

Employers Holdings, Inc.  
Form 10-Q  
May 13, 2008

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the Quarterly Period Ended March 31, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the transition period from                      to

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Commission file number: 001-33245

EMPLOYERS HOLDINGS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Nevada

04-3850065 (State or other jurisdiction  
of incorporation or organization) (IRS Employer  
Identification No.)  
10375 Professional Circle, Reno, Nevada 89521

(Address of Principal Executive Offices and Zip Code)

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

9790 Gateway Drive, Reno, Nevada 89521  
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer      Accelerated filer      Non-accelerated filer      Smaller reporting Company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes    No

Class

May 8, 2008 Common Stock, \$0.01 par value per share    49,421,435 shares outstanding

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

Employers Holdings, Inc. and Subsidiaries

Consolidated Balance Sheets  
(in thousands, except share data)

	As										
of											
March 31,											
2008	As of										
December 31,											
2007	(unaudited)										
Assets	Available for sale:										
(amortized cost \$1,578,407 at March 31, 2008 and \$1,594,159 at December 31, 2007)	\$ 1,605,497	\$ 1,618,903	Fixed maturity investments at fair value								
Equity securities at fair value (cost \$59,059 at March 31, 2008 and \$60,551 at December 31, 2007)	95,257										
107,377 Total investments	1,700,754	1,726,280	Cash and cash equivalents	178,105	149,703	Accrued investment income					
18,623	19,345	Premiums receivable, less bad debt allowance of \$6,234 at March 31, 2008 and \$6,037 at December 31, 2007			31,284	36,402	Reinsurance recoverable for:		Paid losses		
10,218	Unpaid losses, less allowance of \$1,308 at each period	1,041,686	1,051,333	Funds held by or deposited with reinsureds		93,973	95,884	Deferred policy acquisition costs		15,032	14,901
58,098	59,730	Property and equipment, net		14,440	14,133	Other assets		16,368			
13,299	Total assets	\$ 3,179,504	\$ 3,191,228	Liabilities and stockholders' equity		Claims and policy liabilities:					
64,997	63,924	Unpaid losses and loss adjustment expenses		\$ 2,255,240	\$ 2,269,710	Unearned premiums					
2,334,020	Commissions and premium taxes payable	8,205	7,493	Federal income taxes payable		10,867					
13,884	Accounts payable and accrued expenses	12,456	20,682	Deferred reinsurance gain – LPT Agreement							
420,210	425,002	Other liabilities		11,107	10,694	Total liabilities		\$ 2,783,279	\$ 2,811,775		
Commitments and contingencies			Stockholders' equity:			Common stock, \$0.01 par value;					
150,000,000 shares authorized;											
53,527,907 and 53,527,907 shares issued and 49,560,635 and 49,616,635 shares outstanding at March 31, 2008, and at											
December 31, 2007, respectively		\$ 535	\$ 535	Preferred stock, \$0.01 par value; 25,000,000 shares authorized; none issued							
— —		Additional paid-in capital		303,494	302,862	Retained earnings		127,053	104,536		
Accumulated other comprehensive income, net		41,137	46,520	Treasury stock, at cost (3,967,272 shares at March 31, 2008 and							
3,911,272 shares at December 31, 2007)		(75,994)	(75,000)	Total stockholders' equity		396,225	379,453	Total liabilities and stockholders' equity			
		\$ 3,179,504	\$ 3,191,228								

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Employers Holdings, Inc. and Subsidiaries

Consolidated Statements of Income

(in thousands, except per share data)

Three months ended March 31,	2008	2007	(unaudited)	Revenues	Net premiums earned	\$ 75,896
	\$ 89,792	Net investment income	18,903	20,835	Realized (losses) gains on investments, net	(1,488 )
190	Other income	438	1,140	Total revenues	93,749	111,957
	adjustment expenses	30,614	41,667	Commission expense	10,623	11,721
	operating expense	21,726	23,300	Total expenses	62,963	76,688
30,786	35,269	Income taxes	5,292	7,403	Net income	\$ 25,494
						\$ 27,866
						Net income after date of conversion (Note 2)
						\$ 21,395

Earnings per common share for the periods (Note 9):

						For the three
months ended						
March 31, 2008	For the period					
February 5, 2007						
through						
March 31, 2007	Basic	\$0.51	\$ 0.40	Diluted	\$0.51	\$ 0.40

						Pro forma
for the three						
months ended						
March 31, 2007	Basic	\$ 0.53	Diluted	\$ 0.53	Cash dividends declared per share	\$0.06

See accompanying unaudited notes to consolidated financial statements.

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Employers Holdings, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity  
(in thousands, except share data)

Common stock paid-in capital earnings other comprehensive income, net stock, at cost	Additional Retained Accumulated Treasury Total								
Shares	Amount	(unaudited) Balance, January 1, 2007							
\$ 303,777		—	\$ —	\$ —	\$ 274,602	\$ 29,175	\$ —		
Conversion transaction (Note 2)	22,765,407	227	(182,143)	(281,073)	—	—	(462,989)	Initial public offering	
transaction (Note 2)	30,762,500	308	483,285	—	—	—	483,593	Stock based compensation, net	—
— 140	—	—	140	Comprehensive income:				Net income before conversion	
—	—	—	6,471	—	—	6,471	Net income after conversion	—	—
—	—	—	27,866	—	—	27,866	Change in net unrealized gains on investments, net	—	—
—	—	—	(411)	—	—	(411)	Comprehensive income	27,455	
Balance, March 31, 2007	53,527,907	\$ 535	\$ 301,282	\$ 21,395	\$ 28,764	\$ —	\$ 351,976	Balance,	
January 1, 2008	53,527,907	\$ 535	\$ 302,862	\$ 104,536	\$ 46,520	\$ (75,000)	\$ 379,453	Stock	
based compensation, net	—	—	632	—	—	—	632	Acquisition of treasury stock (Note 8)	—