

Employers Holdings, Inc.
Form DEF 14A
April 11, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934
Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 - Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 - Definitive Proxy Statement
 - Definitive Additional Materials
 - Soliciting Material Pursuant to §240.14a-12
- EMPLOYERS HOLDINGS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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- Fee paid previously with preliminary materials.
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form of Schedule and the date of its filing.

- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

April 12, 2013

Dear Stockholder:

You are cordially invited to attend the 2013 Annual Meeting of Stockholders of Employers Holdings, Inc. The meeting will be held on Thursday, May 23, 2013, beginning at 9:30 a.m. Pacific Daylight Time at the Reno-Sparks Convention Center located at 4590 South Virginia Street, Reno, Nevada.

All stockholders of record of Employers Holdings, Inc. as of the close of business on March 27, 2013 are entitled to vote at the 2013 Annual Meeting of Stockholders.

As described in the accompanying Notice and Proxy Statement, you will be asked to (i) elect a Director for a three-year term expiring in 2016, (ii) vote on a non-binding resolution to approve the compensation paid to the Company's Named Executive Officers, and (iii) ratify the appointment of Ernst & Young LLP as the Company's independent accounting firm for 2013.

Employers Holdings, Inc.'s Annual Report for the year ended December 31, 2012 is available at www.ematerials.com/eig.

We are pleased to continue to furnish proxy materials to our stockholders electronically over the Internet. We believe that this e-proxy process expedites stockholder receipt of proxy materials, lowers our costs associated with the production and distribution of proxy materials, and reduces the environmental impact of our Annual Meeting.

Your vote is very important to us. Whether or not you plan to attend the meeting, we hope that you will vote as soon as possible. You may vote over the Internet, by telephone or, if you received printed proxy materials, by signing, dating, and returning a proxy card. You can revoke your proxy any time prior to the Annual Meeting and submit a new proxy as you deem necessary.

I look forward to seeing you at the Annual Meeting on May 23, 2013.

Sincerely,
Robert J. Kolesar
Chairman of the Board

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EMPLOYERS HOLDINGS, INC.

10375 Professional Circle
Reno, Nevada 89521-4802

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held on Thursday, May 23, 2013

The 2013 Annual Meeting of Stockholders of Employers Holdings, Inc. (the "Company") will be held on Thursday, May 23, 2013, beginning at 9:30 a.m. Pacific Daylight Time at the Reno-Sparks Convention Center located at 4590 South Virginia Street, Reno, Nevada for the following purposes:

1. To elect one Class I Director to serve until the 2016 Annual Meeting of Stockholders;
2. To hold an advisory (non-binding) vote to approve the compensation paid to the Company's Named Executive Officers;
3. To ratify the appointment of Ernst & Young LLP as the Company's independent accounting firm for the fiscal year ending December 31, 2013; and
4. To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

Only holders of the Company's common stock as of the close of business on March 27, 2013 have the right to receive notice of and to vote at the 2013 Annual Meeting of Stockholders and any postponement, adjournment or other delay thereof.

By Order of the Board of Directors,
Lenard T. Ormsby
Executive Vice President, Secretary and Chief Legal Officer

April 12, 2013

YOUR VOTE IS IMPORTANT. YOU MAY VOTE YOUR SHARES IN PERSON BY BALLOT AT THE ANNUAL MEETING, OVER THE INTERNET, BY TELEPHONE, OR BY RETURNING A SIGNED AND DATED PROXY CARD.

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2013 Proxy Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

Annual Meeting of Stockholders

Time and Date	9:30 a.m. Pacific Daylight Time on Thursday, May 23, 2013
Place	Reno-Sparks Convention Center 4590 South Virginia Street Reno, Nevada
Record date	March 27, 2013
Voting	Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the other proposals to be voted on.
Ways to Vote	You may vote your shares in person by ballot at the annual meeting, over the Internet, by telephone, or by returning a signed and dated proxy card.

Meeting Agenda and Voting Matters

	Board Vote Recommendation	Page Reference (for more detail)
Election of Director	FOR THE DIRECTOR NOMINEE	<u>7</u>
Other Management Proposals:		
Advisory (non-binding) vote to approve executive compensation	FOR	<u>17</u>
Ratification of Ernst & Young LLP as independent auditor for 2013	FOR	<u>19</u>
Transact other business that properly comes before the meeting		

Board Nominee

Name	Age	Director Since	Principal Occupation	Independent	Committee Memberships					Other Public Company Boards	
					AC	BGNC	FC	CC	EC		
Michael D. Rumbolz	58	2005	Consultant	Yes	C FE	—	—	—	ü	Global Cash Access Holdings, Inc.	
AC	Audit Committee				CC	Compensation Committee					
C	Chair				EC	Executive Committee					
FE	Financial expert				BGNC Board Governance & Nominating Committee						
FC	Finance Committee										

Attendance	In 2012, each of our directors attended at least 75% of the Board and committee meetings on which he or she sits.
Director Elections	Each director nominee is elected by a plurality of votes cast.

Management Proposals

1. Advisory Resolution to Approve Executive Compensation. We are asking stockholders to approve, on an advisory (non-binding) basis, our named executive officer compensation. The Board recommends a FOR vote because it believes that our compensation program is one that rewards the achievement of specific financial goals, aligns executive officers' interests with those of our stockholders by rewarding performance for achievement of financial goals that we believe are linked to improved stock returns, and motivates our executives to increase stockholder value without encouraging excessive risk-taking.
 2. Ratification of Selection of Independent Registered Public Accounting Firm. As a matter of good governance, we are asking stockholders to ratify the selection of Ernst & Young LLP as our independent auditors for 2013.
-

2012 Compensation Actions

• Eliminated Gross-Ups in all Employment Agreements: We renegotiated new employment agreements with our CEO and other named executive officers ("NEOs") in the last two years to eliminate all gross-up provisions.

• Introduced Performance Shares tied to Relative Metrics: To improve the alignment of compensation with our performance, we introduced performance shares in 2012 linked to the Company's three-year Combined Ratio performance relative to a comparator group.

• Used a Mix of Relative and Absolute Performance Metrics: We implemented the use of relative performance metrics with the introduction of performance shares to our long-term incentive program. To improve the design of our annual bonus program, reduce volatility and vary the forms of metrics selected for our performance goals, we re-introduced the use of absolute performance goals to our annual bonus program, replacing the relative goals used in 2011.

• Aligned Our Equity Program to Current Practices: In 2012, 50% of the equity value granted to our NEOs was in performance shares.

Executive Compensation Elements

• Base salary

• Annual bonuses

• Long-term incentives (for 2012, performance shares, stock options and restricted stock units ("RSUs"))

• Benefits and perquisites

• Employment agreements and compensation payable upon termination of employment

Other Key Compensation Features

• No SERPs: We do not have any supplemental retirement plans or other deferred compensation programs for our executives;

• Benefits and Perquisites: We provide our NEOs with modest perquisites, and with benefits consistent with our peer group;

• **Clawback (“Incentive Recovery”) Policy:** We have a policy to recapture (or “clawback”) incentive compensation paid to our NEOs (see “Policy Regarding Recapture or “Clawback” of Incentive Compensation”);

• **Regular Annual Equity Grants:** We have a policy of awarding equity grants during a regularly scheduled Compensation Committee meeting, designed to prevent timing improprieties;

• **Minimum Vesting and Performance Requirements:** Our 2012 awards of stock options and RSUs were granted with four-year vesting, and our 2012 performance share awards cover a three-year performance period;

• **Stock Ownership Guidelines:** We require our NEOs to attain and maintain certain levels of Company stock ownership; and

• **Hedging and Pledging Restrictions:** We have policies restricting our NEOs from hedging or pledging Company equity securities, including securities granted under our Equity Plan.

2012 Named Executive Officers

• Douglas D. Dirks, President & Chief Executive Officer (“CEO”)

• William E. Yocke, Executive Vice President (“EVP”) & Chief Financial Officer (“CFO”)

• Lenard T. Ormsby, EVP, Chief Legal Officer (“CLO”)

• John P. Nelson, EVP, Chief Administrative Officer

• Ann W. Nelson, EVP, Corporate and Public Affairs

2012 Summary Compensation

Name and Principal Position	Salary(\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Douglas D. Dirks President and Chief Executive Officer, EHI	930,966	—	1,778,025	328,812	1,230,154	—	60,913	4,328,870
William E. Yocke Executive Vice President and Chief Financial Officer, EHI	462,071	—	489,325	101,520	457,346	—	44,378	1,554,640
Lenard T. Ormsby Executive Vice President and Chief Legal Officer, EHI	469,428	—	489,325	101,520	454,808	—	—	1,504,081