

Employers Holdings, Inc.
Form 10-Q
August 05, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2010

OR

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

For the transition period from ____ to ____

Commission file number: 001-33245

EMPLOYERS HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation or organization)

04-3850065
(I.R.S. Employer
Identification Number)

10375 Professional Circle, Reno, Nevada 89521
(Address of principal executive offices and zip code)
(888) 682-6671

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Class
Common Stock, \$0.01 par value per
share

July 30, 2010

41,053,015 shares outstanding

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PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Employers Holdings, Inc. and Subsidiaries

Consolidated Balance Sheets
(in thousands, except share data)

	As of June 30, 2010 (unaudited)	As of December 31, 2009
Assets		
Available for sale:		
Fixed maturity securities at fair value (amortized cost \$1,815,419 at June 30, 2010 and \$1,859,074 at December 31, 2009)	\$1,947,757	\$1,960,292
Equity securities at fair value (cost \$40,103 at June 30, 2010 and \$39,936 at December 31, 2009)	64,579	69,268
Total investments	2,012,336	2,029,560
Cash and cash equivalents	193,149	191,572
Accrued investment income	22,535	23,055
Premiums receivable, less bad debt allowance of \$9,217 at June 30, 2010 and \$9,879 at December 31, 2009	109,377	119,976
Reinsurance recoverable for:		
Paid losses	12,900	13,673
Unpaid losses, less allowance of \$1,269 at June 30, 2010 and \$1,335 at December 31, 2009	1,031,947	1,051,170
Funds held by or deposited with reinsureds	80,094	82,339
Deferred policy acquisition costs	32,950	33,695
Federal income taxes recoverable	8,489	4,092
Deferred income taxes, net	28,069	43,502
Property and equipment, net	14,011	13,059
Intangible assets, net	14,237	15,442
Goodwill	36,192	36,192
Other assets	17,956	19,326
Total assets	\$3,614,242	\$3,676,653
Liabilities and stockholders' equity		
Claims and policy liabilities:		
Unpaid losses and loss adjustment expenses	\$2,359,362	\$2,425,658
Unearned premiums	154,660	158,577
Policyholders' dividends accrued	6,631	7,958
Total claims and policy liabilities	2,520,653	2,592,193
Commissions and premium taxes payable	18,352	20,763
Accounts payable and accrued expenses	19,808	19,033
Deferred reinsurance gain—LPT Agreement	379,852	388,574
Notes payable	132,000	132,000

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Other liabilities	22,314	25,691
Total liabilities	\$3,092,979	\$3,178,254
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.01 par value; 150,000,000 shares authorized; 53,772,585 and 53,563,299 shares issued and 41,663,521 and 42,908,165 shares outstanding at June 30, 2010, and December 31, 2009, respectively	538	536
Preferred stock, \$0.01 par value; 25,000,000 shares authorized; none issued	—	—
Additional paid-in capital	312,007	311,282
Retained earnings	293,971	266,491
Accumulated other comprehensive income, net	100,361	83,812
Treasury stock, at cost (12,109,064 shares at June 30, 2010 and 10,655,134 shares at December 31, 2009)	(185,614)	(163,722)
Total stockholders' equity	521,263	498,399
Total liabilities and stockholders' equity	\$3,614,242	\$3,676,653

Employers Holdings, Inc. and Subsidiaries

Consolidated Statements of Income
(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Revenues			(unaudited)	
Net premiums earned	\$78,235	\$104,381	\$157,526	\$215,981
Net investment income	20,648	23,064	41,903	46,370
Realized gains (losses) on investments, net	352	(392)	892	(2,504)
Other income	207	59	207	