



Supplemental Investor Package

Fourth Quarter and Full Year 2014

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Selective Insurance Group, Inc. & Consolidated Subsidiaries
Fourth Quarter and Full Year 2014 Investor Package
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Selective Insurance Group Reports
Fourth Quarter and Year-end 2014 Earnings

Net Income per diluted share increased 64% in the quarter
Operating Income per diluted share increased 60% in the quarter

Branchville, NJ – January 29, 2015 – Selective Insurance Group, Inc. (NASDAQ: SIGI) today reported its financial results for the fourth quarter and year ended December 31, 2014. For the quarter, net income per diluted share was \$0.72, up 64% over the \$0.44 in 2013, and operating income¹ per diluted share was \$0.72, 60% higher than the \$0.45 in 2013.

“The fourth quarter of 2014 significantly contributed to an excellent year in which we accomplished our very aggressive three-year plan established in 2012,” said Gregory E. Murphy, Chairman and Chief Executive Officer. “We achieved an overall statutory combined ratio, excluding catastrophes, of 92.5%, in line with our goal of 92%; met our goal of overall renewal pure price between 5-8% for all three years with 5.6% in 2014, 7.6% in 2013 and 6.3% in 2012; and delivered an operating return on equity of 10.3%.

“For the quarter, our strong 7% growth rate reflects a 28% increase in the Excess and Surplus Lines operation and solid performance in standard Commercial Lines,” continued Murphy. “The overall statutory combined ratio was 93.2%, 6.4 points better than 2013. All three insurance segments posted solid statutory combined ratios with standard Commercial Lines, which represents 76% of our total premium, generating a statutory combined ratio of 96%. The continuing profitability improvement reflects higher standard Commercial Lines renewal pure pricing that was up 4.7% for the quarter due to our pricing sophistication and granularity, coupled with highly automated, account-specific renewal capabilities. Such sophistication also led to retention increasing 2 points to 84% in standard Commercial Lines.

“The standard Personal Lines statutory combined ratio was 78.2%, a 16.7-point improvement over the fourth quarter 2013 due to improved property results. In addition, we successfully launched a new Personal Lines product, The Selective EdgeSM, which offers additional and enhanced coverage for customers who combine their homeowners and auto policies with Selective. For the quarter, net premiums written were down 3%, to \$67 million, mainly due to the ongoing strategic non-renewal of dwelling fire business and a reduction in writing monoline homeowners, partially offset by renewal pure price increases of 6.7%,” continued Murphy.

“Our Excess and Surplus Lines had a very strong quarter with net premiums written up 28% due to a 38% increase in new business,” said Murphy. “We have seen a significant increase in our retail agents sending their business to our general agents after heavy promotion of the line at our annual road shows. The statutory combined ratio was 96.6%.

“After-tax investment income declined 7% in the fourth quarter, compared to a year ago, to \$25 million, due to lower returns from the alternative investment portfolio. The overall annualized after-tax portfolio yield was 2.2% compared to 2.3% in 2013. The after-tax yield on fixed income securities was 2.2% compared to 2.3% in 2013. Our fixed income purchases for the year ran at an average after-tax yield of 2.0%, while maturities, disposals and sales had an average after-tax yield of 2.3% for 2014,” concluded Murphy.

Highlights for fourth quarter 2014 compared to fourth quarter 2013:

- Net income was \$41.4 million, or \$0.72 per diluted share, compared to \$25.3 million, or \$0.44 per diluted share;
- Operating income¹ was \$41.6 million, or \$0.72 per diluted share, compared to \$26.1 million, or \$0.45 per diluted share;
- Combined ratio: GAAP: 91.8% compared to 97.3%; Statutory: 93.2% compared to 99.6%;
- Total net premiums written (NPW) were \$433.6 million compared to \$405.1 million:
 - o Standard Commercial Lines NPW were \$321.4 million compared to \$300.5 million;
 - o Standard Personal Lines NPW were \$67.5 million compared to \$69.6 million;
 - o Excess and Surplus Lines NPW were \$44.7 million compared to \$35.0 million;
- Catastrophe losses were negative and included an \$8 million reinsurance recoverable, which resulted in a net benefit from catastrophes of \$(7.0) million, pre-tax, or (1.5) points on the statutory combined ratio, compared to \$14.3 million, or 3.2 points;
- Non-catastrophe property losses, pre-tax, were \$62.8 million, or 13.4 points, compared to \$53.4 million, or 11.8 points;
- Favorable prior year statutory reserve development on our casualty lines, pre-tax, totaled \$9.0 million, or 1.9 points, compared to \$7.5 million, or 1.7 points;
- Net investment income, after tax, was \$24.5 million compared to \$26.4 million; and
- Total revenue was \$503.6 million compared to \$488.0 million.

Highlights for year-ended December 31, 2014 compared to year-ended 2013:

- Net income was \$141.8 million, or \$2.47 per diluted share, compared to \$106.4 million, or \$1.87 per diluted share;
- Operating income¹ was \$124.5 million, or \$2.17 per diluted share, compared to \$93.9 million, or \$1.65 per diluted share;
- Combined ratio: GAAP: 95.8% compared to 97.8%; Statutory: 95.7% compared to 97.5%;
- Total NPW were \$1,885.3 million compared to \$1,810.2 million:
 - o Standard Commercial Lines NPW were \$1,441.0 million compared to \$1,380.7 million;
 - o Standard Personal Lines NPW were \$292.1 million compared to \$297.8 million;

- Excess and Surplus Lines NPW were \$152.2 million compared to \$131.7 million;
- Catastrophe losses, pre-tax, were \$60.0 million, or 3.2 points on the statutory combined ratio, compared to \$47.4 million, or 2.7 points;
- Non-catastrophe property losses, pre-tax, were \$287.6 million, or 15.5 points, on the statutory combined ratio compared to \$226.6 million, or 13.0 points;
- Favorable prior year statutory reserve development on our casualty lines, pre-tax, totaled \$48.5 million, or 2.6 points, compared to \$14.5 million, or 0.8 points;
- Income of \$8.0 million, pre-tax, was generated from the sale of the renewal rights of our Self-Insured Group book of pooled entity business in the first quarter of 2014, which reduced the statutory combined ratio by 0.4 points;
- Net investment income, after tax, was \$104.2 million compared to \$101.4 million; and
- Total revenue was \$2.0 billion compared to \$1.9 billion.

Balance Sheet and Guidance

At December 31, 2014, Selective's assets were \$6.6 billion and the investment portfolio was \$4.8 billion. Statutory surplus was \$1.3 billion, up 4% from December 31, 2013. Stockholders' equity was \$1.3 billion, up 11% from year end 2013. Book value per share was \$22.54, up from \$20.63 at year end 2013. This increase reflects \$2.51 in net income coupled with \$0.51 in unrealized investment gains on our investment portfolio, partially offset by \$0.53 in shareholders' dividends and \$0.60 in unrealized pension losses related to the pension revaluation.

Selective's Board of Directors declared a \$0.14 per share quarterly cash dividend on common stock payable March 2, 2015 to stockholders of record as of February 13, 2015.

For 2015, Selective expects to generate a full-year statutory combined ratio of 91.0%, excluding catastrophes and any prior year casualty reserve development. Selective currently estimates 4 points of catastrophe losses for 2015. After-tax investment income will be approximately \$105 million and weighted average shares at year end are anticipated to be 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. Selective's quarterly analyst conference call will be simulcast at 8:30 a.m. ET, on January 30, 2015 at www.selective.com. The webcast will be available for rebroadcast until the close of business on March 2, 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 primary and alternative market insurance for commercial and personal risks, and flood insurance underwritten by the National Flood Insurance Program. Selective maintains a website at 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, particularly changes in New Jersey automobile insurance laws and regulations;
- 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, or through the SEC's EDGAR Database at www.sec.gov (Selective EDGAR CIK No. 0000230557).

¹Operating income differs from net income by the exclusion of realized gains or losses on investments and the results of discontinued operations. 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 and the results of discontinued operations, 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 GAAP Highlights and Reconciliation of Non-GAAP Measures to Comparable GAAP Measures. 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.

Selective Insurance Group, Inc. (Nasdaq: SIGI) *
GAAP Highlights and Reconciliation of Non-GAAP Measures to Comparable
GAAP Measures

(in thousands, except per share data)

<u>3 months ended December 31:</u>	<u>2014</u>	<u>2013</u>
Net premiums written	\$ 433,586	405,110
Net premiums earned	469,850	451,312
Net investment income earned	32,108	35,313
Net realized losses	(389)	(1,208)
Total revenues	503,583	488,034
Operating income	41,603	26,120
Net realized losses, net of tax	(253)	(785)
Net income	\$ 41,350	25,335
Statutory combined ratio	93.2%	99.6%
Statutory combined ratio, excluding catastrophe losses	94.7%	96.4%
GAAP combined ratio	91.8%	97.3%
Operating income per diluted share	\$ 0.72	0.45
Net income per diluted share	0.72	0.44
Weighted average diluted shares	57,539	57,065
Book value per share	\$ 22.54	20.63
<u>12 months ended December 31:</u>	<u>2014</u>	<u>2013</u>
Net premiums written	\$ 1,885,280	1,810,159
Net premiums earned	1,852,609	1,736,072
Net investment income earned	138,708	134,643
Net realized gains	26,599	20,732
Total revenues	2,034,861	1,903,741
Operating income	124,538	93,939
Net realized gains, net of tax	17,289	13,476
Loss on discontinued operations	—	(997)
Net income	\$ 141,827	106,418
Statutory combined ratio	95.7%	97.5%
Statutory combined ratio, excluding catastrophe losses	92.5%	94.8%
GAAP combined ratio	95.8%	97.8%
Operating income per diluted share	\$ 2.17	1.65
Net income per diluted share	2.47	1.87
Weighted average diluted shares	57,351	56,810
Book value per share	\$ 22.54	20.63

**All amounts included in this release exclude intercompany transactions.*

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

(\$ in thousands, except per share data)	December 31,			December 31,		
	2014			2013		
	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain
Invested Assets:						
Corporate bonds ¹	\$ 2,693,324	2,697,332	47,437	\$ 2,595,256	2,601,556	27,812
Government and Municipal bonds	1,690,935	1,702,751	59,680	1,513,159	1,530,961	38,106
Total fixed income securities	4,384,259	4,400,083	107,117	4,108,415	4,132,517	65,918
Equities	191,400	191,400	32,389	192,771	192,771	37,420
Short-term investments	131,972	131,972	-	174,251	174,251	-
Other investments	99,203	99,203	-	107,875	107,875	-
Total invested assets	\$ 4,806,834	4,822,658	139,506	\$ 4,583,312	4,607,414	103,338
Invested assets per \$ of stockholders' equity	3.77			3.97		
Total assets	6,581,550			6,270,170		
Liabilities:						
Reserve for loss and loss expenses	3,477,870			3,349,770		
Unearned premium reserve	1,095,819			1,059,155		
Total liabilities	5,305,964			5,116,242		
Stockholders' equity	1,275,586			1,153,928		
Total debt to capitalization ratio	22.9%			25.4%		
Book value per share	22.54			20.63		
Book value per share excluding unrealized gain or loss on bond portfolio	21.49			20.15		
NPW per insurance segment employee	908			908		
Statutory premiums to surplus ratio	1.4x			1.4x		
Statutory surplus	1,307,842			1,256,431		

¹ 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 December 31,				Year-to-Date December 31,				
		2014		2013		2014		2013		
		Per diluted share		Per diluted share		Per diluted share		Per diluted share		
Consolidated										
Revenue		\$	503,583	\$	488,034	\$	2,034,861	\$	1,903,741	
Operating income			41,603	0.72	26,120	0.45	124,538	2.17	93,939	1.65
Net realized (losses) gains, after tax			(253)	-	(785)	(0.01)	17,289	0.30	13,476	0.24
Income from continuing operations			41,350	0.72	25,335	0.44	141,827	2.47	107,415	1.89
Loss on discontinued operations, after tax			-	-	-	-	-	-	(997)	(0.02)
Net income			41,350	0.72	25,335	0.44	141,827	2.47	106,418	1.87
Operating return on equity			13.1%		9.2%		10.3%		8.4%	
Total Insurance Operations										
Gross premiums written			512,046		491,675		2,254,576		2,177,443	
Net premiums written			433,586		405,110		1,885,280		1,810,159	
Net premiums earned			469,850		451,312		1,852,609		1,736,072	
Underwriting gain	- before tax		38,637		11,971		78,143		38,766	
	- after tax		25,114	0.44	7,781	0.14	50,793	0.89	25,198	0.44
GAAP combined ratio			91.8%		97.3%		95.8%		97.8%	
Standard Commercial Lines										
Net premiums earned			359,621		345,155		1,415,712		1,316,619	
GAAP combined ratio			94.1%		97.3%		95.7%		97.4%	
Standard Personal Lines										
Net premiums earned			73,008		73,034		296,747		294,332	
GAAP combined ratio			77.5%		94.1%		94.4%		97.1%	
Excess and Surplus Lines										
Net premiums earned			37,221		33,123		140,150		125,121	
GAAP combined ratio			97.8%		104.7%		99.7%		103.0%	
Investments										
Net investment income	- before tax		32,108		35,313		138,708		134,643	
	- after tax		24,535	0.43	26,361	0.46	104,207	1.82	101,410	1.79
Effective tax rate			23.6%		25.4%		24.9%		24.7%	
Annualized after-tax yield on investment portfolio							2.2%		2.3%	
Annualized after-tax, after-interest expense yield							1.9%		1.9%	
Invested assets per \$ of stockholders' equity							3.77		3.97	
Other expenses (net of other income)										
Interest expense	- before tax		(5,542)		(5,567)		(22,086)		(22,538)	
	- after tax		(3,602)	(0.06)	(3,619)	(0.06)	(14,356)	(0.25)	(14,650)	(0.26)
Other Expense - after tax		\$	(4,444)	(0.09)	\$	(4,403)	(0.09)	\$	(18,019)	(0.32)
Diluted weighted avg shares outstanding			57,539		57,065		57,351		56,810	

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

Fourth Quarter

(\$ in thousands)

Quarter Ended December 31, 2014

Quarter Ended December 31, 2013

	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	321,399	67,494	44,693	433,586	300,527	69,542	35,041	405,110
Net Premiums Earned	359,621	73,008	37,221	469,850	345,155	73,034	33,123	451,312
Loss and Loss Expense Incurred	209,495	35,155	23,578	268,228	217,035	48,728	23,215	288,978
Net Underwriting Expenses Incurred	126,510	21,412	12,824	160,746	118,004	20,021	11,457	149,482
Dividends to Policyholders	2,239	-	-	2,239	881	-	-	881
GAAP Underwriting Gain (Loss)	21,377	16,441	819	38,637	9,235	4,285	(1,549)	11,971
GAAP Ratios								
Loss and Loss Expense Ratio	58.3%	48.2%	63.3%	57.1%	62.9%	66.7%	70.1%	64.0%
Underwriting Expense Ratio	35.2%	29.3%	34.5%	34.2%	34.1%	27.4%	34.6%	33.1%
Dividends to Policyholders Ratio	0.6%	0.0%	0.0%	0.5%	0.3%	0.0%	0.0%	0.2%
Combined Ratio	94.1%	77.5%	97.8%	91.8%	97.3%	94.1%	104.7%	97.3%

Year-to-Date

(\$ in thousands)

Year-to-Date December 31, 2014

Year-to-Date December 31, 2013

	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	1,441,047	292,061	152,172	1,885,280	1,380,740	297,757	131,662	1,810,159
Net Premiums Earned	1,415,712	296,747	140,150	1,852,609	1,316,619	294,332	125,121	1,736,072
Loss and Loss Expense Incurred	870,018	197,182	90,301	1,157,501	831,261	206,450	84,027	1,121,738
Net Underwriting Expenses Incurred	478,291	83,029	49,463	610,783	447,228	79,237	44,829	571,294
Dividends to Policyholders	6,182	-	-	6,182	4,274	-	-	4,274
GAAP Underwriting Gain (Loss)	61,221	16,536	386	78,143	33,856	8,645	(3,735)	38,766
GAAP Ratios								
Loss and Loss Expense Ratio	61.5%	66.4%	64.4%	62.5%	63.1%	70.1%	67.2%	64.6%
Underwriting Expense Ratio	33.8%	28.0%	35.3%	33.0%	34.0%	27.0%	35.8%	33.0%
Dividends to Policyholders Ratio	0.4%	0.0%	0.0%	0.3%	0.3%	0.0%	0.0%	0.2%
Combined Ratio	95.7%	94.4%	99.7%	95.8%	97.4%	97.1%	103.0%	97.8%

Selective Insurance Group, Inc. and Consolidated Subsidiaries

**GAAP Investment Income
December 2014 (unaudited)**

(\$ in thousands, except per share data)	Quarter Ended		%	Year-to-Date		%
	December	December	Increase/ (Decrease)	December	December	Increase/ (Decrease)
	2014	2013		2014	2013	
Investment Income:						
Interest:						
Fixed Income Securities	\$ 30,974	30,626	1.1	\$ 126,489	121,582	4.0
Short-term	18	15	20.0	66	117	(43.6)
Other Investments:						
Alternative Investments	903	5,098	(82.3)	13,580	15,846	(14.3)
Other	-	-	N/M	-	(638)	N/M
Dividends	2,355	1,718	37.1	7,449	6,140	21.3
	<u>34,250</u>	<u>37,457</u>	<u>(8.6)</u>	<u>147,584</u>	<u>143,047</u>	<u>3.2</u>
Investment Expense	<u>2,142</u>	<u>2,144</u>	<u>(0.1)</u>	<u>8,876</u>	<u>8,404</u>	<u>5.6</u>
Net Investment Income Before Tax	32,108	35,313	(9.1)	138,708	134,643	3.0
Tax	7,573	8,952	(15.4)	34,501	33,233	3.8
Net Investment Income After Tax	\$ 24,535	26,361	(6.9)	\$ 104,207	101,410	2.8
Net Investment Income per Share	\$ 0.43	0.46	(6.5)	\$ 1.82	1.79	1.7

Effective Tax Rate	23.6%	25.4%	24.9%	24.7%
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Average Yields :

Fixed Income Securities:

Pre Tax	2.98%	3.06%
After Tax	2.24%	2.31%

Portfolio:

Pre Tax	2.95%	3.02%
After Tax	2.22%	2.28%

	Quarter Ended:		Year-to-date:	
	December	December	December	December
	2014	2013	2014	2013
Net Realized Gains (Losses)				
Fixed Income Securities	82	831	1,528	3,019
Equity Securities	109	(1,919)	25,650	20,620
Other Investments	<u>(580)</u>	<u>(120)</u>	<u>(579)</u>	<u>(2,907)</u>
Total	(389)	(1,208)	26,599	20,732
Net of Tax	(253)	(785)	17,289	13,476

As of December 31, 2014 year-to-date new money rates for fixed income securities were 2.5% on a pre-tax basis and 2.0% on an after tax-basis.

Selective Insurance Group, Inc.
Combined Insurance Company Subsidiaries
2014 Statutory Results by Line of Business
Quarter Ended December 2014 (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 2014	Combined Ratio 2013	Underwriting Gain/(Loss)
Standard Personal Lines:											
Homeowners	\$ 31,787	(0.9)%	\$ 33,442	2.0%	12.2%	7.9%	35.3%	0.0%	55.3%	85.1%	\$ 15,528
Auto	34,198	(2.6)%	37,374	(1.5)%	65.7%	5.9%	33.2%	0.0%	104.8%	115.1%	(730)
Other (including flood)	1,510	(59.3)%	2,192	(40.5)%	52.9%	6.0%	(124.5)%	0.0%	(65.6)%	(19.5)%	2,780
Total	\$ 67,494	(4.8)%	\$ 73,008	(1.9)%	40.8%	6.8%	30.6%	0.0%	78.2%	94.9%	\$ 17,578
Standard Commercial Lines:											
Commerical property	\$ 55,436	8.6%	\$ 62,076	5.1%	31.4%	4.9%	41.5%	0.3%	78.1%	82.7%	\$ 16,361
Workers compensation	62,209	(0.8)%	69,448	(1.0)%	64.9%	13.2%	31.2%	2.7%	112.1%	127.3%	(6,168)
General liability	98,183	8.2%	113,635	6.3%	31.9%	20.6%	38.2%	0.0%	90.7%	98.5%	16,506
Auto	74,792	9.9%	84,086	4.1%	60.4%	8.1%	35.7%	0.2%	104.4%	96.4%	(353)
Business owners policies	23,244	7.9%	21,991	8.3%	58.7%	1.3%	38.2%	0.0%	98.2%	90.0%	(92)
Bonds	4,387	21.1%	5,007	5.3%	16.1%	5.2%	71.5%	0.0%	92.8%	100.4%	802
Other	3,149	10.2%	3,378	7.3%	3.0%	0.4%	55.4%	0.0%	58.8%	54.6%	1,517
Total	\$ 321,399	6.9%	\$ 359,621	4.2%	46.0%	12.0%	37.4%	0.6%	96.0%	100.2%	\$ 28,573
E&S	\$ 44,693	27.5%	\$ 37,221	12.4%	15.6%	48.1%	32.9%	0.0%	96.6%	105.6%	\$ (1,207)
Total Insurance Operations	\$ 433,586	6.7%	\$ 469,850	3.8%	42.8%	14.0%	35.9%	0.5%	93.2%	99.6%	\$ 44,943

Note: Some amounts may not foot due to rounding.

	2014	2013
Losses Paid	\$ 210,724	\$ 204,847
LAE Paid	48,313	51,322
Total Paid	<u>\$ 259,037</u>	<u>\$ 256,169</u>

Selective Insurance Group, Inc.
Combined Insurance Company Subsidiaries
2014 Statutory Results by Line of Business
Year-to-date December 2014 (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 2014	Combined Ratio 2013	Underwriting Gain/(Loss)
Standard Personal Lines:											
Homeowners	\$ 135,825	2.7%	\$ 134,273	4.9%	55.5%	7.9%	33.5%	0.0%	96.9%	95.0%	\$ 3,576
Auto	149,093	(2.3)%	151,317	(1.3)%	61.3%	8.5%	31.7%	0.0%	101.5%	110.1%	(1,632)
Other (including flood)	7,143	(49.9)%	11,157	(22.2)%	55.5%	(1.0)%	(149.0)%	0.0%	(94.5)%	(29.9)%	15,730
Total	\$ 292,061	(2.4)%	\$ 296,747	0.4%	58.4%	7.9%	28.2%	0.0%	94.5%	96.9%	\$ 17,675
Standard Commercial Lines:											
Commerical property	\$ 253,625	6.8%	\$ 244,792	9.1%	55.0%	5.2%	37.0%	0.1%	97.3%	78.9%	\$ 3,366
Workers compensation	269,130	(2.9)%	274,585	2.6%	64.8%	15.1%	28.2%	2.0%	110.1%	120.6%	(26,294)
General liability	453,594	6.4%	444,938	9.8%	31.8%	17.9%	34.2%	0.0%	83.9%	96.2%	68,739
Auto	341,926	4.9%	333,310	7.2%	56.3%	7.8%	32.0%	0.1%	96.2%	96.4%	9,758
Business owners policies	89,248	8.6%	85,788	11.3%	63.5%	8.1%	37.1%	0.0%	108.7%	86.6%	(8,792)
Bonds	19,928	3.9%	19,288	1.5%	16.3%	6.0%	62.6%	0.0%	84.9%	83.5%	2,514
Other	13,597	8.3%	13,011	6.8%	0.6%	0.3%	51.0%	0.0%	51.9%	48.5%	5,959
Total	\$ 1,441,047	4.4%	\$ 1,415,712	7.5%	49.4%	11.9%	33.8%	0.4%	95.5%	97.1%	\$ 55,250
E&S	\$ 152,172	15.6%	\$ 140,150	12.0%	40.8%	23.7%	34.7%	0.0%	99.2%	102.9%	\$ (3,105)
Total Insurance Operations	\$ 1,885,280	4.1%	\$ 1,852,609	6.6%	50.2%	12.2%	33.0%	0.3%	95.7%	97.5%	\$ 69,818

Note: Some amounts may not foot due to rounding.

	2014	2013
Losses Paid	\$ 873,159	\$ 793,495
LAE Paid	187,491	184,870
Total Paid	<u>\$ 1,060,650</u>	<u>\$ 978,365</u>

Selective Insurance Group, Inc.
Combined Insurance Company Subsidiaries
2014 Net Catastrophe Losses and Prior Year Casualty Reserve Development
Statutory Results by Line of Business
(unaudited)

<u>Net Catastrophe Losses Incurred</u>	Quarter Ended				Year-to-Date			
	December 31, 2014		December 31, 2013		December 31, 2014		December 31, 2013	
	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
(\$ in thousands)								
Standard Personal Lines	\$ (3,334)	(4.6)%	\$ 2,668	3.6%	\$ 19,284	6.5%	\$ 19,807	6.7%
Standard Commercial Lines	\$ (4,065)	(1.1)%	\$ 10,882	3.2%	\$ 37,881	2.7%	\$ 23,010	1.7%
E&S	<u>\$ 420</u>	1.1%	<u>\$ 755</u>	2.3%	<u>\$ 2,805</u>	2.0%	<u>\$ 4,598</u>	3.7%
Total Insurance Operations	\$ (6,979)	(1.5)%	\$ 14,305	3.2%	\$ 59,971	3.2%	\$ 47,415	2.7%

<u>Prior Year Casualty Reserve Development</u> (Favorable) / Unfavorable	Quarter Ended				Year-to-Date			
	December 31, 2014		December 31, 2013		December 31, 2014		December 31, 2013	
	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
(\$ in thousands)								
Standard Personal Lines	\$ (3,000)	(4.1)%	\$ (2,000)	(2.7)%	\$ (9,000)	(3.0)%	\$ (5,500)	(1.9)%
Standard Commercial Lines	\$ (8,000)	(2.2)%	\$ (5,500)	(1.6)%	\$ (45,500)	(3.2)%	\$ (11,500)	(0.9)%
E&S	<u>\$ 2,000</u>	5.4%	<u>\$ -</u>	0.0%	<u>\$ 6,000</u>	4.3%	<u>\$ 2,500</u>	2.0%
Total Insurance Operations	\$ (9,000)	(1.9)%	\$ (7,500)	(1.7)%	\$ (48,500)	(2.6)%	\$ (14,500)	(0.8)%

Note: Some amounts may not foot due to rounding.

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

December 31, (\$ in thousands, except share amounts)	Unaudited 2014	2013
ASSETS		
Investments:		
Fixed income securities, held-to-maturity – at carrying value (fair value: \$333,961 – 2014; \$416,981 – 2013)	\$ 318,137	392,879
Fixed income securities, available-for-sale – at fair value (amortized cost: \$3,975,786 – 2014; \$3,675,977 – 2013)	4,066,122	3,715,536
Equity securities, available-for-sale – at fair value (cost: \$159,011 – 2014; \$155,350 – 2013)	191,400	192,771
Short-term investments (at cost which approximates fair value)	131,972	174,251
Other investments	99,203	107,875
Total investments	4,806,834	4,583,312
Cash	23,959	193
Interest and dividends due or accrued	38,901	37,382
Premiums receivable, net of allowance for uncollectible accounts of: \$4,137 – 2014; \$4,442 – 2013	558,778	524,870
Reinsurance recoverable, net	581,548	550,897
Prepaid reinsurance premiums	146,993	143,000
Current federal income tax	—	512
Deferred federal income tax	98,449	122,613
Property and equipment – at cost, net of accumulated depreciation and amortization of: \$172,183 – 2014; \$179,192 – 2013	59,416	50,834
Deferred policy acquisition costs	185,608	172,981
Goodwill	7,849	7,849
Other assets	73,215	75,727
Total assets	<u>\$ 6,581,550</u>	<u>6,270,170</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Reserve for loss and loss expenses	\$ 3,477,870	3,349,770
Unearned premiums	1,095,819	1,059,155
Notes payable	379,297	392,414
Current federal income tax	3,921	—
Accrued salaries and benefits	158,382	111,427
Other liabilities	190,675	203,476
Total liabilities	<u>\$ 5,305,964</u>	<u>5,116,242</u>
Stockholders' Equity:		
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: 99,947,933 – 2014; 99,120,235 – 2013	199,896	198,240
Additional paid-in capital	305,385	288,182
Retained earnings	1,313,440	1,202,015
Accumulated other comprehensive income	19,788	24,851
Treasury stock – at cost (shares: 43,353,181 – 2014; 43,198,622 – 2013)	(562,923)	(559,360)
Total stockholders' equity	<u>1,275,586</u>	<u>1,153,928</u>
Commitments and contingencies		
Total liabilities and stockholders' equity	<u>\$ 6,581,550</u>	<u>6,270,170</u>

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

	Unaudited Quarter Ended December 31,		Year Ended December 31,	
	2014	2013	Unaudited 2014	2013
(\$ in thousands, except per share amounts)				
Revenues:				
Net premiums earned	\$ 469,850	451,312	1,852,609	1,736,072
Net investment income earned	32,108	35,313	138,708	134,643
Net realized gains:				
Net realized investment gains	9,333	1,251	37,703	26,375
Other-than-temporary impairments	(9,722)	(2,459)	(11,104)	(5,566)
Other-than-temporary impairments on fixed income securities recognized in other comprehensive income	—	—	—	(77)
Total net realized (losses) gains	(389)	(1,208)	26,599	20,732
Other income	2,014	2,617	16,945	12,294
Total revenues	\$ 503,583	488,034	2,034,861	1,903,741
Expenses:				
Loss and loss expenses incurred	268,228	288,978	1,157,501	1,121,738
Policy acquisition costs	161,930	151,407	624,470	579,977
Interest expense	5,542	5,567	22,086	22,538
Other expenses	10,683	7,834	33,673	35,686
Total expenses	\$ 446,383	453,786	1,837,730	1,759,939
Income from continuing operations, before federal income tax	\$ 57,200	34,248	197,131	143,802
Federal income tax expense:				
Current	\$ 5,723	4,106	28,415	24,147
Deferred	10,127	4,807	26,889	12,240
Total federal income tax expense	15,850	8,913	55,304	36,387
Net income from continuing operations	\$ 41,350	25,335	141,827	107,415
Loss on disposal of discontinued operations, net of tax of \$(538) - 2013	—	—	—	(997)
Net income	\$ 41,350	25,335	141,827	106,418
Earnings per share:				
Basic net income from continuing operations	\$ 0.73	0.45	2.52	1.93
Basic net loss from discontinued operations	—	—	—	(0.02)
Basic net income	\$ 0.73	0.45	2.52	1.91
Diluted net income from continuing operations	\$ 0.72	0.44	2.47	1.89
Diluted net loss from discontinued operations	—	—	—	(0.02)
Diluted net income	\$ 0.72	0.44	2.47	1.87
Dividends to stockholders	\$ 0.14	0.13	0.53	0.52

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

December 31,

(\$ in thousands)

	Unaudited		
	2014	2013	2012
Net income	\$ 141,827	106,418	37,963
Other comprehensive income, net of tax:			
<i>Unrealized gains (losses) on investment securities:</i>			
Unrealized holding gains (losses) arising during period	47,411	(54,557)	30,937
Non-credit portion of other-than-temporary impairments recognized in other comprehensive income	—	50	1,660
Amount reclassified into net income:			
Held-to-maturity securities	(844)	(1,025)	(1,581)
Non-credit other-than-temporary impairments	1,085	9	182
Realized gains on available for sale securities	(18,762)	(15,301)	(6,118)
Total unrealized gains (losses) on investment securities	28,890	(70,824)	25,080
<i>Defined benefit pension and post-retirement plans:</i>			
Net actuarial (loss) gain	(35,189)	38,775	(17,268)
Amounts reclassified into net income:			
Net actuarial loss	1,236	2,843	3,837
Prior service cost	—	6	97
Curtailment expense	—	11	—
Total defined benefit pension and post-retirement plans	(33,953)	41,635	(13,334)
Other comprehensive (loss) income	(5,063)	(29,189)	11,746
Comprehensive income	\$ 136,764	77,229	49,709

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

December 31,

(\$ in thousands, except share amounts)

	Unaudited		
	2014	2013	2012
Common stock:			
Beginning of year	\$ 198,240	196,388	194,494
Dividend reinvestment plan (shares: 58,309 – 2014; 63,349 – 2013; 90,110 – 2012)	117	127	180
Stock purchase and compensation plans (shares: 769,389 – 2014; 862,662 – 2013; 857,403 – 2012)	1,539	1,725	1,714
End of year	<u>199,896</u>	<u>198,240</u>	<u>196,388</u>
Additional paid-in capital:			
Beginning of year	288,182	270,654	257,370
Dividend reinvestment plan	1,306	1,396	1,419
Stock purchase and compensation plans	15,897	16,132	11,865
End of year	<u>305,385</u>	<u>288,182</u>	<u>270,654</u>
Retained earnings:			
Beginning of year	1,202,015	1,125,154	1,116,319
Net income	141,827	106,418	37,963
Dividends to stockholders (\$0.53 per share – 2014; \$0.52 per share – 2013 and 2012)	(30,402)	(29,557)	(29,128)
End of year	<u>1,313,440</u>	<u>1,202,015</u>	<u>1,125,154</u>
Accumulated other comprehensive income:			
Beginning of year	24,851	54,040	42,294
Other comprehensive (loss) income	(5,063)	(29,189)	11,746
End of year	<u>19,788</u>	<u>24,851</u>	<u>54,040</u>
Treasury stock:			
Beginning of year	(559,360)	(555,644)	(552,149)
Acquisition of treasury stock (shares: 154,559 – 2014; 167,846 – 2013; 194,575 – 2012)	(3,563)	(3,716)	(3,495)
End of year	<u>(562,923)</u>	<u>(559,360)</u>	<u>(555,644)</u>
Total stockholders' equity	<u>\$ 1,275,586</u>	<u>1,153,928</u>	<u>1,090,592</u>

Selective Insurance Group, Inc.
Consolidated Statements of Cash Flow

December 31,

(\$ in thousands)

	Unaudited 2014	2013	2012
Operating Activities:			
Net Income	\$ 141,827	106,418	37,963
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>			
Depreciation and amortization	45,346	43,461	38,963
Sale of renewal rights	(8,000)	—	—
Loss on disposal of discontinued operations	—	997	—
Stock-based compensation expense	8,702	8,630	6,939
Undistributed (income) losses of equity method investments	(153)	202	1,651
Net realized gains	(26,599)	(20,732)	(8,988)
Net gain on disposal of property and equipment	(104)	—	—
Retirement income plan curtailment expense	—	16	—
<i>Changes in assets and liabilities:</i>			
Increase in reserves for loss and loss expenses, net of reinsurance recoverables	97,449	151,037	64,763
Increase in unearned premiums, net of prepaid reinsurance	32,671	74,086	82,764
Decrease (increase) in net federal income taxes	31,323	14,834	(7,812)
Increase in premiums receivable	(33,908)	(40,482)	(18,094)
Increase in deferred policy acquisition costs	(12,627)	(17,458)	(19,762)
(Increase) decrease in interest and dividends due or accrued	(1,536)	(1,372)	468
(Decrease) increase in accrued salaries and benefits	(7,182)	18,685	6,533
(Decrease) increase in accrued insurance expenses	(956)	14,444	8,831
(Decrease) increase in other assets and other liabilities	(33,490)	(16,642)	32,750
Net adjustments	90,936	229,706	188,736
Net cash provided by operating activities	232,763	336,124	226,699
Investing Activities:			
Purchase of fixed income securities, available-for-sale	(843,616)	(1,069,387)	(884,911)
Purchase of equity securities, available-for-sale	(186,019)	(118,072)	(83,833)
Purchase of other investments	(10,617)	(9,332)	(12,990)
Purchase of short-term investments	(1,410,123)	(2,056,576)	(1,735,691)
Purchase of subsidiary, net of cash acquired	—	—	255
Sale of subsidiary	—	1,225	751
Sale of fixed maturity securities, available-for-sale	51,002	20,126	103,572
Sale of short-term investments	1,452,402	2,096,805	1,738,255
Redemption and maturities of fixed income securities, held-to-maturity	73,415	116,584	118,260
Redemption and maturities of fixed income securities, available-for-sale	482,816	513,804	439,957
Sale of equity securities, available-for-sale	208,008	115,782	101,740
Distributions from other investments	20,774	12,039	24,801
Sale of other investments	—	—	1
Purchase of property and equipment	(15,510)	(14,023)	(12,879)
Sale of renewal rights	8,000	—	—
Net cash used in investing activities	(169,468)	(391,025)	(202,712)
Financing Activities:			
Dividends to stockholders	(28,428)	(27,416)	(26,944)
Acquisition of treasury stock	(3,563)	(3,716)	(3,495)
Net proceeds from stock purchase and compensation plans	7,283	7,119	4,840
Proceeds from issuance of notes payable, net of debt issuance costs	—	178,435	—
Repayment of borrowings	(13,000)	—	—
Repayment of notes payable	—	(100,000)	—
Excess tax benefits from share-based payment arrangements	1,020	1,545	1,060
Repayment of capital lease obligations	(2,841)	(1,083)	—
Net cash (used in) provided by financing activities	(39,529)	54,884	(24,539)
Net increase (decrease) in cash	23,766	(17)	(552)
Cash, beginning of year	193	210	762
Cash, end of year	\$ 23,959	193	210

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

(\$ in thousands)	December 31, 2014	December 31, 2013
ASSETS		
Bonds	\$ 4,241,580	4,010,464
Common stocks	191,400	192,771
Affiliated mortgage loan	35,961	36,721
Other investments	152,154	173,856
Short-term investments	115,342	158,827
Total investments	4,736,437	4,572,639
Cash on hand and in banks	12,381	(31,186)
Interest and dividends due and accrued	38,908	37,267
Premiums receivable	556,086	522,907
Reinsurance recoverable on paid losses and expenses	9,570	10,059
Deferred tax recoverable	147,610	154,320
EDP equipment	518	913
Equities and deposits in pools and associations	9,915	9,555
Receivable for sold securities	34	7
Other assets	26,629	30,671
Total assets	\$ 5,538,088	5,307,152
LIABILITIES		
Reserve for losses	\$ 2,398,531	2,341,476
Reinsurance payable on paid loss and loss expense	2,957	2,557
Reserve for loss expenses	493,510	455,983
Unearned premiums	948,826	916,155
Reserve for commissions payable	70,259	63,482
Ceded balances payable	29,624	33,721
Federal income tax payable	20,524	27,749
Premium and other taxes payable	20,137	27,870
Borrowed money	45,027	58,044
Reserve for dividends to policyholders	3,895	2,070
Reserves for unauthorized reinsurance	7,661	2,735
Payable for securities	19,950	-
Funds withheld on account of others	7,473	6,623
Accrued salaries and benefits	64,207	65,053
Other liabilities	97,665	47,203
Total liabilities	4,230,246	4,050,721
POLICYHOLDERS' SURPLUS		
Capital	42,725	42,725
Paid in surplus	492,869	492,869
Unassigned surplus	772,248	720,837
Total policyholders' surplus	1,307,842	1,256,431
Total liabilities and policyholders' surplus	\$ 5,538,088	5,307,152

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

(\$ in thousands)	Quarter Ended December				Year-to-Date December			
	2014		2013		2014		2013	
UNDERWRITING								
Net premiums written	\$ 433,586		406,475		1,885,280		1,811,524	
Net premiums earned	469,850		452,677		1,852,609		1,737,437	
Net losses paid	210,724		204,847		873,159		793,495	
Change in reserve for losses	(9,756)		24,515		57,055		114,618	
Net losses incurred	200,968	42.8%	229,362	50.7%	930,214	50.2%	908,113	52.2%
Net loss expenses paid	48,313		51,322		187,491		184,870	
Change in reserve for loss expenses	17,577		8,145		37,526		28,423	
Net loss expenses incurred	65,890	14.0%	59,467	13.1%	225,017	12.2%	213,293	12.3%
Net underwriting expenses incurred	157,373	36.2%	146,967	36.1%	635,760	33.7%	602,698	33.3%
Total deductions	424,231		435,796		1,790,991		1,724,104	
Statutory underwriting gain	45,619		16,881		61,618		13,333	
Net loss from premium balances charged off	(54)		(676)		(2,822)		(2,697)	
Finance charges and other income	1,617		2,834		17,204		13,078	
Total other income	1,563	-0.3%	2,158	-0.5%	14,382	-0.7%	10,381	-0.5%
Policyholders' dividends incurred	(2,239)	0.5%	(882)	0.2%	(6,182)	0.3%	(4,275)	0.2%
Total underwriting gain	44,943	93.2%	18,157	99.6%	69,818	95.7%	19,439	97.5%
INVESTMENT								
Net investment income earned	31,745		35,246		137,670		134,866	
Net realized gain (loss)	(389)		(5,200)		26,594		14,593	
Total income before income tax	76,299		48,203		234,082		168,898	
Federal income tax expense	11,775		3,773		43,827		46,710	
Net income	\$ 64,524		44,430		190,255		122,188	
Policyholders' Surplus								
Surplus, beginning of period	\$ 1,323,097		1,194,797		1,256,431		1,050,107	
Net income	64,524		44,430		190,255		122,188	
Change in deferred taxes	8,146		(11,861)		(2,016)		(5,657)	
Change in net unrealized capital (losses) / gains	693		12,759		(3,721)		16,434	
Dividends to stockholders	(14,378)		(6,685)		(57,511)		(32,129)	
Paid in surplus	-		-		-		57,125	
Change in reserve for unauthorized	(4,927)		4,764		(4,927)		4,764	
Change in non-admitted assets	(15,801)		11,399		(18,004)		27,099	
Change in Overfunded Contra Asset	(1,285)		(503)		(5,925)		(11,594)	
Qual Pen Trans Liab	(50,660)		8,427		(45,214)		(23,605)	
Excess Plan Trans Liab	(1,400)		(432)		(1,377)		(994)	
PRL Plan Trans Liab	(167)		242		(149)		(947)	
Change in minimum pension liability	-		-		-		54,755	
Surplus adjustments	-		(906)		-		(1,115)	
Net change in surplus for period	(15,255)		61,634		51,411		206,324	
Surplus, end of period	\$ 1,307,842		1,256,431		1,307,842		1,256,431	
Statutory underwriting gain	\$ 44,943		18,157		69,818		19,439	
Adjustments under GAAP:								
Deferred policy acquisition costs	(4,074)		(4,229)		12,626		17,458	
Pension costs	(136)		(116)		(429)		5,606	
Other, net	(2,096)		(1,841)		(3,872)		(3,737)	
GAAP underwriting gain	\$ 38,637		11,971		78,143		38,766	

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

Selective Insurance Group, Inc. and Consolidated Subsidiaries
Alternative Investments
as of December 31, 2014
(unaudited)

Fund	Inception Year	Original Commitment	Remaining Commitment	Current Market Value	YTD Income	DPI⁽¹⁾ Ratio	TVPI⁽²⁾ Ratio
Real Estate							
Silverpeak RE II	2005	20,000,000	2,142,141	8,874,486	1,771,424	0.67	1.09
Silverpeak RE III	2008	15,000,000	7,909,214	2,577,523	(31,973)	0.07	0.43
Total - Real Estate		35,000,000	10,051,355	11,452,009	1,739,452	0.51	0.92
Mezzanine Financing							
Neovara Euro Mezz	2004	9,000,000	-	1	-	0.98	0.98
GS Mezz V	2007	25,000,000	10,223,976	5,401,666	1,033,604	1.03	1.32
New Canaan V	2012	7,000,000	1,473,310	3,466,536	516,293	0.49	1.12
Centerfield Capital	2012	3,000,000	1,843,500	985,030	44,805	0.13	0.99
Total - Mezz. Financing		44,000,000	13,540,787	9,853,233	1,594,702	0.91	1.17
Distressed Debt							
Varde VIII	2006	10,000,000	-	2,331,563	506,633	1.11	1.35
Distressed Managers III	2007	15,000,000	2,982,132	6,347,694	645,767	0.75	1.23
Total - Distressed Debt		25,000,000	2,982,132	8,679,257	1,152,400	0.91	1.28
Private Equity							
Prospector	1997	5,000,000	-	409,742	2,973	2.79	2.88
Trilantic Capital Partners III	2004	10,000,000	1,455,947	2,495,030	261,132	1.63	1.89
NB Co-Invest	2006	15,000,000	1,476,418	6,781,167	995,206	0.96	1.42
Trilantic Capital Partners IV	2007	11,098,351	1,321,501	8,175,671	884,137	1.02	1.76
Trilantic Capital Partners V	2012	7,000,000	4,636,211	2,263,961	137,102	-	0.96
Total - Private Equity		48,098,351	8,890,077	20,125,571	2,280,551	1.29	1.76
Private Equity, Secondary Market							
NB SOF	2005	12,000,000	899,494	3,567,937	188,914	1.02	1.34
Vintage IV	2007	20,000,000	4,122,656	11,531,938	892,851	0.77	1.36
NB SOF II	2008	12,000,000	1,978,288	6,707,251	1,059,532	0.96	1.50
Total - Pvt. Eq. Sec. Mkt.		44,000,000	7,000,438	21,807,125	2,141,297	0.89	1.40
Energy/Power Generation							
ArcLight I	2002	15,000,000	-	12,455	(24,079)	1.81	1.81
ArcLight II	2003	15,000,000	2,295,492	553,066	(455,491)	1.38	1.41
ArcLight III	2006	15,000,000	2,037,794	3,079,880	894,818	1.23	1.42
Quintana Energy	2006	10,000,000	284,272	8,333,018	1,510,737	0.60	1.45
ArcLight IV	2007	10,000,000	2,287,578	2,466,956	1,771,299	1.20	1.44
Arclight VI	2014	15,000,000	15,000,000	-	-	-	-
Total - Energy/Power Generation		80,000,000	21,905,136	14,445,375	3,697,284	1.31	1.51
Venture Capital							
Venture V	2001	9,600,000	350,000	6,605,440	974,026	0.69	1.40
Total - Venture Capital		9,600,000	350,000	6,605,440	974,026	0.69	1.40
TOTAL - ALTERNATIVE INVESTMENTS							
		\$ 285,698,351	64,719,924	92,968,010	13,579,712	1.03	1.39

⁽¹⁾ Distributed to paid in ratio

⁽²⁾ Total value to paid in ratio

Exhibit may not foot due to rounding

Selective Insurance Group, Inc. and Consolidated Subsidiaries
Credit Quality of Available-for-Sale Fixed Income Securities
December 31, 2014
(unaudited)

(\$ in millions)	Fair Value	Unrealized Gain (Loss)	Weighted Average Credit Quality
AFS Fixed Income Portfolio:			
U.S. government obligations	\$ 124.1	7.4	AA+
Foreign government obligations	27.8	0.8	AA-
State and municipal obligations	1,246.3	37.5	AA
Corporate securities	1,799.8	36.4	A-
Asset-backed securities ("ABS")	177.2	0.4	AAA
Mortgage-backed securities ("MBS")	690.9	7.8	AA+
Total AFS fixed income portfolio	<u>\$ 4,066.1</u>	<u>90.3</u>	<u>AA-</u>
State and Municipal Obligations:			
General obligations	\$ 563.4	15.9	AA+
Special revenue obligations	682.9	21.6	AA
Total state and municipal obligations	<u>\$ 1,246.3</u>	<u>37.5</u>	<u>AA</u>
Corporate Securities:			
Financial	\$ 565.5	11.3	A
Industrials	146.9	4.2	A-
Utilities	151.0	2.0	BBB+
Consumer discretionary	207.9	5.1	A-
Consumer staples	171.1	3.3	A-
Healthcare	170.8	4.7	A
Materials	112.6	2.4	BBB+
Energy	103.4	0.2	A-
Information technology	116.7	1.9	A+
Telecommunications services	51.1	1.0	BBB+
Other	2.8	0.3	AA
Total corporate securities	<u>\$ 1,799.8</u>	<u>36.4</u>	<u>A-</u>
ABS:			
ABS	\$ 176.7	0.3	AAA
Sub-prime ABS ¹	0.5	0.1	CCC
Total ABS	<u>\$ 177.2</u>	<u>0.4</u>	<u>AAA</u>
MBS:			
Government guaranteed agency commercial MBS ("CMBS")	\$ 14.5	0.3	AA+
Other agency CMBS	13.6	(0.1)	AA+
Non-agency CMBS	151.5	1.4	AA+
Government guaranteed agency residential MBS ("RMBS")	32.4	0.8	AA+
Other agency RMBS	453.5	5.1	AA+
Non-agency RMBS	21.7	0.2	BB+
Alternative-A ("Alt-A") RMBS	3.7	0.1	A
Total MBS	<u>\$ 690.9</u>	<u>7.8</u>	<u>AA+</u>

¹Subprime ABS includes one security whose issuer is currently expected by rating agencies to default on its obligations. We define sub-prime exposure as exposure to direct and indirect investments in non-agency residential mortgages with average FICO® scores below 650.

Selective Insurance Group, Inc. and Consolidated Subsidiaries
Credit Quality of Held-to-Maturity Fixed Income Securities
December 31, 2014
(unaudited)

(\$ in millions)	Fair Value	Carry Value	Unrecognized Holding Gain	Unrealized Gain (Loss) in Accumulated Other Comprehensive Income	Total Unrealized/Unrecognized Gain	Weighted Average Credit Quality
HTM Fixed Income Portfolio:						
Foreign government obligations	\$ 5.4	5.3	0.1	—	0.1	AA+
State and municipal obligations	299.1	287.4	11.7	2.1	13.8	AA
Corporate securities	21.4	18.6	2.8	(0.3)	2.5	A+
ABS	2.9	2.4	0.5	(0.5)	—	AAA
MBS	5.2	4.4	0.8	(0.4)	0.4	AAA
Total HTM fixed income portfolio	<u>\$ 334.0</u>	<u>318.1</u>	<u>15.9</u>	<u>0.9</u>	<u>16.8</u>	<u>AA</u>
State and Municipal Obligations:						
General obligations	\$ 97.8	94.6	3.2	1.0	4.2	AA
Special revenue obligations	201.3	192.8	8.5	1.1	9.6	AA
Total state and municipal obligations	<u>\$ 299.1</u>	<u>287.4</u>	<u>11.7</u>	<u>2.1</u>	<u>13.8</u>	<u>AA</u>
Corporate Securities:						
Financial	\$ 2.2	1.9	0.3	(0.1)	0.2	A-
Industrials	6.7	5.7	1.0	(0.2)	0.8	A+
Utilities	12.5	11.0	1.5	—	1.5	A+
Total corporate securities	<u>\$ 21.4</u>	<u>18.6</u>	<u>2.8</u>	<u>(0.3)</u>	<u>2.5</u>	<u>A+</u>
ABS:						
ABS	\$ 0.6	0.6	—	—	—	AA
Alt-A ABS	2.3	1.8	0.5	(0.5)	—	AAA
Total ABS	<u>\$ 2.9</u>	<u>2.4</u>	<u>0.5</u>	<u>(0.5)</u>	<u>—</u>	<u>AAA</u>
MBS:						
Non-agency CMBS	\$ 5.2	4.4	0.8	(0.4)	0.4	AAA
Total MBS	<u>\$ 5.2</u>	<u>4.4</u>	<u>0.8</u>	<u>(0.4)</u>	<u>0.4</u>	<u>AAA</u>