.9)</u>	<u>\$ (3.4)</u>	<u>\$ 67.3</u>
Underwriting income (loss)	A+B+C+D \$ 25.8	\$ (11.9)		
Loss and LAE expense ratio:				
Current year	65.5 %	n/m		
Prior years	(9.0)	—		
Loss and LAE ratio	56.5	n/m		
Commission expense ratio	12.9	n/m		
Underwriting expense ratio	25.1	n/m		
Combined ratio	<u>94.5 %</u>	<u>n/m</u>		

n/m - not meaningful

(1) See Page 14 for a description of our reportable segments

(2) Losses and LAE in Corporate and Other represent the impact of the LPT Agreement

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

		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2021	2020	2021	2020
Net income	A	\$ 15.0	\$ 31.1	\$ 64.5	\$ 55.8
Impact of the LPT Agreement		(2.1)	(2.5)	(6.1)	(7.4)
Net realized and unrealized (gains) losses on investments		(2.7)	(19.1)	(29.6)	2.3
Severance costs and asset impairment charges		1.1	0.7	4.1	0.7
Income tax expense (benefit) related to items excluded from Net income		0.3	3.9	5.4	(0.6)
Adjusted net income ⁽¹⁾	B	11.6	14.1	38.3	50.8
Stockholders' equity - end of period		\$ 1,189.9	\$ 1,167.4	\$ 1,189.9	\$ 1,167.4
Stockholders' equity - beginning of period		1,203.6	1,144.0	1,212.8	1,165.8
Average stockholders' equity	C	1,196.8	1,155.7	1,201.4	1,166.6
Stockholders' equity - end of period		\$ 1,189.9	\$ 1,167.4	\$ 1,189.9	\$ 1,167.4
Deferred Gain - end of period		119.2	129.7	119.2	129.7
Accumulated other comprehensive income - end of period		(99.3)	(141.4)	(99.3)	(141.4)
Income taxes related to accumulated other comprehensive income - end of period		20.9	29.7	20.9	29.7
Adjusted stockholders' equity - end of period		1,230.7	1,185.4	1,230.7	1,185.4
Adjusted stockholders' equity - beginning of period		1,237.1	1,171.2	1,223.1	1,237.6
Average adjusted stockholders' equity ⁽¹⁾	D	1,233.9	1,178.3	1,226.9	1,211.5
Return on stockholders' equity	A / C	1.3 %	2.7 %	5.4 %	4.8 %
Annualized return on stockholders' equity		5.0	10.8	7.2	6.4
Adjusted return on stockholders' equity ⁽¹⁾	B / D	0.9 %	1.2 %	3.1 %	4.2 %
Annualized adjusted return on stockholders' equity ⁽¹⁾		3.8	4.8	4.2	5.6

(1) See Page 13 for information regarding our use of Non-GAAP Financial Measures.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Unpaid losses and LAE at beginning of period	\$ 2,007.6	\$ 2,170.7	\$ 2,069.4	\$ 2,192.8
Reinsurance recoverable, excluding CECL allowance, on unpaid losses and LAE	483.5	523.6	497.0	532.5
Net unpaid losses and LAE at beginning of period	1,524.1	1,647.1	1,572.4	1,660.3
Losses and LAE incurred:				
Current year losses	93.4	94.4	266.2	303.8
Prior year losses on voluntary business	—	(15.0)	(15.0)	(41.5)
Prior year losses on involuntary business	(0.1)	0.2	(0.6)	(0.4)
Total losses incurred	93.3	79.6	250.6	261.9
Losses and LAE paid:				
Current year losses	22.1	26.7	42.6	50.7
Prior year losses	71.6	72.3	256.7	243.8
Total paid losses	93.7	99.0	299.3	294.5
Net unpaid losses and LAE at end of period	1,523.7	1,627.7	1,523.7	1,627.7
Reinsurance recoverable, excluding CECL allowance, on unpaid losses and LAE	478.4	513.7	478.4	513.7
Unpaid losses and LAE at end of period	<u>\$ 2,002.1</u>	<u>\$ 2,141.4</u>	<u>\$ 2,002.1</u>	<u>\$ 2,141.4</u>

Total losses and LAE shown in the above table exclude amortization of the Deferred Gain, which totaled \$2.1 million and \$2.5 million for the three months ended September 30, 2021 and 2020, respectively, and \$6.1 million and \$7.4 million for the nine months ended September 30, 2021 and 2020, respectively.

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

	September 30, 2021				December 31, 2020	
	Cost or Amortized Cost	Net Unrealized Gain (Loss)	Fair Value	%	Fair Value	%
Investment Positions:						
Fixed maturity securities	\$ 2,262.4	\$ 99.3	\$ 2,361.7	84 %	\$ 2,479.2	85 %
Equity securities	193.6	103.4	297.0	11	215.2	7
Short-term investments	0.3	—	0.3	—	26.6	1
Other invested assets	49.3	3.7	53.0	2	36.2	1
Cash and cash equivalents	95.6	—	95.6	3	160.4	5
Restricted cash and cash equivalents	0.2	—	0.2	—	0.2	—
Total investments and cash	\$ 2,601.4	\$ 206.4	\$ 2,807.8	100 %	\$ 2,917.8	100 %
Breakout of Fixed Maturity Securities:						
U.S. Treasuries and agencies	\$ 71.7	\$ 2.3	\$ 74.0	3 %	\$ 81.4	3 %
States and municipalities	386.5	25.1	411.6	17	482.7	19
Corporate securities	1,036.3	58.1	1,094.4	46	1,046.4	42
Mortgage-backed securities	435.9	12.7	448.6	19	563.4	23
Asset-backed securities	56.4	0.6	57.0	2	42.6	2
Collateralized loan obligations	85.5	(0.1)	85.4	4	83.6	3
Bank loans and other	190.1	0.6	190.7	8	179.1	7
Total fixed maturity securities	\$ 2,262.4	\$ 99.3	\$ 2,361.7	100 %	\$ 2,479.2	100 %
Weighted average book yield				3.0%	3.0%	
Average credit quality (S&P)				A+	A+	
Duration				3.5	3.2	

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

		<u>September 30, 2021</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Numerators:					
Stockholders' equity	A	\$ 1,189.9	\$ 1,203.6	\$ 1,212.8	\$ 1,167.4
Plus: Deferred Gain		119.2	121.3	125.4	129.7
Stockholders' equity including the Deferred Gain ⁽¹⁾	B	1,309.1	1,324.9	1,338.2	1,297.1
Accumulated other comprehensive income		(99.3)	(111.1)	(145.7)	(141.4)
Income taxes related to accumulated other comprehensive income		20.9	23.3	30.6	29.7
Adjusted stockholders' equity ⁽¹⁾	C	<u>\$ 1,230.7</u>	<u>\$ 1,237.1</u>	<u>\$ 1,223.1</u>	<u>\$ 1,185.4</u>
Denominator (shares outstanding)	D	27,964,380	28,291,782	28,564,798	29,069,753
Book value per share ⁽¹⁾	A / D	\$ 42.55	\$ 42.54	\$ 42.46	\$ 40.16
Book value per share including the Deferred Gain ⁽¹⁾	B / D	46.81	46.83	46.85	44.62
Adjusted book value per share ⁽¹⁾	C / D	44.01	43.73	42.82	40.78
YTD Change in: ⁽²⁾					
Book value per share		2.0 %			10.0 %
Book value per share including the Deferred Gain		1.5			9.2
Adjusted book value per share		4.5			5.2

(1) See Page 13 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 \$0.75 for each of the nine month periods ended September 30, 2021 and 2020.

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

		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2021	2020	2021	2020
Numerators:					
Net income	A	\$ 15.0	\$ 31.1	\$ 64.5	\$ 55.8
Impact of the LPT Agreement		(2.1)	(2.5)	(6.1)	(7.4)
Net income before impact of the LPT ⁽¹⁾	B	12.9	28.6	58.4	48.4
Net realized and unrealized (gains) losses on investments		(2.7)	(19.1)	(29.6)	2.3
Severance costs and asset impairment charges		1.1	0.7	4.1	0.7
Income tax expense (benefit) related to items excluded from Net income		0.3	3.9	5.4	(0.6)
Adjusted net income ⁽¹⁾	C	\$ 11.6	\$ 14.1	\$ 38.3	\$ 50.8
Denominators:					
Average common shares outstanding (basic)	D	28,236,398	29,337,426	28,409,612	30,241,148
Average common shares outstanding (diluted)	E	28,455,062	29,568,406	28,743,221	30,532,910
Earnings per share:					
Basic	A / D	\$ 0.53	\$ 1.06	\$ 2.27	\$ 1.85
Diluted ⁽²⁾	A / E	0.53	1.05	2.24	1.83
Earnings per share before impact of the LPT: ⁽¹⁾					
Basic	B / D	\$ 0.46	\$ 0.97	\$ 2.06	\$ 1.60
Diluted	B / E	0.45	0.97	2.03	1.59
Adjusted earnings per share: ⁽¹⁾					
Basic	C / D	\$ 0.41	\$ 0.48	\$ 1.35	\$ 1.68
Diluted	C / E	0.41	0.48	1.33	1.66

(1) See Page 13 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 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 11 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 11 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 8 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 11 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

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.