



# **Supplemental Investor Package**

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## **Second Quarter 2015**

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**Selective Insurance Group, Inc. & Consolidated Subsidiaries**  
**Second Quarter 2015 Investor Package**  
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**Selective Reports Net Income per Diluted Share of \$0.58 and Operating Income per Diluted Share of \$0.62 for the Second Quarter of 2015**  
**Improves Full Year Ex-Catastrophe Statutory Combined Ratio Target To 90% From 91%**

In the second quarter of 2015:

- Net premiums written grew 11%
- GAAP combined ratio was 94.1%
- Statutory combined ratio was 93.5%
- After-tax net investment income declined 10%
- Total return on equity was 10.3% and operating return on equity was 11.0%

**Branchville, NJ – July 29, 2015** – Selective Insurance Group, Inc. (NASDAQ: SIGI) today reported its financial results for the second quarter ended June 30, 2015. Net income per diluted share was \$0.58, a 14% increase compared to \$0.51 in 2014, and operating income<sup>1</sup> per diluted share grew 35% to \$0.62, compared to \$0.46 in 2014.

“Our results this quarter further demonstrate our continued focus on the value-enhancing initiatives underway and our ability to drive long-term profitable growth,” said Gregory E. Murphy, Chairman and Chief Executive Officer. “Our strong performance was driven by our efforts to balance rate and retention, implement claims and underwriting improvements across the organization while maintaining strong relationships with our distribution partners. The combination of our high-tech, high-touch capabilities continues to deliver success for our shareholders, distribution partners, customers and employees.”

Murphy continued, “For the second quarter, we generated a profitable 93.5% statutory combined ratio, or 88.6% excluding catastrophe losses. On the strength of our statutory underwriting results for the first six months, we are improving our full year ex-catastrophe statutory combined ratio target to 90% from 91%.

“Growth in the quarter was solid, as overall net premiums written increased 11% driven by Standard Commercial Lines new business production of \$90 million, a 39% increase from a year ago, and overall year-to-date renewal pure price increases of 3.8%. For 2015, we expect to achieve overall renewal pure price of just below 4%. The increase in new business this year reflects the capacity we have created through our agency management specialists and small business teams to grow share of wallet with our distribution partners. We are also adding agencies to have access to additional market share throughout our footprint,” Murphy concluded.

<b>Consolidated Financial Results</b> <i>\$ in millions, except per share data</i>	<i>Quarter Ended June 30,</i>		<b>Change</b>	<i>Year-to-date June 30,</i>		<b>Change</b>
	<b>2015</b>	<b>2014</b>		<b>2015</b>	<b>2014</b>	
Net premiums written	\$532.1	\$479.8	11%	\$1,050.2	\$956.6	10%
Net premiums earned	\$490.3	\$463.6	6%	\$966.4	\$920.1	5%
Net investment income earned	\$32.2	\$36.8	(12)%	\$59.1	\$72.3	(18)%
Net realized (losses) gains, pre-tax	\$(3.4)	\$4.5	(175)%	\$15.5	\$11.8	32%
Total revenues	\$522.0	\$506.8	3%	\$1,045.9	\$1,015.9	3%
Operating income <sup>1</sup>	\$36.0	\$26.4	36%	\$63.4	\$39.7	60%
Net realized (losses) gains, net of tax	\$(2.2)	\$3.0	(175)%	\$10.1	\$7.6	32%
Net income	\$33.8	\$29.3	15%	\$73.5	\$47.3	55%
Statutory combined ratio	93.5%	97.5%	(4.0) pts	93.2%	99.2%	(6.0) pts
Catastrophe losses	4.9 pts	5.9 pts	(1.0) pt	5.1 pts	6.7 pts	(1.6) pts
Non-catastrophe property losses	14.4 pts	15.7 pts	(1.3) pts	14.6 pts	17.9 pts	(3.3) pts
(Favorable) prior year statutory reserve development on casualty lines	(4.1) pts	(3.8) pts	(0.3) pts	(4.1) pts	(3.4) pts	(0.7) pts
GAAP combined ratio	94.1%	97.8%	(3.7) pts	94.3%	99.4%	(5.1) pts
Operating income per diluted share <sup>1</sup>	\$0.62	\$0.46	35%	\$1.10	\$0.70	57%
Net income per diluted share	\$0.58	\$0.51	14%	\$1.27	\$0.83	53%
Weighted average diluted shares	57.8M	57.3M	1%	57.8M	57.2M	1%
Book value per share				\$22.95	\$21.96	5%

<sup>1</sup>Operating income differs from net income by the exclusion of realized gains and losses on investments. It is used as an important financial measure by management, analysts, and investors, because the realization of investment gains and losses on sales in any given period is largely discretionary as to timing. In addition, these investment gains and losses, as well as other-than-temporary investment impairments that are charged to earnings, could distort the analysis of trends. Operating income is not intended as a substitute for net income prepared in accordance with U.S. generally accepted accounting principles (GAAP). A reconciliation of operating income to net income is provided in the Consolidated Financial Results table. Statutory data is prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners Accounting Practices and Procedures Manual and, therefore, is not reconciled to GAAP.

Note: All amounts included in this release exclude intercompany transactions.

## Operating Highlights

### Standard Commercial Lines

Standard Commercial Lines premiums were up 13% in the second quarter, reflecting renewal pure price increases of 3.0%, stable retention at 83%, and a 39% increase in new business to \$90 million. The quarter's statutory combined ratio improved by 5.4 points, largely due to earned rate continuing to exceed expected loss inflation, favorable prior year casualty reserve development of \$21 million, or 5.6 points, and lower non-catastrophe weather-related losses.

Standard Commercial Lines \$ in millions, statutory results	Quarter Ended June 30,		Change	Year-to-date June 30,		Change
	2015	2014		2015	2014	
Net premiums written	\$410.8	\$363.9	13%	\$826.1	\$743.2	11%
Net premiums earned	\$377.2	\$354.5	6%	\$742.7	\$703.9	6%
Statutory loss & loss expense ratio	55.7%	61.1%	(5.4) pts	56.1%	65.2%	(9.1) pts
Statutory underwriting expense ratio	33.9%	34.0%	(0.1) pts	33.3%	32.2%	1.1 pts
Statutory dividends to policyholders ratio	0.5%	0.4%	0.1 pts	0.5%	0.4%	0.1 pts
Statutory combined ratio	90.1%	95.5%	(5.4) pts	89.9%	97.8%	(7.9) pts
GAAP combined ratio	90.7%	95.6%	(4.9) pts	91.2%	98.3%	(7.1) pts

### Standard Personal Lines

Standard Personal Lines premiums decreased 3% in the quarter compared to a year ago, attributed to the ongoing strategic non-renewal of underperforming business and a decrease in new business. Retention remained stable at 82% and renewal pure price was 6.7%. The Selective Edge™ product continues to be well received by Selective's agents and the Company is optimistic about the improving take-up rate. We believe that this business will ultimately outperform the non-Edge business.

The statutory combined ratio in Standard Personal Lines was 105.4%, which included 11.5 points of catastrophe losses. There was no prior year casualty reserve development this quarter in Standard Personal Lines, although there was favorable prior year casualty reserve development of \$2 million, or 2.7 combined ratio points, in the second quarter of 2014.

Standard Personal Lines \$ in millions, statutory results	Quarter Ended June 30,		Change	Year-to-date June 30,		Change
	2015	2014		2015	2014	
Net premiums written	\$76.0	\$78.2	(3)%	\$141.0	\$145.5	(3)%
Net premiums earned	\$72.1	\$74.5	(3)%	\$144.5	\$149.4	(3)%
Statutory loss & loss expense ratio	75.0%	79.0%	(4.0) pts	74.2%	78.3%	(4.1) pts
Statutory underwriting expense ratio	30.4%	27.1%	3.3 pts	31.0%	27.0%	4.0 pts
Statutory combined ratio	105.4%	106.1%	(0.7) pts	105.2%	105.3%	(0.1) pts
GAAP combined ratio	106.5%	107.5%	(1.0) pt	104.9%	105.3%	(0.4) pts

## Excess and Surplus Lines

Growth in the Company's Excess and Surplus lines business this quarter was very robust with a 20% increase in net premiums written, largely attributable to new business growth of 36%. The statutory combined ratio in the quarter was 102.7%, including adverse prior year casualty reserve development of \$1 million, or 2.4 points.

<b>Excess &amp; Surplus Lines</b> <i>\$ in millions, statutory results</i>	<i>Quarter Ended June 30,</i>		<b>Change</b>	<i>Year-to-date June 30,</i>		<b>Change</b>
	<b>2015</b>	<b>2014</b>		<b>2015</b>	<b>2014</b>	
Net premiums written	\$45.3	\$37.8	20%	\$83.1	\$67.8	23%
Net premiums earned	\$41.0	\$34.6	19%	\$79.1	\$66.8	18%
Statutory Loss & loss expense ratio	67.2%	65.0%	2.2 pts	67.4%	63.4%	4.0 pts
Statutory Underwriting expense ratio	35.5%	34.9%	0.6 pts	35.1%	35.4%	(0.3) pts
Statutory Combined ratio	102.7%	99.9%	2.8 pts	102.5%	98.8%	3.7 pts
GAAP combined ratio	103.6%	100.1%	3.5 pts	103.8%	98.6%	5.2 pts

## Investment Income

After-tax investment income in the second quarter was \$25 million, down 10% compared to a year ago. The decline was largely driven by lower interest income from the fixed income portfolio and lower returns from the alternative portfolio, which continues to be impacted by the portfolio's exposure to energy-exposed limited partnerships. The decline in alternative investment income and the continued low interest rate environment reduced after-tax portfolio yields to 1.9% from 2.3% a year ago. After-tax new money yields averaged 1.5% in the quarter.

<b>Investments</b> <i>\$ in millions, except per share data</i>	<i>Quarter Ended June 30,</i>		<b>Change</b>	<i>Year-to-date June 30,</i>		<b>Change</b>
	<b>2015</b>	<b>2014</b>		<b>2015</b>	<b>2014</b>	
Invested assets per dollar of stockholders' equity				\$3.76	\$3.83	(2)%
Net investment income earned, after-tax	\$24.8	\$27.4	(10)%	\$46.0	\$53.9	(15)%
Net investment income per share	\$0.43	\$0.48	(10)%	\$0.80	\$0.94	(15)%
Effective tax rate	23.1%	25.4%	(2.3) pts	22.2%	25.4%	(3.2) pts
Average yields:						
Fixed Income Securities:						
Pre-tax				2.8%	3.1%	(0.3) pts
After-tax				2.1%	2.3%	(0.2) pts
Portfolio:						
Pre-tax				2.4%	3.1%	(0.7) pts
After-tax				1.9%	2.3%	(0.4) pts

## Balance Sheet

<b>Balance Sheet</b> <i>\$ in millions, except per share data</i>	<i>June 30,</i>	<i>December 31,</i>	<b>Change</b>
	<b>2015</b>	<b>2014</b>	
Total assets	\$6,784	\$6,582	3%
Investment portfolio	\$4,923	\$4,807	2%
Notes payable	\$394	\$379	4%
Statutory surplus	\$1,345	\$1,308	3%
Stockholders' equity	\$1,310	\$1,276	3%
Book value per share	\$22.95	\$22.54	2%

The increase in book value reflects \$1.27 in net income, partially offset by a reduction in unrealized gains on the Company's investment portfolio of \$0.60 and \$0.28 in shareholders' dividends.

Selective's Board of Directors declared a \$0.14 per share quarterly cash dividend on common stock payable September 1, 2015, to stockholders of record as of August 14, 2015.

### **Guidance**

For 2015, Selective expects to generate the following results:

- Statutory combined ratio of 90.0%, an improvement from previous guidance of 91.0%, excluding catastrophes and any further prior year casualty reserve development;
- 4 points of catastrophe losses;
- After-tax investment income of between \$95 and \$100 million; and
- Weighted average shares of approximately 58 million.

The supplemental investor package, including financial information that is not part of this press release, is available on the Investor Relations' page of Selective's public website at [www.selective.com](http://www.selective.com). Selective's quarterly analyst conference call will be simulcast at 8:30 a.m. ET, on July 30, 2015 at [www.selective.com](http://www.selective.com). The webcast will be available for rebroadcast until the close of business on September 1, 2015.

### **About Selective Insurance Group, Inc.**

Selective Insurance Group, Inc. is a holding company for ten property and casualty insurance companies rated "A" (Excellent) by A.M. Best. Through independent agents, the insurance companies offer standard and specialty insurance for commercial and personal risks, and flood insurance underwritten by the National Flood Insurance Program. Selective maintains a website at [www.selective.com](http://www.selective.com).

### **Forward-Looking Statements**

In this press release, Selective and its management discuss and make statements based on currently available information regarding their intentions, beliefs, current expectations and projections regarding Selective's future operations and performance.

Certain statements in this report, including information incorporated by reference, are "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 ("PSLRA"). The PSLRA provides a safe harbor under the Securities Act of 1933 and the Securities Exchange Act of 1934 for forward-looking statements. These statements relate to our intentions, beliefs, projections, estimations or forecasts of future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, or performance to be materially different from those expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by use of words such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "target," "project," "intend," "believe," "estimate," "predict," "potential," "pro forma," "seek," "likely" or "continue" or other comparable terminology. These statements are only predictions, and we can give no assurance that such expectations will prove to be correct. We undertake no obligation, other than as may be required under the federal securities laws, to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Factors that could cause our actual results to differ materially from those projected, forecasted or estimated by us in forward-looking statements, include, but are not limited to:

- difficult conditions in global capital markets and the economy;
- deterioration in the public debt and equity markets and private investment marketplace that could lead to investment losses and fluctuations in interest rates;
- ratings downgrades could affect investment values and therefore statutory surplus;
- the adequacy of our loss reserves and loss expense reserves;
- the frequency and severity of natural and man-made catastrophic events, including, but not limited to, hurricanes, tornadoes, windstorms, earthquakes, hail, terrorism, explosions, severe winter weather, floods and fires;
- adverse market, governmental, regulatory, legal or judicial conditions or actions;
- the concentration of our business in the Eastern Region;
- the cost and availability of reinsurance;
- our ability to collect on reinsurance and the solvency of our reinsurers;
- uncertainties related to insurance premium rate increases and business retention;
- changes in insurance regulations that impact our ability to write and/or cease writing insurance policies in one or more states;
- recent federal financial regulatory reform provisions that could pose certain risks to our operations;
- our ability to maintain favorable ratings from rating agencies, including A.M. Best, Standard & Poor's, Moody's and Fitch;
- our entry into new markets and businesses; and
- other risks and uncertainties we identify in filings with the United States Securities and Exchange Commission, including, but not limited to, our Annual Report on Form 10-K and other periodic reports.

These risk factors may not be exhaustive. We operate in a continually changing business environment, and new risk factors emerge from time-to-time. We can neither predict such new risk factors nor can we assess the impact, if any, of such new risk factors on our businesses or the extent to which any factor or combination of factors may cause actual results to differ materially from those expressed or implied in any forward-looking statements in this report. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this report might not occur.

Selective's SEC filings can be accessed through the Investor Relations' section of Selective's website, [www.selective.com](http://www.selective.com), or through the SEC's EDGAR Database at [www.sec.gov](http://www.sec.gov) (Selective EDGAR CIK No. 0000230557).

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**Selective Insurance Group, Inc. & Consolidated Subsidiaries**  
**Selected Balance Sheet Data**  
(unaudited)

(\$ in thousands, except per share data)	June 30,			June 30,			December 31,		
	2015			2014			2014		
	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain
Invested Assets:									
Corporate bonds <sup>1</sup>	\$ 2,782,479	2,785,884	36,643	\$ 2,625,026	2,629,567	63,986	\$ 2,693,324	2,697,332	47,437
Government and Municipal bonds	1,658,198	1,666,636	35,307	1,630,112	1,646,135	56,322	1,690,935	1,702,751	59,680
Total fixed income securities	4,440,677	4,452,520	71,950	4,255,138	4,275,702	120,308	4,384,259	4,400,083	107,117
Equities	228,883	228,883	10,745	211,348	211,348	45,134	191,400	191,400	32,389
Short-term investments	168,349	168,349	-	166,488	166,488	-	131,972	131,972	-
Other investments	85,420	85,420	-	106,125	106,125	-	99,203	99,203	-
Total invested assets	\$ 4,923,329	4,935,172	82,695	\$ 4,739,099	4,759,663	165,442	\$ 4,806,834	4,822,658	139,506
Invested assets per \$ of stockholders' equity	3.76			3.83			3.77		
Total assets	6,784,313			6,490,585			6,581,550		
Liabilities:									
Reserve for loss and loss expenses	3,535,433			3,451,306			3,477,870		
Unearned premium reserve	1,177,901			1,100,864			1,095,819		
Total liabilities	5,474,000			5,252,510			5,305,964		
Stockholders' equity	1,310,313			1,238,075			1,275,586		
Total debt to capitalization ratio	23.1%			24.1%			22.9%		
Book value per share	22.95			21.96			22.54		
Book value per share excluding unrealized gain or loss on fixed income portfolio	22.26			20.81			21.49		
NPW per insurance segment employee	945			927			908		
Statutory premiums to surplus ratio	1.5x			1.4x			1.4x		
Statutory surplus	1,344,630			1,292,961			1,307,842		

<sup>1</sup> Includes mortgage-backed and asset-backed securities.



**Selective Insurance Group, Inc. & Consolidated Subsidiaries**  
**Selected Income Statement Data**  
**(unaudited)**

(\$ in thousands, except per share amounts)		Quarter Ended June 30,				Year-to-Date June 30,			
		2015		2014		2015		2014	
		Per diluted share		Per diluted share		Per diluted share		Per diluted share	
<b>Consolidated</b>									
Revenue	\$	521,973		\$	506,849	\$	1,045,865	\$	1,015,920
Operating income		35,991	0.62		26,390		63,425		39,673
Net realized (losses) gains, after tax		(2,223)	(0.04)		2,951		10,051		7,642
Net income		33,768	0.58		29,341		73,476		47,315
<b>Operating return on equity</b>		<b>11.0%</b>			<b>8.7%</b>		<b>9.8%</b>		<b>6.6%</b>
<b>Total Insurance Operations</b>									
Gross premiums written		626,368			578,151		1,231,232		1,143,892
Net premiums written		532,133			479,823		1,050,221		956,573
Net premiums earned		490,309			463,625		966,432		920,120
Underwriting gain	- before tax	29,124			10,084		55,145		5,069
	- after tax	18,930	0.33		6,555		35,844	0.62	3,295
<b>GAAP combined ratio</b>		<b>94.1%</b>			<b>97.8%</b>		<b>94.3%</b>		<b>99.4%</b>
<b>Standard Commercial Lines</b>									
Net premiums earned		377,205			354,507		742,738		703,948
<b>GAAP combined ratio</b>		<b>90.7%</b>			<b>95.6%</b>		<b>91.2%</b>		<b>98.3%</b>
<b>Standard Personal Lines</b>									
Net premiums earned		72,071			74,544		144,550		149,362
<b>GAAP combined ratio</b>		<b>106.5%</b>			<b>107.5%</b>		<b>104.9%</b>		<b>105.3%</b>
<b>Excess and Surplus Lines</b>									
Net premiums earned		41,033			34,574		79,144		66,810
<b>GAAP combined ratio</b>		<b>103.6%</b>			<b>100.1%</b>		<b>103.8%</b>		<b>98.6%</b>
<b>Investments</b>									
Net investment income	- before tax	32,230			36,774		59,147		72,308
	- after tax	24,779	0.43		27,421	0.48	45,987	0.80	53,907
Effective tax rate		23.1%			25.4%		22.2%		25.4%
<b>Annualized after-tax yield on investment portfolio</b>							<b>1.9%</b>		<b>2.3%</b>
<b>Annualized after-tax, after-interest expense yield</b>							<b>1.6%</b>		<b>2.0%</b>
<b>Invested assets per \$ of stockholders' equity</b>							<b>3.76</b>		<b>3.83</b>
<b>Other expenses (net of other income)</b>									
Interest expense	- before tax	(5,490)			(5,425)		(10,969)		(10,986)
	- after tax	(3,569)	(0.06)		(3,526)	(0.06)	(7,130)	(0.12)	(7,141)
Other Expense - after tax	\$	(4,149)	(0.08)	\$	(4,060)	(0.07)	\$ (11,276)	(0.20)	\$ (10,388)
Diluted weighted avg shares outstanding		57,805			57,260		57,761		57,215

**Selective Insurance Group, Inc. & Consolidated Subsidiaries**  
**GAAP Insurance Operations Results**  
(unaudited)

**Second Quarter**

(\$ in thousands)

Quarter Ended June 30, 2015

Quarter Ended June 30, 2014

	Standard Commercial Lines	Standard Personal Lines	Excess & Surplus Lines	Grand Total	Standard Commercial Lines	Standard Personal Lines	Excess & Surplus Lines	Grand Total
Net Premiums Written	410,821	75,986	45,326	532,133	363,860	78,181	37,782	479,823
Net Premiums Earned	377,205	72,071	41,033	490,309	354,507	74,544	34,574	463,625
Loss and Loss Expense Incurred	210,088	53,933	27,540	291,561	216,532	58,863	22,400	297,795
Net Underwriting Expenses Incurred	130,032	22,793	14,955	167,780	120,723	21,263	12,211	154,197
Dividends to Policyholders	1,844	-	-	1,844	1,549	-	-	1,549
<b>GAAP Underwriting Gain (Loss)</b>	<b>35,241</b>	<b>(4,655)</b>	<b>(1,462)</b>	<b>29,124</b>	<b>15,703</b>	<b>(5,582)</b>	<b>(37)</b>	<b>10,084</b>
<b>GAAP Ratios</b>								
Loss and Loss Expense Ratio	55.7%	74.8%	67.1%	59.5%	61.1%	79.0%	64.8%	64.2%
Underwriting Expense Ratio	34.5%	31.7%	36.5%	34.2%	34.1%	28.5%	35.3%	33.3%
Dividends to Policyholders Ratio	0.5%	0.0%	0.0%	0.4%	0.4%	0.0%	0.0%	0.3%
<b>Combined Ratio</b>	<b>90.7%</b>	<b>106.5%</b>	<b>103.6%</b>	<b>94.1%</b>	<b>95.6%</b>	<b>107.5%</b>	<b>100.1%</b>	<b>97.8%</b>

**Year-to-Date**

(\$ in thousands)

Year-to-Date June 30, 2015

Year-to-Date June 30, 2014

	Standard Commercial Lines	Standard Personal Lines	Excess & Surplus Lines	Grand Total	Standard Commercial Lines	Standard Personal Lines	Excess & Surplus Lines	Grand Total
Net Premiums Written	826,079	141,010	83,132	1,050,221	743,210	145,519	67,844	956,573
Net Premiums Earned	742,738	144,550	79,144	966,432	703,948	149,362	66,810	920,120
Loss and Loss Expense Incurred	416,236	106,902	53,422	576,560	459,171	116,890	42,280	618,341
Net Underwriting Expenses Incurred	257,856	44,769	28,733	331,358	229,917	40,414	23,592	293,923
Dividends to Policyholders	3,369	-	-	3,369	2,787	-	-	2,787
<b>GAAP Underwriting Gain (Loss)</b>	<b>65,277</b>	<b>(7,121)</b>	<b>(3,011)</b>	<b>55,145</b>	<b>12,073</b>	<b>(7,942)</b>	<b>938</b>	<b>5,069</b>
<b>GAAP Ratios</b>								
Loss and Loss Expense Ratio	56.0%	74.0%	67.5%	59.7%	65.2%	78.3%	63.3%	67.2%
Underwriting Expense Ratio	34.7%	30.9%	36.3%	34.3%	32.7%	27.0%	35.3%	31.9%
Dividends to Policyholders Ratio	0.5%	0.0%	0.0%	0.3%	0.4%	0.0%	0.0%	0.3%
<b>Combined Ratio</b>	<b>91.2%</b>	<b>104.9%</b>	<b>103.8%</b>	<b>94.3%</b>	<b>98.3%</b>	<b>105.3%</b>	<b>98.6%</b>	<b>99.4%</b>

**Selective Insurance Group, Inc. and Consolidated Subsidiaries**  
**GAAP Investment Income**  
**June 2015 (unaudited)**

	Quarter Ended			Year-to-Date		
(\$ in thousands, except per share data)	June 2015	June 2014	% Increase/ (Decrease)	June 2015	June 2014	% Increase/ (Decrease)
Investment Income:						
Interest:						
Fixed Income Securities	\$ 30,659	33,781	(9)	\$ 61,626	64,809	(5)
Short-term	23	14	64	48	33	46
Other Investments	1,422	3,553	(60)	(2,118)	8,771	(124)
Dividends	2,384	1,736	37	4,176	3,185	31
	<u>34,488</u>	<u>39,084</u>	<u>(12)</u>	<u>63,732</u>	<u>76,798</u>	<u>(17)</u>
Investment Expense	<u>2,258</u>	<u>2,310</u>	<u>(2)</u>	<u>4,585</u>	<u>4,490</u>	<u>2</u>
Net Investment Income Before Tax	32,230	36,774	(12)	59,147	72,308	(18)
Tax	7,451	9,353	(20)	13,160	18,401	(29)
Net Investment Income After Tax	\$ 24,779	27,421	(10)	\$ 45,987	\$ 53,907	(15)
Net Investment Income per Share	\$ 0.43	0.48	(10)	\$ 0.80	\$ 0.94	(15)
Effective Tax Rate	23.1%	25.4%		22.2%	25.4%	
Average Yields :						
Fixed Income Securities:						
Pre Tax				2.79%	3.10%	
After Tax				2.12%	2.31%	
Portfolio:						
Pre Tax				2.43%	3.10%	
After Tax				1.89%	2.31%	
			</			

As of June 30, 2015 year-to-date new money rates for fixed income securities were 2.2% on a pre-tax basis and 1.6% on an after tax-basis.

**Selective Insurance Group, Inc.**  
**Combined Insurance Company Subsidiaries**  
**2015 Statutory Results by Line of Business**  
**Quarter Ended June 2015 (unaudited)**

(\$ in thousands)	Net Premiums Written	Percent Change	Net Premiums Earned	Percent Change	Loss Ratio	LAE Ratio	Underwriting Expense Ratio	Dividends to Policyholders Ratio	Combined Ratio 2015	Combined Ratio 2014	Underwriting Gain/(Loss)
<b>Standard Personal Lines:</b>											
Homeowners	\$ 36,269	(1.8)%	\$ 33,730	0.5%	70.5%	8.5%	35.3%	0.0%	114.3%	124.5%	\$ (5,734)
Auto	37,935	(3.1)%	36,741	(3.4)%	60.3%	11.6%	34.5%	0.0%	106.4%	100.2%	(2,745)
Other (including flood)	1,782	(14.9)%	1,600	(45.7)%	66.7%	(7.5)%	(152.3)%	0.0%	(93.1)%	(82.6)%	3,368
<b>Total</b>	<b>\$ 75,986</b>	<b>(2.8)%</b>	<b>\$ 72,071</b>	<b>(3.3)%</b>	<b>65.3%</b>	<b>9.7%</b>	<b>30.4%</b>	<b>0.0%</b>	<b>105.4%</b>	<b>106.1%</b>	<b>\$ (5,111)</b>
<b>Standard Commercial Lines:</b>											
Commercial property	\$ 70,736	12.9%	\$ 66,549	8.7%	52.1%	5.6%	37.5%	0.1%	95.3%	101.7%	\$ 1,522
Workers compensation	75,471	15.7%	70,954	2.8%	41.3%	17.6%	28.0%	2.3%	89.2%	112.1%	6,386
General liability	134,636	13.9%	119,207	6.8%	28.2%	15.3%	34.0%	0.1%	77.6%	80.7%	21,413
Auto	97,019	11.0%	88,659	6.2%	58.4%	10.1%	32.0%	0.1%	100.6%	93.5%	(3,226)
Business owners policies	23,588	7.4%	23,178	8.9%	57.3%	12.4%	38.9%	0.0%	108.6%	117.7%	(2,144)
Bonds	5,817	9.5%	5,105	7.8%	16.4%	8.5%	61.7%	0.0%	86.6%	84.1%	245
Other	3,554	12.7%	3,553	10.6%	(0.1)%	0.1%	55.8%	0.0%	55.8%	51.0%	1,572
<b>Total</b>	<b>\$ 410,821</b>	<b>12.9%</b>	<b>\$ 377,205</b>	<b>6.4%</b>	<b>43.3%</b>	<b>12.4%</b>	<b>33.9%</b>	<b>0.5%</b>	<b>90.1%</b>	<b>95.5%</b>	<b>\$ 25,767</b>
<b>E&amp;S</b>	<b>\$ 45,326</b>	<b>20.0%</b>	<b>\$ 41,033</b>	<b>18.7%</b>	<b>48.3%</b>	<b>18.9%</b>	<b>35.5%</b>	<b>0.0%</b>	<b>102.7%</b>	<b>99.9%</b>	<b>\$ (2,629)</b>
<b>Total Insurance Operations</b>	<b>\$ 532,133</b>	<b>10.9%</b>	<b>\$ 490,309</b>	<b>5.8%</b>	<b>47.0%</b>	<b>12.5%</b>	<b>33.6%</b>	<b>0.4%</b>	<b>93.5%</b>	<b>97.5%</b>	<b>\$ 18,027</b>

Note: Some amounts may not foot due to rounding.

	2015	2014
Losses Paid	\$ 224,744	\$ 221,989
LAE Paid	49,067	44,075
Total Paid	<u>\$ 273,811</u>	<u>\$ 266,064</u>

**Selective Insurance Group, Inc.**  
**Combined Insurance Company Subsidiaries**  
**2015 Statutory Results by Line of Business**  
**Year-to-Date June 2015 (unaudited)**

(\$ in thousands)	Net Premiums Written	Percent Change	Net Premiums Earned	Percent Change	Loss Ratio	LAE Ratio	Underwriting Expense Ratio	Dividends to Policyholders Ratio	Combined Ratio 2015	Combined Ratio 2014	Underwriting Gain/(Loss)
<b>Standard Personal Lines:</b>											
Homeowners	\$ 64,347	(2.0)%	\$ 67,452	0.9%	69.1%	8.0%	36.7%	0.0%	113.8%	123.0%	\$ (8,176)
Auto	73,515	(3.2)%	73,750	(3.3)%	60.7%	11.4%	34.4%	0.0%	106.5%	100.6%	(4,723)
Other (including flood)	3,149	(19.5)%	3,348	(46.3)%	65.9%	(0.4)%	(168.5)%	0.0%	(103.0)%	(87.8)%	6,461
<b>Total</b>	<b>\$ 141,010</b>	<b>(3.1)%</b>	<b>\$ 144,550</b>	<b>(3.2)%</b>	<b>64.7%</b>	<b>9.5%</b>	<b>31.0%</b>	<b>0.0%</b>	<b>105.2%</b>	<b>105.3%</b>	<b>\$ (6,437)</b>
<b>Standard Commercial Lines:</b>											
Commercial property	\$ 141,634	11.8%	\$ 131,112	8.0%	54.4%	5.3%	37.1%	0.1%	96.9%	116.4%	\$ 203
Workers compensation	159,276	12.8%	139,431	0.7%	44.7%	16.2%	27.0%	2.0%	89.9%	108.8%	8,792
General liability	265,118	11.5%	234,178	6.2%	25.3%	16.3%	33.6%	0.1%	75.3%	80.7%	47,317
Auto	193,606	9.7%	175,013	5.6%	59.0%	9.3%	31.6%	0.1%	100.0%	94.2%	(5,896)
Business owners policies	47,840	8.5%	45,877	8.8%	63.5%	12.0%	38.1%	0.0%	113.6%	123.7%	(6,996)
Bonds	11,030	8.4%	10,106	6.5%	16.4%	6.4%	62.8%	0.0%	85.6%	80.8%	878
Other	7,575	11.1%	7,021	9.8%	0.3%	0.1%	53.5%	0.0%	53.9%	46.5%	2,936
<b>Total</b>	<b>\$ 826,079</b>	<b>11.2%</b>	<b>\$ 742,738</b>	<b>5.5%</b>	<b>44.0%</b>	<b>12.1%</b>	<b>33.3%</b>	<b>0.5%</b>	<b>89.9%</b>	<b>97.8%</b>	<b>\$ 47,234</b>
<b>E&amp;S</b>	<b>\$ 83,132</b>	<b>22.5%</b>	<b>\$ 79,144</b>	<b>18.5%</b>	<b>48.4%</b>	<b>19.0%</b>	<b>35.1%</b>	<b>0.0%</b>	<b>102.5%</b>	<b>98.8%</b>	<b>\$ (3,343)</b>
<b>Total Insurance Operations</b>	<b>\$ 1,050,221</b>	<b>9.8%</b>	<b>\$ 966,432</b>	<b>5.0%</b>	<b>47.5%</b>	<b>12.2%</b>	<b>33.2%</b>	<b>0.3%</b>	<b>93.2%</b>	<b>99.2%</b>	<b>\$ 37,454</b>

Note: Some amounts may not foot due to rounding.

	2015	2014
Losses Paid	\$ 419,110	\$ 435,286
LAE Paid	94,061	88,839
Total Paid	<u>\$ 513,171</u>	<u>\$ 524,125</u>

**Selective Insurance Group, Inc.**  
**Combined Insurance Company Subsidiaries**  
**2015 Net Catastrophe Losses and Prior Year Casualty Reserve Development**  
**Statutory Results by Line of Business**  
**(unaudited)**

<b><u>Net Catastrophe Losses Incurred</u></b>	<b>Quarter Ended</b>				<b>Year-to-Date</b>			
	<b>June 30, 2015</b>		<b>June 30, 2014</b>		<b>June 30, 2015</b>		<b>June 30, 2014</b>	
(\$ in thousands)	Loss and Loss Expense Incurred	Impact on Loss and Loss Expense Ratio	Loss and Loss Expense Incurred	Impact on Loss and Loss Expense Ratio	Loss and Loss Expense Incurred	Impact on Loss and Loss Expense Ratio	Loss and Loss Expense Incurred	Impact on Loss and Loss Expense Ratio
Standard Personal Lines	\$ 8,279	11.5%	\$ 12,733	17.1%	\$ 14,597	10.1%	\$ 21,013	14.1%
Standard Commercial Lines	\$ 13,609	3.6%	\$ 12,781	3.6%	\$ 32,258	4.3%	\$ 38,687	5.5%
E&S	<u>\$ 2,092</u>	5.1%	<u>\$ 1,688</u>	4.9%	<u>\$ 2,444</u>	3.1%	<u>\$ 1,874</u>	2.8%
<b>Total Insurance Operations</b>	<b>\$ 23,980</b>	<b>4.9%</b>	<b>\$ 27,202</b>	<b>5.9%</b>	<b>\$ 49,299</b>	<b>5.1%</b>	<b>\$ 61,574</b>	<b>6.7%</b>

<b><u>Prior Year Casualty Reserve Development</u></b> <b>(Favorable) / Unfavorable</b>	<b>Quarter Ended</b>				<b>Year-to-Date</b>			
	<b>June 30, 2015</b>		<b>June 30, 2014</b>		<b>June 30, 2015</b>		<b>June 30, 2014</b>	
(\$ in thousands)	Loss and Loss Expense Incurred	Impact on Loss and Loss Expense Ratio	Loss and Loss Expense Incurred	Impact on Loss and Loss Expense Ratio	Loss and Loss Expense Incurred	Impact on Loss and Loss Expense Ratio	Loss and Loss Expense Incurred	Impact on Loss and Loss Expense Ratio
Standard Personal Lines	\$ -	0.0%	\$ (2,000)	(2.7)%	\$ -	0.0%	\$ (4,000)	(2.7)%
Standard Commercial Lines	\$ (21,000)	(5.6)%	\$ (15,500)	(4.4)%	\$ (42,000)	(5.7)%	\$ (27,500)	(3.9)%
E&S	<u>\$ 1,000</u>	2.4%	<u>\$ -</u>	0.0%	<u>\$ 2,000</u>	2.5%	<u>\$ -</u>	0.0%
<b>Total Insurance Operations</b>	<b>\$ (20,000)</b>	<b>(4.1)%</b>	<b>\$ (17,500)</b>	<b>(3.8)%</b>	<b>\$ (40,000)</b>	<b>(4.1)%</b>	<b>\$ (31,500)</b>	<b>(3.4)%</b>

Note: Some amounts may not foot due to rounding.

**Selective Insurance Group, Inc. & Consolidated Subsidiaries**  
**Consolidated Balance Sheets**

	(Unaudited) June 30, 2015	December 31, 2014
(\$ in thousands, except share amounts)		
<b>ASSETS</b>		
<b>Investments:</b>		
Fixed income securities, held-to-maturity – at carrying value (fair value: \$259,702 – 2015; \$333,961 – 2014)	\$ 247,859	318,137
Fixed income securities, available-for-sale – at fair value (amortized cost: \$4,133,223 – 2015; \$3,975,786 – 2014)	4,192,818	4,066,122
Equity securities, available-for-sale – at fair value (cost: \$218,138 – 2015; \$159,011 – 2014)	228,883	191,400
Short-term investments (at cost which approximates fair value)	168,349	131,972
Other investments	85,420	99,203
Total investments	4,923,329	4,806,834
Cash	368	23,959
Interest and dividends due or accrued	38,488	38,901
Premiums receivable, net of allowance for uncollectible accounts of: \$4,210 – 2015; \$4,137 – 2014	647,591	558,778
Reinsurance recoverable, net	572,502	581,548
Prepaid reinsurance premiums	145,286	146,993
Deferred federal income tax	106,152	98,449
Property and equipment – at cost, net of accumulated depreciation and amortization of: \$180,146 – 2015; \$172,183 – 2014	62,182	59,416
Deferred policy acquisition costs	203,224	185,608
Goodwill	7,849	7,849
Other assets	77,342	73,215
Total assets	<u>6,784,313</u>	<u>6,581,550</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities:</b>		
Reserve for loss and loss expenses	3,535,433	3,477,870
Unearned premiums	1,177,901	1,095,819
Notes payable	394,305	379,297
Current federal income tax	13,562	3,921
Accrued salaries and benefits	140,211	158,382
Other liabilities	212,588	190,675
Total liabilities	<u>5,474,000</u>	<u>5,305,964</u>
<b>Stockholders' Equity:</b>		
Preferred stock of \$0 par value per share:		
Authorized shares 5,000,000; no shares issued or outstanding	\$ —	—
Common stock of \$2 par value per share:		
Authorized shares: 360,000,000		
Issued: 100,585,852 – 2015; 99,947,933 – 2014	201,172	199,896
Additional paid-in capital	317,295	305,385
Retained earnings	1,370,681	1,313,440
Accumulated other comprehensive (loss) income	(12,329)	19,788
Treasury stock – at cost (shares: 43,482,533– 2015; 43,353,181 – 2014)	(566,506)	(562,923)
Total stockholders' equity	<u>1,310,313</u>	<u>1,275,586</u>
Commitments and contingencies		
Total liabilities and stockholders' equity	<u>\$ 6,784,313</u>	<u>6,581,550</u>

**Selective Insurance Group, Inc. & Consolidated Subsidiaries**
**Unaudited Consolidated Statements of Income**

	Quarter Ended June 30,		Six Months Ended June 30,	
(\$ in thousands, except per share amounts)	2015	2014	2015	2014
<b>Revenues:</b>				
Net premiums earned	\$ 490,309	463,625	966,432	920,120
Net investment income earned	32,230	36,774	59,147	72,308
Net realized (losses) gains:				
Net realized investment gains	1,031	4,958	22,008	13,139
Other-than-temporary impairments	(4,451)	(419)	(6,545)	(1,382)
Total net realized (losses) gains	(3,420)	4,539	15,463	11,757
Other income	2,854	1,911	4,823	11,735
Total revenues	521,973	506,849	1,045,865	1,015,920
<b>Expenses:</b>				
Loss and loss expense incurred	291,561	297,795	576,560	618,341
Policy acquisition costs	169,770	155,173	334,493	304,439
Interest expense	5,490	5,425	10,969	10,986
Other expenses	8,387	8,935	20,788	17,549
Total expenses	475,208	467,328	942,810	951,315
Income before federal income tax	46,765	39,521	103,055	64,605
<b>Federal income tax expense:</b>				
Current	7,733	8,781	19,987	15,319
Deferred	5,264	1,399	9,592	1,971
Total federal income tax expense	12,997	10,180	29,579	17,290
Net income	\$ 33,768	29,341	73,476	47,315
<b>Earnings per share:</b>				
Basic net income	\$ 0.59	0.52	1.29	0.84
Diluted net income	\$ 0.58	0.51	1.27	0.83
Dividends to stockholders	\$ 0.14	0.13	0.28	0.26



**Selective Insurance Group, Inc. & Consolidated Subsidiaries**  
**Unaudited Consolidated Statements of Comprehensive Income**

(\$ in thousands)	Quarter Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	\$ 33,768	29,341	73,476	47,315
<b>Other comprehensive (loss) income, net of tax:</b>				
<i>Unrealized (losses) gains on investment securities:</i>				
Unrealized holding (losses) gains arising during period	(39,160)	29,329	(23,574)	50,755
<i>Amount reclassified into net income:</i>				
Held-to-maturity securities	(120)	(144)	(290)	(440)
Non-credit other-than-temporary impairments	—	305	232	305
Realized losses (gains) on available for sale securities	2,225	(3,255)	(10,707)	(7,954)
Total unrealized (losses) gains on investment securities	(37,055)	26,235	(34,339)	42,666
<i>Defined benefit pension and post-retirement plans:</i>				
<i>Amounts reclassified into net income:</i>				
Net actuarial loss	1,111	248	2,222	495
Total defined benefit pension and post-retirement plans	1,111	248	2,222	495
Other comprehensive (loss) income	(35,944)	26,483	(32,117)	43,161
Comprehensive (loss) income	\$ (2,176)	55,824	41,359	90,476

**Selective Insurance Group, Inc. & Consolidated Subsidiaries**  
**Unaudited Consolidated Statements of Stockholders' Equity**

**Six Months Ended  
June 30,**

(\$ in thousands, except share amounts)

**2015**                      **2014**

**Common stock:**

Beginning of year	\$ 199,896	198,240
Dividend reinvestment plan (shares: 26,843 – 2015; 29,949 – 2014)	54	60
Stock purchase and compensation plans (shares: 611,076 – 2015; 547,190 – 2014)	1,222	1,095
End of period	<u>201,172</u>	<u>199,395</u>

**Additional paid-in capital:**

Beginning of year	305,385	288,182
Dividend reinvestment plan	677	642
Stock purchase and compensation plans	11,233	9,528
End of period	<u>317,295</u>	<u>298,352</u>

**Retained earnings:**

Beginning of year	1,313,440	1,202,015
Net income	73,476	47,315
Dividends to stockholders (\$0.28 per share – 2015; \$0.26 per share – 2014)	(16,235)	(14,868)
End of period	<u>1,370,681</u>	<u>1,234,462</u>

**Accumulated other comprehensive (loss) income:**

Beginning of year	19,788	24,851
Other comprehensive (loss) income	(32,117)	43,161
End of period	<u>(12,329)</u>	<u>68,012</u>

**Treasury stock:**

Beginning of year	(562,923)	(559,360)
Acquisition of treasury stock (shares: 129,352 – 2015; 124,819 – 2014)	(3,583)	(2,786)
End of period	<u>(566,506)</u>	<u>(562,146)</u>
Total stockholders' equity	<u>\$ 1,310,313</u>	<u>1,238,075</u>

**Selective Insurance Group, Inc. & Consolidated Subsidiaries**  
**Unaudited Consolidated Statements of Cash Flow**

**Six Months ended  
June 30,**

(\$ in thousands)	2015	2014
<b>Operating Activities:</b>		
Net Income	\$ 73,476	47,315
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation and amortization	29,085	18,912
Sale of renewal rights	—	(8,000)
Stock-based compensation expense	6,049	6,102
Undistributed losses (gains) of equity method investments	2,117	(138)
Net realized gains	(15,463)	(11,757)
<i>Changes in assets and liabilities:</i>		
Increase in reserves for loss and loss expenses, net of reinsurance recoverables	66,609	93,675
Increase in unearned premiums, net of prepaid reinsurance	83,789	36,453
Decrease in net federal income taxes	19,232	12,634
Increase in premiums receivable	(88,813)	(64,747)
Increase in deferred policy acquisition costs	(17,616)	(9,106)
Decrease (increase) in interest and dividends due or accrued	395	(361)
Decrease in accrued salaries and benefits	(18,171)	(26,557)
Decrease in accrued insurance expenses	(5,091)	(16,872)
Increase (decrease) in other assets and other liabilities	29,999	(4,881)
Net adjustments	92,121	25,357
Net cash provided by operating activities	165,597	72,672
<b>Investing Activities:</b>		
Purchase of fixed income securities, available-for-sale	(463,758)	(339,362)
Purchase of equity securities, available-for-sale	(177,386)	(111,886)
Purchase of other investments	(2,947)	(6,039)
Purchase of short-term investments	(732,278)	(764,692)
Sale of fixed maturity securities, available-for-sale	22,323	19,557
Sale of short-term investments	695,901	772,455
Redemption and maturities of fixed income securities, held-to-maturity	68,704	28,595
Redemption and maturities of fixed income securities, available-for-sale	254,995	222,568
Sale of equity securities, available-for-sale	135,548	111,996
Distributions from other investments	17,840	7,726
Purchase of property and equipment	(7,591)	(6,628)
Sale of renewal rights	—	8,000
Net cash used in investing activities	(188,649)	(57,710)
<b>Financing Activities:</b>		
Dividends to stockholders	(15,211)	(13,914)
Acquisition of treasury stock	(3,583)	(2,786)
Net proceeds from stock purchase and compensation plans	4,037	3,091
Proceeds from borrowings	15,000	—
Excess tax benefits from share-based payment arrangements	1,549	955
Repayment of capital lease obligations	(2,331)	(954)
Net cash used in financing activities	(539)	(13,608)
Net (decrease) increase in cash	(23,591)	1,354
Cash, beginning of year	23,959	193
Cash, end of period	\$ 368	1,547

**Selective Insurance Group, Inc.**  
**Combined Insurance Company Subsidiaries**  
**Statutory Balance Sheets**  
**(unaudited)**

(\$ in thousands)	June 30, 2015	June 30, 2014	December 31, 2014
<b>ASSETS</b>			
Bonds	\$ 4,317,425	4,094,993	4,241,580
Common stocks	211,119	211,348	191,400
Preferred stocks	17,742	-	-
Affiliated mortgage loan	35,567	36,346	35,961
Other investments	137,366	172,089	152,154
Short-term investments	144,696	137,181	115,342
<b>Total investments</b>	<b>4,863,915</b>	<b>4,651,957</b>	<b>4,736,437</b>
Cash on hand and in banks	(27,701)	(18,072)	12,381
Interest and dividends due and accrued	38,438	37,642	38,908
Premiums receivable	644,590	586,586	556,086
Reinsurance recoverable on paid losses and expenses	7,224	9,995	9,570
Deferred tax recoverable	140,904	149,770	147,610
EDP equipment	406	667	518
Equities and deposits in pools and associations	10,930	9,595	9,915
Receivable for sold securities	3,695	7	34
Other assets	25,226	26,544	26,629
<b>Total assets</b>	<b>\$ 5,707,627</b>	<b>5,454,691</b>	<b>5,538,088</b>
<b>LIABILITIES</b>			
Reserve for losses	\$ 2,438,075	2,420,474	2,398,531
Reinsurance payable on paid loss and loss expense	3,301	2,853	2,957
Reserve for loss expenses	518,171	471,202	493,510
Unearned premiums	1,032,615	952,608	948,826
Reserve for commissions payable	62,229	54,191	70,259
Ceded balances payable	28,475	34,379	29,624
Federal income tax payable	15,291	10,953	20,524
Premium and other taxes payable	23,076	20,289	20,137
Borrowed money	60,029	58,042	45,027
Reserve for dividends to policyholders	5,192	2,443	3,895
Reserves for unauthorized reinsurance	7,661	2,735	7,661
Payable for securities	15,929	30,125	19,950
Funds withheld on account of others	7,503	7,560	7,473
Accrued salaries and benefits	53,551	46,806	64,207
Other liabilities	91,899	47,070	97,665
<b>Total liabilities</b>	<b>4,362,997</b>	<b>4,161,730</b>	<b>4,230,246</b>
<b>POLICYHOLDERS' SURPLUS</b>			
Capital	42,725	42,725	42,725
Paid in surplus	492,869	492,869	492,869
Unassigned surplus	809,036	757,367	772,248
Total policyholders' surplus	1,344,630	1,292,961	1,307,842
<b>Total liabilities and policyholders' surplus</b>	<b>\$ 5,707,627</b>	<b>5,454,691</b>	<b>5,538,088</b>

Selective Insurance Group, Inc.  
Combined Insurance Company Subsidiaries  
Statutory Statements Of Income  
(unaudited)

	Quarter Ended June 30,				Six Months Ended June 30,			
(\$ in thousands)	2015		2014		2015		2014	
<b>UNDERWRITING</b>								
Net premiums written	\$ 532,133		479,823		1,050,221		956,573	
Net premiums earned	490,309		463,625		966,432		920,120	
Net losses paid	224,744		221,989		419,110		435,286	
Change in reserve for losses	5,530		24,057		39,544		78,998	
Net losses incurred	230,274	47.0%	246,046	53.1%	458,654	47.5%	514,284	55.9%
Net loss expenses paid	49,067		44,075		94,061		88,839	
Change in reserve for loss expenses	12,418		7,675		24,661		15,219	
Net loss expenses incurred	61,485	12.5%	51,750	11.1%	118,722	12.2%	104,058	11.3%
Net underwriting expenses incurred	180,898	33.9%	159,413	33.2%	351,836	33.5%	313,203	32.8%
Total deductions	472,657		457,209		929,212		931,545	
Statutory underwriting gain / (loss)	17,652		6,416		37,220		(11,425)	
Net loss from premium balances charged off	(703)		(895)		(1,313)		(1,769)	
Finance charges and other income	2,922		2,129		4,916		12,168	
Total other income	2,219	-0.3%	1,234	-0.2%	3,603	-0.3%	10,339	-1.1%
Policyholders' dividends incurred	(1,844)	0.4%	(1,549)	0.3%	(3,369)	0.3%	(2,787)	0.3%
Total underwriting gain / (loss)	18,027	93.5%	6,101	97.5%	37,454	93.2%	(3,813)	99.2%
<b>INVESTMENT</b>								
Net investment income earned	32,155		36,652		59,282		72,147	
Net realized gain	(3,422)		4,537		15,461		11,752	
Total income before income tax	46,760		47,290		112,197		80,086	
Federal income tax expense	12,530		7,108		19,791		12,953	
Net income	\$ 34,230		40,182		92,406		67,133	
Policyholders' Surplus								
Surplus, beginning of period	\$ 1,322,422		1,263,795		1,307,842		1,256,431	
Net income	34,230		40,182		92,406		67,133	
Change in deferred taxes	(1,959)		(5,403)		(12,153)		(6,685)	
Change in net unrealized capital (losses)	(637)		6,451		(13,547)		5,139	
Dividends to stockholders	(14,438)		(14,378)		(28,876)		(28,754)	
Change in non-admitted assets	3,398		2,033		(4,271)		(867)	
Change in Overfunded Contra Asset	(280)		(1,546)		(561)		(3,093)	
Qual Pen Trans Liab	1,843		1,815		3,689		3,631	
Excess Plan Trans Liab	43		7		86		15	
PRL Plan Trans Liab	8		5		15		11	
Net change in surplus for period	22,208		29,166		36,788		36,530	
Surplus, end of period	\$ 1,344,630		1,292,961		1,344,630		1,292,961	
Statutory underwriting gain / (loss)	\$ 18,027		6,101		37,454		(3,813)	
<b>Adjustments under GAAP:</b>								
Deferred policy acquisition costs	11,268		4,409		17,616		9,105	
Other, net	(171)		(426)		75		(223)	
GAAP underwriting gain / (loss)	\$ 29,124		10,084		55,145		5,069	

Note: Some amounts or ratios may not foot due to rounding

**Selective Insurance Group, Inc. and Consolidated Subsidiaries**  
**Alternative Investments**  
**as of June 30, 2015**  
**(unaudited)**

<b>Fund</b>	<b>Inception Year</b>	<b>Original Commitment</b>	<b>Remaining Commitment</b>	<b>Current Market Value</b>	<b>YTD Income</b>	<b>DPI<sup>(1)</sup> Ratio</b>	<b>TVPI<sup>(2)</sup> Ratio</b>
<b>Real Estate</b>							
Silverpeak RE II	2005	20,000,000	2,100,857	5,913,410	1,032,193	0.86	1.14
Silverpeak RE III	2008	15,000,000	7,873,466	2,328,469	(249,054)	0.07	0.40
<b>Total - Real Estate</b>		<b>35,000,000</b>	<b>9,974,323</b>	<b>8,241,879</b>	<b>783,139</b>	<b>0.66</b>	<b>0.95</b>
<b>Mezzanine Financing</b>							
Neovara Euro Mezz	2004	9,000,000	-	1	-	0.98	0.98
GS Mezz V	2007	25,000,000	10,223,976	3,240,463	104,186	1.15	1.33
New Canaan V	2012	7,000,000	1,315,741	3,421,476	(17,575)	0.55	1.10
Centerfield Capital	2012	3,000,000	1,843,500	901,213	7,410	0.21	0.99
<b>Total - Mezz. Financing</b>		<b>44,000,000</b>	<b>13,383,218</b>	<b>7,563,153</b>	<b>94,021</b>	<b>0.97</b>	<b>1.17</b>
<b>Distressed Debt</b>							
Varde VIII	2006	10,000,000	-	1,771,327	63,459	1.18	1.35
Distressed Managers III	2007	15,000,000	3,048,054	5,228,698	(176,663)	0.82	1.21
<b>Total - Distressed Debt</b>		<b>25,000,000</b>	<b>3,048,054</b>	<b>7,000,025</b>	<b>(113,204)</b>	<b>0.97</b>	<b>1.27</b>
<b>Private Equity</b>							
Prospector	1997	5,000,000	-	324,131	43,757	2.82	2.88
Trilantic Capital Partners III	2004	10,000,000	1,373,537	1,846,136	(577,293)	1.63	1.82
NB Co-Invest	2006	15,000,000	1,398,786	6,039,739	563,724	1.04	1.46
Trilantic Capital Partners IV	2007	11,098,351	1,510,319	5,654,367	(997,095)	1.16	1.68
Trilantic Capital Partners V	2012	7,000,000	4,540,668	2,162,354	(184,554)	0.01	0.89
<b>Total - Private Equity</b>		<b>48,098,351</b>	<b>8,823,310</b>	<b>16,026,727</b>	<b>(1,151,461)</b>	<b>1.35</b>	<b>1.73</b>
<b>Private Equity, Secondary Market</b>							
NB SOF	2005	12,000,000	899,494	3,447,399	(247)	1.03	1.34
Vintage IV	2007	20,000,000	4,203,550	9,801,260	(249,716)	0.84	1.35
NB SOF II	2008	12,000,000	1,969,217	5,747,985	(20,059)	1.03	1.50
<b>Total - Pvt. Eq. Sec. Mkt.</b>		<b>44,000,000</b>	<b>7,072,261</b>	<b>18,996,644</b>	<b>(270,021)</b>	<b>0.95</b>	<b>1.39</b>
<b>Energy/Power Generation</b>							
ArcLight I	2002	15,000,000	-	12,455	-	1.81	1.81
ArcLight II	2003	15,000,000	-	212,983	54,315	1.41	1.42
ArcLight III	2006	15,000,000	2,037,794	1,127,981	155,414	1.36	1.43
Quintana Energy	2006	10,000,000	284,272	6,153,171	(2,179,847)	0.60	1.23
ArcLight IV	2007	10,000,000	2,287,578	2,155,931	(311,025)	1.20	1.41
ArcLight VI	2014	15,000,000	15,000,000	-	-		
<b>Total - Energy/Power Generation</b>		<b>80,000,000</b>	<b>19,609,644</b>	<b>9,662,521</b>	<b>(2,281,143)</b>	<b>1.35</b>	<b>1.48</b>
<b>Venture Capital</b>							
Venture V	2001	9,600,000	350,000	6,696,703	821,179	0.77	1.49
<b>Total - Venture Capital</b>		<b>9,600,000</b>	<b>350,000</b>	<b>6,696,703</b>	<b>821,179</b>	<b>0.77</b>	<b>1.49</b>
<b>TOTAL - ALTERNATIVE INVESTMENTS</b>							
		<b>\$ 285,698,351</b>	<b>62,260,809</b>	<b>74,187,652</b>	<b>(2,117,491)</b>	<b>1.09</b>	<b>1.38</b>

<sup>(1)</sup> Distributed to paid in ratio

<sup>(2)</sup> Total value to paid in ratio

Exhibit may not foot due to rounding