



# **Supplemental Investor Package**

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## **Third Quarter 2015**

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**Selective Insurance Group, Inc. & Consolidated Subsidiaries**  
**Third Quarter 2015 Investor Package**  
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**Selective Reports Net Income per Diluted Share of \$0.81 and Operating Income<sup>1</sup> per Diluted Share of \$0.81 for the Third Quarter of 2015**  
**Improves Full Year Ex-Catastrophe Statutory Combined Ratio Guidance to 89%**  
**Increases Quarterly Shareholder Dividend 7%**

In the third quarter of 2015:

- Net premiums written grew 10%
- GAAP combined ratio was 91.2%
- Statutory combined ratio was 90.5%
- After-tax net investment income declined 5%
- Total return on equity was 14.1% and operating return on equity<sup>1</sup> was 14.0%

**Branchville, NJ – October 28, 2015** – Selective Insurance Group, Inc. (NASDAQ: SIGI) today reported its financial results for the third quarter ended September 30, 2015. Net income per diluted share was \$0.81, compared to \$0.93 in 2014, and operating income<sup>1</sup> per diluted share grew 7% to \$0.81, compared to \$0.76 in 2014.

“The strong third quarter and year-to-date results reflect the successful execution of our strategies to achieve rate increases that outpace the industry, to improve underwriting mix and to enhance claim outcomes. We have a consistent track record of achieving our goals and this quarter was no exception. For the first time in my 35-year career at Selective, after-tax underwriting income exceeded after-tax net investment income this quarter,” said Gregory E. Murphy, Chairman and Chief Executive Officer. “We are proud of our performance and in recognition of the continuing strong results, the Board of Directors has approved a 7% increase in the quarterly dividend to \$0.15 per share payable December 1, 2015 to shareholders of record as of November 13, 2015.”

Murphy continued, “For the third quarter, we generated a profitable 90.5% statutory combined ratio, or 89.2% excluding catastrophe losses. Based on the strength of our statutory underwriting results for the last nine months, we are improving our full year ex-catastrophe statutory combined ratio target to 89% from our original 2015 guidance of 91%.

“Growth in the quarter was solid, as overall net premiums written increased 10% driven by improving retention levels, an 18% increase in Standard Commercial Lines new business production, 36% growth in E&S premiums written, and 3.5% overall year-to-date renewal pure price increases. For 2015, we expect to achieve overall renewal pure price between 3.0% and 3.5%,” Murphy concluded.

<b>Consolidated Financial Results</b> <i>\$ in millions, except per share data</i>	<i>Quarter Ended September 30,</i>		<b>Change</b>	<i>Year-to-date September 30,</i>		<b>Change</b>
	<b>2015</b>	<b>2014</b>		<b>2015</b>	<b>2014</b>	
Net premiums written	\$545.0	\$495.1	10%	\$1,595.2	\$1,451.7	10%
Net premiums earned	\$507.4	\$462.6	10%	\$1,473.8	\$1,382.8	7%
Net investment income earned	\$32.1	\$34.3	(7)%	\$91.2	\$106.6	(14)%
Net realized gains, pre-tax	\$0.3	\$15.2	(98)%	\$15.8	\$27.0	(42)%
Total revenues	\$540.5	\$515.4	5%	\$1,586.3	\$1,531.3	4%
Operating income <sup>1</sup>	\$46.8	\$43.3	8%	\$110.2	\$82.9	33%
Net realized gains, net of tax	\$0.2	\$9.9	(98)%	\$10.3	\$17.6	(42)%
Net income	\$47.0	\$53.2	(12)%	\$120.5	\$100.5	20%
Statutory combined ratio	90.5%	91.5%	(1.0) pts	92.3%	96.6%	(4.3) pts
Catastrophe losses	1.3 pts	1.2 pts	0.1 pt	3.8 pts	4.8 pts	(1.0) pts
Non-catastrophe property losses	12.9 pts	13.0 pts	(0.1) pts	14.0 pts	16.3 pts	(2.3) pts
(Favorable) prior year statutory reserve development on casualty lines	(3.0) pts	(1.7) pts	(1.3) pts	(3.7) pts	(2.9) pts	(0.8) pts
GAAP combined ratio	91.2%	92.6%	(1.4) pts	93.2%	97.1%	(3.9) pts
Operating income per diluted share <sup>1</sup>	\$0.81	\$0.76	7%	\$1.90	\$1.44	32%
Net income per diluted share	\$0.81	\$0.93	(13)%	\$2.08	\$1.75	19%
Weighted average diluted shares	58.0M	57.4M	1%	57.8M	57.3M	1%
Book value per share				\$23.77	\$22.45	6%

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

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

## Operating Highlights

### Standard Commercial Lines

Standard Commercial Lines premiums, which represent 78% of total net premiums written, were up 10% in the third quarter from a year ago, driven by an 18% increase in new business to \$84 million, renewal pure price increases of 2.8%, and a strong 84% retention. The quarter's statutory combined ratio improved by 2.5 points, largely due to earned rate continuing to exceed expected loss inflation, favorable prior year casualty reserve development of 4.9 points compared to 2.8 points in the year-ago period, and lower catastrophe losses.

Standard Commercial Lines \$ in millions, statutory results	Quarter Ended September 30,		Change	Year-to-date September 30,		Change
	2015	2014		2015	2014	
Net premiums written	\$414.0	\$376.4	10%	\$1,240.1	\$1,119.6	11%
Net premiums earned	\$389.5	\$352.1	11%	\$1,132.3	\$1,056.1	7%
Statutory loss & loss expense ratio	52.2%	56.9%	(4.7) pts	54.7%	62.5%	(7.8) pts
Statutory underwriting expense ratio	35.7%	33.7%	2.0 pts	34.2%	32.6%	1.6 pts
Statutory dividends to policyholders ratio	0.5%	0.3%	0.2 pts	0.5%	0.4%	0.1 pts
Statutory combined ratio	88.4%	90.9%	(2.5) pts	89.4%	95.5%	(6.1) pts
GAAP combined ratio	88.7%	92.1%	(3.4) pts	90.3%	96.2%	(5.9) pts

### Standard Personal Lines

Standard Personal Lines premiums, which represent 14% of total net premiums written, decreased 3% in the quarter compared to the third quarter of 2014, largely driven by targeted non-renewals of less profitable accounts coupled with a decrease in new business. Retention improved by two points to 83% and renewal pure price was 5.4%. We continue to see improvements in the participation rate in the Selective Edge<sup>TM</sup> product.

The statutory combined ratio in Standard Personal Lines was 95.0%, which included 8.0 points of catastrophe losses. There was no prior year casualty reserve development this quarter in Standard Personal Lines, although there was favorable prior year casualty reserve development of \$2 million, or 2.7 combined ratio points, in the third quarter of 2014.

Standard Personal Lines \$ in millions, statutory results	Quarter Ended September 30,		Change	Year-to-date September 30,		Change
	2015	2014		2015	2014	
Net premiums written	\$76.9	\$79.0	(3)%	\$217.9	\$224.6	(3)%
Net premiums earned	\$72.1	\$74.4	(3)%	\$216.6	\$223.7	(3)%
Statutory loss & loss expense ratio	68.7%	60.7%	8.0 pts	72.4%	72.4%	-
Statutory underwriting expense ratio	26.3%	28.2%	(1.9) pts	29.3%	27.5%	1.8 pts
Statutory combined ratio	95.0%	88.9%	6.1 pts	101.7%	99.9%	1.8 pts
GAAP combined ratio	96.1%	89.2%	6.9 pts	102.0%	100.0%	2.0 pts

## Excess and Surplus Lines

Our Excess and Surplus lines business, which represents 8% of net premiums written, reported a 36% increase in net premiums written in the quarter. Effective July 1, we included E&S in our main property and casualty excess of loss reinsurance treaties. As a result, it is more reflective of actual growth this quarter to look at it on a direct basis, or a 27% increase in direct premiums written. New business growth was very strong recording a 26% increase. The statutory combined ratio in the third quarter improved by 1.8 points from the same period in 2014 to 101.1%, including adverse prior year casualty reserve development of \$4 million, or 8.7 points.

<b>Excess &amp; Surplus Lines</b> <i>\$ in millions, statutory results</i>	<i>Quarter Ended September 30,</i>		<b>Change</b>	<i>Year-to-date September 30,</i>		<b>Change</b>
	<b>2015</b>	<b>2014</b>		<b>2015</b>	<b>2014</b>	
Net premiums written	\$54.1	\$39.6	36%	\$137.2	\$107.5	28%
Net premiums earned	\$45.8	\$36.1	27%	\$124.9	\$102.9	21%
Statutory loss & loss expense ratio	69.9%	67.6%	2.3 pts	68.3%	64.9%	3.4 pts
Statutory underwriting expense ratio	31.2%	35.3%	(4.1) pts	33.5%	35.4%	(1.9) pts
Statutory combined ratio	101.1%	102.9%	(1.8) pts	101.8%	100.3%	1.5 pts
GAAP combined ratio	104.4%	103.8%	0.6 pts	104.0%	100.4%	3.6 pts

## Investment Income

After-tax investment income in the third quarter was \$25 million, down 5% compared to the same period a year ago. Investment income was negatively impacted by lower returns from the alternative investments portfolio, which continues to be impacted by declining oil prices and the portfolio's exposure to energy-exposed limited partnerships. The after-tax annualized yield on the fixed income portfolio was 2.1% compared with 2.3% a year ago reflecting the continued low interest rate environment. The total annualized after-tax portfolio yield declined to 1.9% from 2.3% a year ago due to alternative investment results along with the declining interest rate environment.

<b>Investments</b> <i>\$ in millions, except per share data</i>	<i>Quarter Ended September 30,</i>		<b>Change</b>	<i>Year-to-date September 30,</i>		<b>Change</b>
	<b>2015</b>	<b>2014</b>		<b>2015</b>	<b>2014</b>	
Invested assets per dollar of stockholders' equity				\$3.69	\$3.79	(3)%
Net investment income earned, after-tax	\$24.6	\$25.8	(5)%	\$70.5	\$79.7	(11)%
Net investment income per share	\$0.42	\$0.45	(7)%	\$1.22	\$1.39	(12)%
Effective tax rate	23.4%	24.9%	(1.5) pts	22.7%	25.3%	(2.6) pts
Average yields:						
Fixed Income Securities:						
Pre-tax				2.7%	3.0%	(0.3) pts
After-tax				2.1%	2.3%	(0.2) pts
Portfolio:						
Pre-tax				2.5%	3.0%	(0.5) pts
After-tax				1.9%	2.3%	(0.4) pts

## Balance Sheet

<b>Balance Sheet</b> <i>\$ in millions, except per share data</i>	<i>September 30,</i>	<i>December 31,</i>	<b>Change</b>
	<b>2015</b>	<b>2014</b>	
Total assets	\$6,898.1	\$6,581.6	5%
Investment portfolio	\$5,013.9	\$4,806.8	4%
Notes payable	\$394.3	\$379.3	4%
Statutory surplus	\$1,367.3	\$1,307.8	5%
Stockholders' equity	\$1,359.0	\$1,275.6	7%
Book value per share	\$23.77	\$22.54	5%

The increase in book value reflects \$2.08 in net income, partially offset by a \$0.51 reduction in unrealized investment gains and \$0.42 in shareholders' dividends.

Selective's Board of Directors declared a \$0.15 per share quarterly cash dividend on common stock payable December 1, 2015, to stockholders of record as of November 13, 2015.

## Guidance

For 2015, Selective expects to generate the following results:

- A statutory combined ratio excluding catastrophes and any further prior year casualty reserve development of 89.0%, an improvement from our original guidance of 91.0%;
- 4 points of catastrophe losses;
- After-tax investment income of approximately \$95 million; and
- Weighted average shares of approximately 58 million.

The supplemental investor package, including financial information that is not part of this press release, is available on the Investor Relations' page of Selective's public website at [www.selective.com](http://www.selective.com). Selective's quarterly analyst conference call will be simulcast at 8:30 a.m. ET, on October 29, 2015 at [www.selective.com](http://www.selective.com). The webcast will be available for rebroadcast until the close of business on December 1, 2015.

## About Selective Insurance Group, Inc.

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

### **Forward-Looking Statements**

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

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

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

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

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

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

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

(\$ in thousands, except per share data)	September 30,			September 30,			December 31,		
	2015			2014			2014		
	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain
Invested Assets:									
Corporate bonds <sup>1</sup>	\$ 2,901,352	2,904,449	37,945	\$ 2,585,882	2,590,023	44,665	\$ 2,693,324	2,697,332	47,437
Government and Municipal bonds	1,679,563	1,686,985	50,263	1,717,838	1,731,805	58,036	1,690,935	1,702,751	59,680
Total fixed income securities	4,580,915	4,591,434	88,208	4,303,720	4,321,828	102,701	4,384,259	4,400,083	107,117
Equities	221,951	221,951	1,131	211,266	211,266	30,846	191,400	191,400	32,389
Short-term investments	125,855	125,855	-	181,593	181,593	-	131,972	131,972	-
Other investments	85,146	85,146	-	106,548	106,548	-	99,203	99,203	-
Total invested assets	\$ 5,013,867	5,024,386	89,339	\$ 4,803,127	4,821,235	133,547	\$ 4,806,834	4,822,658	139,506
Invested assets per \$ of stockholders' equity	3.69			3.79			3.77		
Total assets	6,898,117			6,577,419			6,581,550		
Liabilities:									
Reserve for loss and loss expenses	3,517,751			3,445,706			3,477,870		
Unearned premium reserve	1,218,884			1,143,979			1,095,819		
Total liabilities	5,539,095			5,310,494			5,305,964		
Stockholders' equity	1,359,022			1,266,925			1,275,586		
Total debt to capitalization ratio	22.5%			23.6%			22.9%		
Book value per share	23.77			22.45			22.54		
Book value per share excluding unrealized gain or loss on fixed income portfolio	22.88			21.48			21.49		
NPW per insurance segment employee	958			896			908		
Statutory premiums to surplus ratio	1.5x			1.4x			1.4x		
Statutory surplus	1,367,343			1,323,097			1,307,842		

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



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

(\$ in thousands, except per share amounts)		Quarter Ended September 30,				Year-to-Date September 30,			
		2015		2014		2015		2014	
		Per diluted share		Per diluted share		Per diluted share		Per diluted share	
<b>Consolidated</b>									
Revenue	\$	540,457		\$	515,358	\$	1,586,322	\$	1,531,278
Operating income		46,796	0.81		43,262		110,221		82,935
Net realized gains, after tax		200	0.00		9,900		10,251		17,542
Net income		46,996	0.81		53,162		120,472		100,477
Operating return on equity		14.0%			13.8%		11.2%		9.1%
<b>Total Insurance Operations</b>									
Gross premiums written		637,528			598,638		1,868,760		1,742,530
Net premiums written		545,025			495,121		1,595,246		1,451,694
Net premiums earned		507,390			462,639		1,473,822		1,382,759
Underwriting gain	- before tax	44,831			34,437		99,976		39,506
	- after tax	29,140	0.50		22,384	0.39	64,984	1.12	25,679
GAAP combined ratio		91.2%			92.6%		93.2%		97.1%
<b>Standard Commercial Lines</b>									
Net premiums earned		389,542			352,143		1,132,280		1,056,091
GAAP combined ratio		88.7%			92.1%		90.3%		96.2%
<b>Standard Personal Lines</b>									
Net premiums earned		72,088			74,377		216,638		223,739
GAAP combined ratio		96.1%			89.2%		102.0%		100.0%
<b>Excess and Surplus Lines</b>									
Net premiums earned		45,760			36,119		124,904		102,929
GAAP combined ratio		104.4%			103.8%		104.0%		100.4%
<b>Investments</b>									
Net investment income	- before tax	32,061			34,292		91,208		106,600
	- after tax	24,555	0.42		25,765	0.45	70,542	1.22	79,672
Effective tax rate		23.4%			24.9%		22.7%		25.3%
Annualized after-tax yield on investment portfolio							1.9%		2.3%
Annualized after-tax, after-interest expense yield							1.6%		2.0%
Invested assets per \$ of stockholders' equity							3.69		3.79
<b>Other expenses (net of other income)</b>									
Interest expense	- before tax	(5,489)			(5,558)		(16,458)		(16,544)
	- after tax	(3,568)	(0.06)		(3,613)	(0.06)	(10,698)	(0.18)	(10,754)
Other expense - after tax	\$	(3,331)	(0.05)	\$	(1,274)	(0.02)	\$	(14,607)	(0.26)
Diluted weighted avg shares outstanding		57,984			57,406		57,838		57,286

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

**Third Quarter**

(\$ in thousands)

Quarter Ended September 30, 2015

Quarter Ended September 30, 2014

	Standard Commercial Lines	Standard Personal Lines	Excess & Surplus Lines	Grand Total	Standard Commercial Lines	Standard Personal Lines	Excess & Surplus Lines	Grand Total
Net Premiums Written	414,031	76,927	54,067	545,025	376,438	79,048	39,635	495,121
Net Premiums Earned	389,542	72,088	45,760	507,390	352,143	74,377	36,119	462,639
Loss and Loss Expense Incurred	203,621	49,588	31,952	285,161	201,352	45,137	24,443	270,932
Net Underwriting Expenses Incurred	139,973	19,674	15,830	175,477	121,864	21,203	13,047	156,114
Dividends to Policyholders	1,921	-	-	1,921	1,156	-	-	1,156
<b>GAAP Underwriting Gain (Loss)</b>	<b>44,027</b>	<b>2,826</b>	<b>(2,022)</b>	<b>44,831</b>	<b>27,771</b>	<b>8,037</b>	<b>(1,371)</b>	<b>34,437</b>
<b>GAAP Ratios</b>								
Loss and Loss Expense Ratio	52.3%	68.8%	69.8%	56.2%	57.2%	60.7%	67.7%	58.6%
Underwriting Expense Ratio	35.9%	27.3%	34.6%	34.6%	34.6%	28.5%	36.1%	33.8%
Dividends to Policyholders Ratio	0.5%	0.0%	0.0%	0.4%	0.3%	0.0%	0.0%	0.2%
<b>Combined Ratio</b>	<b>88.7%</b>	<b>96.1%</b>	<b>104.4%</b>	<b>91.2%</b>	<b>92.1%</b>	<b>89.2%</b>	<b>103.8%</b>	<b>92.6%</b>

**Year-to-Date**

(\$ in thousands)

Year-to-Date September 30, 2015

Year-to-Date September 30, 2014

	Standard Commercial Lines	Standard Personal Lines	Excess & Surplus Lines	Grand Total	Standard Commercial Lines	Standard Personal Lines	Excess & Surplus Lines	Grand Total
Net Premiums Written	1,240,110	217,937	137,199	1,595,246	1,119,648	224,567	107,479	1,451,694
Net Premiums Earned	1,132,280	216,638	124,904	1,473,822	1,056,091	223,739	102,929	1,382,759
Loss and Loss Expense Incurred	619,857	156,490	85,374	861,721	660,523	162,027	66,723	889,273
Net Underwriting Expenses Incurred	397,829	64,443	44,563	506,835	351,781	61,617	36,639	450,037
Dividends to Policyholders	5,290	-	-	5,290	3,943	-	-	3,943
<b>GAAP Underwriting Gain (Loss)</b>	<b>109,304</b>	<b>(4,295)</b>	<b>(5,033)</b>	<b>99,976</b>	<b>39,844</b>	<b>95</b>	<b>(433)</b>	<b>39,506</b>
<b>GAAP Ratios</b>								
Loss and Loss Expense Ratio	54.7%	72.2%	68.4%	58.5%	62.5%	72.4%	64.8%	64.3%
Underwriting Expense Ratio	35.1%	29.8%	35.6%	34.3%	33.3%	27.6%	35.6%	32.5%
Dividends to Policyholders Ratio	0.5%	0.0%	0.0%	0.4%	0.4%	0.0%	0.0%	0.3%
<b>Combined Ratio</b>	<b>90.3%</b>	<b>102.0%</b>	<b>104.0%</b>	<b>93.2%</b>	<b>96.2%</b>	<b>100.0%</b>	<b>100.4%</b>	<b>97.1%</b>

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

(\$ in thousands, except per share data)	Quarter Ended		%	Year-to-Date		%
	September 2015	September 2014	Increase (Decrease)	September 2015	September 2014	Increase (Decrease)
<b>Investment Income:</b>						
Interest:						
Fixed Income Securities	\$ 30,601	30,706	(0)	\$ 92,227	95,515	(3)
Short-term	24	15	60	72	48	50
Other Investments	1,337	3,906	(66)	(781)	12,677	(106)
Dividends:	2,370	1,909	24	6,546	5,094	29
	<u>34,332</u>	<u>36,536</u>	<u>(6)</u>	<u>98,064</u>	<u>113,334</u>	<u>(13)</u>
Investment Expense	<u>2,271</u>	<u>2,244</u>	<u>1</u>	<u>6,856</u>	<u>6,734</u>	<u>2</u>
Net Investment Income Before Tax	32,061	34,292	(7)	91,208	106,600	(14)
Tax	7,506	8,527	(12)	20,666	26,928	(23)
<b>Net Investment Income After Tax</b>	<b>\$ 24,555</b>	<b>25,765</b>	<b>(5)</b>	<b>\$ 70,542</b>	<b>79,672</b>	<b>(11)</b>
<b>Net Investment Income per Share</b>	<b>\$ 0.42</b>	<b>0.45</b>	<b>(7)</b>	<b>\$ 1.22</b>	<b>1.39</b>	<b>(12)</b>
Effective Tax Rate	23.4%	24.9%		22.7%	25.3%	
Average Yields :						
Fixed Income Securities:						
Pre Tax				2.74%	3.03%	
After Tax				2.08%	2.27%	
Portfolio:						
Pre Tax				2.48%	3.03%	
After Tax				1.92%	2.26%	
	Quarter Ended			Year-to-Date		
	September 2015	September 2014		September 2015	September 2014	
Net Realized Gains (Losses)						
Fixed Income Securities	(80)	662		587	1,446	
Equity Securities	388	14,568		15,838	25,541	
Other Investments	-	1		(654)	1	
Total	308	15,231		15,771	26,988	
Net of Tax	200	9,900		10,251	17,542	

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

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

(\$ in thousands)	Net Premiums Written	Percent Change	Net Premiums Earned	Percent Change	Loss Ratio	LAE Ratio	Underwriting Expense Ratio	Dividends to Policyholders Ratio	Combined Ratio 2015	Combined Ratio 2014	Underwriting Gain/(Loss)
<b>Standard Personal Lines:</b>											
Homeowners	\$ 37,491	(2.4)%	\$ 33,670	(0.8)%	56.9%	8.5%	31.5%	0.0%	96.8%	86.8%	\$ (115)
Auto	37,610	(3.4)%	36,624	(2.8)%	63.3%	8.8%	31.3%	0.0%	103.4%	100.3%	(1,568)
Other (including flood)	1,826	6.2%	1,794	(34.2)%	67.6%	(7.2)%	(178.7)%	0.0%	(118.3)%	(135.3)%	3,975
<b>Total</b>	<b>\$ 76,927</b>	<b>(2.7)%</b>	<b>\$ 72,088</b>	<b>(3.1)%</b>	<b>60.4%</b>	<b>8.3%</b>	<b>26.3%</b>	<b>0.0%</b>	<b>95.0%</b>	<b>88.9%</b>	<b>\$ 2,292</b>
<b>Standard Commercial Lines:</b>											
Commercial property	\$ 77,674	8.7%	\$ 68,587	11.9%	24.5%	5.2%	38.1%	0.0%	67.8%	79.9%	\$ 18,665
Workers compensation	74,446	13.2%	74,560	11.7%	37.1%	14.2%	30.2%	2.5%	84.0%	111.2%	11,996
General liability	130,722	11.0%	123,252	11.1%	38.0%	14.7%	36.4%	0.0%	89.1%	84.2%	10,761
Auto	97,941	8.1%	90,758	8.6%	62.0%	8.9%	33.5%	0.1%	104.5%	92.8%	(6,478)
Businessowners' policies	23,936	9.2%	23,726	9.6%	46.9%	12.4%	40.7%	0.0%	100.0%	90.3%	(74)
Bonds	5,375	0.2%	5,031	5.0%	16.4%	8.4%	66.7%	0.0%	91.5%	86.3%	197
Other	3,937	8.5%	3,628	12.1%	(0.3)%	0.1%	60.2%	0.0%	60.0%	55.8%	1,265
<b>Total</b>	<b>\$ 414,031</b>	<b>10.0%</b>	<b>\$ 389,542</b>	<b>10.6%</b>	<b>40.9%</b>	<b>11.3%</b>	<b>35.7%</b>	<b>0.5%</b>	<b>88.4%</b>	<b>90.9%</b>	<b>\$ 36,332</b>
<b>E&amp;S</b>	<b>\$ 54,067</b>	<b>36.4%</b>	<b>\$ 45,760</b>	<b>26.7%</b>	<b>51.4%</b>	<b>18.5%</b>	<b>31.2%</b>	<b>0.0%</b>	<b>101.1%</b>	<b>102.9%</b>	<b>\$ (3,088)</b>
<b>Total Insurance Operations</b>	<b>\$ 545,025</b>	<b>10.1%</b>	<b>\$ 507,390</b>	<b>9.7%</b>	<b>44.6%</b>	<b>11.5%</b>	<b>34.0%</b>	<b>0.4%</b>	<b>90.5%</b>	<b>91.5%</b>	<b>\$ 35,536</b>

Note: Some amounts may not foot due to rounding.

	2015	2014
Losses Paid	\$ 237,573	\$ 227,149
LAE Paid	50,084	50,339
Total Paid	<u>\$ 287,657</u>	<u>\$ 277,488</u>

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

(\$ in thousands)	Net Premiums Written	Percent Change	Net Premiums Earned	Percent Change	Loss Ratio	LAE Ratio	Underwriting Expense Ratio	Dividends to Policyholders Ratio	Combined Ratio 2015	Combined Ratio 2014	Underwriting Gain/(Loss)
<b>Standard Personal Lines:</b>											
Homeowners	\$ 101,837	(2.1)%	\$ 101,122	0.3%	65.0%	8.2%	34.9%	0.0%	108.0%	110.8%	\$ (8,291)
Auto	111,125	(3.3)%	110,374	(3.1)%	61.5%	10.6%	33.4%	0.0%	105.5%	100.5%	(6,291)
Other (including flood)	4,975	(11.7)%	5,142	(42.6)%	66.5%	(2.8)%	(172.2)%	0.0%	(108.5)%	(102.3)%	10,437
<b>Total</b>	<b>\$ 217,937</b>	<b>(3.0)%</b>	<b>\$ 216,638</b>	<b>(3.2)%</b>	<b>63.3%</b>	<b>9.1%</b>	<b>29.3%</b>	<b>0.0%</b>	<b>101.7%</b>	<b>99.9%</b>	<b>\$ (4,145)</b>
<b>Standard Commercial Lines:</b>											
Commercial property	\$ 219,308	10.7%	\$ 199,699	9.3%	44.1%	5.2%	37.5%	0.1%	86.9%	104.1%	\$ 18,868
Workers compensation	233,722	13.0%	213,991	4.3%	42.1%	15.5%	28.0%	2.2%	87.7%	109.6%	20,788
General liability	395,840	11.4%	357,430	7.9%	29.6%	15.7%	34.6%	0.1%	80.0%	81.8%	58,078
Auto	291,547	9.1%	265,771	6.6%	60.0%	9.2%	32.3%	0.1%	101.5%	93.7%	(12,374)
Businessowners' policies	71,776	8.7%	69,603	9.1%	57.8%	12.1%	39.0%	0.0%	108.9%	112.4%	(7,071)
Bonds	16,404	5.6%	15,137	6.0%	16.4%	7.0%	64.1%	0.0%	87.5%	82.7%	1,075
Other	11,513	10.2%	10,649	10.6%	0.1%	0.1%	55.8%	0.0%	56.0%	49.7%	4,202
<b>Total</b>	<b>\$ 1,240,110</b>	<b>10.8%</b>	<b>\$ 1,132,280</b>	<b>7.2%</b>	<b>42.9%</b>	<b>11.8%</b>	<b>34.2%</b>	<b>0.5%</b>	<b>89.4%</b>	<b>95.5%</b>	<b>\$ 83,566</b>
<b>E&amp;S</b>	<b>\$ 137,199</b>	<b>27.7%</b>	<b>\$ 124,904</b>	<b>21.3%</b>	<b>49.5%</b>	<b>18.8%</b>	<b>33.5%</b>	<b>0.0%</b>	<b>101.8%</b>	<b>100.3%</b>	<b>\$ (6,431)</b>
<b>Total Insurance Operations</b>	<b>\$ 1,595,246</b>	<b>9.9%</b>	<b>\$ 1,473,822</b>	<b>6.6%</b>	<b>46.5%</b>	<b>12.0%</b>	<b>33.4%</b>	<b>0.4%</b>	<b>92.3%</b>	<b>96.6%</b>	<b>\$ 72,990</b>

Note: Some amounts may not foot due to rounding.

	2015	2014
Losses Paid	\$ 656,683	\$ 662,435
LAE Paid	144,145	139,178
Total Paid	<u>\$ 800,828</u>	<u>\$ 801,613</u>

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

<b>Net Catastrophe Losses Incurred</b>	<b>Quarter Ended</b>				<b>Year-to-Date</b>			
	<b>September 30, 2015</b>		<b>September 30, 2014</b>		<b>September 30, 2015</b>		<b>September 30, 2014</b>	
	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	\$ 5,784	8.0%	\$ 1,605	2.2%	\$ 20,381	9.4%	\$ 22,618	10.1%
Standard Commercial Lines	\$ 758	0.2%	\$ 3,259	0.9%	\$ 33,016	2.9%	\$ 41,946	4.0%
E&S	\$ 308	0.7%	\$ 511	1.4%	\$ 2,752	2.2%	\$ 2,386	2.3%
<b>Total Insurance Operations</b>	<b>\$ 6,850</b>	<b>1.3%</b>	<b>\$ 5,375</b>	<b>1.2%</b>	<b>\$ 56,149</b>	<b>3.8%</b>	<b>\$ 66,949</b>	<b>4.8%</b>

<b>Prior Year Casualty Reserve Development (Favorable) / Unfavorable</b>	<b>Quarter Ended</b>				<b>Year-to-Date</b>			
	<b>September 30, 2015</b>		<b>September 30, 2014</b>		<b>September 30, 2015</b>		<b>September 30, 2014</b>	
	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	\$ -	0.0%	\$ (2,000)	(2.7)%	\$ -	0.0%	\$ (6,000)	(2.7)%
Standard Commercial Lines	\$ (19,000)	(4.9)%	\$ (10,000)	(2.8)%	\$ (61,000)	(5.4)%	\$ (37,500)	(3.6)%
E&S	\$ 4,000	8.7%	\$ 4,000	11.1%	\$ 6,000	4.8%	\$ 4,000	3.9%
<b>Total Insurance Operations</b>	<b>\$ (15,000)</b>	<b>(3.0)%</b>	<b>\$ (8,000)</b>	<b>(1.7)%</b>	<b>\$ (55,000)</b>	<b>(3.7)%</b>	<b>\$ (39,500)</b>	<b>(2.9)%</b>

Note: Some amounts may not foot due to rounding.

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

	(Unaudited) September 30, 2015	December 31, 2014
(\$ in thousands, except share amounts)		
<b>ASSETS</b>		
<b>Investments:</b>		
Fixed income securities, held-to-maturity – at carrying value (fair value: \$240,388 – 2015; \$333,961 – 2014)	\$ 229,869	318,137
Fixed income securities, available-for-sale – at fair value (amortized cost: \$4,273,771 – 2015; \$3,975,786 – 2014)	4,351,046	4,066,122
Equity securities, available-for-sale – at fair value (cost: \$220,820 – 2015; \$159,011 – 2014)	221,951	191,400
Short-term investments (at cost which approximates fair value)	125,855	131,972
Other investments	85,146	99,203
Total investments	5,013,867	4,806,834
Cash	15,113	23,959
Interest and dividends due or accrued	38,009	38,901
Premiums receivable, net of allowance for uncollectible accounts of: \$4,612 – 2015; \$4,137 – 2014	653,966	558,778
Reinsurance recoverable, net	561,364	581,548
Prepaid reinsurance premiums	148,634	146,993
Deferred federal income tax	93,062	98,449
Property and equipment – at cost, net of accumulated depreciation and amortization of: \$184,406 – 2015; \$172,183 – 2014	65,657	59,416
Deferred policy acquisition costs	213,666	185,608
Goodwill	7,849	7,849
Other assets	86,930	73,215
Total assets	<u>\$ 6,898,117</u>	<u>6,581,550</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities:</b>		
Reserve for loss and loss expenses	\$ 3,517,751	3,477,870
Unearned premiums	1,218,884	1,095,819
Notes payable	394,309	379,297
Current federal income tax	12,607	3,921
Accrued salaries and benefits	158,044	158,382
Other liabilities	237,500	190,675
Total liabilities	<u>\$ 5,539,095</u>	<u>5,305,964</u>
<b>Stockholders' Equity:</b>		
Preferred stock of \$0 par value per share:		
Authorized shares 5,000,000; no shares issued or outstanding	\$ —	—
Common stock of \$2 par value per share:		
Authorized shares: 360,000,000		
Issued: 100,673,864 – 2015; 99,947,933 – 2014	201,348	199,896
Additional paid-in capital	320,987	305,385
Retained earnings	1,409,536	1,313,440
Accumulated other comprehensive (loss) income	(6,039)	19,788
Treasury stock – at cost (shares: 43,492,212 – 2015; 43,353,181 – 2014)	(566,810)	(562,923)
Total stockholders' equity	<u>\$ 1,359,022</u>	<u>1,275,586</u>
Commitments and contingencies		
Total liabilities and stockholders' equity	<u>\$ 6,898,117</u>	<u>6,581,550</u>

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

	Quarter Ended September 30,		Nine Months Ended September 30,	
(\$ in thousands, except per share amounts)	2015	2014	2015	2014
<b>Revenues:</b>				
Net premiums earned	\$ 507,390	462,639	1,473,822	1,382,759
Net investment income earned	32,061	34,292	91,208	106,600
Net realized gains:				
Net realized investment gains	1,590	15,231	23,598	28,370
Other-than-temporary impairments	(1,282)	—	(7,827)	(1,382)
Total net realized gains	308	15,231	15,771	26,988
Other income	698	3,196	5,521	14,931
Total revenues	540,457	515,358	1,586,322	1,531,278
<b>Expenses:</b>				
Loss and loss expense incurred	285,161	270,932	861,721	889,273
Policy acquisition costs	174,802	158,101	509,295	462,540
Interest expense	5,489	5,558	16,458	16,544
Other expenses	9,166	5,441	29,954	22,990
Total expenses	474,618	440,032	1,417,428	1,391,347
Income before federal income tax	65,839	75,326	168,894	139,931
<b>Federal income tax expense:</b>				
Current	9,141	7,373	29,128	22,692
Deferred	9,702	14,791	19,294	16,762
Total federal income tax expense	18,843	22,164	48,422	39,454
Net income	\$ 46,996	53,162	120,472	100,477
<b>Earnings per share:</b>				
Basic net income	\$ 0.82	0.94	2.11	1.79
Diluted net income	\$ 0.81	0.93	2.08	1.75
Dividends to stockholders	\$ 0.14	0.13	0.42	0.39



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

(\$ in thousands)	Quarter Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	\$ 46,996	53,162	120,472	100,477
<b>Other comprehensive income (loss), net of tax:</b>				
<i>Unrealized gains (losses) on investment securities:</i>				
Unrealized holding gains (losses) arising during period	5,442	(8,988)	(18,132)	41,767
Amount reclassified into net income:				
Held-to-maturity securities	(63)	(243)	(353)	(683)
Non-credit other-than-temporary impairments	—	780	232	1,085
Realized gains on available-for-sale securities	(199)	(10,683)	(10,906)	(18,637)
Total unrealized gains (losses) on investment securities	5,180	(19,134)	(29,159)	23,532
<i>Defined benefit pension and post-retirement plans:</i>				
Amounts reclassified into net income:				
Net actuarial loss	1,110	247	3,332	742
Total defined benefit pension and post-retirement plans	1,110	247	3,332	742
Other comprehensive income (loss)	6,290	(18,887)	(25,827)	24,274
Comprehensive income	\$ 53,286	34,275	94,645	124,751

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

**Nine Months Ended  
September 30,**

(\$ in thousands, except share amounts)

**2015**                      **2014**

**Common stock:**

Beginning of year	\$	199,896	198,240
Dividend reinvestment plan (shares: 38,947 – 2015; 44,322 – 2014)		78	89
Stock purchase and compensation plans (shares: 686,984 – 2015; 588,858 – 2014)		1,374	1,178
End of period		<u>201,348</u>	<u>199,507</u>

**Additional paid-in capital:**

Beginning of year		305,385	288,182
Dividend reinvestment plan		1,014	957
Stock purchase and compensation plans		14,588	11,286
End of period		<u>320,987</u>	<u>300,425</u>

**Retained earnings:**

Beginning of year		1,313,440	1,202,015
Net income		120,472	100,477
Dividends to stockholders (\$0.42 per share – 2015; \$0.39 per share – 2014)		(24,376)	(22,344)
End of period		<u>1,409,536</u>	<u>1,280,148</u>

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

Beginning of year		19,788	24,851
Other comprehensive (loss) income		(25,827)	24,274
End of period		<u>(6,039)</u>	<u>49,125</u>

**Treasury stock:**

Beginning of year		(562,923)	(559,360)
Acquisition of treasury stock (shares: 139,031 – 2015; 130,573 – 2014)		(3,887)	(2,920)
End of period		<u>(566,810)</u>	<u>(562,280)</u>
Total stockholders' equity	\$	<u>1,359,022</u>	<u>1,266,925</u>

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

	Nine Months Ended September 30,	
(\$ in thousands)	2015	2014
<b>Operating Activities:</b>		
Net Income	\$ 120,472	100,477
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation and amortization	43,868	31,059
Sale of renewal rights	—	(8,000)
Stock-based compensation expense	7,626	7,421
Undistributed losses (gains) of equity method investments	781	(131)
Net realized gains	(15,771)	(26,988)
<i>Changes in assets and liabilities:</i>		
Increase in reserve for loss and loss expenses, net of reinsurance recoverables	60,065	86,887
Increase in unearned premiums, net of prepaid reinsurance	121,424	68,935
Decrease in net federal income taxes	27,980	33,596
Increase in premiums receivable	(95,188)	(66,816)
Increase in deferred policy acquisition costs	(28,058)	(16,700)
Decrease (increase) in interest and dividends due or accrued	979	(82)
Decrease in accrued salaries and benefits	(338)	(13,958)
Increase (decrease) in accrued insurance expenses	7,154	(12,545)
Increase (decrease) in other assets and other liabilities	8,039	(25,036)
Net adjustments	138,561	57,642
Net cash provided by operating activities	259,033	158,119
<b>Investing Activities:</b>		
Purchase of fixed income securities, available-for-sale	(731,154)	(560,493)
Purchase of equity securities, available-for-sale	(192,717)	(185,529)
Purchase of other investments	(6,589)	(8,498)
Purchase of short-term investments	(1,084,794)	(1,082,192)
Sale of fixed income securities, available-for-sale	22,323	35,499
Sale of short-term investments	1,090,911	1,074,850
Redemption and maturities of fixed income securities, held-to-maturity	79,972	56,375
Redemption and maturities of fixed income securities, available-for-sale	403,510	336,939
Sale of equity securities, available-for-sale	148,228	186,001
Distributions from other investments	22,038	13,514
Purchase of property and equipment	(11,869)	(9,178)
Sale of renewal rights	—	8,000
Net cash used in investing activities	(260,141)	(134,712)
<b>Financing Activities:</b>		
Dividends to stockholders	(22,848)	(20,899)
Acquisition of treasury stock	(3,887)	(2,920)
Net proceeds from stock purchase and compensation plans	6,016	3,554
Proceeds from borrowings	15,000	—
Excess tax benefits from share-based payment arrangements	1,498	1,024
Repayment of capital lease obligations	(3,517)	(1,858)
Net cash used in financing activities	(7,738)	(21,099)
Net (decrease) increase in cash	(8,846)	2,308
Cash, beginning of year	23,959	193
Cash, end of period	\$ 15,113	2,501

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

(\$ in thousands)	September 30, 2015	September 30, 2014	December 31, 2014
<b>ASSETS</b>			
Bonds	\$ 4,438,650	4,166,759	4,241,580
Common stocks	210,197	211,265	191,400
Preferred stocks	11,708	-	-
Affiliated mortgage loan	35,366	36,155	35,961
Other investments	136,591	172,505	152,154
Short-term investments	109,393	139,193	115,342
<b>Total investments</b>	<b>4,941,905</b>	<b>4,725,877</b>	<b>4,736,437</b>
Cash on hand and in banks	(6,272)	232	12,381
Interest and dividends due and accrued	37,944	37,460	38,908
Premiums receivable	648,264	588,789	556,086
Reinsurance recoverable on paid losses and expenses	11,288	10,558	9,570
Deferred tax recoverable	146,936	153,305	147,610
EDP equipment	436	567	518
Equities and deposits in pools and associations	12,394	9,966	9,915
Receivable for sold securities	64	723	34
Other assets	26,798	27,008	26,629
<b>Total assets</b>	<b>\$ 5,819,757</b>	<b>5,554,485</b>	<b>5,538,088</b>
<b>LIABILITIES</b>			
Reserve for losses	\$ 2,427,024	2,408,287	2,398,531
Reinsurance payable on paid loss and loss expense	2,677	2,680	2,957
Reserve for loss expenses	526,253	475,933	493,510
Unearned premiums	1,070,250	985,089	948,826
Reserve for commissions payable	73,293	60,739	70,259
Ceded balances payable	32,626	30,036	29,624
Federal income tax payable	22,996	26,750	20,524
Premium and other taxes payable	24,257	18,068	20,137
Borrowed money	60,029	58,042	45,027
Reserve for dividends to policyholders	5,989	2,606	3,895
Reserves for unauthorized reinsurance	7,661	2,735	7,661
Payable for securities	31,974	44,712	19,950
Funds withheld on account of others	7,695	7,933	7,473
Accrued salaries and benefits	69,837	61,074	64,207
Other liabilities	89,853	46,704	97,665
<b>Total liabilities</b>	<b>4,452,414</b>	<b>4,231,388</b>	<b>4,230,246</b>
<b>POLICYHOLDERS' SURPLUS</b>			
Capital	42,725	42,725	42,725
Paid in surplus	492,869	492,869	492,869
Unassigned surplus	831,749	787,503	772,248
Total policyholders' surplus	1,367,343	1,323,097	1,307,842
<b>Total liabilities and policyholders' surplus</b>	<b>\$ 5,819,757</b>	<b>5,554,485</b>	<b>5,538,088</b>

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

(\$ in thousands)	Quarter Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
<b>UNDERWRITING</b>				
Net premiums written	\$ 545,025	495,121	1,595,246	1,451,694
Net premiums earned	507,390	462,639	1,473,822	1,382,759
Net losses paid	237,573	227,149	656,683	662,435
Change in reserve for losses	(11,051)	(12,187)	28,493	66,811
Net losses incurred	226,522	214,962	685,176	729,246
	44.6%	46.5%	46.5%	52.7%
Net loss expenses paid	50,084	50,339	144,145	139,178
Change in reserve for loss expenses	8,083	4,730	32,744	19,949
Net loss expenses incurred	58,167	55,069	176,889	159,127
	11.5%	11.9%	12.0%	11.5%
Net underwriting expenses incurred	185,183	165,184	537,019	478,387
	33.9%	33.4%	33.6%	33.0%
Total deductions	469,872	435,215	1,399,084	1,366,760
Statutory underwriting gain / (loss)	37,518	27,424	74,738	15,999
Net loss from premium balances charged off	(833)	(999)	(2,146)	(2,768)
Finance charges and other income	772	3,419	5,688	15,587
Total other income	(61)	2,420	3,542	12,819
	0.1%	-0.5%	-0.2%	-0.9%
Policyholders' dividends incurred	(1,921)	(1,156)	(5,290)	(3,943)
	0.4%	0.2%	0.4%	0.3%
Total underwriting gain / (loss)	35,536	28,688	72,990	24,875
	90.5%	91.5%	92.3%	96.6%
<b>INVESTMENT</b>				
Net investment income earned	31,821	33,778	91,103	105,925
Net realized gain	309	15,231	15,770	26,983
Total income before income tax	67,666	77,697	179,863	157,783
Federal income tax expense	17,938	19,099	37,729	32,052
Net income	\$ 49,728	58,598	142,134	125,731
Policyholders' Surplus				
Surplus, beginning of period	\$ 1,344,630	1,292,961	1,307,842	1,256,431
Net income	49,728	58,598	142,134	125,731
Change in deferred taxes	752	(3,477)	(11,401)	(10,162)
Change in net unrealized capital (losses)	(6,554)	(9,553)	(20,101)	(4,414)
Dividends to stockholders	(14,438)	(14,379)	(43,314)	(43,133)
Change in non-admitted assets	(8,390)	(1,336)	(12,661)	(2,203)
Change in Overfunded Contra Asset	(281)	(1,547)	(842)	(4,640)
Qual Pen Trans Liab	1,845	1,815	5,534	5,446
Excess Plan Trans Liab	44	8	130	23
PRL Plan Trans Liab	7	7	22	18
Net change in surplus for period	22,713	30,136	59,501	66,666
Surplus, end of period	\$ 1,367,343	1,323,097	1,367,343	1,323,097
Statutory underwriting gain	\$ 35,536	28,688	72,990	24,875
<b>Adjustments under GAAP:</b>				
Deferred policy acquisition costs	10,442	7,595	28,058	16,700
Other, net	(1,147)	(1,846)	(1,072)	(2,069)
GAAP underwriting gain	\$ 44,831	34,437	99,976	39,506

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

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

<b>Fund</b>	<b>Inception Year</b>	<b>Original Commitment</b>	<b>Remaining Commitment</b>	<b>Current Market Value</b>	<b>YTD Income</b>	<b>DPI<sup>(1)</sup> Ratio</b>	<b>TVPI<sup>(2)</sup> Ratio</b>
<b>Real Estate</b>							
Silverpeak RE II	2005	20,000,000	2,070,860	6,516,961	1,635,744	0.86	1.17
Silverpeak RE III	2008	15,000,000	7,847,821	2,337,031	(240,492)	0.08	0.40
<b>Total - Real Estate</b>		<b>35,000,000</b>	<b>9,918,681</b>	<b>8,853,992</b>	<b>1,395,252</b>	<b>0.66</b>	<b>0.97</b>
<b>Mezzanine Financing</b>							
Neovara Euro Mezz	2004	9,000,000	-	-	-	0.98	0.98
GS Mezz V	2007	25,000,000	10,223,976	2,535,000	172,683	1.20	1.33
New Canaan V	2012	7,000,000	1,315,741	3,477,477	110,093	0.57	1.12
Centerfield Capital	2012	3,000,000	1,843,500	935,459	41,656	0.21	1.02
<b>Total - Mezz. Financing</b>		<b>44,000,000</b>	<b>13,383,218</b>	<b>6,947,937</b>	<b>324,432</b>	<b>0.99</b>	<b>1.17</b>
<b>Distressed Debt</b>							
Varde VIII	2006	10,000,000	-	1,700,551	67,336	1.18	1.35
Distressed Managers III	2007	15,000,000	3,048,054	5,188,639	(216,722)	0.82	1.21
<b>Total - Distressed Debt</b>		<b>25,000,000</b>	<b>3,048,054</b>	<b>6,889,190</b>	<b>(149,386)</b>	<b>0.98</b>	<b>1.27</b>
<b>Private Equity</b>							
Prospector	1997	5,000,000	-	442,132	161,758	2.82	2.91
Trilantic Capital Partners III	2004	10,000,000	1,373,537	1,776,610	(646,819)	1.63	1.82
NB Co-Invest	2006	15,000,000	1,398,786	5,866,795	671,800	1.06	1.47
NB Co-Invest III	2015	15,000,000	15,000,000	-	-	-	-
Trilantic Capital Partners IV	2007	11,098,351	1,512,816	5,628,312	(1,023,151)	1.16	1.67
Trilantic Capital Partners V	2012	7,000,000	4,540,668	2,077,943	(268,965)	0.01	0.85
<b>Total - Private Equity</b>		<b>63,098,351</b>	<b>23,825,807</b>	<b>15,791,792</b>	<b>(1,105,376)</b>	<b>1.36</b>	<b>1.73</b>
<b>Private Equity, Secondary Market</b>							
NB SOF	2005	12,000,000	899,494	3,214,009	69,034	1.06	1.35
Vintage IV	2007	20,000,000	4,241,625	8,932,506	124,854	0.91	1.37
NB SOF II	2008	12,000,000	1,953,370	5,356,496	145,951	1.08	1.51
<b>Total - Pvt. Eq. Sec. Mkt.</b>		<b>44,000,000</b>	<b>7,094,489</b>	<b>17,503,011</b>	<b>339,839</b>	<b>1.00</b>	<b>1.40</b>
<b>Energy/Power Generation</b>							
ArcLight I	2002	15,000,000	-	12,455	-	1.81	1.81
ArcLight II	2003	15,000,000	-	210,482	51,814	1.41	1.42
ArcLight III	2006	15,000,000	2,037,794	1,163,392	190,825	1.36	1.43
Quintana Energy	2006	10,000,000	284,272	5,299,590	(3,033,428)	0.60	1.14
ArcLight IV	2007	10,000,000	2,287,578	2,204,965	80,582	1.23	1.45
ArcLight VI	2014	15,000,000	12,247,768	2,752,232	-	-	1.00
<b>Total - Energy/Power Generation</b>		<b>80,000,000</b>	<b>16,857,412</b>	<b>11,643,116</b>	<b>(2,710,207)</b>	<b>1.30</b>	<b>1.46</b>
<b>Venture Capital</b>							
Venture V	2001	9,400,000	150,000	6,538,705	1,124,400	0.82	1.53
<b>Total - Venture Capital</b>		<b>9,400,000</b>	<b>150,000</b>	<b>6,538,705</b>	<b>1,124,400</b>	<b>0.82</b>	<b>1.53</b>
<b>TOTAL - ALTERNATIVE INVESTMENTS</b>		<b>\$300,498,351</b>	<b>74,277,660</b>	<b>74,167,743</b>	<b>(781,046)</b>	<b>1.10</b>	<b>1.38</b>

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

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

Exhibit may not foot due to rounding