Employers Holdings, Inc.
Form DEF 14A
April 14, 2008

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

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)

Payment of Filing Fee (Check the appropriate box):

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):

4) Proposed maximum aggregate value of transaction:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

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4) Date Filed:

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April 14, 2008

Dear Stockholder:

You are cordially invited to attend the 2008 Annual Meeting of Stockholders of Employers Holdings, Inc. The meeting will be held on Thursday, May 29, 2008, beginning at 10:00 a.m. Pacific Daylight Time at the Reno-Sparks Convention Center located at 4590 South Virginia Street, Reno, Nevada 89502.

All holders of record of Employers Holdings, Inc. common stock as of April 4, 2008 are entitled to vote at the 2008 Annual Meeting of Stockholders.

As described in the accompanying Notice and Proxy Statement, you will be asked to elect (i) three Directors for three-year terms expiring in 2011, (ii) approve amendments to the Employers Holdings, Inc. Equity and Incentive Plan and (iii) ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2008.

Employers Holdings, Inc.'s Annual Report for the year ended December 31, 2007 is enclosed.

Your proxy card is enclosed. Whether or not you plan to attend this meeting, please sign, date and return your proxy card in the enclosed pre-addressed, postage-paid envelope as soon as possible so that your shares will be voted at the meeting in accordance with your instructions. You may also vote your proxy by telephone or on the Internet as described on the enclosed proxy card, or in person at the Annual Meeting. You can revoke your proxy anytime prior to the Annual Meeting and submit a new proxy as you deem necessary. Should you wish to revoke your proxy, you will find the procedures on page 1 of the Proxy Statement.

I look forward to seeing you at the meeting on May 29, 2008.

Sincerely,

Robert J. Kolesar
Chairman of the Board

America's small business insurance specialist.®

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EMPLOYERS HOLDINGS, INC.
10375 Professional Circle
Reno, Nevada 89521-4802

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To be held on May 29, 2008

The 2008 Annual Meeting of Stockholders of Employers Holdings, Inc. will be held on May 29, 2008, beginning at 10:00 a.m. Pacific Daylight Time at the Reno-Sparks Convention Center located at 4590 South Virginia Street, Reno, Nevada 89502 for the following purposes:

1. To elect three (3) Class II Directors to serve until the 2011 Annual Meeting of Stockholders;
2. To approve amendments to the Employers Holdings, Inc. Equity and Incentive Plan;
3. To ratify the appointment of Ernst &Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2008; and
4. To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

Only holders of Employers Holdings, Inc.'s common stock of record as of the close of business on April 4, 2008 have the right to receive notice of and to vote at the 2008 Annual Meeting of Stockholders and any postponement or adjournment thereof.

By Order of the Board of Directors,
Lenard T. Ormsby

Executive Vice President, Secretary
and Chief Legal Officer
April 14, 2008

YOUR VOTE IS IMPORTANT. YOU CAN VOTE YOUR SHARES IN PERSON AT THE ANNUAL MEETING, BY PROXY BY MAILING YOUR SIGNED PROXY CARD IN THE PREPAID RETURN ENVELOPE ENCLOSED WITH THE PROXY CARD, BY PROXY VIA THE TELEPHONE OR BY PROXY ON THE INTERNET.

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EMPLOYERS HOLDINGS, INC.
10375 Professional Circle
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PROXY STATEMENT

This Proxy Statement, the accompanying proxy card and the 2007 Annual Report to Stockholders of Employers Holdings, Inc. (the ‘‘Company’’ or ‘‘Employers Holdings’’) are being mailed on or about April 14, 2008 in connection with the solicitation on behalf of the Board of Directors of Employers Holdings of proxies to be voted at the 2008 Annual Meeting of Stockholders (the ‘‘Annual Meeting’’) on May 29, 2008, and any postponements or adjournments thereof. All holders of record of Employers Holdings common stock at the close of business on April 4, 2008 (the ‘‘Record Date’’) are entitled to vote. Each holder of record of common stock on that date is entitled to one vote at the Annual Meeting for each share of common stock held. On the Record Date, there were 53,527,907 shares of common stock issued and 49,541,035 shares of common stock outstanding with the difference of 3,986,872 shares of common stock held in treasury.

Unless otherwise required by applicable law, the Company’s Articles of Incorporation or the Bylaws, both as amended and restated, a majority of the voting power of the issued and outstanding stock of the Company entitled to vote, including the voting power that is represented in person or by proxy, regardless of whether any such proxy has the authority to vote on all matters, shall constitute a quorum for the transaction of business at the Annual Meeting. Directors are elected by a plurality of the votes cast, and the three nominees who receive the greatest number of votes cast for the election of directors at the Annual Meeting will be elected directors for a three-year term and until their successors are duly elected and qualified. The amendment to the Company’s Equity and Incentive Plan and the ratification of the appointment of the independent registered public accounting firm requires the favorable vote of a majority of the shares of common stock present or represented by proxy at the Annual Meeting and entitled to vote thereon.

In the election of directors, broker non-votes, if any, will be disregarded and have no effect on the outcome of the vote. With respect to the amendment to the Company’s Equity and Incentive Plan and the ratification of the appointment of the Company’s independent registered public accounting firm, abstentions from voting will have the same effect as voting against such ratification, and broker non-votes, if any, will be disregarded and have no effect on the outcome of such vote.

You may vote your shares in any of the following ways:

- by mail, by marking, signing and dating the enclosed proxy card and returning it to the Company as soon as possible in the enclosed postage prepaid envelope;
- by telephone at 1-800-560-1965 anytime before 12:00 p.m., Central Daylight Time, May 28, 2008;
- by the Internet at http://www.eproxy.com/eig at anytime before 12:00 p.m., Central Daylight Time, May 28, 2008; or
- in person at the Annual Meeting on May 29, 2008.

If you vote by proxy, you can revoke your proxy at any time before it is voted at the Annual Meeting. You can do this by:

- delivering a written notice revoking your proxy to the Secretary of the Company at the above address;

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- delivering a new proxy bearing a date after the date of the proxy being revoked; or
- voting in person at the Annual Meeting.

All properly executed proxies, unless revoked as described above, will be voted at the Annual Meeting in accordance with your directions on the proxy. If a properly executed proxy gives no specific instructions, the shares of common stock represented by your proxy will be voted:

- FOR the election of each of the three Director nominees to serve a three-year term expiring at the 2011 Annual Meeting of Stockholders;
- FOR approval of the amendments to the Employers Holdings, Inc. Equity and Incentive Plan;
- FOR ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2008; and
- at the discretion of proxy holders with regard to any other matter that is properly presented at the Annual Meeting.

If you own shares of common stock held in a ''street name'' by a bank or brokerage firm and you do not instruct your broker how to vote your shares using the instructions your broker provides to you, your broker may choose not to vote your shares. To be sure your shares are voted in the manner you desire, you should instruct your broker how to vote your shares.

If your shares are held in a ''street name,'' you must bring an account statement or letter from your bank or brokerage firm showing that you are the beneficial owner of the shares as of the Record Date, in order to be admitted to the Annual Meeting on May 29, 2008.

Shares of common stock represented in person or by proxy (including ''broker non-votes'' and shares that abstain or do not vote with respect to one or more of the proposals to be voted upon) will be counted for the purpose of determining whether a quorum exists. A share once represented for any purpose at the Annual Meeting is deemed present for quorum purposes for the remainder of the meeting and for any adjournment thereof unless (1) the stockholder attends solely to object to lack of notice, defective notice or the conduct of the meeting on other grounds and does not vote the shares or otherwise consent that they are to be deemed present, or (2) in the case of an adjournment, a new record date is or will be set for that adjourned meeting.

In accordance with the Company's Bylaws, Robert Kolesar, Chairman of the Board, has selected Kevin Kelly of Morrow & Co., LLC or his designee, and Barbara M. Novak of Wells Fargo Shareowner Services or her designee to be the inspectors of the election at the Annual Meeting. The inspectors of the election are not officers or Directors of the Company, and they will receive and canvass the votes given at the meeting and certify the results to the Chairman of the Board.

PROPOSAL ONE

ELECTION OF DIRECTORS

The Company's full Board of Directors (the ''Board'') consists of ten Directors. The Board is divided into three classes, with Classes I and II each having three Directors and Class III having four Directors. The Directors in each class serve for a three-year term and until their successors are duly elected and qualified. The terms of each class expire at successive Annual Meetings so that the stockholders elect one class of Directors at each Annual Meeting. Currently, Class I, Class II and Class III terms expire in 2010, 2008, and 2009, respectively. The current composition of the Board, and the Director nominees for terms expiring in 2011, is listed below. All three nominees are current members of the Board. All properly executed proxies will be voted for these nominees unless contrary instructions are properly made, in which case the proxy will be voted or withheld in accordance with such instructions. Should any nominee become unable or unwilling to serve, the proxies will be voted for the election of such person, as shall be

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recommended by the Board. The Board has no reason to believe that the persons listed as nominees will be unable to serve. The current composition of the Board is:

Class II Directors (term expiring at the 2008 Annual Meeting and nominated to serve until the 2011 Annual Meeting)	Robert J. Kolesar Douglas D. Dirks Richard W. Blakey
Class III Directors (serving until the 2009 Annual Meeting)	Ronald F. Mosher Katherine W. Ong Michael D. Rumbolz Valerie R. Glenn
Class I Directors (serving until the 2010 Annual Meeting)	Rose E. McKinney-James John P. Sande, III Martin J. Welch

The election of the three Class II Directors will take place at the Annual Meeting on May 29, 2008. At its meeting of March 6, 2008, the Board approved the recommendation of the Board Governance and Nominating Committee that the three Class II Directors be nominated for a three-year term.

Pursuant to the rules promulgated under the Securities Exchange Act of 1934, as amended (the ‘‘Exchange Act’’), the following information lists, as to nominees for Director and Directors whose terms of office will continue after the Annual Meeting, the principal occupation, age, the year in which each first became a Director of Employers Holdings or its predecessor, the year in which each first became a Director of any of Employers Holdings’ subsidiaries or their predecessors, and directorships in registered investment companies or companies having securities which are registered pursuant to, or that are subject to certain provisions of, the Exchange Act. The information provided is as of February 2008, unless otherwise indicated.

Employers Holdings is the name for our Company resulting from the completion of the conversion of EIG Mutual Holding Company (‘‘EIG’’) from a Nevada mutual holding company to a Nevada stock corporation on February 5, 2007. EIG and its wholly-owned direct subsidiary, Employers Insurance Group, Inc. (‘‘EIGI’’) (now known as Employers Group, Inc. (‘‘EGI’’)), were formed on April 1, 2005 in conjunction with the conversion of Employers Insurance Company of Nevada, A Mutual Company (‘‘EICN’’), into a Nevada stock corporation. EICN commenced operations as a private mutual insurance company on January 1, 2000, when it assumed the assets, liabilities and operations of the former Nevada State Industrial Insurance System (the ‘‘Fund’’) pursuant to legislation passed in the 1999 Nevada Legislature. Employers Compensation Insurance Company (‘‘ECIC’’), a wholly-owned subsidiary of EICN, commenced operations when we acquired renewal rights and certain other tangible and intangible assets from Fremont Compensation Insurance Group and its affiliates (‘‘Fremont’’) in 2002. Except as otherwise indicated, each nominee or continuing Director has had the same principal occupation or employment during the past five years.

Your Board Recommends That Stockholders Vote FOR All Three Nominees Listed Below.

Nominees For Election As Class II Directors With Terms Expiring At the 2011 Annual Meeting

Robert J. Kolesar, age 64, has served as a Director of Employers Holdings, EGI and their predecessors since their creation in April 2005; a Director of EICN since January 2000; and a Director of ECIC since August 2002. He has been the Chairman of the Board of Employers Holdings, EGI and their predecessors since 2005, and Chairman of the Board of EICN and ECIC since 2004. Mr. Kolesar has been a founding/managing partner of the Las Vegas law firm of Kolesar & Leatham, Chtd. since 1986. Mr. Kolesar practices in the fields of real estate, corporation, banking, finance, and fiduciary/trust law. Prior to entering into private practice in 1986, Mr. Kolesar held General Counsel and/or Senior Legal Staff positions in Nevada at Valley Bank of Nevada (now Bank of America), and in Cleveland, Ohio at Cardinal Federal Savings and Loan Association, The Ameritrust Company (now KeyBank) and Forest

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City Enterprises, Inc. He currently serves on the Boards of Directors of numerous Nevada subsidiaries of Marshall & Ilsley Corporation and has served on the Board of HELP of Southern Nevada, the Las Vegas Symphony, and the National Conference for Community and Justice. Mr. Kolesar has multiple group memberships, including the National Association of Industrial and Office Parks and the International Council of Shopping Centers, and is currently on the Board of Trustees of the Nevada Development Authority and the Board of Advisors of the Las Vegas Chamber of Commerce. He is a member of the American Bar Association and the Nevada and Clark County Bar Associations. Mr. Kolesar received a B.A. degree from John Carroll University and a J.D. degree from Case Western Reserve University.

Douglas D. Dirks, age 49, has served as President and Chief Executive Officer of Employers Holdings, EGI and their predecessors since their creation in April 2005. He has served as Chief Executive Officer of EICN and ECIC since January 2006. He served as President and Chief Executive Officer of EICN from January 2000 until January 2006, and served as President and Chief Executive Officer of ECIC from May 2002 until January 2006. Mr. Dirks has served as President and Chief Executive Officer of Employers Occupational Health, Inc. (''EOH'') and Elite Insurance Services, Inc. (''EIS'') since 2002. He has been a Director of Employers Holdings, EGI and their predecessors since April 2005; a Director of EIS since 1999, EICN since December 1999, EOH since 2000, and a Director of ECIC since May 2002. Mr. Dirks was the Chief Executive Officer of the Fund from 1995 to 1999 and its Chief Financial Officer from 1993 to 1995. Prior to joining the Fund, he served in senior insurance regulatory positions and as an advisor to the Nevada Governor's Office. Mr. Dirks also has worked in the public accounting and investment banking industries and is a licensed Certified Public Accountant in the state of Texas. He presently serves on the Board of Directors of the Nevada Insurance Guaranty Association and the Nevada Insurance Education Foundation. Mr. Dirks holds B.A. and M.B.A. degrees from the University of Texas and a J.D. degree from the University of South Dakota.

Richard W. Blakey, age 58, has served as a Director of Employers Holdings, EGI and their predecessors since their creation in April 2005. He was also a Director of EICN from January 2000 to March 2007 and a Director of ECIC from August 2002 to May 2004. Dr. Blakey is a Director and Chairman of the Board of the Reno Orthopedic Clinic, and Chairman of the Board of Healthy Family Foundation. He is a member of the American Academy of Orthopedic Surgeons, Nevada State Medical Association, and Washoe County Medical Society. Dr. Blakey actively practices and is affiliated with Saint Mary's Regional Medical Center, Northern Nevada Medical Center, and Renown Regional Medical Center. He has served as Chairman of the Board of the Reno Spine Center, and is a member of the Board of Accessible, Reliable Care MedCenters LLC. Dr. Blakey is a Board certified orthopedic surgeon. He received a B.S. degree from the California Institute of Technology and his medical degree from the University of Southern California, School of Medicine.

Continuing Directors Whose Terms Expire In 2009

Ronald F. Mosher, age 64, has served as a Director of Employers Holdings, EGI and their predecessors since their creation in April 2005. He was also a Director of EICN from December 2003 until March 2007 and a Director of ECIC from December 2003 to May 2004. Mr. Mosher has extensive experience in the insurance industry and served as a senior executive with AEGON N.V. from 1983 until his retirement in 2003. He also works as a consultant in the insurance industry. Mr. Mosher currently is a Director of Transamerica Financial Life Insurance Company, Transamerica Life (Bermuda) Ltd., WFG Reinsurance Limited, and ML Life Insurance Company of New York, and has previously served on several other insurance company Boards. Mr. Mosher is a Certified Public Accountant, a member of the American Institute of Certified Public Accountants, and the National Association of Corporate Directors. Mr. Mosher earned a B.S. degree from the University of Denver and an M.B.A. degree from Cornell University.

Katherine W. Ong, age 50, has served as a Director of Employers Holdings, EGI and their predecessors since their creation in April 2005. She was also a Director of EICN from January 2000 to March 2007 and a Director of ECIC from August 2002 to May 2004. Since January 1996, she has been the co-founder and Director of Hobbs, Ong & Associates, Inc., a financial consulting group specializing in advisory services for municipal bond financings, problem solving and support. Prior to 1996, she was the Budget Manager for Clark County, Nevada. Ms. Ong also serves on the Boards of KNPR (Southern Nevada public radio),

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the Las Vegas Music Festival and is a member of the Government Finance Officer's Association. Ms. Ong received a B.S. degree from the University of Nevada.

Michael D. Rumbolz, age 54, has served as a Director of Employers Holdings, EGI and their predecessors since their creation in April 2005. He was also a Director of EICN from January 2000 to March 2007 and a Director of ECIC from August 2002 to May 2004. Mr. Rumbolz has over 20 years of experience in the gaming industry. He has been Chief Executive Officer and Chairman of the Board of Cash Systems, Inc., a public company, since January 2005. He has been Managing Director of Acme Gaming LLC, a gaming consultancy service, since July 2001. He was Vice Chairman and a member of the Board of Casino Data Systems from March 2000 to July 2001 when it was acquired by Aristocrat. He was President and Chief Executive Officer of Anchor Gaming from 1995 to 2000 and Director of Corporate Development for Circus Circus Enterprises, Inc. from late 1992 to June 1995, including serving as the first President of and Managing Director of Windsor Casino Limited, a consortium company owned by Hilton Hotel Corp., Circus Circus Enterprises, Inc. and Caesars World. Mr. Rumbolz also held various executive positions with Trump Hotels & Casino Resorts. In addition to his corporate experience, Mr. Rumbolz was also the former Chief Deputy Attorney General and the former Chairman of the Nevada Gaming Control Board. He received a B.A. degree with distinction from the University of Nevada, Las Vegas and a J.D. degree from the University of Southern California, Gould School of Law.

Valerie R. Glenn, age 53, has served as a Director of Employers Holdings and its predecessor since April 2006 and EGI since February 2007. Ms. Glenn became a partner in Rose-Glenn Advertising (now known as The Glenn Group) on January 1, 1989 and has served as Chairman, President and Chief Executive Officer since January 15, 2003. Ms. Glenn has been co-owner and publisher of Visitor Publications, Inc., which publishes the Reno/Tahoe Visitor, since January 1998. She was a founding partner in the advertising sales firm of Kelley-Rose Advertising, Inc. and was a partner from 1981 to 1994. Ms. Glenn began her advertising career in San Francisco in 1976 with international advertising agency Dancer Fitzgerald Sample. Ms. Glenn graduated from the University of Nevada, Reno with a B.A. degree.

Continuing Directors Whose Terms Expire In 2010

Rose E. McKinney-James, age 56, has served as a Director of Employers Holdings, EGI and their predecessors since their creation in April 2005. She was also a Director of EICN from March 2001 to March 2007 and a Director of ECIC from August 2002 to May 2004. Ms. McKinney-James has been the owner of Energy Works Consulting, LLC since 2003 and McKinney-James & Associates since 2005, both located in Las Vegas. Both firms focus on public affairs in the areas of energy, education, and environmental policy. In 2007, Ms. McKinney-James joined Nevada State Bank Public Finance as the Director of External Affairs. Prior to creating Energy Works Consulting in 2003, Ms. McKinney-James was President and Chief Executive Officer of the Corporation for Solar Technologies and Renewable Resources from 1995 to 2000, and the President of public affairs and advertising for Brown & Partners Advertising from 2000 to 2001. She held the position of President of Government Affairs for the firm of Faiss Foley Merica in 2000 and 2001. Ms. McKinney-James is a former Commissioner with the Nevada Public Service Commission and also served as the Director of the Nevada Department of Business and Industry. She is a Director of The Energy Foundation, Toyota Financial Savings Bank and MGM-Mirage, a public company. Ms. McKinney-James received a B.A. degree from Olivet College and J.D. degree from Antioch School of Law in Washington, D.C.

John P. Sande, III, age 58, has served as a Director of Employers Holdings, EGI and their predecessors since their creation in April 2005. He was also a Director of EICN from March 2001 to March 2007 and a Director of ECIC from August 2002 to May 2004. Mr. Sande has been a partner of the Nevada law firm of Jones Vargas and its predecessor firm, Vargas and Bartlett, since 1974, primarily practicing in the areas of administrative law and trusts and estates. He is Chairman of the Board of the Reno-Tahoe Open Foundation, and serves as director of the Reno Air Racing Association and The First TEE, and is a founding member of the Montreux Golf & Country Club Board of Governors. He has served as Co-Chair of the KNPB Channel 5 Capital Campaign, as a Trustee of the William F. Harrah Automobile Foundation, and has served four terms on the Stanford University Athletic Board. Mr. Sande is a Trustee for the William F. Harrah Trusts, Chairman of the Board of First Independent Bank of Nevada, a Director of

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Western Alliance Bancorp, and previously served on the Board of Directors for Bank of America Nevada (Valley Bank of Nevada). Mr. Sande holds a B.A. degree, with great distinction, from Stanford University and a J.D. degree, cum laude, from Harvard University.

Martin J. Welch, age 52, has served as a Director of Employers Holdings, EGI and their predecessors, and EICN and ECIC since March 2006. He has also served as President and Chief Operating Officer of EICN and ECIC since January 2006 and was Senior Vice President and Chief Underwriting Officer of EICN and ECIC from September 2004 to January 2006. Mr. Welch has more than 25 years of experience in workers' compensation and commercial property and casualty insurance. Prior to joining the Company, he served as Senior Vice President, National Broker Division, for Wausau Insurance Companies from January 2003 to February 2004, and from March 2001 to December 2002 was Senior Vice President of Broker Operations for Wausau. He holds a B.S. degree in Finance from the University of Illinois and is a Chartered Property and Casualty Underwriter.

THE BOARD OF DIRECTORS AND ITS COMMITTEES

Board of Directors. Employers Holdings became a publicly traded company on February 5, 2007. During the year ended December 31, 2007, there were eight meetings of Employers Holdings' Board of Directors. Each Director attended at least 75% of the aggregate of the meetings of Employers Holdings' Board of Directors and the committees of the Board on which such members served during 2007. The Company has the following standing Committees: Audit Committee, Board Governance and Nominating Committee, Compensation Committee, Executive Committee, and Finance Committee. On November 1, 2007, the Board of Directors created a Strategic Opportunities Committee to review strategic opportunities.

Employers Holdings' Board members are expected to attend our 2008 Annual Meeting of Stockholders. All Board members attended the 2007 Annual Meeting.

Board Committees

The following table summarizes the membership of the Board's committees and the independence of the Company's Directors.

Name of Director	Independent Director	Audit	Board Governance and Nominating	Finance	Compensation	Executive	Strategic Opportunities
Richard W. Blakey	Yes	—	—	Yes	Yes (C)	Yes	—
Douglas D. Dirks	—	—	—	Yes	—	Yes	Yes
Valerie R. Glenn	—	—	—	Yes	—	—	—
Robert J. Kolesar	Yes	—	Yes	—	—	Yes (C)	Yes
Rose E. McKinney-James	Yes	Yes	Yes	—	—	—	—
Ronald F. Mosher	Yes	Yes (C)	—	—	—	Yes	—
Katherine W. Ong	Yes	Yes	—	—	Yes	—	—
Michael D. Rumbolz	Yes	—	—	Yes (C)	Yes	Yes	Yes
John P. Sande, III	Yes	—	Yes(C)	Yes	—	Yes	Yes(C)
Martin J. Welch	—	—	—	—	—	—	—
Number of Meetings Held in 2007		12	5	4	7	1	4

(C)

denotes committee chair

Audit Committee. This committee consists of Mr. Mosher, Chairperson, Ms. McKinney-James and Ms. Ong. The Company's Audit Committee satisfies the independence and other requirements of the New York Stock Exchange and the Securities and Exchange Commission (''SEC''). Each member of the Audit Committee is financially literate. In addition, the Company's Board of Directors has determined that Mr. Mosher is an Audit Committee financial expert within the meaning of Item 407(d)(5) of Regulation S-K of the Securities Act. The Audit Committee assists the Board in monitoring the integrity of our financial statements, our independent auditors' qualifications and independence, the performance

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of our internal audit function and independent auditors, and our compliance with legal requirements. The Audit Committee also prepared the Audit Committee Report included in this Proxy Statement at page 41. The Audit Committee has direct responsibility for the appointment, compensation, retention, termination, and oversight of our independent auditors, and our independent auditors report directly to the Audit Committee. The Audit Committee reviews and evaluates, at least annually, the performance of the Audit Committee and its members, including its compliance with the Audit Committee Charter. A copy of the Audit Committee Charter is available on our website at www.employers.com and is attached hereto as Appendix A. The Company will also provide a print copy of the Charter to any stockholder who requests it. The Audit Committee met twelve times in 2007.

Board Governance and Nominating Committee. This committee consists of Messrs. Sande, Chairperson, Kolesar and Ms. McKinney-James. Our Board Governance and Nominating Committee satisfies the independence and other requirements of the New York Stock Exchange and the SEC. The purpose of the Board Governance and Nominating Committee is to identify and select qualified individuals to become members of the Board of Directors and its committees, determine the composition of the Board of Directors and its committees, to recommend to the Board a slate of Director-nominees for each Annual Meeting of stockholders, develop and recommend to the Board of Directors sound corporate governance policies and procedures, to review succession plans of the Company's Chairman and Chief Executive Officer, and to oversee the evaluation of the Board and committees.

The Board Governance and Nominating Committee will consider director candidates recommended by stockholders in compliance with the procedures set forth in Article 10 of the Bylaws. In considering candidates submitted by stockholders, the Board Governance and Nominating Committee will take into consideration the needs of the Board and the qualifications of the candidate. To have a candidate considered by the Board Governance and Nominating Committee, a stockholder must submit the recommendation in writing and must include the following information:

- as to each person the stockholder proposes to nominate for election as a Director:
  - the name, age, business address and residence address of the person;
  - the principal occupation or employment of the person;
  - the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by the person; and
  - the other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and
- as to the stockholder giving the notice:
  - the name and record address of such stockholder;
  - the class or series and number of shares of capital stock of the Company that are owned beneficially or of record by such stockholder;
  - a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are made by such stockholder;
  - a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice; and
  - any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of Directors pursuant to Section 14 of the Exchange Act

and the rules and regulations promulgated thereunder.

Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a Director if elected.

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The shareholder recommendation and information described above must be sent to the Corporate Secretary at 10375 Professional Circle, Reno, Nevada 89521-4802. The Board Governance and Nominating Committee will accept recommendations of director candidates throughout the year; however, in order for a recommended director candidate to be considered for nomination to stand for election at an upcoming annual meeting of stockholders, the recommendation must be received by the Corporate Secretary not less than 90 days prior to the anniversary date of the Company's most recent annual meeting of stockholders.

On August 8, 2007, the Board Governance and Nominating Committee approved Procedures and Criteria for Nomination as a Director (the ''Procedures'') to assist the Committee in reviewing and evaluating Director nominees. The Procedures identify qualifications that should be considered when comparing and evaluating Director nominees from any source. The general criteria include background and experience, and an appropriate mix of professional experience and/or training in accounting, finance, technology, management, marketing, securities and the law. The specific criteria to be reviewed by the Committee includes, but is not limited to, the following: integrity; ability to work with others; experience at a senior level in a particular industry; commitment; financial literacy and an understanding of board governance; no conflict of interest with the Company; and, the ability to satisfy the independence requirements of the New York Stock Exchange and the SEC. The Board Governance and Nominating Committee also may seek to have the Board represent a diversity of backgrounds and experience. The Board Governance and Nominating Committee shall be responsible for assessing the appropriate balance of the various criteria required of Board members. The Board Governance and Nominating Committee has not had the opportunity to utilize the new Procedures in reviewing a non-sitting Director nominee to date.

In 2007, the Board Governance and Nominating Committee did not engage the services of a third party to help identify or evaluate Director nominees. The Board Governance and Nominating Committee reviews and evaluates, at least annually, the performance of the Board Governance and Nominating Committee and its members, including its compliance with the Board Governance and Nominating Committee Charter. A copy of the Board Governance and Nominating Committee Charter is available on our website at www.employers.com. The Company will provide a print copy of this Charter to any stockholder who requests it. The Board Governance and Nominating Committee met five times in 2007.

Compensation Committee. This committee consists of Messrs. Blakey, Chairperson, Rumbolz and Ms. Ong. Our Compensation Committee satisfies the independence and other requirements of the New York Stock Exchange and the SEC. This committee administers our equity and incentive bonus, 401(k) and other benefits plans, determines the details of the compensation package for the Chief Executive Officer, establishes the total compensation philosophy and strategy for the Company and its Board, and approves the salary and bonuses for Executive Officers annually. The Compensation Committee also produced the report on executive officer compensation as required by the SEC to be included in our annual Proxy Statement, and prepared the Compensation Committee Report included in this Proxy Statement at page 26. The committee has engaged Frederic W. Cook, Inc. (''FWC'') to serve as the Compensation Committee's independent compensation consultant in connection with executive, Board of Directors and other compensation-related matters, and to provide objective, third-party advice on the reasonableness of compensation levels in comparison to those of other similarly situated companies, and the appropriateness of the compensation program structure in accomplishing the Compensation Committee's objectives. The Compensation Committee reviews and evaluates, at least annually, the performance of the Compensation Committee and its members, including its compliance with the Compensation Committee Charter. A copy of the Compensation Committee Charter is available on our website at www.employers.com. The Company will provide a print copy of this Charter to any stockholder who requests it. The Compensation Committee met seven times in 2007.

Executive Committee. This committee consists of Messrs. Kolesar, Chairperson, Blakey, Rumbolz, Sande, Mosher and Dirks. The Executive Committee functions on behalf of the Board of Directors, acting with respect to ordinary course matters, during intervals between meetings of the Board of Directors, as necessary. The Executive Committee reviews and evaluates, at least annually, the performance of the Executive Committee and its members, including compliance of the Executive Committee with its Charter. The Executive Committee met once in 2007.

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Finance Committee. This committee consists of Messrs. Rumbolz, Chairperson, Blakey, Dirks and Sande and Ms. Glenn. The Finance Committee reviews and makes recommendations to the Board of Directors with respect to certain of our financial affairs and policies, including investments and investment policies and guidelines, financial planning, capital structure and management, stock dividend policy and dividends, stock repurchases, and strategic plans and transactions. The Finance Committee reviews and evaluates, at least annually, the performance of the Finance Committee and its members, including its compliance with the Finance Committee Charter. The Finance Committee met four times in 2007.

Strategic Opportunities Committee. This special committee consists of Messrs. Sande, Chairperson, Kolesar, Rumbolz, and Dirks. The Strategic Opportunities Committee oversees the Company's strategic opportunities referred to it by management, retains advisors to review the opportunities and provides recommendations to the Board of Directors regarding the opportunities it reviews. The Strategic Opportunities Committee met four times in 2007.

CORPORATE GOVERNANCE

The Board has adopted the Corporate Governance Guidelines (the ''Guidelines'') of Employers Holdings which are available on our website at www.employers.com, and the Company will furnish a print copy to any stockholder who requests it. These Guidelines were adopted to assist the Board in fulfilling its responsibilities and are in compliance with Section 303A of the New York Stock Exchange Listed Company Manual (the ''Listing Standards'').

DIRECTOR INDEPENDENCE

In accordance with the rules of the New York Stock Exchange, the Board shall affirmatively determine the independence of each Director and nominee for election as a Director in accordance with the guidelines it adopted in the Corporate Governance Guidelines, which include all elements of independence set forth in Section 303A of the Listing Standards. Specifically, the Board has agreed that it shall be comprised of a majority of Directors who qualify as Independent Directors under the Listing Standards.

The Board's Guidelines provide that it shall review annually the relationships that each Director has with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). Following such annual review, only those Directors who the Board affirmatively determines have no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) will be considered Independent Directors, subject to additional qualifications prescribed under the Listing Standards or applicable law. The Board may, but has not, adopted categorical standards to assist it in determining Director independence. In the event that a Director becomes aware of any change of circumstances that may result in such Director no longer being considered independent under the Listing Standards or applicable law, the Director shall promptly inform the Chairman of the Board Governance and Nominating Committee.

The Board has considered the independence of its members pursuant to the standards set forth in the Listing Standards and determined that Messrs. Dirks and Welch and Ms. Glenn are not Independent Directors, and that Messrs. Kolesar, Mosher, Rumbolz, Sande, and Blakey, Ms. McKinney-James and Ms. Ong are Independent Directors.

Lead Independent Director

The Board's Guidelines provide that if the Chairman of the Board is not an Independent Director, the Company's Independent Directors will designate one of the Independent Directors on the Board to serve as a Lead Independent

Director (the ‘‘Lead Independent Director’’). If the Chairman of the Board is an Independent Director, then he or she shall serve as Lead Independent Director. The Lead Independent Director’s duties will include coordinating the activities of the Independent Directors, coordinating the agenda for and moderating sessions of the Board’s Independent Directors, and facilitating communications between the other members of the Board. In performing the duties described,

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the Lead Independent Director is expected to consult with the Chairmen of the appropriate Board committees and solicit their participation in order to avoid diluting the authority or responsibilities of such committee Chairpersons. Mr. Kolesar, the Company’s Chairman, is an Independent Director. Accordingly, we do not have a designated Lead Independent Director.

COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Any interested party desiring to communicate with the Chairman of the Board and/or the other Directors regarding the Company may contact such Directors by sending correspondence to: Employers Holdings, Inc., c/o Chief Legal Officer, 10375 Professional Circle, Reno, Nevada 89521-4802. Communications may also be sent to: ChiefLegalOfficer@employers.com. Communications may be submitted anonymously and a sender may indicate whether he or she is a stockholder, customer, supplier, or other interested party.

All communications received as described above shall be opened by the Chief Legal Officer for the purpose of determining whether the contents represent a message to our Directors, and depending on the facts and circumstances outlined in the communication, will be distributed to the Board, the non-management Directors, an individual Director or committee of Directors, as appropriate. The Chief Legal Officer shall distribute the communication to each Director who is a member of the Board, or of the group or committee, to which the communication is directed.

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PROPOSAL TWO

PROPOSED AMENDMENTS TO THE EMPLOYERS HOLDINGS, INC. EQUITY AND INCENTIVE PLAN

Our Equity and Incentive Plan, as previously amended and restated (the ‘‘Plan’’), provides a means to promote the Company’s interests and the interests of our stockholders by providing our officers, employees, non-employee Directors, consultants, and independent contractors with appropriate incentives and rewards to encourage them to enter into and continue in our employ or service, to acquire a proprietary interest in our long-term success and to reward the performance of individuals in fulfilling their personal responsibilities for long-range and annual achievements. Our Board of Directors approved amendments to the Plan on March 20, 2008, subject to stockholder approval. If stockholders do not approve the amendments, the amendments will not become effective. Our Board of Directors unanimously recommends that stockholders approve the proposed amendments to the Plan.

The proposed amended Plan is printed in full and attached to this Proxy Statement as Appendix B and is incorporated herein by reference. The following summaries of the proposed amended Plan are qualified in their entirety by reference to the full text of the proposed amended Plan.

Proposed Material Plan Amendments

Increase to the Maximum Number of Shares of Common Stock Issuable Under the Plan

The Plan amendment increases the maximum total number of shares of our common stock that may be issued under the plan by 2,000,000 shares from 1,605,838 to 3,605,838 shares. Of these shares, no more than 1,535,279 shares may be granted in the form of awards other than options or stock appreciation rights (‘‘SARs’’). The initial number of shares that were available for grants under the Plan was limited by our plan of conversion, and of this initial number, no more than one-third of those shares could be granted in the form of awards other than options or SARs. The purpose of this amendment is to provide us with sufficient shares for grants under the Plan for the next two years, including shares that would be needed for grants to be made to employees of AmCOMP, Inc. if the contemplated transaction is completed. Our Board of Directors believes that this number represents a reasonable level of potential equity dilution and allows us to continue to award equity incentives, which are an important component of our overall compensation program.

As of March 31, 2008, 856,917 shares of our common stock will remain available for future issuance under the Plan. In addition, as of that date, 584,850 options are outstanding, 23,760 shares are reserved for grants of outstanding restricted stock units, and 140,311 shares are reserved for grants of outstanding performance shares.

Individual Award Limits

To provide us with more flexibility regarding the size of awards to be granted under the Plan, the Plan, as amended, provides that no more than 500,000 (amended from 300,000) shares underlying stock options or SARs may be granted to a participant in any consecutive 36-month period and that no more than 1,000,000 (amended from 600,000) shares underlying any other award may be granted to a participant in any 36-month period. The maximum value of the aggregate payment that any grantee may receive with respect to any cash-based awards under the plan is $2,000,000 in respect of any annual performance period. This aggregate cash value has not been amended.

Addition and Approval of Performance Goals

Under the Plan, the Plan administrator (as defined below) may determine that vesting or payment of an award under the plan will be subject to the attainment of one or more performance goals with respect to a performance period. Performance periods are determined by our plan administrator but are not shorter than 12 months. To satisfy the performance based requirements under Section 162(m) of the Internal Revenue Code, certain awards must be granted subject to the achievement of performance goals

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that have been approved by our stockholders and satisfy other criteria. To comply with this requirement of Section 162(m) of the Internal Revenue Code and to provide more flexibility regarding the terms of awards under the plan, we are seeking stockholder approval of our existing goals listed below, as well as the additional goals added by amendment, which are likewise listed below. If stockholder approval is obtained, awards intended to be performance based (whether or not those awards are otherwise intended to comply with Section 162(m) of the Internal Revenue Code) may be based on any of the following goals, including any combination or specified increase in these goals.

Performance Goals:

Existing Goals

- revenue growth;
- premium growth;
- policy growth;
- earnings;
- operating income;
- pre- or after-tax income;
- cash flow;
- earnings per share;
- return on equity;
- return on capital;
- cash flow return on investment;
- return on assets;
- economic value added;
- combined ratio;
- loss ratio;
- expense ratio;
- market share or penetration;
- business expansion;
- stock price performance;
- total stockholder return;
- improvement in or attainment of expense levels or expense ratios;
- employee and/or agent satisfaction;
- customer satisfaction;
- customer retention; and
- rating agency ratings.

Goals Added By Amendment

- net earnings;
- before or after-tax income (before or after allocation of corporate overhead and/or bonus) or net income (before or after taxes). This is a revised version of an existing goal.
- net assets;
- comparisons with various stock market indices;
- reductions in cost;
- working capital levels;

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- operating margins, gross margins or cash margins;
- year-end cash;
- debt reductions;
- shareholder equity;
- market share;
- regulatory achievements; and
- economic value added models (or an equivalent metric). This is a revised version of an existing goal.

Additional Proposed Amendments

Additional amendments to the Plan, which are subject to stockholder approval, are described below.

Option and SAR Vesting Schedule

In connection with our plan of conversion, under the plan, options and SARs could not vest until the first anniversary of the date of grant. The proposed amendment deletes this prohibition to provide us with more flexibility regarding the terms of awards granted under the Plan.

Option and SAR Exercisability

To protect grantees who may be adversely affected by a trading blackout period, the amendment provides the Committee with flexibility to extend the period of exercisability of an option or SAR (but not beyond the term of the award), so that the grantee would have at least 15 days to exercise the award during a period that is not subject to a trading blackout.

Option Exercise Period Post-Termination — Death or Disability

The Plan amendment clarifies that awards may not be exercised following the end of their respective terms. Therefore, upon the grantee's death or disability, the option will generally remain exercisable for one year following such termination or, if shorter, until the end of the terms of the award.

Elimination of Automatic Non-Employee Director Restricted Stock Unit Grants

Prior to its amendment, the plan provided for automatic grants of restricted stock units to non-employee Directors at each annual meeting of stockholders following the first anniversary of our IPO, equal to the dollar amount determined by the Compensation Committee, divided by the fair market value of the shares of our common stock on the date of the meeting, vesting quarterly over the first year following the date of grant and settled in shares of our common stock six months after the non-employee Director's termination of service as a member of our Board of Directors. To provide us with more flexibility regarding non-employee Director compensation, these automatic grants have been eliminated from the Plan. As before, the Plan continues to permit discretionary awards to our non-employee Directors, but if the amendments are approved, our non-employee Directors would not be entitled to any further automatic grants under the Plan.

Change in Control

Upon a change in control (as defined in the Plan) the restrictions, limitations and conditions applicable to outstanding awards will lapse, performance goals will be deemed to be fully achieved and the awards will become fully vested (and in the case of options, exercisable) unless such award is assumed or substituted in connection with the change in control, in which case the restrictions, limitations and conditions applicable to outstanding awards will lapse, performance goals will be deemed to be fully achieved and the awards will become fully vested (and in the case of options, exercisable) upon termination of a participant's employment without cause during the 24-month period following the change in control.

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The plan was amended to provide that to the extent an award was not assumed or substituted in connection with a change in control, then following the acceleration and settlement of the awards as described above, the awards would terminate in connection with the change in control. In addition, prior to its amendment, the plan explicitly permitted the Compensation Committee to cancel outstanding options in exchange for a cash payment for each share subject to the award, equal to the difference between the per share consideration in the transaction for our common stock and the per share exercise or purchase price, but limited this provision to transactions in which the consideration paid to our stockholders was solely cash. As amended, this cashout provision would apply to any change in control, whether or not the consideration was cash. Finally, the definition of change in control was slightly modified so that to constitute a change in control, certain changes in the composition of our Board of Directors must occur within a 24-month period. Previously there was no time limit required for this board change provision to constitute a change in control.

Repayments or Forfeiture for Breach of Restrictive Covenants Such as Noncompetition, Nonsolicitation and Confidentiality Provision

Prior to the plan amendment, the Compensation Committee was required to provide in award agreements that if a covenant is violated the Company must require the grantee to forfeit outstanding awards and repay shares, cash amounts and gains. As amended, this requirement is permissive, not mandatory.

Forfeiture or Repayment of Amounts by Reason of Restatement of Financials

Prior to the plan amendment, the Committee could provide in an award agreement that if we were required to restate our financial statements, then we could require a grantee to repay the value of any award that vested upon the attainment of performance goals to the extent such performance goals would not have been achieved had such restatement not been required. This provision has been amended to permit the Company to require that in this situation, the unvested portion of the award also could be forfeited.

Summary of Remaining Material Provisions of the Plan Taking Into Account Plan Amendments

The purpose of the plan is to give our employees, officers, and non-employee Directors an incentive to increase their efforts and to promote our business. The plan authorizes our Compensation Committee to grant the following awards:

- stock options (including options intended to be ‘‘incentive stock options’’ within the meaning of Section 422 of the Internal Revenue Code). Under the plan, stock options may not have a term that is longer than seven years;
- SARs, which give the holder the right to receive the difference between the fair market value per share on the date of exercise over the grant price. Under the plan, as amended, SARs may not have a term that is longer than seven years (the plan previously provided for a term of up to ten years);
- restricted stock, which is subject to restrictions on transferability and subject to forfeiture on terms set by the Compensation Committee;
- restricted stock units, which give the holder the right to receive shares or cash at the end of a specified deferral period, which right may be conditioned on the satisfaction of specified performance or other criteria;
- performance awards, which are payable in cash or stock upon the attainment of specified performance goals over periods of at least one year; and

- other stock-based awards in the discretion of the Compensation Committee.

Plan Administration

The plan is administered by the Compensation Committee of our Board of Directors (the ‘‘plan administrator’’). The plan administrator has the authority to, among other things enumerated in the plan, administer the plan and any awards granted under the plan, determine to whom awards will be granted and determine the terms and conditions of such awards, including whether the vesting or payment of an award will be subject in whole or in part to the attainment of performance goals.

Eligibility

All of our employees, including officers, our non-employee Directors, and our consultants and independent contractors are eligible to receive awards under the plan.

Share Reserve

A total of 3,605,838 shares will be reserved and available for issuance under the amended Plan. No more than 1,535,279 of the reserved shares will be available for issuance under the plan for any awards other than stock options and SARs. If any outstanding award expires for any reason, any unissued shares subject to the award will again be available for issuance under the plan. If a participant pays the exercise price of an option by delivering to us previously owned shares, only the number of shares we issue in excess of the surrendered shares will count against the plan's share limit. Also, if the full number of shares subject to an option is not issued upon exercise for any reason, only the net number of shares actually issued upon exercise will count against the plan's share limit.

Our common stock is traded on the New York Stock Exchange, and on April 4, 2008, the per share closing price was $18.42. We intend to register the additional shares issuable under the Plan under the Securities Act of 1933, subject to, and following, stockholder approval.

Transferability of Awards

Awards granted under the plan generally may not be transferred by a grantee other than by will or the laws of descent and distribution and may be exercised during the grantee's lifetime only by the grantee or his or her guardian or legal representative. Under the plan as amended, the plan administrator may provide, in limited circumstances, that an award may be transferred to an immediate family member, or to certain related entities such as a trust established for the benefit of the participant or an immediate family member.

Term of the Plan, Amendment or Termination of the Plan

No award may be granted under the plan after the tenth anniversary of the effective date of the plan. Our Board of Directors may amend, alter, suspend, discontinue or terminate the plan at any time, provided that, unless otherwise determined by our Board of Directors, no such amendment, alteration, suspension, discontinuance or termination will be made without stockholder approval if such approval is necessary to comply with any tax or regulatory requirement. No amendment to or termination of the plan may adversely affect any awards granted under the plan without the participant's permission. Under the plan as amended, our Board of Directors may amend the plan, and the plan administrator may amend, restructure, terminate or replace any plan awards, as may be necessary or appropriate to avoid adverse tax consequences under deferred compensation legislation pursuant to Section 409A of the Internal Revenue Code.

Federal Income Tax Consequences

The following summary is intended as a general guide to the United States federal income tax consequences relating to the issuance and exercise of stock options granted under the Plan. This summary does not attempt to describe all possible federal or other tax consequences of such grants or tax consequences based on particular circumstances.

Incentive Stock Options. An optionee recognizes no taxable income for regular income tax purposes as the result of the grant or exercise of an incentive stock option qualifying under Section 422 of the Internal Revenue Code (unless the optionee is subject to the alternative minimum tax). Optionees who neither dispose of their shares acquired upon the exercise of an incentive stock option (‘‘ISO shares’’)

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within two years after the stock option grant date nor within one year after the exercise date normally will recognize a long-term capital gain or loss equal to the difference, if any, between the sale price and the amount paid for the ISO shares. If an optionee disposes of the ISO shares within two years after the stock option grant date or within one year after the exercise date (each a ‘‘disqualifying disposition’’), the optionee will realize ordinary income at the time of the disposition in an amount equal to the excess, if any, of the fair market value of the ISO shares at the time of exercise (or, if less, the amount realized on such disqualifying disposition) over the exercise price of the ISO shares being purchased. Any additional gain will be capital gain, taxed at a rate that depends upon the amount of time the ISO shares were held by the optionee. A capital gain will be long-term if the optionee’s holding period is more than 12 months. We will be entitled to a deduction in connection with the disposition of the ISO shares only to the extent that the optionee recognizes ordinary income on a disqualifying disposition of the ISO shares, and except to the extent such deduction is limited by applicable provisions of the Internal Revenue Code.

Nonstatutory Stock Options. An optionee generally recognizes no taxable income as the result of the grant of a nonstatutory stock option. Upon the exercise of a nonstatutory stock option, the optionee normally recognizes ordinary income equal to the difference between the stock option exercise price and the fair market value of the shares on the exercise date. If the optionee is an employee of ours, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of stock acquired by the exercise of a nonstatutory stock option, any subsequent gain or loss, generally based on the difference between the sale price and the fair market value on the exercise date, will be taxed as capital gain or loss. A capital gain or loss will be long-term if the optionee’s holding period is more than 12 months. We generally should be entitled to a deduction equal to the amount of ordinary income recognized by the optionee as a result of the exercise of a nonstatutory stock option, except to the extent such deduction is limited by applicable provisions of the Internal Revenue Code.

Tax Treatment of Awards to Non-Employee Directors and to Employees Outside the United States. The grant and exercise of options and awards under the plan to non-employee Directors and to employees outside the United States may be taxed on a different basis.

Future Equity Grants

It is not possible to determine specific amounts and types of awards that may be awarded in the future under the plan because the grant of awards under the plan is discretionary.

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Prior Equity Grants

The following table sets forth information as of April 4, 2008, with respect to the number of shares subject to options, the number of performance shares and the number of restricted stock units have been granted or are to be granted pursuant to the plan to our Named Executive Officers, as identified in the Compensation Discussion and Analysis section included herein, and the specified groups set forth below.

Name and Position	Amount of Stock Options	Amount of Performance Shares or Restricted Stock Units
Douglas D. Dirks President and Chief Executive Officer, EHI	75,000	25,000 (PS)
William E. Yocke Executive Vice President and Chief Financial Officer, EHI	25,000	8,333 (PS)
Lenard T. Ormsby Executive Vice President and Chief Legal Officer, EHI	25,000	8,333 (PS)
Martin J. Welch President and Chief Operating Officer, EICN and ECIC	37,500	12,500 (PS)
Ann W. Nelson Executive Vice President, Corporate and Public Affairs, EHI	20,000	6,667 (PS)
Current Executive Officer Group	182,500	60,833 (PS)
Current Non-Executive Director Group	0	23,760 (RSU)
Richard W. Blakey, Director Nominee	0	2,970 (RSU)
Robert J. Kolesar, Director Nominee	0	2,970 (RSU)
Each associate of the above-mentioned Directors, executive officers or nominees	0	0
Each other person who received or is to receive five percent of such options, warrants, or rights	0	0
Employee Group other than Executive Officer Group	402,350	79,478 (PS)

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Equity Compensation Plan Information

The following table gives information about our Common Stock that may be issued upon the exercise of options, warrants and rights under all the Company's existing equity compensation plans as of December 31, 2007:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities) reflected in column (a)
Equity compensation plans approved by security holders(1)	748,921	$ 18.29	856,917
Equity compensation plans not approved by security holders	0	$ 0	0
Total	748,921	$ 18.29	856,917

(1) Represents shares of common stock issuable pursuant to the Company's Equity and Incentive Plan.

The proposed amended Plan is printed in full and attached to this Proxy Statement as Appendix B and is incorporated herein by reference. The preceding summaries of the proposed amended Plan are qualified in their entirety by reference to the full text of the proposed amended Plan.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE APPROVAL OF THE PLAN AMENDMENTS.

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PROPOSAL THREE

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors of the Company has appointed Ernst & Young LLP (‘‘Ernst & Young’’) as Employers Holdings’ independent registered public accounting firm to examine the financial statements of Employers Holdings and its subsidiaries for the 2008 calendar year. The Board of Directors recommends ratification of the appointment of Ernst & Young. The favorable vote of the holders of a majority of Employers Holdings common stock represented in person or by proxy at the Annual Meeting will be required for such ratification.

A representative of Ernst &Young will be present at the meeting with an opportunity to make a statement if such representative desires to do so and to respond to appropriate questions.

Although stockholder approval of this appointment is not required or binding on the Audit Committee, the Board of Directors believes, as a matter of good corporate governance, that stockholders should be given the opportunity to express their views. If the stockholders do not ratify the appointment of Ernst & Young as Employers Holdings’ independent registered public accounting firm, the Audit Committee will consider this vote in determining whether or not to continue the engagement of Ernst & Young.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE RATIFICATION OF THIS APPOINTMENT.

EXECUTIVE OFFICERS

The executive officers of Employers Holdings are principally responsible for management of the business affairs and property of Employers Holdings, subject to the supervision and direction of Employers Holdings’ Board of Directors. All officers are subject to appointment at the regular meeting of the Board of Directors held after each Annual Meeting. Each of the executive officers listed below have employment agreements with Employers Holdings.

There are no family relationships among the Directors, Director nominees, or executive officers.

Set forth below are the names and ages of the executive officers of Employers Holdings as of January 1, 2008, positions held by them during the past five years, the year from which held, the year they first became executive officers of Employers Holdings or its predecessor EIG, or any of its subsidiaries or their predecessors, and other relevant background information.

Executive Officers Who Also Serve as Directors

DOUGLAS D. DIRKS, age 49. Mr. Dirks’ biography is set forth under the section entitled, ‘‘Class II Directors (terms expiring at this Annual Meeting and nominated to serve until the 2011 Annual Meeting).’’

MARTIN J. WELCH, age 52. Mr. Welch’s biography is set forth in the section entitled, ‘‘Class I Directors (serving until the 2010 Annual Meeting).’’

Executive Officers Who Do Not Serve as Directors

WILLIAM E. YOCKE, age 57, has served as Executive Vice President and Chief Financial Officer of Employers Holdings since February 5, 2007. He has served as Executive Vice President and Chief Financial Officer for EICN and ECIC from June 2005 to February 2007. He has also been Treasurer of Employers Holdings, EGI, and their predecessors, and EICN, ECIC, EOH and EIS since 2005. Mr. Yocke has been a Director of ECIC since November 2005 and EICN since April 2007. Prior to joining the Company, Mr. Yocke was Senior Vice President for the Willis Group, a London-based risk management and insurance intermediary, from 2004 to 2005. Previously, he served as Chief Financial Officer for AVRA Insurance Company from 2002 to 2004, Director of Deloitte & Touche West Region

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Actuarial and Risk Management Consulting from 1996 to 2002, and Director of West Region Risk Management Consulting for Ernst & Young LLP from 1987 to 1996. Mr. Yocke is a licensed Certified Public Accountant in the state of California. Mr. Yocke holds a B.S. degree from St. Mary's College of California.

LENARD T. ORMSBY, age 55, has served as Executive Vice President, General Counsel, Chief Legal Officer, and Secretary of Employers Holdings since February 5, 2007. He was appointed Corporate Secretary of EIG in April 2005, General Counsel in October 2006, and Chief Legal Officer in November 2006. He previously served as Executive Vice President and General Counsel of EICN and ECIC from June 2002 to November 2006. He has served as Secretary or Assistant Secretary of EICN, ECIC, EOH and EIS since 2002, and EGI since April 2005. Mr. Ormsby has been a Director of ECIC since June 2004 and EICN since April 2007. He was Chief Operating Officer of the Fund and EICN from 1999 to June 2002 and General Counsel of the Fund from 1995 to 1999. Before joining the Fund, Mr. Ormsby was a partner in the Nevada law firm of McDonald, Carano, Wilson, McCune, Bergin, Frankovich & Hicks. He has been a practicing attorney for nearly 25 years. Mr. Ormsby holds a B.A. degree from the University of Nebraska-Omaha, an M.S. degree from North Dakota State University and a J.D. degree from the University of Nebraska.

ANN W. NELSON, age 46, has served as Executive Vice President, Corporate and Public Affairs, of Employers Holdings since February 5, 2007. She has served as Executive Vice President, Corporate and Public Affairs of EICN and ECIC from January 2006 to February 2007. Ms. Nelson served EICN as Associate General Counsel from January through December 1999, as General Counsel from December 1999 through July 2002, Executive Vice President of Government Affairs from July 2002 through July 2004, and Executive Vice President of Strategy and Corporate Affairs from July 2004 through December 2006. Ms. Nelson's governmental experience includes service as Legal Counsel to Nevada Governor Bob Miller from 1994 to 1999, and as a Deputy District Attorney in the Civil Division of the Washoe County District Attorney's Office in Reno, Nevada from 1993 through 1994. Ms. Nelson holds a B.A. degree from the University of Nevada, Reno, and a J.D. degree, cum laude, from the University of San Francisco School of Law. She is a member of the Washoe County Bar Association and the State Bar of Nevada.

COMPENSATION DISCUSSION AND ANALYSIS

Overview of Our Executive Compensation Program

We completed our conversion from a mutual insurance holding company to a public company with an initial public offering (''IPO'') in February 2007. During 2007, our Compensation Committee (''Committee'') approved significant changes to our executive compensation program in light of the new challenges, competitive market practices and opportunities as a public company. Our principal goal is to provide fair and reasonable compensation which supports a strong pay-for-performance philosophy.

Specifically, our compensation program is designed to:

- Offer an appropriate mix of base salary, annual bonus, long-term equity grants, benefits and perquisites which is generally consistent with our industry
- Be between the 50th and 75th percentile levels in terms of total compensation and benefits for each Named Executive Officer
- Provide significant linkage to short- and long-term financial and operating performance through an annual bonus plan and regular equity grants

The subsequent sections provide a discussion and analysis of the material elements of our current program. The Named Executive Officers are:

- Douglas D. Dirks, President & CEO
- William E. Yocke, EVP & CFO
- Lenard T. Ormsby, EVP, Chief Legal Officer
- Martin J. Welch, COO & President, EICN and ECIC
- Ann W. Nelson, EVP, Corporate & Public Affairs

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How Executive Compensation Was Determined

The Committee approves all decisions regarding our executive compensation program. During 2007, the Committee relied on advice from its independent compensation consultant and recommendations from the CEO concerning the compensation of the other Named Executive Officers, as discussed below.

Independent Compensation Consultant

During 2007, the Committee utilized the services of Frederic W. Cook & Co., Inc. (''FWC'') to evaluate our compensation practices and to assist in developing and implementing our executive compensation program and philosophy as a public company. FWC was selected by the Compensation Committee in 2006 because of its experience in assisting companies with the demutualization process, its expertise in presenting testimony before regulatory agencies and its significant experience in working with a wide variety of companies in the public sector. The Committee initially engaged FWC to do the following:

- To review our executive and Director compensation programs as they existed before our IPO
- To develop an appropriate peer group of companies
- To provide an overview of the competitiveness of the then current executive and Director compensation programs compared to publicly-traded peer companies
- To determine competitive compensation practices for insurance companies that have demutualized and gone public through IPOs
- To determine competitive compensation practices for other recent IPOs of similar size and in similar industries that did not involve a demutualization
- To recommend changes to the then current executive and Director compensation programs to be used by the Company after its conversion to a public company

FWC provided the Committee with specific compensation recommendations for each of the Named Executive Officers, as well as advice regarding the design of the short- and long-term incentive compensation components. FWC did not perform any services on behalf of management. Management did not retain a separate compensation consultant for purposes of determining compensation for any of the Named Executive Officers.

FWC prepared a benchmarking study which the Committee relied upon in determining the 2007 executive compensation program. This study examined the executive compensation levels and practices of 23 publicly-traded property and casualty insurance companies. Peer group companies were initially identified by FWC using the insurance industry group under the Global Industry Classification Standard, with an emphasis on workers' compensation and other property and casualty companies. FWC established size ranges for financial criteria such as annual revenues and market capitalization such that we were positioned approximately at the 50th percentile of the peer group. FWC considered the resulting ranges, as well as the number of companies selected, appropriate for benchmarking purposes. Management provided its opinion regarding the companies selected for the peer group, but the final group, which was approved by the Committee prior to the study's commencement, remained consistent with FWC's original selection criteria.

The companies in the peer group used in the 2007 executive compensation study were as follows:

Peer Group Alfa Corp American Physicals Capital Argonaut Group Baldwin & Lyons Commerce Group Donegal Group EMC Insurance Erie Indemnity Harleysville Group Independence Holdings James River Navigators Group Ohio Casualty Philadelphia Consolidated PMA Capital Proassurance RLI Seabright Selective Insurance Group State Auto Financial Tower Group United Fire & Casualty Zenith National

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At the time of selection, the ranges of the companies in the peer group's annual revenues and market capitalizations were as follows:

	Annual Revenues ($M)	Market Cap ($M)
Maximum	$ 1,949	$ 3,375
Median	$ 636	$ 1,069
Minimum	$ 199	$ 307

CEO Recommendations

The Committee also solicited the input and recommendations of the CEO when determining compensation for the other Named Executive Officers. This included setting the levels of base salary, annual target bonus and long-term incentive grants for each of the other Named Executive Officers. He also provided recommendations regarding the design of the short- and long-term incentive compensation components, including the specific targets for each applicable performance metric.

Elements of Our 2007 Executive Compensation Program

The following sections discuss each of the components of our executive compensation program as approved by the Committee. In developing the 2007 executive compensation program, the Committee took into account the advice of FWC and the recommendations of the CEO, and included the following components:

- Base salary
- Annual bonus
- Long-term incentives (stock options and performance shares)
- Benefits and perquisites
- Employment agreements and compensation payable upon termination of employment

Once the Committee determined the final compensation packages for our Named Executive Officers, FWC confirmed to the Committee that these packages, and the compensation decisions being made in connection with these packages, would bring the Company in line with what FWC would expect to see at a new public company.

Base Salary

The Committee believes it is important to provide competitive base salaries to our executives because these salaries act as primary retention and recruitment tools, and impact other components of compensation such as bonus opportunities and other benefits and perquisites whose values are derived from base salary levels. The Committee's intent is to position base salaries near the 50th percentile of the peer group, subject to adjustments to reflect personal performance and any additional roles and responsibilities not reflected in the competitive data, as well as recommendations made by the CEO regarding the other Named Executive Officers.

Effective January 1, 2007 (and prior to our conversion to a public company in February 2007), we approved salary increases for several of our Named Executive Officers. The adjustments were limited to 5% pursuant to an agreement between the Company and its insurance regulators.

Following the Committee's review and analysis of FWC's benchmarking study and the CEO's recommendations regarding the other Named Executive Officers' base salaries, adjustments for certain executives were approved effective August 1, 2007. Mr. Dirks' base salary was determined to be between the 25th and 50th percentiles of the peer group, but was not adjusted because the Committee decided to provide a more significant portion of his total compensation in the form of short- and long-term incentive opportunities, as described below. Adjustments for Mr. Welch and Ms. Nelson aligned their salaries closer to the 50th percentile of the peer group. Adjustments for Messrs. Ormsby and Yocke brought their salaries between the 50th and 75th percentiles of the peer group to reflect their additional duties and responsibilities following our IPO.

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The table below summarizes the adjustments for each of our Named Executive Officers during 2007 as compared to their final 2006 salaries:

Name	2006 Base Salary	1/1/07 Base Salary	8/1/07 Base Salary
Douglas D. Dirks	$ 550,000	$ 575,000	$ 575,000
Martin J. Welch	$ 310,000	$ 325,000	$ 400,000
William E. Yocke	$ 272,000	$ 285,000	$ 350,000
Lenard T. Ormsby	$ 300,000	$ 300,000	$ 345,000
Ann W. Nelson	$ 191,000	$ 200,000	$ 225,000

Annual Bonus

Each of our Named Executive Officers is eligible for annual cash bonus payments for the achievement of the pre-established annual financial and strategic performance goals. The Committee believes the annual bonus is an important component of our executive compensation program as it enables us to provide the additional compensation necessary to attract and retain qualified senior management team members who can successfully execute our short-term goals. In setting each of the targets, the Committee took into account the FWC study and recommendations made by the CEO regarding the other Named Executive Officers.

Annual cash bonuses were calculated as a percentage of each Named Executive Officer's actual base salary for 2007. The target awards as a percentage of base salary were as follows: Mr. Dirks, 90%; Mr. Welch, 60%; and Messrs. Yocke and Ormsby and Ms. Nelson, 40%. Mr. Dirks' target percentage was between the 50th and 75th percentiles of the peer group. Mr. Welch, Mr. Yocke and Ms. Nelson's target bonus percentages fell slightly below the 50th percentile of the peer group for comparable positions, while Mr. Ormsby's target bonus percentage was at the 50th percentile of the peer group. In setting target award percentages, the Committee took into account that Mr. Ormsby, Mr. Yocke and Ms. Nelson are all Executive Vice Presidents with similar levels of responsibility, and determined that it was most appropriate to set similar target award percentages for each.

Payouts were based on achievement within two categories: corporate performance and individual performance. Corporate performance provided 80% of each Named Executive Officer's target bonus, with an opportunity to earn up to 150% of target. Individual performance provided up to 20% of the target bonus, and is capped at 50% of the calculated amount if the threshold level of corporate performance is not achieved. Maximum total payout is equal to 140% of the target bonus.

For 2007, the Committee selected combined ratio as the corporate performance metric. Combined ratio is defined as the sum of losses, loss adjustment expenses, commission expenses and underwriting and other operating expenses, minus the amortization of deferred gain on reinsurance, which is then divided by net premiums earned. The Committee believes that combined ratio is an effective measure of management performance, and provides meaningful incentive for management to pursue increasing levels of operating profitability.

The threshold, target and maximum levels for both combined ratio and corresponding payout percentages as a percentage of the corporate target component were established for 2007 as follows:

	Combined Ratio	Payout as % Target (Corporate Component)
Maximum	94.6	150 %
Target	99.6	100 %
Threshold	104.6	0 %

The Committee also approved individual goals for each of the Named Executive Officers. Based on discussions with the CEO, the Committee established several specific individual performance goals for each of our Named Executive Officers from among the following:

- Developing and implementing strategies and business plans that further our business operations
- Ensuring compliance with various legal requirements such as public filings and corporate compliance
- Developing internal capabilities to reduce the reliance on outside expertise and/or the need to hire additional staff

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For 2007, we achieved a combined ratio of 85.6%, and therefore our Named Executive Officers achieved 150% of their corporate performance target. The following table shows the total payout calculations for each of our Named Executive Officers:

Name	Corporate Performance (80% weighting)	Individual Performance (20% weighting)	Total Payout Percentage
Douglas D. Dirks	150 %	95 %	139 %
Martin J. Welch	150 %	95 %	139 %
William E. Yocke	150 %	100 %	140 %
Lenard T. Ormsby	150 %	100 %	140 %
Ann W. Nelson	150 %	90 %	138 %

The Committee has determined the performance goals for the annual bonus awards to be made to our Named Executive Officers for 2008. These goals are similar to those established for 2007.

Long-Term Incentive Grants

We believe that a properly designed long-term incentive program, along with competitive compensation opportunities, encourages our Named Executive Officers to pursue and execute long-term strategies for increasing stockholder value. It also serves as an important retention and recruiting tool in securing a highly-qualified senior management team.

The overall grant levels were set at individual levels which, when combined with cash compensation, would result in total compensation between the 50th and 75th percentiles of the peer group. For 2007, the Committee approved long-term incentive grants for each executive consisting of an equal mix of non-qualified stock options and performance shares. The Committee also reviewed the resulting total compensation for each Named Executive Officer and believed the differences reflected the relative abilities of each to impact our long-term performance results.

Stock Options

Our Named Executive Officers received grants of non-qualified stock options in August 2007. The awards vest as to 25% of the shares underlying each grant six months following the grant date and as to an additional 25% on each of the first three annual anniversaries of the six-month anniversary of the date of the grant. After the initial option grants, it is intended that annual option grants will vest pro rata on each of the first four anniversaries of the date of grant. Annual option grants have a maximum term of seven years. The Committee believes stock options will provide the proper incentive to pursue strategies which will generate long-term growth in the share price. The option grants that were made in 2007 to our Named Executive Officers are set out and described in the Summary Compensation Table on page 28 and the Grants of Plan-Based Awards Table on page 31.

Performance Shares

Performance shares will be earned based on the achievement of pre-established corporate performance goals over a three-year performance period commencing January 1, 2007, and ending December 31, 2009. The Committee selected three-year average combined ratio and adjusted return on average equity, each weighted equally, as the metrics. Combined ratio is the same metric used for the annual bonus plan (and discussed above). Adjusted return on average equity is defined as GAAP return on equity, but adjusted to exclude the deferred gain on reinsurance. The maximum number of performance shares that may be earned based on actual performance during the performance period is

150% of the targeted number of performance shares. The Committee believes that the performance share grant, including the selection of a three-year period, will effectively motivate management to focus on executing an existing long-term strategic plan designed to increase overall shareholder value.

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The table below shows the threshold, target and maximum levels for each metric, along with the associated payouts:

	50% Weighting 3 Year Average Return on Adjusted GAAP Equity		50% Weighting 3 Year Average GAAP Combined Ratio	
	% Average Return	% of Target Performance Shares Payable	Average Combined Ratio	% of Target Performance Shares Payable
Maximum	9.9 %	150 %	97	150 %
	9.6 %	130 %	98	130 %
	9.3 %	115 %	99	115 %
Target	9.0 %	100 %	100	100 %
	8.7 %	90 %	101	90 %
	8.4 %	75 %	102	75 %
	8.1 %	55 %	103	55 %
Threshold	7.8 %	25 %	104	25 %

The three year average return on adjusted GAAP equity is defined as the annual average return on adjusted equity (as defined below) for 2007, 2008 and 2009. Return on adjusted equity is defined as net income minus amortization of deferred gain on reinsurance, divided by the sum of beginning equity and beginning deferred gain on reinsurance, plus ending equity and ending deferred gain on reinsurance, divided by two. The three year GAAP combined ratio is the sum of the 2007, 2008 and 2009 losses, loss adjustment expenses, commission expenses and underwriting and other operating expenses, minus the sum of the 2007, 2008 and 2009 amortization of deferred gain on reinsurance, which difference is then divided by net premiums earned during 2007, 2008 and 2009. These formulas assume that we will have no reserve releases.

The performance share grants that were made in 2007 to our Named Executive Officers are set out and described in the Summary Compensation Table on page 28 and the Grants of Plan-Based Awards Table on page 31.

The Committee is in the process of determining the structure of the long-term incentive grants that will be made to our Named Executive Officers for periods commencing in 2008. In light of the Committee's intention to continue performance based annual bonus awards, and the complexity of the structure of the performance shares granted in 2007, both with respect to administering these awards and properly communicating them, the Committee is considering granting long-term incentive awards in 2008 that are time vested instead of performance vested, but the value of which will be linked to the value of our stock.

Benefits and Perquisites

Our Named Executive Officers are eligible to participate in all of the benefit programs generally offered to employees. In addition, Named Executive Officers receive automobile allowances, supplemental life insurance benefits, travel club memberships and country club memberships. In addition, the Named Executive Officers were also accompanied by their spouses to New York for the Opening Bell celebration at the New York Stock Exchange.

The Committee has determined that the Named Executive Officer perquisites are appropriate and below peer group median levels. The supplemental life insurance benefits provided to Named Executive Officers are consistent with those provided to similarly situated executives of the companies in our peer group. The country club memberships allow our Named Executive Officers to interface with our community and provide them access to quality establishments for entertaining stakeholders.

Employment Agreements; Other Compensation

Each of our Named Executive Officers was a party to an employment agreement prior to our conversion and IPO, and all continue to be parties to such agreements. These agreements are designed to protect us through their confidentiality, non-solicitation and non-competition provisions. The agreements also serve as recruitment and retention tools by providing a measure of economic security to our Named Executive Officers.

The agreements were negotiated prior to our initial public offering. However, the Committee intends to review each agreement prior to its renewal in the context of best practices for public companies.

A summary of the employment agreements with each of our Named Executive Officers, including the amounts that may become payable upon the occurrence of various termination events, is provided on page 35.

Stock Ownership Guidelines

The Committee adopted guidelines which require executives, including all of the Named Executive Officers, to attain specific levels of share ownership. Executives eligible for regular annual equity grants must retain 50% of ‘‘net gain shares’’ acquired upon exercise of stock options (i.e., shares acquired after the payment of the option exercise price and all employment and income taxes) and payment of earned performance shares until the multiple is achieved. Once the multiple is achieved, executives must continue to retain 25% of all net gain shares for the duration of their employment. These guidelines assure that officers are continuously adding to their holdings in the Company’s shares to the extent that the equity incentives granted under the Company’s executive compensation program deliver realized value to officers.

Position	Multiple of Base Salary
Chief Executive Officer	4x
Chief Operating Officer/Executive Vice President	3x
Senior Vice President	2x
Vice President	1x

As of December 31, 2007, none of our executives had met the guidelines. However, no equity or equity based awards could be made to any executive officers prior to six months after the Company’s initial public offering, which occurred on February 5, 2007.

Stock Option Approval and Grant Procedures

Stock Grant Policy

The Board has adopted an equity grant policy that specifies the Company’s practices and procedures for granting equity awards, including stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares or any other stock based award.

All equity award grants will be made once per year on the date of our Annual Meeting of Stockholders, with the exception of new hire grants, certain grants to non-officers, as described below and grants of performance share awards. Specifically, equity award grants to officer new hires will be made on the first day of employment, subject to prior approval by the Committee.

Performance share awards (and similar performance-based awards other than stock options) that are intended to satisfy the requirements for performance-based compensation under section 162(m) of the Internal Revenue Code typically will be made within the first 90 days of the calendar year.

Generally, our Chief Administrative Officer will prepare a list of equity grants for our CEO's consideration and, prior to a scheduled Committee meeting (or approval date for awards), our CEO will submit to the Committee, for its consideration, a list of recommended equity grants (including the names of grantees, which will not include our CEO, and the terms of the awards) to be considered by the Committee. To the extent any grantees are officers subject to Section 16 reporting obligations, the list of proposed grants will also be provided to our Chief Legal Officer at the same time. The Committee may delegate the authority to grant equity awards to our CEO but solely with respect to equity awards to non-officers, and only if such equity awards are within the guidelines established by the Committee for this purpose.

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Recapture Policies

Under our Equity and Incentive Plan, if a grantee engages in certain conduct considered harmful to us prior to or following termination of employment, then the grantee will forfeit (1) all then outstanding awards under the plan, without consideration, (2) any shares of Company stock owned by the grantee that were previously subject to an award under the plan and (3) any cash amounts previously paid to a grantee in respect of a plan award. In addition, if the grantee sold shares of Company stock during the 12-month period preceding the time the grantee engaged in the harmful conduct, then the grantee will be required to repay to the Company the aggregate value of these shares on the date of the sale minus the amounts, if any, paid for these shares.

In addition, the performance shares granted to our Named Executive Officers specifically provide that in the event the Company is required to restate any of its financial statements applicable to the performance period covered by the awards, then the Company may require our Named Executive Officer to repay to the Company the aggregate value of any performance shares that became payable upon the achievement of the performance goals, to the extent these performance goals would not have been achieved had this restatement not been required.

Tax Considerations

Under section 162(m) of the Internal Revenue Code, the Company may not be able to deduct certain forms of compensation in excess of $1,000,000 paid to our CEO, or any of our three other highest paid executive officers (other than our CFO) who are employed by the Company at year-end. The Committee believes that it is generally in the Company’s best interests to satisfy the requirements for deductibility under section 162(m). Accordingly, the Committee has taken, and intends to take, appropriate actions, to the extent it believes feasible, to preserve the deductibility of annual incentive and long-term performance awards. In this regard, the Committee believes that no compensation paid in 2007 to the applicable Named Executive Officers will fail to be deductible under section 162(m). However, notwithstanding this general policy, the Committee also believes there may be circumstances in which the Company’s interests are best served by maintaining flexibility in the way compensation is provided, even if the compensation is not fully deductible under section 162(m).

COMPENSATION COMMITTEE REPORT

On March 5, 2008, the Compensation Committee, comprised of Independent Directors, reviewed and discussed the above Compensation Discussion and Analysis with the Company’s management. Based on the review and discussions, the Compensation Committee recommended to the Board of Directors of Employers Holdings that the Compensation Discussion and Analysis be included in this Proxy Statement.

/s/ Compensation Committee

Board of Directors
Richard W. Blakey, Chairman
Katherine W. Ong
Michael D. Rumbolz

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Summary Compensation Table

The following table sets forth information regarding compensation earned by our Chief Executive Officer, our Chief Financial Officer and three other most highly compensated executive officers during 2007 and 2006:

Name and Principal Position	Year	Salary(1) ($)	Bonus(2) ($)	Stock Awards(3) ($)	Option Awards(4) ($)	Non-Equity Incentive Plan Compensation(5)(6) ($)	All Other Compensation(7) ($)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)	Total ($)
Douglas D. Dirks	2007	575,509	—	80,991	91,875	718,724	62,090	—	15,291,896
President and Chief Executive Officer, EHI (EIG)	2006	543,769	—	—	—	1,239,794	57,358	—	1,840,921
William E. Yocke	2007	313,236	680	26,996	30,625	173,880	49,028	—	594,445
Executive Vice President and Chief Financial Officer, EHI	2006	267,846	680	—	—	243,740	35,672	—	547,938
Lenard T. Ormsby	2007	320,665	680	26,996	30,625	177,984	49,365	—	606,315
Executive Vice	2006	341,521							