



Supplemental Investor Package

Second Quarter 2011

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SELECTIVE INSURANCE GROUP, INC.
SECOND QUARTER 2011 INVESTOR PACKAGE
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Selective Insurance Group Reports
Second Quarter 2011 Earnings

Branchville, NJ – July 27, 2011 – Selective Insurance Group, Inc. (NASDAQ: SIGI) today reported its financial results for the second quarter ended June 30, 2011. Net income for the quarter was \$0.04 per diluted share and operating income¹ was \$0.01 per diluted share. Net investment income, after tax, increased 5% to \$29.4 million compared to second quarter 2010.

“The industry experienced unprecedented catastrophe losses due to severe storms thus far this year, but on a relative basis ours were not of the same magnitude,” said Chairman, President and Chief Executive Officer Gregory E. Murphy. “Selective’s catastrophe losses for the quarter were \$38 million or 10.7 points on the statutory combined ratio of 109.5%.

“Catastrophe losses aside, the underlying good news is that the market appears to be firming,” said Murphy. “We had a solid quarter with our Commercial Lines net premiums written up 6%. Retention also was strong as we saw movement in commercial lines pricing, reducing the highly competitive nature of the marketplace. Selective’s commercial lines renewal price increased 2.6% for the quarter – our ninth consecutive quarter of positive commercial lines renewal pricing.

“Additional signs that the economy has improved were audit and endorsement premiums that were positive \$3 million this quarter compared to \$15 million in return premium in the second quarter of 2010. After-tax investment income also was up 5% to \$29 million this quarter with alternative investment income of \$5 million driving the increase,” concluded Murphy.

Selective’s second quarter 2011 highlights compared to second quarter 2010:

- Net income was down 88% to \$2.3 million, or \$0.04 per diluted share, compared to \$18.8 million, or \$0.35 per diluted share;
- Net realized gains on investments were \$1.4 million, after tax, or \$0.03 per diluted share, compared to net realized losses of \$2.1 million, after tax;

- Operating income¹ decreased 96% to \$0.9 million, or \$0.01 per diluted share, compared to \$22.2 million, or \$0.41 per diluted share;
- Combined ratio: GAAP: 109.2% compared to 100.9%; Statutory: 109.5% compared to 101.0%;
- Total net premiums written (NPW) were up 6% to \$374.5 million;
 - o Commercial Lines NPW were up 6% to \$303.3 million;
 - o Personal Lines NPW were up 7% to \$71.2 million;
- Catastrophe losses were \$24.8 million, after tax, versus \$10.4 million, after tax;
- Net investment income, after tax, increased 5% to \$29.4 million; and
- Prior year casualty reserve development was favorable at approximately \$5 million compared to \$12 million.

For the six months ended June 30, 2011, compared to the first six months of 2010:

- Net income was \$23.9 million, or \$0.43 per diluted share, compared to \$24.6 million, or \$0.45 per diluted share;
- Net realized gains on investments were \$5.1 million, after tax, or \$0.09 per diluted share, compared to net realized losses of \$2.2 million, after tax;
- Operating income¹ was \$18.7 million, or \$0.34 per diluted share, compared to \$28.8 million, or \$0.53 per diluted share;
- Combined ratio: GAAP: 106.2% compared to 102.5%; Statutory: 106.1% compared to 101.9%;
- Total NPW were up 2% to \$736.3 million;
 - o Commercial Lines NPW were up 1% to \$603.6 million;
 - o Personal Lines NPW were up 8% to \$132.7 million;
- Catastrophe losses were \$29.2 million, after tax, versus \$26.1 million, after tax;
- Net investment income, after tax, increased 12% to \$61.5 million; and
- Prior year casualty reserve development was favorable at approximately \$9 million compared to \$21 million.

Balance Sheet and Guidance

At June 30, 2011, Selective's assets were \$5.4 billion, up 3% over year-end 2010. Stockholders' equity was up 3% to \$1.1 billion and book value per share increased 1% to \$20.33 for the quarter. Statutory surplus ended the quarter at \$1.1 billion.

Selective's Board of Directors declared a \$0.13 per share quarterly cash dividend on common stock payable September 1, 2011 to stockholders of record as of August 15, 2011.

Selective expects to generate overall full year statutory and GAAP combined ratios of between 104% and 105%, which include a catastrophe loss assumption of four points for the full year and no assumptions for additional reserve development, favorable or unfavorable. Weighted average shares at year-end 2011 are expected to be approximately 55 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 July 28, 2011 at www.selective.com. The webcast will be available for rebroadcast until the close of business on August 26, 2011.

About Selective Insurance Group, Inc.

Selective Insurance Group, Inc. is a holding company for seven property and casualty insurance companies rated "A+" (Superior) 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 June 30:</u>	<u>2011</u>	<u>2010</u>
Net premiums written	\$ 374,503	353,524
Net premiums earned	355,580	352,190
Net investment income earned	39,345	36,545
Net realized gains (losses)	2,146	(3,264)
Total revenues	399,570	387,718
Operating income	930	22,212
Net realized gains (losses), net of tax	1,395	(2,121)
Loss from discontinued operations, net of tax	-	(1,325)
Net income	\$ <u>2,325</u>	<u>18,766</u>
Statutory combined ratio	109.5%	101.0%
Statutory combined ratio, excluding catastrophe losses	98.8%	96.5%
GAAP combined ratio	109.2%	100.9%
Operating income per diluted share	\$ 0.01	0.41
Net income per diluted share	0.04	0.35
Weighted average diluted shares	55,135	54,361
Book value per share	\$ 20.33	19.65
<u>6 months ended June 30:</u>	<u>2011</u>	<u>2010</u>
Net premiums written	\$ 736,338	721,615
Net premiums earned	706,923	708,392
Net investment income earned	82,818	71,251
Net realized gains (losses)	7,906	(3,328)
Total revenues	803,026	780,830
Operating income	18,735	28,847
Net realized gains (losses), net of tax	5,139	(2,163)
Loss from discontinued operations, net of tax	-	(2,115)
Net income	\$ <u>23,874</u>	<u>24,569</u>
Statutory combined ratio	106.1%	101.9%
Statutory combined ratio, excluding catastrophe losses	99.7%	96.2%
GAAP combined ratio	106.2%	102.5%
Operating income per diluted share	\$ 0.34	0.53
Net income per diluted share	0.43	0.45
Weighted average diluted shares	55,092	54,289
Book value per share	\$ 20.33	19.65

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

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Selective Insurance Group, Inc.
Selected Balance Sheet Data (unaudited)
(\$ in thousands, except per share amounts)

	June 30, 2011			June 30, 2010			December 31, 2010		
	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain/(Loss)	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain/(Loss)	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain/(Loss)
Invested Assets:									
Corporate bonds ^{1,3}	\$ 1,833,490	1,852,486	52,861	\$ 1,286,319	1,307,263	42,693	\$ 1,683,336	1,704,600	35,334
Gov't\ Municipal bonds ³	1,762,325	1,793,729	91,461	2,045,946	2,073,991	94,726	1,873,730	1,894,436	77,913
Total bonds	3,595,815	3,646,215	144,322	3,332,265	3,381,254	137,419	3,557,066	3,599,036	113,247
Equities	136,577	136,577	8,390	60,988	60,988	1,129	69,636	69,636	11,597
Short-term investments	142,809	142,809	-	343,900	343,900	-	161,155	161,155	-
Other investments	132,137	132,137	(4,255)	153,475	153,475	(20,949)	137,865	137,865	(4,982)
Total invested assets	4,007,338	4,057,738	148,457	3,890,628	3,939,617	117,599	3,925,722	3,967,692	119,862
Invested assets per \$ of stockholders' equity	3.64			3.71			3.67		
Total assets	5,369,648			5,226,934			5,231,772		
Liabilities:									
Reserve for losses and loss expenses	2,898,592			2,805,841			2,830,058		
Unearned premium reserve	858,627			856,931			823,596		
Total liabilities	4,268,614			4,177,430			4,160,663		
Stockholders' equity	1,101,034			1,049,504			1,071,109		
Total debt to capitalization ratio	19.2%			20.0%			19.7%		
Adjusted total debt to capitalization ratio ²	12.6%			13.1%			12.9%		
Book value per share	20.33			19.65			19.95		
Book value per share excluding unrealized gain or loss on bond portfolio	19.20			18.57			19.09		
NPW per insurance segment employee	760			754			761		
Statutory premiums to surplus ratio	1.3x			1.4x			1.3x		
Statutory surplus	1,070,297			1,008,534			1,073,025		

¹ Includes mortgage-backed and asset-backed securities.

² The adjusted debt to capitalization ratio reflects an estimated equity treatment of 90% applied to our \$100 million Junior Subordinated Notes issued September 25, 2006 as applied by A.M. Best.

³ Certain prior year amounts were reclassified to conform with current year presentation.

Selective Insurance Group, Inc.

Selected Income Statement Data (unaudited)

June 2011

(\$ in thousands, except per share amounts)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2011		2010		2011		2010	
	Per diluted share		Per diluted share		Per diluted share		Per diluted share	
Consolidated								
Revenue	\$	399,570	\$	387,718	\$	803,026	\$	780,830
Operating income		930		22,212		18,735		28,847
Net realized gains (losses), after tax		1,395		(2,121)		5,139		(2,163)
Income from continuing operations		2,325		20,091		23,874		26,684
Loss on discontinued operations, after tax		-		(1,325)		-		(2,115)
Net income		2,325		18,766		23,874		24,569
Operating return on equity		0.3%		8.6%		3.5%		5.6%
Insurance Operations								
Gross premiums written		449,132		415,860		878,127		848,938
Net premiums written		374,503		353,524		736,338		721,615
Net premiums earned		355,580		352,190		706,923		708,392
Underwriting loss - before tax		(32,682)		(3,161)		(43,766)		(17,766)
- after tax		(21,243)	(0.39)	(2,055)	(0.04)	(28,448)	(0.52)	(11,548)
GAAP combined ratio		109.2%		100.9%		106.2%		102.5%
Commercial lines								
Net premiums earned		290,295		293,001		577,058		590,909
GAAP combined ratio		107.7%		98.9%		104.7%		101.3%
Personal lines								
Net premiums earned		65,285		59,189		129,865		117,483
GAAP combined ratio		115.9%		110.9%		112.8%		108.6%
Investments								
Net investment income - before tax		39,345		36,545		82,818		71,251
- after tax		29,420	0.53	27,928	0.51	61,545	1.12	54,753
Effective tax rate		25.2%		23.6%		25.7%		23.2%
Annual after-tax yield on investment portfolio						3.1%		2.9%
Annual after-tax, after-interest expense yield						2.8%		2.5%
Invested assets per \$ of stockholders' equity						3.64		3.71
Other expenses (net of other income)								
Interest expense - before tax		(4,559)		(4,655)		(9,116)		(9,497)
- after tax		(2,963)	(0.05)	(3,026)	(0.06)	(5,925)	(0.11)	(6,173)
Other - after tax	\$	(4,284)	(0.08)	\$	(635)	-	\$	(8,185)
Diluted weighted avg shares outstanding		55,135		54,361		55,092		54,289

Selective Insurance Group, Inc. and Consolidated Subsidiaries

GAAP Investment Income

(unaudited)

(\$ in thousands)

	For the three months ended June 2011	June 2010	% Increase (Decrease)	Year to date June 2011	June 2010	% Increase (Decrease)
Investment Income:						
Interest:						
Fixed Maturity Securities	\$ 32,752	32,977	(1)	\$ 65,875	66,173	(0)
Short-term	33	133	(75)	95	233	(59)
Alternative Investments	7,900	4,868	62	19,541	8,763	123
Dividends	785	480	64	1,102	932	18
Miscellaneous	22	16	38	47	53	(11)
	<u>41,492</u>	<u>38,474</u>	<u>8</u>	<u>86,660</u>	<u>76,154</u>	<u>14</u>
Investment Expense	<u>2,147</u>	<u>1,929</u>	<u>11</u>	<u>3,842</u>	<u>4,903</u>	<u>(22)</u>
Net Investment Income Before Tax	39,345	36,545	8	82,818	71,251	16
Tax	9,925	8,617	15	21,273	16,498	29
Net Investment Income After Tax	29,420	27,928	5	\$ 61,545	54,753	12
Net Investment Income per Share	\$ 0.53	0.51	4	\$ 1.12	1.01	11
Effective Tax Rate	25.2%	23.6%		25.7%	23.2%	
Average Yields :						
Fixed Maturity Securities:						
Pre Tax				3.52%	3.71%	
After Tax				2.71%	2.91%	
Portfolio:						
Pre Tax				4.18%	3.72%	
After Tax				3.10%	2.85%	
	For the three months ended	June		Year to date	June	
	June	2010		June	2010	
Net Realized Gains (Losses)	<u>2011</u>	<u>2010</u>		<u>2011</u>	<u>2010</u>	
Fixed Maturities	1,678	(12,586)		1,235	(16,597)	
Equity Securities	<u>468</u>	<u>9,322</u>		<u>6,671</u>	<u>13,269</u>	
Total	2,146	(3,264)		7,906	(3,328)	
Net of Tax	1,395	(2,121)		5,139	(2,163)	

As of June 30, 2011 new money rates for taxable fixed maturity securities were 2.51% on a pre-tax basis and 1.63% on an after-tax basis.

Selective Insurance Group, Inc.
2011 Statutory Results by Line of Business
2nd Qtr 2011 (unaudited)
(\$ in thousands)

	Net Premiums <u>Written</u>	Percent <u>Change</u>	Net Premiums <u>Earned</u>	Percent <u>Change</u>	Loss <u>Ratio</u>	LAE <u>Ratio</u>	Underwriting Expense <u>Ratio</u>	Dividends to Policyholders <u>Ratio</u>	Combined Ratio <u>2011</u>	Combined Ratio <u>2010</u>	Underwriting Gain/(Loss)
Personal Lines:											
Homeowners	\$ 28,713	14.3%	\$ 25,060	18.6%	87.8%	9.7%	29.5%	0.0%	127.0%	108.3%	\$ (7,851)
Auto	39,222	1.9%	37,189	5.5%	73.8%	10.9%	30.1%	0.0%	114.8%	112.5%	(6,116)
Other (including flood)	3,263	7.4%	3,036	7.7%	93.9%	(17.8)%	(52.9)%	0.0%	23.2%	39.0%	2,452
Total	\$ 71,198	6.8%	\$ 65,285	10.3%	80.1%	9.1%	26.1%	0.0%	115.3%	107.6%	\$ (11,514)
Commercial Lines:											
Commercial property	\$ 49,050	(0.9)%	\$ 47,877	(4.8)%	87.5%	5.7%	37.7%	0.0%	130.9%	90.3%	\$ (15,222)
Workers compensation	66,705	16.3%	63,855	2.9%	71.4%	16.0%	26.6%	2.3%	116.3%	127.4%	(11,163)
General liability	90,463	8.3%	85,672	2.0%	52.6%	16.7%	33.7%	0.0%	103.0%	93.5%	(4,183)
Auto	72,740	(0.0)%	69,199	(5.4)%	53.4%	7.4%	31.7%	0.0%	92.5%	87.9%	4,084
Business owners policies	16,675	3.5%	16,407	1.6%	67.5%	13.2%	39.6%	0.0%	120.3%	125.0%	(3,438)
Bonds	5,114	(0.6)%	4,725	(2.1)%	19.2%	8.3%	61.4%	0.0%	88.9%	76.0%	286
Other	2,558	3.1%	2,561	1.8%	0.0%	0.2%	43.9%	0.0%	44.1%	45.8%	1,433
Total	\$ 303,305	5.7%	\$ 290,295	(0.9)%	62.5%	12.0%	33.2%	0.5%	108.2%	99.9%	\$ (28,202)
Grand Total	\$ 374,503	5.9%	\$ 355,580	1.0%	65.7%	11.5%	31.9%	0.4%	109.5%	101.0%	\$ (39,716)

Note: Some amounts may not foot due to rounding.

	<u>2011</u>	<u>2010</u>
Losses Paid	\$ 208,085	\$ 187,347
LAE Paid	39,894	38,508
Total Paid	<u>\$ 247,979</u>	<u>\$ 225,855</u>

Selective Insurance Group, Inc.
2011 Statutory Results by Line of Business
June 2011 YTD (unaudited)
(\$ in thousands)

	<u>Net Premiums Written</u>	<u>Percent Change</u>	<u>Net Premiums Earned</u>	<u>Percent Change</u>	<u>Loss Ratio</u>	<u>LAE Ratio</u>	<u>Underwriting Expense Ratio</u>	<u>Dividends to Policyholders Ratio</u>	<u>Combined Ratio 2011</u>	<u>Combined Ratio 2010</u>	<u>Underwriting Gain/(Loss)</u>
Personal Lines:											
Homeowners	\$ 50,908	17.3%	\$ 49,615	19.2%	78.9%	8.8%	31.6%	0.0%	119.3%	111.2%	\$ (9,989)
Auto	75,617	2.4%	74,151	6.6%	74.8%	11.1%	30.9%	0.0%	116.8%	114.0%	(12,902)
Other (including flood)	6,173	10.3%	6,099	(3.2)%	84.7%	(16.8)%	(47.0)%	0.0%	20.9%	(0.3)%	4,857
Total	\$ 132,699	8.0%	\$ 129,865	10.5%	76.8%	8.9%	27.6%	0.0%	113.3%	107.3%	\$ (18,034)
Commercial Lines:											
Commerical property	\$ 97,380	(2.3)%	\$ 96,070	(4.5)%	65.6%	5.6%	37.5%	0.1%	108.8%	99.3%	\$ (8,915)
Workers compensation	134,473	3.8%	126,381	(0.3)%	76.0%	16.0%	25.4%	2.1%	119.5%	121.7%	(26,708)
General liability	179,235	3.6%	168,238	(0.6)%	51.4%	17.1%	33.2%	0.0%	101.7%	93.2%	(6,459)
Auto	144,469	(2.6)%	138,869	(5.8)%	54.9%	6.4%	31.0%	0.1%	92.4%	89.4%	8,858
Business owners policies	33,143	(0.3)%	32,892	1.4%	63.7%	13.4%	39.0%	0.0%	116.1%	129.5%	(5,409)
Bonds	9,635	(2.1)%	9,492	0.6%	12.9%	6.9%	61.2%	0.0%	81.0%	84.0%	1,713
Other	5,303	1.8%	5,117	1.9%	2.2%	0.2%	43.2%	0.0%	45.6%	46.6%	2,704
Total	\$ 603,639	0.8%	\$ 577,058	(2.3)%	59.6%	11.9%	32.4%	0.5%	104.4%	100.8%	\$ (34,215)
Grand Total	\$ 736,338	2.0%	\$ 706,923	(0.2)%	62.8%	11.3%	31.6%	0.4%	106.1%	101.9%	\$ (52,249)

Note: Some amounts may not foot due to rounding.

	<u>2011</u>	<u>2010</u>
Losses Paid	\$ 396,926	\$ 369,570
LAE Paid	77,908	74,602
Total Paid	<u>\$ 474,834</u>	<u>\$ 444,172</u>

SELECTIVE INSURANCE GROUP, INC.		Unaudited	
CONSOLIDATED BALANCE SHEETS		June 30,	December 31,
(\$ in thousands, except share amounts)		2011	2010
ASSETS			
Investments:			
Fixed maturity securities, held-to-maturity – at carrying value (fair value: \$1,120,977 – 2011; \$1,256,294 – 2010)	\$	1,070,578	1,214,324
Fixed maturity securities, available-for-sale – at fair value (amortized cost: \$2,442,579 – 2011; \$2,285,988 – 2010)		2,525,237	2,342,742
Equity securities, available-for-sale – at fair value (cost of: \$128,187 – 2011; \$58,039 – 2010)		136,577	69,636
Short-term investments (at cost which approximates fair value)		142,809	161,155
Other investments		132,137	137,865
Total investments		4,007,338	3,925,722
Cash		185	645
Interest and dividends due or accrued		36,596	37,007
Premiums receivable, net of allowance for uncollectible accounts of: \$4,054 – 2011; \$4,691 – 2010		467,122	414,105
Reinsurance recoverables, net		338,122	318,752
Prepaid reinsurance premiums		115,943	110,327
Current federal income tax		7,304	11,200
Deferred federal income tax		87,899	93,234
Property and equipment – at cost, net of accumulated depreciation and amortization of: \$156,209 – 2011; \$151,704 – 2010		39,998	41,775
Deferred policy acquisition costs		216,185	209,627
Goodwill		7,849	7,849
Other assets		45,107	61,529
Total assets	\$	5,369,648	5,231,772
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities:			
Reserve for losses and loss expenses	\$	2,898,592	2,830,058
Unearned premiums		858,627	823,596
Notes payable		262,346	262,333
Accrued salaries and benefits		100,378	100,933
Other liabilities		148,671	143,743
Total liabilities	\$	4,268,614	4,160,663
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: 96,987,900 – 2011; 96,362,667 – 2010		193,976	192,725
Additional paid-in capital		252,189	244,613
Retained earnings		1,185,659	1,176,155
Accumulated other comprehensive income		21,144	7,024
Treasury stock – at cost (shares: 42,823,108 – 2011; 42,686,204 – 2010)		(551,934)	(549,408)
Total stockholders' equity		1,101,034	1,071,109
Commitments and contingencies			
Total liabilities and stockholders' equity	\$	5,369,648	5,231,772

SELECTIVE INSURANCE GROUP, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	Quarter ended June 30,		Six Months ended June 30,	
(\$ in thousands, except per share amounts)	2011	2010	2011	2010
Revenues:				
Net premiums earned	\$ 355,580	352,190	706,923	708,392
Net investment income earned	39,345	36,545	82,818	71,251
Net realized gains (losses):				
Net realized investment gains	2,315	2,920	8,705	11,096
Other-than-temporary impairments	163	(6,162)	(369)	(12,235)
Other-than-temporary impairments on fixed maturity securities recognized in other comprehensive income	(332)	(22)	(430)	(2,189)
Total net realized gains (losses)	2,146	(3,264)	7,906	(3,328)
Other income	2,499	2,247	5,379	4,515
Total revenues	399,570	387,718	803,026	780,830
Expenses:				
Losses and loss expenses incurred	274,555	239,980	523,761	494,123
Policy acquisition costs	113,843	116,099	227,273	232,101
Interest expense	4,559	4,655	9,116	9,497
Other expenses	5,392	4,136	13,883	14,614
Total expenses	398,349	364,870	774,033	750,335
Income from continuing operations, before federal income tax	1,221	22,848	28,993	30,495
Federal income tax (benefit) expense:				
Current	3,111	1,322	7,387	10,166
Deferred	(4,215)	1,435	(2,268)	(6,355)
Total federal income tax (benefit) expense	(1,104)	2,757	5,119	3,811
Net income from continuing operations	2,325	20,091	23,874	26,684
Loss on disposal of discontinued operations, net of tax of \$(713) for Second Quarter 2010 and \$(1,139) for Six Months 2010	-	(1,325)	-	(2,115)
Net income	\$ 2,325	18,766	23,874	24,569
Earnings per share:				
Basic net income from continuing operations	\$ 0.04	0.37	0.44	0.50
Basic net loss from disposal of discontinued operations	-	(0.02)	-	(0.04)
Basic net income	\$ 0.04	0.35	0.44	0.46
Diluted net income from continuing operations	\$ 0.04	0.37	0.43	0.49
Diluted net loss from disposal of discontinued operations	-	(0.02)	-	(0.04)
Diluted net income	\$ 0.04	0.35	0.43	0.45
Dividends to stockholders	\$ 0.13	0.13	0.26	0.26

SELECTIVE INSURANCE GROUP, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF
STOCKHOLDERS' EQUITY

(\$ in thousands, except per share amounts)	Six Months ended June 30,			
	2011		2010	
Common stock:				
Beginning of year	\$ 192,725		191,646	
Dividend reinvestment plan (shares: 47,488 – 2011; 53,272 – 2010)	95		107	
Stock purchase and compensation plans (shares: 577,745 – 2011; 218,525 – 2010)	1,156		437	
End of period	<u>193,976</u>		<u>192,190</u>	
Additional paid-in capital:				
Beginning of year	244,613		231,933	
Dividend reinvestment plan	716		733	
Stock purchase and compensation plans	6,860		6,675	
End of period	<u>252,189</u>		<u>239,341</u>	
Retained earnings:				
Beginning of year	1,176,155		1,138,978	
Net income	23,874	23,874	24,569	24,569
Dividends to stockholders (\$0.26 per share – 2011 and 2010)	(14,370)		(14,160)	
End of period	<u>1,185,659</u>		<u>1,149,387</u>	
Accumulated other comprehensive income (loss):				
Beginning of year	7,024		(12,460)	
Other comprehensive income, increase in:				
Unrealized gains on investment securities:				
Non-credit portion of other-than-temporary impairment losses recognized in other comprehensive income, net of deferred income tax	389		3,830	
Other net unrealized gains on investment securities, net of deferred income tax	12,246		25,044	
Total unrealized gains on investment securities	12,635	12,635	28,874	28,874
Defined benefit pension plans, net of deferred income tax	1,485	1,485	1,412	1,412
End of period	<u>21,144</u>		<u>17,826</u>	
Comprehensive income		<u>37,994</u>		<u>54,855</u>
Treasury stock:				
Beginning of year	(549,408)		(547,722)	
Acquisition of treasury stock (shares: 136,904 – 2011; 97,816 – 2010)	(2,526)		(1,518)	
End of period	<u>(551,934)</u>		<u>(549,240)</u>	
Total stockholders' equity	\$ <u>1,101,034</u>		<u>1,049,504</u>	

SELECTIVE INSURANCE GROUP, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOW

(\$ in thousands)	Six Months ended June 30,	
	2011	2010
Operating Activities		
Net income	\$ 23,874	24,569
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation and amortization	16,261	14,805
Loss on disposal of discontinued operations	-	2,115
Stock-based compensation expense	5,286	5,762
Undistributed income of equity method investments	(726)	(4,841)
Net realized (gains) losses	(7,906)	3,328
<i>Changes in assets and liabilities:</i>		
Increase in reserves for losses and loss expenses, net of reinsurance recoverables	49,164	48,870
Increase in unearned premiums, net of prepaid reinsurance and advance premiums	30,183	13,252
Decrease (increase) in net federal income tax recoverable	1,628	(9,380)
Increase in premiums receivable	(53,017)	(22,519)
(Increase) decrease in deferred policy acquisition costs	(6,558)	401
Decrease (increase) in interest and dividends due or accrued	514	(206)
Decrease in accrued salaries and benefits	(555)	(80)
Decrease in accrued insurance expenses	(7,045)	(10,003)
Other-net	8,694	(7,862)
Net adjustments	35,923	33,642
Net cash provided by operating activities	59,797	58,211
Investing Activities		
Purchase of fixed maturity securities, available-for-sale	(252,529)	(396,076)
Purchase of equity securities, available-for-sale	(123,141)	(30,974)
Purchase of other investments	(7,715)	(11,150)
Purchase of short-term investments	(694,764)	(956,904)
Sale of subsidiary	670	788
Sale of fixed maturity securities, available-for-sale	64,104	128,110
Sale of short-term investments	713,111	826,853
Redemption and maturities of fixed maturity securities, held-to-maturity	99,560	171,900
Redemption and maturities of fixed maturity securities, available-for-sale	66,805	165,513
Sale of equity securities, available-for-sale	59,663	56,247
Distributions from other investments	14,046	15,152
Sale of other investments	16,357	-
Purchase of property and equipment	(2,843)	(2,570)
Net cash used in investing activities	(46,676)	(33,111)
Financing Activities		
Dividends to stockholders	(13,225)	(12,999)
Acquisition of treasury stock	(2,526)	(1,518)
Principal payment of notes payable	-	(12,300)
Net proceeds from stock purchase and compensation plans	2,355	2,310
Excess tax benefits from share-based payment arrangements	(185)	(813)
Net cash used in financing activities	(13,581)	(25,320)
Net decrease in cash	(460)	(220)
Cash, beginning of year	645	811
Cash, end of period	\$ 185	591

Selective Insurance Group, Inc.
Combined Insurance Company Subsidiaries
Unaudited Statutory Balance Sheets
(\$ in thousands)

	<u>Jun-30 2011</u>	<u>Jun-30 2010</u>	<u>Dec-31 2010</u>
ASSETS			
Bonds	\$ 3,488,872	3,236,928	3,482,204
Common stocks	136,577	60,988	69,636
Affiliated mortgage loan	38,462	39,100	38,785
Other investments	162,290	189,732	174,067
Short-term investments	102,166	298,333	111,021
Total investments	<u>3,928,367</u>	<u>3,825,081</u>	<u>3,875,713</u>
Cash on hand and in banks	(38,996)	(26,759)	(30,343)
Interest and dividends due and accrued	36,703	35,023	37,172
Premiums receivable	465,437	465,844	410,809
Reinsurance recoverable on paid losses and expenses	5,204	5,617	5,013
Federal income tax recoverable	-	12,297	-
Deferred tax recoverable	131,197	125,759	133,100
EDP equipment	1,097	1,418	1,409
Equities and deposits in pools and associations	5,814	7,195	6,681
Receivable for sold securities	14	226	16,738
Other assets	29,475	28,796	30,164
Total assets	<u>\$ 4,564,312</u>	<u>4,480,497</u>	<u>4,486,456</u>
LIABILITIES			
Reserve for losses	\$ 2,158,586	2,117,435	2,111,557
Reinsurance payable on paid loss and loss expense	886	1,000	1,030
Reserve for loss expenses	403,575	404,130	401,508
Unearned premiums	742,684	752,547	713,268
Reserve for commissions payable	40,309	38,555	43,590
Ceded balances payable	11,885	11,064	12,835
Federal income tax payable	4,884	-	1,645
Premium and other taxes payable	19,696	22,968	23,466
Borrowed money	13,017	13,017	13,018
Reserve for dividends to policyholders	3,197	3,307	2,390
Reserves for unauthorized reinsurance	1,811	1,013	1,811
Payable for securities	9,026	21,774	5,028
Funds withheld on account of others	5,156	4,433	7,015
Accrued salaries and benefits	63,729	65,003	61,353
Other liabilities	15,574	15,717	13,917
Total liabilities	<u>3,494,015</u>	<u>3,471,963</u>	<u>3,413,431</u>
POLICYHOLDERS' SURPLUS			
Capital	28,325	28,325	28,325
Aggregate write-ins for special surplus funds	38,940	36,418	40,521
Paid in surplus	255,792	255,792	255,792
Unassigned surplus	747,240	687,999	748,387
Total policyholders' surplus	<u>1,070,297</u>	<u>1,008,534</u>	<u>1,073,025</u>
Total liabilities and policyholders' surplus	<u>\$ 4,564,312</u>	<u>4,480,497</u>	<u>4,486,456</u>

Selective Insurance Group, Inc.
Combined Insurance Company Subsidiaries
Unaudited Statutory Statements Of Income
(\$ in thousands)

	Three Months Ended June		Six Months Ended June	
UNDERWRITING	2011	2010	2011	2010
Net premiums written	\$ 374,503	353,524	736,338	721,615
Net premiums earned	355,580	352,190	706,923	708,392
Net losses paid	208,085	187,347	396,926	369,570
Change in reserve for losses	25,695	12,012	47,029	45,059
Net losses incurred	233,780	199,359	443,955	414,629
Net loss expenses paid	39,894	38,508	77,908	74,602
Change in reserve for loss expenses	975	2,090	2,067	4,673
Net loss expenses incurred	40,869	40,598	79,975	79,275
Net underwriting expenses incurred	120,322	116,681	235,131	231,832
Total deductions	394,971	356,638	759,061	725,736
Statutory underwriting loss	(39,391)	(4,448)	(52,138)	(17,344)
Net loss from premium balances charged off	(1,345)	(1,325)	(2,703)	(2,846)
Finance charges and other income	2,481	2,319	5,339	4,678
Total other income	1,136	994	2,636	1,832
Policyholders' dividends incurred	(1,461)	(644)	(2,747)	(2,139)
Total underwriting loss	(39,716)	(4,098)	(52,249)	(17,651)
INVESTMENT				
Net investment income earned	41,321	33,708	82,579	66,909
Net realized gain / (loss)	2,117	(3,217)	7,877	(3,265)
Total income before income tax	3,722	26,393	38,207	45,993
Federal income tax expense	3,014	4,816	12,284	16,314
Net income	\$ 708	21,577	25,923	29,679
Policyholders' Surplus				
Surplus, beginning of period	\$ 1,083,848	993,981	1,073,025	981,955
Net income	708	21,577	25,923	29,679
Change in deferred tax	473	(124)	920	8,059
Change in unrealized gains	(1,211)	(197)	(1,160)	6,921
Dividends to stockholders	(14,506)	(12,002)	(29,012)	(24,005)
Change in non-admitted assets	(602)	3,822	2,182	3,835
Change in additional admitted deferred tax	1,587	1,853	(1,581)	2,466
Surplus adjustments	-	(376)	-	(376)
Net change in surplus for period	(13,551)	14,553	(2,728)	26,579
Surplus, end of period	\$ 1,070,297	1,008,534	1,070,297	1,008,534
Statutory underwriting loss	\$ (39,716)	(4,098)	(52,249)	(17,651)
Adjustments under GAAP:				
Deferred policy acquisition costs	5,940	623	6,558	(401)
Pension costs	902	140	1,805	536
Other, net	192	174	120	(250)
GAAP underwriting loss	\$ (32,682)	(3,161)	(43,766)	(17,766)

Note: Some amounts or ratios may not foot due to rounding.
Certain amounts have been reclassified to conform to the current year's presentation.

Selective Insurance Group, Inc. and Consolidated Subsidiaries
Alternative Investments
as of June 30, 2011
(unaudited)

Fund	Inception Year	Original Commitment	Remaining Commitment	Current Market Value	YTD Income	DPI⁽¹⁾ Ratio	TVPI⁽²⁾ Ratio
<u>Real Estate</u>							
Silverpeak RE II	2005	20,000,000	2,542,543	12,235,492	1,478,082	0.37	0.97
Silverpeak RE III	2008	15,000,000	8,127,743	3,406,108	(27,975)	0.01	0.51
Total - Real Estate		35,000,000	10,670,286	15,641,600	1,450,107	0.28	0.85
<u>Mezzanine Financing</u>							
Neovara Euro Mezz	2004	9,000,000	-	1,558,850	(350,060)	0.95	1.07
GS Mezz V	2007	25,000,000	15,864,537	8,567,266	1,410,620	0.57	1.23
Total - Mezz. Financing		34,000,000	15,864,537	10,126,116	1,060,560	0.76	1.15
<u>Distressed Debt</u>							
Varde VIII	2006	10,000,000	-	9,756,384	446,869	0.22	1.20
GS Distressed Opp III	2007	15,000,000	3,389,313	10,112,036	946,815	0.18	0.99
Total - Distressed Debt		25,000,000	3,389,313	19,868,420	1,393,684	0.20	1.08
<u>Private Equity</u>							
Prospector	1997	5,000,000	-	411,473	29	2.79	2.88
Trilantic Capital Partners III	2004	10,000,000	1,187,138	4,084,002	1,505,734	1.27	1.71
NB Co-Invest	2006	15,000,000	2,448,083	9,347,284	1,624,309	0.53	1.22
Trilantic Capital Partners IV	2007	11,098,351	4,330,269	4,942,835	627,664	0.47	1.17
Total - Private Equity		41,098,351	7,965,491	18,785,594	3,757,736	1.04	1.58
<u>Private Equity, Secondary Market</u>							
NB SOF	2005	12,000,000	899,494	6,910,380	865,658	0.60	1.22
GS Vintage IV	2007	20,000,000	5,377,943	14,812,462	2,755,341	0.35	1.17
NB SOF II	2008	12,000,000	6,056,974	5,878,294	1,095,308	0.40	1.37
Total - Pvt. Eq. Sec. Mkt.		44,000,000	12,334,412	27,601,136	4,716,307	0.44	1.22
<u>Energy/Power Generation</u>							
ArcLight I	2002	15,000,000	1,655,505	349,192	1,176,763	1.80	1.82
ArcLight II	2003	15,000,000	2,295,492	3,896,640	1,229,973	1.15	1.36
ArcLight III	2006	15,000,000	2,037,794	10,564,716	1,683,187	0.58	1.25
Quintana Energy	2006	10,000,000	1,902,067	8,412,228	1,119,876	0.09	1.12
ArcLight IV	2007	10,000,000	2,404,868	6,639,256	629,672	0.52	1.20
Total - Energy/Power Generation		65,000,000	10,295,726	29,862,032	5,839,471	0.96	1.39
<u>Venture Capital</u>							
Venture V	2001	10,000,000	1,100,000	7,666,292	1,323,084	0.27	1.13
Total - Venture Capital		10,000,000	1,100,000	7,666,292	1,323,084	0.27	1.13
TOTAL - ALTERNATIVE INVESTMENTS		\$ 254,098,351	61,619,764	129,551,190	19,540,949	0.68	1.26

⁽¹⁾ Distributed to paid in ratio

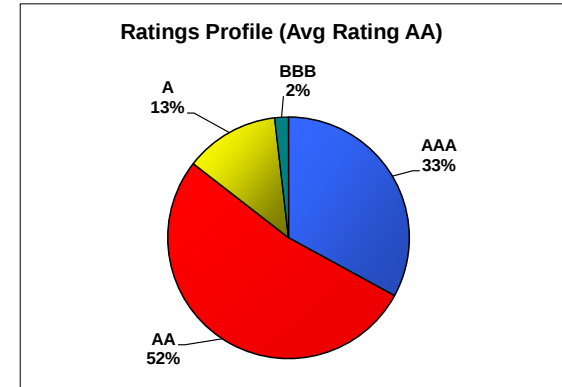
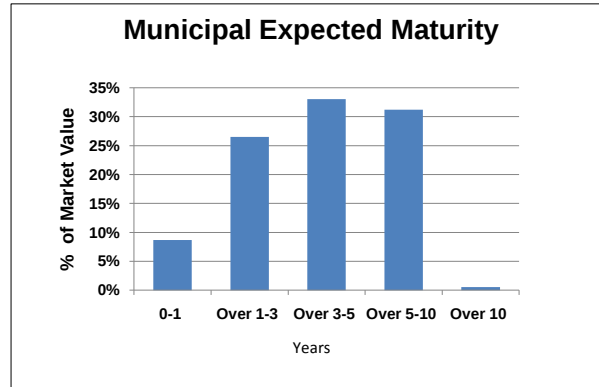
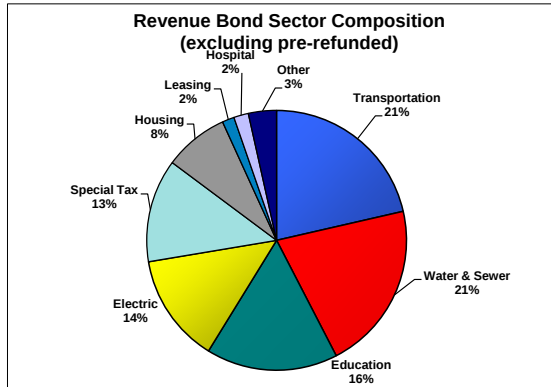
⁽²⁾ Total value to paid in ratio

Note: Some amounts may not foot due to rounding

Selective Insurance Group, Inc. and Consolidated Subsidiaries
Municipal Bond Portfolio
State and Repayment Source Composition
June 30, 2011

(\$ in thousands)
(unaudited)

Exposure = 60% Held-to-Maturity; 40% Available-for-Sale



Repayment Source Composition by State
Market Values

State	Revenue	% of State	General Obligation (GO)-Local	% of State	General Obligation (GO)- State	% of State	TX - Permanent School Fund (PSF)	% of State	Total	% of Total
TX	59,425	57%	44,113	42%	1,056	1%	-	0%	104,594	8%
TX-PSF	-	0%	-	0%	-	0%	41,637	100%	41,637	3%
WA	45,122	50%	45,866	50%	-	0%	-	0%	90,988	7%
AZ	68,695	91%	6,837	9%	-	0%	-	0%	75,532	6%
FL	69,155	100%	-	0%	-	0%	-	0%	69,155	5%
NC	23,385	34%	23,474	34%	22,266	32%	-	0%	69,125	5%
NY	67,348	100%	-	0%	-	0%	-	0%	67,348	5%
OH	33,343	61%	13,687	25%	7,345	14%	-	0%	54,375	4%
MN	6,797	13%	5,156	10%	41,240	77%	-	0%	53,193	4%
IL	28,388	59%	19,856	41%	-	0%	-	0%	48,244	3%
CO	16,885	36%	28,535	60%	1,847	4%	-	0%	47,267	3%
Pre-refunded	36,457	58%	16,818	27%	5,389	8%	4,664	7%	63,328	5%
Other	379,770	66%	123,111	21%	76,479	13%	-	0%	579,360	42%
Grand Total	834,770	61%	327,453	24%	155,622	12%	46,301	3%	1,364,146	100%

Selective Insurance Group, Inc. and Consolidated Subsidiaries

Credit Quality of Available-for-Sale Fixed Maturity Securities

June 30, 2011

(\$ in millions)
(unaudited)

	Fair Value	Unrealized Gain (Loss)	Average Credit Quality
AFS Fixed Maturity Portfolio:			
U.S. government obligations ¹	\$ 296.9	8.2	AAA
Foreign government obligations	30.1	0.3	AA
State and municipal obligations	542.6	29.7	AA+
Corporate securities	1,078.5	31.4	A
Mortgage-backed securities ("MBS")	498.9	12.5	AA+
Asset-backed securities ("ABS")	78.2	0.6	AAA
Total AFS fixed maturity portfolio	<u>\$ 2,525.2</u>	<u>82.7</u>	<u>AA</u>
State and Municipal Obligations:			
Government obligations	\$ 294.9	16.6	AA+
Special revenue obligations	247.7	13.1	AA
Total state and municipal obligations	<u>\$ 542.6</u>	<u>29.7</u>	<u>AA+</u>
Corporate Securities:			
Financial	\$ 344.4	8.7	A+
Industrials	81.2	4.4	A
Utilities	68.5	1.1	A-
Consumer discretion	85.0	2.0	A-
Consumer staples	118.0	3.5	A
Healthcare	141.9	5.2	AA-
Materials	52.9	1.3	A-
Energy	56.6	2.1	A
Information technology	70.7	1.1	A+
Telecommunications services	44.1	0.8	BBB+
Other	15.2	1.2	AA+
Total corporate securities	<u>\$ 1,078.5</u>	<u>31.4</u>	<u>A</u>
MBS:			
Government guaranteed agency commercial mortgage-backed securities ("CMBS")	\$ 72.3	3.6	AAA
Non-agency CMBS	36.8	(0.2)	A-
Government guaranteed agency residential mortgage-backed securities ("RMBS")	94.7	3.9	AAA
Other agency RMBS	250.6	5.5	AAA
Non-agency RMBS	36.1	(0.3)	BBB-
Alternative-A ("Alt-A") RMBS	8.4	-	AA+
Total MBS	<u>\$ 498.9</u>	<u>12.5</u>	<u>AA+</u>
ABS:			
ABS	\$ 77.4	0.7	AAA
Sub-prime ABS ^{2,3}	0.8	(0.1)	D
Total ABS	<u>\$ 78.2</u>	<u>0.6</u>	<u>AAA</u>

¹ U.S. Government includes corporate securities fully guaranteed by the FDIC.

² We define sub-prime exposure as exposure to direct and indirect investments in non-agency residential mortgages with average FICO[®] scores below 650.

³ Sub-prime ABS consists of one security that is currently expected by rating agencies to default on its obligations.

Selective Insurance Group, Inc. and Consolidated Subsidiaries
Credit Quality of Held-to-Maturity Securities
June 30, 2011

(\$ in millions)

(unaudited)

	Fair Value	Carry Value	Unrecognized Holding Gain (Loss)	Unrealized Gain (Loss) in Accumulated Other Comprehensive Income	Total Unrealized Unrecognized Gain (Loss)	Average Credit Quality
HTM Fixed Maturity Portfolio:						
U.S. government obligations ¹	\$ 97.1	90.8	6.3	4.3	10.6	AAA
Foreign government obligations	5.5	5.6	(0.1)	0.3	0.2	AA+
State and municipal obligations	821.5	796.3	25.2	17.3	42.5	AA
Corporate securities	77.7	69.7	8.0	(3.0)	5.0	A
Mortgage-backed securities	109.9	100.2	9.7	(5.3)	4.4	AA+
Asset-backed securities	9.3	8.0	1.3	(2.3)	(1.0)	A-
Total HTM fixed maturity portfolio	<u>\$ 1,121.0</u>	<u>1,070.6</u>	<u>50.4</u>	<u>11.3</u>	<u>61.7</u>	<u>AA</u>
State and Municipal Obligations:						
Government obligations	\$ 234.5	227.2	7.3	8.1	15.4	AA
Special revenue obligations	587.0	569.1	17.9	9.2	27.1	AA
Total state and municipal obligations	<u>\$ 821.5</u>	<u>796.3</u>	<u>25.2</u>	<u>17.3</u>	<u>42.5</u>	<u>AA</u>
Corporate Securities:						
Financial	\$ 21.7	18.5	3.2	(2.0)	1.2	A-
Industrials	20.7	18.0	2.7	(0.8)	1.9	A
Utilities	17.0	16.0	1.0	(0.1)	0.9	A
Consumer discretion	7.3	7.0	0.3	0.1	0.4	AA-
Consumer staples	5.3	5.0	0.3	-	0.3	A
Materials	2.1	1.9	0.2	(0.1)	0.1	BBB
Energy	3.6	3.3	0.3	(0.1)	0.2	BBB-
Total corporate securities	<u>\$ 77.7</u>	<u>69.7</u>	<u>8.0</u>	<u>(3.0)</u>	<u>5.0</u>	<u>A</u>
MBS:						
Government guaranteed agency CMBS	\$ 5.2	5.0	0.2	-	0.2	AAA
Non-agency CMBS	38.7	31.6	7.1	(6.2)	0.9	AA
Government guaranteed agency RMBS	7.5	6.9	0.6	(0.1)	0.5	AAA
Other agency RMBS	58.4	56.6	1.8	1.0	2.8	AAA
Non-agency RMBS	0.1	0.1	-	-	-	BBB
Total MBS	<u>\$ 109.9</u>	<u>100.2</u>	<u>9.7</u>	<u>(5.3)</u>	<u>4.4</u>	<u>AA+</u>
ABS:						
ABS	\$ 6.4	5.5	0.9	(0.7)	0.2	BBB+
Alt-A ABS	2.9	2.5	0.4	(1.6)	(1.2)	AA-
Total ABS	<u>\$ 9.3</u>	<u>8.0</u>	<u>1.3</u>	<u>(2.3)</u>	<u>(1.0)</u>	<u>A-</u>

¹ U.S. Government includes corporate securities fully guaranteed by the FDIC.