SELECTIVE®

Supplemental Investor Package

Fourth Quarter and Full Year 2012

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SELECTIVE INSURANCE GROUP, INC.
FOURTH QUARTER AND FULL YEAR 2012 INVESTOR PACKAGE
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Selective Insurance Group Reports Fourth Quarter and Year-end 2012 Earnings

Branchville, NJ – January 31, 2013 – Selective Insurance Group, Inc. (NASDAQ: SIGI) today reported its financial results for the fourth quarter and year ended December 31, 2012. For the quarter, net income per diluted share was $0.02 and operating loss[1] was $0.04. Net income for the year was $0.68 per diluted share and operating income[1] was $0.58 per diluted share. Overall net premiums written grew 5% in the quarter and retention was up a point to 85%.

"Hurricane Sandy was the most significant event in company history, yet we still ended the quarter with positive net income – a testament to our strong underlying insurance operations performance and our comprehensive reinsurance program," said Chairman, President and Chief Executive Officer Gregory E. Murphy. "For the quarter, Sandy resulted in net catastrophe losses of $47 million and a reinsurance reinstatement premium of $9 million; partially offset by flood claims handling fees of $16 million; resulting in an overall, pre-tax, net loss of $40 million and $0.46 per diluted share after tax. Sandy contributed 9.8 points to the combined ratio for the quarter, but only 2.5 points to the year, yielding an overall fourth quarter statutory combined ratio of 110.4%, excluding the impact from Sandy[2] it was 100.6%.

"The hurricane made landfall in our top market share state of New Jersey," said Murphy. "Our Claims and Flood departments have been working tirelessly to resolve claims quickly and fairly, and to inform flood customers of the federally mandated National Flood Insurance Program's claims process. Personal lines received approximately 8,000 claims and have closed 85% and commercial lines received approximately 5,000 claims and have closed 62%.

"We were pleased with our overall performance in the quarter, delivering a statutory combined ratio of 100.6%, excluding the impact of Sandy[2]. Personal lines led the positive results with a combined ratio of 93.9%, excluding Sandy[2], and renewal price that increased 8.3% for the quarter. In personal lines, we continue to file rate increases as well as improve the mix of business and expand the number of agency storefronts," said Murphy.

"For the quarter, standard commercial lines had a combined ratio of 101.1%, excluding Sandy[2]," continued Murphy. "We completed our 15th consecutive quarter of price increases with standard commercial lines renewal price up 6.7%, and 6.2% for the year. Our granular pricing strategy and sophisticated underwriting, as well as our strong agency relationships, has given us an edge over the past several years that continues to pay off in strong results.

"Investment income for the quarter was $26 million, after tax, compared to $23 million in the fourth quarter 2011, due to improved performance in the alternative investment portfolio. For the year, investment income, after tax, was $100 million. We continue to manage our investment income through a very low interest rate environment without unduly adding more credit or duration risk," concluded Murphy.

Fourth Quarter Highlights 2012 Compared to Fourth Quarter 2011

- Net income of $1.3 million, or $0.02 per diluted share, compared to $18.0 million, or $0.33 in 2011
- Operating loss[1] of $2.3 million, or $0.04 per diluted share, compared to operating income[1] of $20.4 million, or $0.37 in 2011
- Combined ratio: GAAP: 109.0% compared to 97.9% in 2011; Statutory: 110.4% compared to 98.7% in 2011
- Combined ratio excluding the impact of Hurricane Sandy[2]: GAAP 99.3%; Statutory 100.6%
- Favorable prior year statutory reserve development on our casualty lines totaled $2 million compared to $10 million in 2011
- Total net premiums written (NPW) were $370.6 million, which were reduced by the reinstatement premium related to Hurricane Sandy of $8.6 million
    - Standard Commercial Lines NPW were $273.2 million
    - Standard Personal Lines NPW were $68.1 million
    - Excess and Surplus Lines NPW were $29.4 million
- Catastrophe losses were $33.8 million, after tax, including $30.3 million for Hurricane Sandy
- Gross pre-tax catastrophe losses from Hurricane Sandy were $136 million
- Flood net income of $12.0 million, after tax, including $10.1 million for Hurricane Sandy
- Investment income, after tax, was $26.3 million
- Net realized gains, after tax, totaled $3.6 million

Year-End Highlights for 2012 Compared to Year-End 2011

- Net income was $38.0 million, or $0.68 per diluted share, compared to $22.0 million, or $0.40 in 2011
- Operating income[1] was $32.1 million, or $0.58 per diluted share, compared to $21.2 million, or $0.38 in 2011
- Combined ratio: GAAP: 104.0% compared to 107.2% in 2011; Statutory: 103.5% compared to 106.7% in 2011
- Combined ratio excluding the impact of Hurricane Sandy[2]: GAAP 101.5%; Statutory 101.0%
- Favorable prior year statutory reserve development on our casualty lines totaled $17 million compared to $29 million in 2011

- Total NPW were $1,666.9 million, which were reduced by the reinstatement premium related to Hurricane Sandy of $8.6 million
    - Standard Commercial Lines NPW were $1,263.7 million
    - Standard Personal Lines NPW were $289.9 million
    - Excess and Surplus Lines NPW were $113.3 million
- Catastrophe losses were $64.1 million, after tax, including $30.3 million for Hurricane Sandy
- Flood net income of $19.1 million, after tax, including $10.1 million for Hurricane Sandy
- Investment income, after tax, was $100.3 million
- Net realized gains, after tax, totaled $5.8 million for the year

Balance Sheet and Guidance
At December 31, 2012, Selective's assets were $6.8 billion, up 20% over prior year primarily due to reinsurance recoverables of $1.4 billion, compared with $0.6 billion in 2011, and $4.3 billion in the company's investment portfolio, which increased 5% compared to December 31, 2011.

Stockholders' equity was up 3% for the year to $1.1 billion and book value per share increased 2% to $19.77. Statutory surplus was down 1% in 2012 to $1.1 billion.

Selective's Board of Directors declared a $0.13 per share quarterly cash dividend on common stock payable March 1, 2013 to stockholders of record as of February 15, 2013.

Selective expects to generate a 2013 full year statutory combined ratio, excluding catastrophes, of 96.0%. We currently estimate catastrophe losses will add three points to that ratio. In addition, investment income will be down slightly to $90-$95 million. Anticipated weighted average shares at year end 2013 of 56 million.

The supplemental investor packet, 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 February 1, 2013 at www.selective.com. The webcast will be available for rebroadcast until the close of business on March 1, 2013.

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

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

Certain statements in this report, including information incorporated by reference, are "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 ("PSLRA"). The PSLRA provides a safe harbor under the Securities

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

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

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

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

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

[1]Operating 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.

[2] The Hurricane Sandy impact includes catastrophe losses, reinstatement premium on the catastrophe reinsurance program and the flood claims handling fees generated as a result of Hurricane Sandy.

Selective Insurance Group, Inc. (Nasdaq: SIGI) *

GAAP Highlights and Reconciliation of Non-GAAP Measures to Comparable GAAP Measures

(in thousands, except per share data)

3 months ended December 31:		**2012**	**2011**[1]
Net premiums written	$	370,630	352,179
Net premiums earned		406,853	373,427
Net investment income earned		34,593	28,839
Net realized gains (losses)		5,540	(3,621)
Total revenues		448,975	400,380
Operating (loss) income		(2,293)	20,388
Capital gains (losses), net of tax		3,601	(2,354)
Net income	$	1,308	18,034
Statutory combined ratio		110.4%	98.7%
Statutory combined ratio, excluding Hurricane Sandy[2]		100.6%	NA
Statutory combined ratio, excluding Hurricane Sandy[2] and other catastrophe losses		99.3%	97.0%
GAAP combined ratio		109.0%	97.9%
Operating (loss) income per diluted share	$	(0.04)	0.37
Net income per diluted share		0.02	0.33
Weighted average diluted shares		56,128	55,437
Book value per share	$	19.77	19.45

12 months ended December 31:		**2012**	**2011**[1]
Net premiums written	$	1,666,883	1,485,349
Net premiums earned		1,584,119	1,439,313
Net investment income earned		131,877	147,443
Net realized gains		8,988	2,240
Total revenues		1,734,102	1,597,475
Operating income		32,121	21,227
Capital gains, net of tax		5,842	1,456
Loss on discontinued operations		-	(650)
Net income	$	37,963	22,033
Statutory combined ratio		103.5%	106.7%
Statutory combined ratio, excluding Hurricane Sandy[2]		101.0%	NA
Statutory combined ratio, excluding Hurricane Sandy[2] and other catastrophe losses		97.7%	98.4%
GAAP combined ratio		104.0%	107.2%
Operating income per diluted share	$	0.58	0.38
Net income per diluted share		0.68	0.40
Weighted average diluted shares		55,933	55,221
Book value per share	$	19.77	19.45

[1] Prior year data has been restated to reflect the adoption of ASU 2010-26, "Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts."

[2] The Hurricane Sandy impact includes catastrophe losses, reinstatement premium on the catastrophe reinsurance program and the flood claims handling fees generated as a result of Hurricane Sandy.

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

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

	December 31, 2012			December 31, 2011		
	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain/(Loss)	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain/(Loss)
Invested Assets:						
Corporate bonds[1]	$ 2,239,284	2,250,536	110,822	$ 1,967,498	1,981,909	73,085
Gov't and Municipal bonds	1,610,798	1,640,138	99,026	1,642,223	1,673,508	108,694
Total bonds	3,850,082	3,890,674	209,848	3,609,721	3,655,417	181,779
Equities	151,382	151,382	18,941	157,355	157,355	13,529
Short-term investments	214,479	214,479	-	217,044	217,044	-
Other investments	114,076	114,076	(4,805)	128,301	128,301	(4,520)
Total invested assets	4,330,019	4,370,611	223,984	4,112,421	4,158,117	190,788
Invested assets per $ of stockholders' equity[2]	3.97			3.89		
Total assets[2]	6,794,216			5,685,469		
Liabilities:						
Reserve for losses and loss expenses	4,068,941			3,144,924		
Unearned premium reserve	974,706			906,991		
Total liabilities	5,703,624			4,627,141		
Stockholders' equity[2]	1,090,592			1,058,328		
Total debt to capitalization ratio[2]	22.0%			22.5%		
Adjusted total debt to capitalization ratio [2, 3]	15.6%			15.9%		
Book value per share	19.77			19.45		
Book value per share excluding unrealized gain or loss on bond portfolio [2]	17.78			17.82		
NPW per insurance segment employee (excludes E&S)	822			791		
Statutory premiums to surplus ratio	1.6x			1.4x		
Statutory surplus	1,050,107			1,062,707		

[1] Includes mortgage-backed and asset-backed securities.

[2] Prior year results have been restated to reflect the adoption of ASU 2010-26, "*Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts.*"

[3] 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.

Selective Insurance Group, Inc.
Selected Income Statement Data (unaudited)
December 2012
($ in thousands, except per share amounts)

		THREE MONTHS ENDED December 31,				TWELVE MONTHS ENDED December 31,			
		2012		2011		2012		2011	
			Per diluted share		Per diluted share		Per diluted share		Per diluted share
Consolidated									
Revenue		$ 448,975		$ 400,380		$ 1,734,102		$ 1,597,475	
Operating (loss) income[1]		(2,293)	(0.04)	20,388	0.37	32,121	0.58	21,227	0.38
Net realized gains (losses), after tax		3,601	0.06	(2,354)	(0.04)	5,842	0.10	1,456	0.03
Income from continuing operations		1,308	0.02	18,034	0.33	37,963	0.68	22,683	0.41
Loss on discontinued operations, after tax		-	-	-	-	-	-	(650)	(0.01)
Net income[1]		1,308	0.02	18,034	0.33	37,963	0.68	22,033	0.40
Operating return on equity[1]		**-0.8%**		**7.8%**		**3.0%**		**2.0%**	
Total Insurance Operations									
Gross premiums written		457,464		422,438		2,006,605		1,776,908	
Net premiums written		370,630		352,179		1,666,883		1,485,349	
Net premiums earned		406,853		373,427		1,584,119		1,439,313	
Underwriting (loss) income[1]	- before tax	(36,543)		7,895		(64,007)		(103,584)	
	- after tax	(23,753)	(0.42)	5,131	0.09	(41,605)	(0.74)	(67,330)	(1.22)
GAAP combined ratio[1]		**109.0%**		**97.9%**		**104.0%**		**107.2%**	
Total Standard lines									
Net premiums earned		378,041		370,042		1,504,890		1,435,399	
GAAP combined ratio[1]		**108.6%**		**97.0%**		**103.0%**		**106.8%**	
Standard Commercial lines									
Net premiums earned		308,856		302,055		1,225,335		1,170,947	
GAAP combined ratio[1]		**108.5%**		**95.8%**		**103.3%**		**104.3%**	
Standard Personal lines									
Net premiums earned		69,185		67,987		279,555		264,452	
GAAP combined ratio[1]		**109.3%**		**102.4%**		**101.3%**		**117.8%**	
Excess and Surplus lines									
Net premiums earned		28,812		3,385		79,229		3,914	
GAAP combined ratio		**113.4%**		**197.3%**		**124.7%**		**270.2%**	
Investments									
Net investment income	- before tax	34,593		28,839		131,877		147,443	
	- after tax	26,286	0.47	22,567	0.41	100,265	1.79	111,088	2.01
Effective tax rate		24.0%		21.7%		24.0%		24.7%	
Annual after-tax yield on investment portfolio						**2.4%**		**2.8%**	
Annual after-tax, after-interest expense yield						**2.1%**		**2.5%**	
Invested assets per $ of stockholders' equity						**3.97**		**3.89**	
Other expenses (net of other income)									
Interest expense	- before tax	(4,724)		(4,584)		(18,872)		(18,259)	
	- after tax	(3,071)	(0.05)	(2,980)	(0.05)	(12,267)	(0.22)	(11,868)	(0.21)
Other Expense - after tax		$ (1,755)	(0.04)	$ (4,330)	(0.08)	$ (14,272)	(0.25)	$ (10,663)	(0.20)
Diluted weighted avg shares outstanding		56,128		55,437		55,933		55,221	

[1] Prior year results have been restated to reflect the adoption of ASU 2010-26, "*Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts.*"

Selective Insurance Group, Inc. and Consolidated Subsidiaries

GAAP Investment Income

(unaudited)

($ in thousands)

	For the three months ended December 2012	December 2011	% Increase (Decrease)	Year to Date December 2012	December 2011	% Increase (Decrease)
Investment Income:						
Interest:						
Fixed Maturity Securities	30,739	31,875	(3.6)	124,687	129,710	(3.9)
Short-term	48	37	29.7	151	160	(5.6)
Other Investments:						
Alternative Investments	3,995	(3,316)	220.5	10,391	20,678	(49.7)
Other	(459)	(139)	(230.2)	(1,395)	(139)	(903.6)
Dividends	2,430	2,236	8.7	6,215	4,535	37.0
Miscellaneous	(105)	45	(333.3)	-	133	(100.0)
	36,648	30,738	19.2	140,049	155,077	(9.7)
Investment Expense	2,055	1,899	8.2	8,172	7,634	7.0
Net Investment Income Before Tax	34,593	28,839	20.0	131,877	147,443	(10.6)
Tax	8,307	6,272	32.4	31,612	36,355	(13.0)
Net Investment Income After Tax	**$ 26,286**	**22,567**	**16.5**	**$ 100,265**	**111,088**	**(9.7)**
Net Investment Income per Share	**$ 0.47**	**0.41**	**14.6**	**$ 1.79**	**2.01**	**(10.9)**
Effective Tax Rate	24.0%	21.7%		24.0%	24.7%	
Average Yields :						
Fixed Maturity Securities:						
Pre Tax				3.34%	3.62%	
After Tax				2.53%	2.75%	
Portfolio:						
Pre Tax				3.12%	3.67%	
After Tax				2.38%	2.76%	

Net Realized Gains(Losses)	For the three months ended: December 2012	December 2011	Year to date: December 2012	December 2011
Fixed Maturities	1,204	5,436	2,867	6,933
Equity Securities	4,736	(9,057)	6,522	(4,693)
Short Term	-	-	(2)	-
Other Investments	(400)	-	(399)	-
Total	5,540	(3,621)	8,988	2,240
Net of Tax	3,601	(2,354)	5,842	1,456

As of December 31, 2012 new money rates for fixed maturity securities were 2.21% on a pre-tax basis and 1.64% on an after tax-basis.

Selective Insurance Group, Inc.
2012 Statutory Results by Line of Business
4th Qtr 2012 (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 2012	Combined Ratio 2011	Underwriting Gain/(Loss)
Standard Personal Lines:											
Homeowners	$ 27,744	(1.1)%	$ 27,165	(0.2)%	105.1%	18.9%	35.8%	0.0%	159.8%	95.4%	$ (16,439)
Auto	36,648	2.5%	38,495	3.2%	78.9%	9.0%	31.0%	0.0%	118.9%	115.5%	(6,701)
Other (including flood)	3,669	2.1%	3,524	1.9%	56.3%	(439.7)%	(30.1)%	0.0%	(413.5)%	3.4%	18,142
Total	**$ 68,061**	**1.0%**	**$ 69,184**	**1.8%**	**88.0%**	**(9.9)%**	**29.6%**	**0.0%**	**107.7%**	**101.5%**	**$ (4,998)**
Standard Commercial Lines:											
Commercial property	$ 44,840	4.7%	$ 50,394	3.1%	68.1%	6.9%	41.5%	(0.1)%	116.4%	75.0%	$ (5,955)
Workers compensation	57,495	(8.2)%	64,043	(7.8)%	96.3%	(6.9)%	28.9%	0.9%	119.2%	111.9%	(10,394)
General liability	82,017	6.3%	96,843	8.9%	54.3%	17.9%	36.0%	0.1%	108.3%	104.1%	(2,688)
Auto	64,175	3.0%	73,228	3.8%	61.3%	5.5%	33.5%	(0.1)%	100.2%	96.3%	2,867
Business owners policies	18,125	1.1%	16,591	(0.5)%	78.4%	25.9%	40.9%	0.0%	145.2%	80.7%	(8,136)
Bonds	3,838	(4.0)%	4,815	2.6%	(13.9)%	9.9%	68.1%	0.0%	64.1%	93.8%	2,393
Other	2,681	18.8%	2,942	4.5%	0.8%	0.6%	47.4%	0.0%	48.8%	47.2%	1,629
Total	**$ 273,171**	**1.5%**	**$ 308,856**	**2.3%**	**66.6%**	**8.2%**	**35.7%**	**0.2%**	**110.7%**	**97.3%**	**$ (20,283)**
Total Standard Operations	**$ 341,231**	**1.4%**	**$ 378,041**	**2.2%**	**70.5%**	**4.9%**	**34.4%**	**0.2%**	**110.0%**	**98.0%**	**$ (25,281)**
E&S	29,149	85.3%	28,562	743.8%	59.6%	19.6%	35.6%	0.0%	114.8%	124.6%	(4,437)
Total Insurance Operations	**$ 370,380**	**5.2%**	**$ 406,602**	**8.9%**	**69.8%**	**5.8%**	**34.6%**	**0.2%**	**110.4%**	**98.7%**	**$ (29,717)**

Note: Some amounts may not foot due to rounding.

	2012	2011
Losses Paid	$ 248,663	$ 245,778
LAE Paid	29,828	39,804
Total Paid	$ 278,491	$ 285,582

Selective Insurance Group, Inc.
2012 Statutory Results by Line of Business
December 2012 YTD (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 2012	Combined Ratio 2011	Underwriting Gain/(Loss)
Standard Personal Lines:											
Homeowners	$ 121,474	10.4%	$ 113,850	10.8%	64.9%	11.7%	32.7%	0.0%	109.3%	135.2%	$ (13,090)
Auto	153,945	2.8%	152,142	2.2%	71.5%	11.3%	30.2%	0.0%	113.0%	116.4%	(20,350)
Other (including flood)	14,429	7.3%	13,562	5.4%	57.2%	(121.6)%	(44.2)%	0.0%	(108.6)%	(13.4)%	28,677
Total	**$ 289,848**	**6.1%**	**$ 279,555**	**5.7%**	**68.1%**	**5.0%**	**27.6%**	**0.0%**	**100.7%**	**117.3%**	**$ (4,763)**
Standard Commercial Lines:											
Commerical property	$ 213,321	8.9%	$ 202,340	4.8%	55.6%	6.2%	37.4%	(0.1)%	99.1%	109.9%	$ (2,363)
Workers compensation	263,767	0.9%	262,108	1.1%	77.4%	9.1%	26.5%	1.5%	114.5%	116.2%	(38,529)
General liability	387,888	10.3%	373,381	8.3%	52.7%	16.9%	33.1%	0.0%	102.7%	100.7%	(14,793)
Auto	295,651	4.5%	288,010	3.0%	58.0%	7.6%	31.6%	(0.1)%	97.1%	94.2%	6,070
Business owners policies	72,511	7.3%	68,462	3.4%	54.3%	17.0%	40.7%	0.0%	112.0%	109.8%	(9,834)
Bonds	18,638	(0.1)%	18,891	(0.1)%	9.4%	8.7%	62.4%	0.0%	80.5%	85.7%	3,845
Other	11,963	18.3%	12,143	32.3%	0.6%	0.5%	45.0%	0.0%	46.1%	47.4%	6,623
Total	**$ 1,263,738**	**6.4%**	**$ 1,225,335**	**4.6%**	**58.6%**	**11.0%**	**33.1%**	**0.3%**	**103.0%**	**103.9%**	**$ (48,982)**
Total Standard Operations	**$ 1,553,586**	**6.3%**	**$ 1,504,890**	**4.8%**	**60.4%**	**9.9%**	**32.0%**	**0.2%**	**102.5%**	**106.4%**	**$ (53,745)**
E&S	113,047	368.4%	78,979	1917.8%	56.9%	22.4%	39.5%	0.0%	118.8%	131.3%	(28,355)
Total Insurance Operations	**$ 1,666,633**	**12.2%**	**$ 1,583,869**	**10.0%**	**60.2%**	**10.5%**	**32.6%**	**0.2%**	**103.5%**	**106.7%**	**$ (82,100)**

Note: Some amounts may not foot due to rounding.

	2012	2011
Losses Paid	$ 899,619	$ 857,844
LAE Paid	157,717	152,955
Total Paid	$ 1,057,336	$ 1,010,799

Hurricane Sandy Impact
Total Insurance Operations
December 31, 2012 (unaudited)

			Hurricane Sandy								
Fourth Quarter 2012	**Actual**		**Reinstatement Premium**	**Catastrophe Loss/LAE**	**Flood Claims Handling Fees**	**Total**	**Proforma without Hurricane Sandy**		**Other Catastrophe Losses**	**Proforma without Hurricane Sandy and Other Catastrophe Losses**	
Net Premiums Written	370,380		8,577			8,577	378,957			378,957	
Net Premiums Earned	406,602		8,577			8,577	415,179			415,179	
Net Losses Incurred	283,682	69.8%		(43,516)		(43,516)	240,166	57.8%	(5,345)	234,821	56.6%
Loss Adjustment Expenses	23,886	5.8%		(3,084)	15,587	12,503	36,389	8.8%		36,389	8.8%
Underwriting Expenses	128,132	34.6%					128,132	33.8%		128,132	33.8%
Dividends to Policyholders	619	0.2%					619	0.1%		619	0.1%
Statutory Underwriting Results	(29,717)	110.4%	8,577	46,600	(15,587)	39,590	9,872	100.6%	5,345	15,217	99.3%
GAAP Combined Ratio		109.0%						99.3%			98.0%

			Hurricane Sandy								
Full Year 2012	**Actual**		**Reinstatement Premium**	**Catastrophe Loss/LAE**	**Flood Claims Handling Fees**	**Total**	**Proforma without Hurricane Sandy**		**Other Catastrophe Losses**	**Proforma without Hurricane Sandy and Other Catastrophe Losses**	
Net Premiums Written	1,666,633		8,577			8,577	1,675,210			1,675,210	
Net Premiums Earned	1,583,869		8,577			8,577	1,592,446			1,592,446	
Net Losses Incurred	953,449	60.2%		(43,516)		(43,516)	909,933	57.1%	(52,008)	857,925	53.9%
Loss Adjustment Expenses	166,736	10.5%		(3,084)	15,587	12,503	179,239	11.3%		179,239	11.3%
Underwriting Expenses	542,336	32.6%					542,336	32.4%		542,336	32.4%
Dividends to Policyholders	3,448	0.2%					3,448	0.2%		3,448	0.2%
Statutory Underwriting Results	(82,100)	103.5%	8,577	46,600	(15,587)	39,590	(42,510)	101.0%	52,008	9,498	97.7%
GAAP Combined Ratio		104.0%						101.5%			98.3%

Note: Some items may not foot due to rounding.

Hurricane Sandy Impact
Total Standard Commercial Lines Insurance Operations
December 31, 2012 (unaudited)

Fourth Quarter 2012	Actual		Hurricane Sandy: Reinstatement Premium	Hurricane Sandy: Catastrophe Loss/LAE	Hurricane Sandy: Flood Claims Handling Fees	Hurricane Sandy: Total	Proforma without Hurricane Sandy		Other Catastrophe Losses	Proforma without Hurricane Sandy and Other Catastrophe Losses	
Net Premiums Written	273,171		4,591			4,591	277,762			277,762	
Net Premiums Earned	308,856		4,591			4,591	313,447			313,447	
Net Losses Incurred	205,771	66.6%		(23,438)		(23,438)	182,333	58.2%	(2,631)	179,702	57.3%
Loss Adjustment Expenses	25,169	8.2%		(1,243)	-	(1,243)	23,926	7.6%		23,926	7.6%
Underwriting Expenses	97,581	35.7%					97,581	35.1%		97,581	35.1%
Dividends to Policyholders	619	0.2%					619	0.2%		619	0.2%
Statutory Underwriting Results	(20,283)	110.7%	4,591	24,681	-	29,272	8,989	101.1%	2,631	11,620	100.3%
GAAP Combined Ratio		108.5%						99.0%			98.2%

Full Year 2012	Actual		Hurricane Sandy: Reinstatement Premium	Hurricane Sandy: Catastrophe Loss/LAE	Hurricane Sandy: Flood Claims Handling Fees	Hurricane Sandy: Total	Proforma without Hurricane Sandy		Other Catastrophe Losses	Proforma without Hurricane Sandy and Other Catastrophe Losses	
Net Premiums Written	1,263,738		4,591			4,591	1,268,329			1,268,329	
Net Premiums Earned	1,225,335		4,591			4,591	1,229,926			1,229,926	
Net Losses Incurred	718,096	58.6%		(23,438)		(23,438)	694,658	56.5%	(31,739)	662,919	53.9%
Loss Adjustment Expenses	135,097	11.0%		(1,243)	-	(1,243)	133,854	10.9%		133,854	10.9%
Underwriting Expenses	417,675	33.1%					417,675	32.9%		417,675	32.9%
Dividends to Policyholders	3,448	0.3%					3,448	0.3%		3,448	0.3%
Statutory Underwriting Results	(48,982)	103.0%	4,591	24,681	-	29,272	(19,710)	100.6%	31,739	12,029	98.0%
GAAP Combined Ratio		103.3%						100.9%			98.4%

Note: Some items may not foot due to rounding.

Hurricane Sandy Impact
Total Standard Personal Lines Insurance Operations
December 31, 2012 (unaudited)

			Hurricane Sandy						Other		
Fourth Quarter 2012	**Actual**		**Reinstatement Premium**	**Catastrophe Loss/LAE**	**Flood Claims Handling Fees**	**Total**	**Proforma without Hurricane Sandy**		**Other Catastrophe Losses**	**Proforma without Hurricane Sandy and Other Catastrophe Losses**	
Net Premiums Written	68,061		3,928			3,928	71,989			71,989	
Net Premiums Earned	69,184		3,928			3,928	73,112			73,112	
Net Losses Incurred	60,899	88.0%		(19,582)		(19,582)	41,317	56.5%	(2,674)	38,643	52.9%
Loss Adjustment Expenses	(6,884)	(9.9)%		(1,823)	15,587	13,764	6,880	9.4%		6,880	9.4%
Underwriting Expenses	20,167	29.6%					20,167	28.0%		20,167	28.0%
Dividends to Policyholders	-	0.0%					-	0.0%		-	0.0%
Statutory Underwriting Results	(4,998)	107.7%	3,928	21,405	(15,587)	9,746	4,748	93.9%	2,674	7,422	90.3%
GAAP Combined Ratio		109.3%						95.4%			91.8%

			Hurricane Sandy						Other		
Full Year 2012	**Actual**		**Reinstatement Premium**	**Catastrophe Loss/LAE**	**Flood Claims Handling Fees**	**Total**	**Proforma without Hurricane Sandy**		**Other Catastrophe Losses**	**Proforma without Hurricane Sandy and Other Catastrophe Losses**	
Net Premiums Written	289,848		3,928			3,928	293,776			293,776	
Net Premiums Earned	279,555		3,928			3,928	283,483			283,483	
Net Losses Incurred	190,418	68.1%		(19,582)		(19,582)	170,836	60.3%	(19,086)	151,750	53.5%
Loss Adjustment Expenses	13,969	5.0%		(1,823)	15,587	13,764	27,733	9.8%		27,733	9.8%
Underwriting Expenses	79,930	27.6%					79,930	27.2%		79,930	27.2%
Dividends to Policyholders	-	0.0%					-	0.0%		-	0.0%
Statutory Underwriting Results	(4,763)	100.7%	3,928	21,405	(15,587)	9,746	4,983	97.3%	19,086	24,069	90.5%
GAAP Combined Ratio		101.3%						97.8%			91.1%

Note: Some items may not foot due to rounding.

Hurricane Sandy Impact
Total E&S Insurance Operations
December 31, 2012 (unaudited)

			Hurricane Sandy						Other	Proforma without	
Fourth Quarter 2012	Actual		Reinstatement Premium	Catastrophe Loss/LAE	Flood Claims Handling Fees	Total	Proforma without Hurricane Sandy		Catastrophe Losses	Hurricane Sandy and Other Catastrophe Losses	
Net Premiums Written	29,149		58			58	29,207			29,207	
Net Premiums Earned	28,562		58			58	28,620			28,620	
Net Losses Incurred	17,013	59.6%		(497)		(497)	16,516	57.7%	(40)	16,476	57.6%
Loss Adjustment Expenses	5,601	19.6%		(17)	-	(17)	5,584	19.5%		5,584	19.5%
Underwriting Expenses	10,385	35.6%					10,385	35.6%		10,385	35.6%
Dividends to Policyholders	-	0.0%					-	0.0%		-	0.0%
Statutory Underwriting Results	(4,437)	114.8%	58	514	-	572	(3,865)	112.8%	40	(3,825)	112.6%
GAAP Combined Ratio		113.4%						111.4%			111.2%

			Hurricane Sandy						Other	Proforma without	
Full Year 2012	Actual		Reinstatement Premium	Catastrophe Loss/LAE	Flood Claims Handling Fees	Total	Proforma without Hurricane Sandy		Catastrophe Losses	Hurricane Sandy and Other Catastrophe Losses	
Net Premiums Written	113,047		58			58	113,105			113,105	
Net Premiums Earned	78,979		58			58	79,037			79,037	
Net Losses Incurred	44,935	56.9%		(497)		(497)	44,438	56.2%	(1,184)	43,254	54.7%
Loss Adjustment Expenses	17,669	22.4%		(17)	-	(17)	17,652	22.3%		17,652	22.3%
Underwriting Expenses	44,730	39.5%					44,730	39.5%		44,730	39.5%
Dividends to Policyholders	-	0.0%					-	0.0%		-	0.0%
Statutory Underwriting Results	(28,355)	118.8%	58	514	-	572	(27,783)	118.1%	1,184	(26,599)	116.6%
GAAP Combined Ratio		124.7%						123.9%			122.5%

Note: Some items may not foot due to rounding.

Hurricane Sandy Impact by Line of Business
Statutory Underwriting Results
Quarter Ending December 31, 2012 (unaudited)

	Fourth Quarter 2012 Actual Results		Hurricane Sandy				Fourth Quarter 2012 Proforma Results	
Line of Business	Statutory Combined Ratio	Underwriting Profit (Loss)	Reinstatement Premium	Net Catastrophe Loss/LAE	Flood Claims Handling Fees	Total	Underwriting Profit (Loss)	Statutory Combined Ratio
Homeowners	159.8%	$ (16,439)	3,622	17,347	-	20,969	4,530	84.7%
Auto	118.9%	(6,701)	143	3,445	-	3,588	(3,113)	109.5%
Other (including Flood)	(413.5)%	18,142	163	613	(15,587)	(14,811)	3,331	10.8%
Total Standard Personal Lines	107.7%	(4,998)	3,928	21,405	(15,587)	9,746	4,748	93.9%
Commercial Property	116.4%	(5,955)	2,818	13,958	-	16,776	10,821	83.7%
Workers' Compensation	119.2%	(10,394)	-	-	-	-	(10,394)	119.2%
General Liability	108.3%	(2,688)	-	-	-	-	(2,688)	108.3%
Auto	100.2%	2,867	118	3,247	-	3,365	6,232	95.6%
Business Owners Policies	145.2%	(8,136)	1,655	7,476	-	9,131	995	91.4%
Bonds	64.1%	2,393	-	-	-	-	2,393	64.1%
Other	48.8%	1,629	-	-	-	-	1,629	48.8%
Total Standard Commercial Lines	110.7%	(20,283)	4,591	24,681	-	29,272	8,989	101.1%
E&S	114.8%	(4,437)	58	514	-	572	(3,865)	112.8%
Total Insurance Operations	110.4%	$ (29,717)	8,577	46,600	(15,587)	39,590	9,872	100.6%

Note: Some items may not foot due to rounding.

Hurricane Sandy Impact by Line of Business
Statutory Underwriting Results
December 31, 2012 (unaudited)

	Full Year 2012 Actual Results		Hurricane Sandy				Full Year 2012 Proforma Results	
Line of Business	Statutory Combined Ratio	Underwriting Profit (Loss)	Reinstatement Premium	Net Catastrophe Loss/LAE	Flood Claims Handling Fees	Total	Underwriting Profit (Loss)	Statutory Combined Ratio
Homeowners	109.3%	$ (13,090)	3,622	17,347	-	20,969	7,879	91.2%
Auto	113.0%	(20,350)	143	3,445	-	3,588	(16,762)	110.6%
Other (including Flood)	(108.6)%	28,677	163	613	(15,587)	(14,811)	13,866	1.7%
Total Standard Personal Lines	100.7%	(4,763)	3,928	21,405	(15,587)	9,746	4,983	97.3%
Commercial Property	99.1%	(2,363)	2,818	13,958	-	16,776	14,413	91.0%
Workers' Compensation	114.5%	(38,529)	-	-	-	-	(38,529)	114.5%
General Liability	102.7%	(14,793)	-	-	-	-	(14,793)	102.7%
Auto	97.1%	6,070	118	3,247	-	3,365	9,435	95.9%
Business Owners Policies	112.0%	(9,834)	1,655	7,476	-	9,131	(703)	98.7%
Bonds	80.5%	3,845	-	-	-	-	3,845	80.5%
Other	46.1%	6,623	-	-	-	-	6,623	46.1%
Total Standard Commercial Lines	103.0%	(48,982)	4,591	24,681	-	29,272	(19,710)	100.6%
E&S	118.8%	(28,355)	58	514	-	572	(27,783)	118.1%
Total Insurance Operations	103.5%	$ (82,100)	8,577	46,600	(15,587)	39,590	(42,510)	101.0%

Note: Some items may not foot due to rounding.

Consolidated Balance Sheets

December 31, ($ in thousands, except share amounts)		Unaudited 2012	2011
ASSETS			
Investments:			
Fixed maturity securities, held-to-maturity – at carrying value (fair value: $594,661 – 2012; $758,043 – 2011)	$	**554,069**	712,348
Fixed maturity securities, available-for-sale – at fair value (amortized cost: $3,130,683 – 2012; $2,766,856 – 2011)		**3,296,013**	2,897,373
Equity securities, available-for-sale – at fair value (cost of: $132,441 – 2012; $143,826 – 2011)		**151,382**	157,355
Short-term investments (at cost which approximates fair value)		**214,479**	217,044
Other investments		**114,076**	128,301
Total investments		**4,330,019**	4,112,421
Cash		**210**	762
Interest and dividends due or accrued		**35,984**	35,842
Premiums receivable, net of allowance for uncollectible accounts of: $3,906– 2012; $3,768 – 2011		**484,388**	466,294
Reinsurance recoverable, net		**1,421,109**	561,855
Prepaid reinsurance premiums		**132,637**	147,686
Current federal income tax		**2,569**	731
Deferred federal income tax		**119,136**	119,486
Property and equipment – at cost, net of accumulated depreciation and amortization of: $169,428 – 2012; $160,294 – 2011		**47,131**	43,947
Deferred policy acquisition costs		**155,523**	135,761
Goodwill		**7,849**	7,849
Other assets		**57,661**	52,835
Total assets	**$**	**6,794,216**	5,685,469
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities:			
Reserve for losses and loss expenses	$	**4,068,941**	3,144,924
Unearned premiums		**974,706**	906,991
Notes payable		**307,387**	307,360
Accrued salaries and benefits		**152,396**	119,297
Other liabilities		**200,194**	148,569
Total liabilities	**$**	**5,703,624**	4,627,141
Stockholders' Equity:			
Preferred stock of $0 par value per share:			
Authorized shares 5,000,000; no shares issued or outstanding	$	**—**	—
Common stock of $2 par value per share:			
Authorized shares: 360,000,000			
Issued: 98,194,224 – 2012; 97,246,711 – 2011		**196,388**	194,494
Additional paid-in capital		**270,654**	257,370
Retained earnings		**1,125,154**	1,116,319
Accumulated other comprehensive income		**54,040**	42,294
Treasury stock – at cost (shares: 43,030,776 – 2012; 42,836,201 – 2011)		**(555,644)**	(552,149)
Total stockholders' equity		**1,090,592**	1,058,328
Commitments and contingencies			
Total liabilities and stockholders' equity	**$**	**6,794,216**	5,685,469

Consolidated Statements of Income	Unaudited Quarter ended December 31,		Year ended December 31,	
			Unaudited	
($ in thousands, except per share amounts)	**2012**	2011	**2012**	2011
Revenues:				
Net premiums earned	$ **406,853**	373,427	**1,584,119**	1,439,313
Net investment income earned	**34,593**	28,839	**131,877**	147,443
Net realized gains (losses):				
Net realized investment gains	**6,345**	6,223	**13,252**	15,426
Other-than-temporary impairments	**(493)**	(8,936)	**(1,711)**	(11,998)
Other-than-temporary impairments on fixed maturity securities recognized in other comprehensive income	**(312)**	(908)	**(2,553)**	(1,188)
Total net realized gains (losses)	**5,540**	(3,621)	**8,988**	2,240
Other income	**1,989**	1,735	**9,118**	8,479
Total revenues	**448,975**	400,380	**1,734,102**	1,597,475
Expenses:				
Losses and loss expenses incurred	**307,930**	245,268	**1,120,990**	1,074,987
Policy acquisition costs	**135,117**	120,086	**526,143**	466,404
Interest expense	**4,724**	4,584	**18,872**	18,259
Other expenses	**6,382**	7,618	**30,462**	26,425
Total expenses	**454,153**	377,556	**1,696,467**	1,586,075
(Losses) income from continuing operations, before federal income tax	**(5,178)**	22,824	**37,635**	11,400
Federal income tax (benefit) expense:				
Current	**4,057**	12,386	**5,647**	(228)
Deferred	**(10,543)**	(7,596)	**(5,975)**	(11,055)
Total federal income tax (benefit) expense	**(6,486)**	4,790	**(328)**	(11,283)
Net income from continuing operations	**1,308**	18,034	**37,963**	22,683
Loss on disposal of discontinued operations, net of tax of $(350) for twelve months 2011	**-**	-	**-**	(650)
Net income	$ **1,308**	18,034	**37,963**	22,033
Earnings per share:				
Basic net income from continuing operations	$ **0.02**	0.33	**0.69**	0.42
Basic net loss from discontinued operations	**-**	-	**-**	(0.01)
Basic net income	$ **0.02**	0.33	**0.69**	0.41
Diluted net income from continuing operations	$ **0.02**	0.33	**0.68**	0.41
Diluted net loss from discontinued operations	**-**	-	**-**	(0.01)
Diluted net income	$ **0.02**	0.33	**0.68**	0.40
Dividends to stockholders	$ **0.13**	0.13	**0.52**	0.52

Consolidated Statements of Comprehensive Income

December 31, ($ in thousands)	**Unaudited 2012**	2011	2010
Net income	$ **37,963**	22,033	66,966
Other comprehensive income, net of tax:			
Unrealized gains on investment securities:			
Unrealized holding gains arising during period	**30,937**	45,592	29,018
Non-credit portion of other-than-temporary impairment losses recognized in other comprehensive income	**1,842**	1,093	3,416
Amortization of net unrealized gains on held-to-maturity securities	**(847)**	(2,013)	(7,610)
Less: reclassification adjustment for gains included in net income	**(6,852)**	(1,292)	(295)
Total unrealized gains on investment securities	**25,080**	43,380	24,529
Defined benefit pension and post-retirement plans:			
Net actuarial loss	**(17,268)**	(10,919)	(7,829)
Amortization of net actuarial loss included in net income	**3,837**	2,712	2,687
Amortization of prior service cost included in net income	**97**	97	97
Total defined benefit pension and post-retirement plans	**(13,334)**	(8,110)	(5,045)
Other comprehensive income	**11,746**	35,270	19,484
Comprehensive income	**49,709**	57,303	86,450

Consolidated Statements of Stockholders' Equity

December 31, ($ in thousands, except share amounts)	Unaudited **2012**	2011	2010
Common stock:			
Beginning of year	**$ 194,494**	192,725	191,646
Dividend reinvestment plan (shares: 90,110 – 2012; 100,383 – 2011; 106,437 – 2010)	**180**	201	213
Stock purchase and compensation plans (shares: 857,403 – 2012; 783,661 – 2011; 433,271 – 2010)	**1,714**	1,568	866
End of year	**196,388**	194,494	192,725
Additional paid-in capital:			
Beginning of year	**257,370**	244,613	231,933
Dividend reinvestment plan	**1,419**	1,417	1,465
Stock purchase and compensation plans	**11,865**	11,340	11,215
End of year	**270,654**	257,370	244,613
Retained earnings:			
Beginning of year	**1,116,319**	1,123,087	1,138,978
Add: Adjustment for the cumulative effect on prior years of applying retroactively the new method of accounting for deferred policy acquisition costs	**—**	—	(54,493)
Balance at beginning of year, as adjusted	**1,116,319**	1,123,087	1,084,485
Net income	**37,963**	22,033	66,966
Dividends to stockholders ($0.52 per share – 2012, 2011, and 2010)	**(29,128)**	(28,801)	(28,364)
End of year	**1,125,154**	1,116,319	1,123,087
Accumulated other comprehensive income (loss):			
Beginning of year	**42,294**	7,024	(12,460)
Other comprehensive income	**11,746**	35,270	19,484
End of year	**54,040**	42,294	7,024
Treasury stock:			
Beginning of year	**(552,149)**	(549,408)	(547,722)
Acquisition of treasury stock (shares: 194,575 – 2012; 149,997 – 2011; 107,425 – 2010)	**(3,495)**	(2,741)	(1,686)
End of year	**(555,644)**	(552,149)	(549,408)
Total stockholders' equity	**$ 1,090,592**	1,058,328	1,018,041

Consolidated Statements of Cash Flow			
December 31,	Unaudited		
($ in thousands)	2012	2011	2010
Operating Activities			
Net Income	$ **37,963**	22,033	66,966
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**38,693**	34,645	31,770
Loss on disposal of discontinued operations	**—**	650	3,780
Stock-based compensation expense	**6,939**	7,422	8,017
Undistributed (income) losses of equity method investments	**1,651**	(323)	(8,712)
Net realized (gains) losses	**(8,988)**	(2,240)	7,083
Changes in assets and liabilities:			
Increase in reserves for losses and loss expenses, net of reinsurance recoverables	**64,763**	56,905	41,526
Increase (decrease) in unearned premiums, net of prepaid reinsurance and advance premiums	**82,777**	46,334	(26,661)
(Increase) decrease in net federal income taxes	**(7,812)**	372	16,577
(Increase) decrease in premiums receivable	**(18,094)**	(45,116)	32,472
(Increase) decrease in deferred policy acquisition costs	**(19,762)**	(7,777)	6,781
Decrease (increase) in interest and dividends due or accrued	**468**	633	(2,361)
Increase (decrease) in accrued salaries and benefits	**6,533**	1,521	(14,913)
Increase (decrease) in accrued insurance expenses	**8,831**	(636)	(4,470)
Other-net	**32,737**	8,534	1,330
Net adjustments	**188,736**	100,924	92,219
Net cash provided by operating activities	**226,699**	122,957	159,185
Investing Activities			
Purchase of fixed maturity securities, available-for-sale	**(884,911)**	(487,813)	(1,007,679)
Purchase of equity securities, available-for-sale	**(83,833)**	(150,551)	(71,192)
Purchase of other investments	**(12,990)**	(16,033)	(20,673)
Purchase of short-term investments	**(1,735,691)**	(1,448,782)	(1,741,738)
Purchase of subsidiary, net of cash acquired	**255**	(51,728)	—
Sale of subsidiary	**751**	1,152	978
Sale of fixed maturity securities, available-for-sale	**103,572**	146,435	190,438
Sale of short-term investments	**1,738,255**	1,433,441	1,794,434
Redemption and maturities of fixed maturity securities, held-to-maturity	**118,260**	177,350	319,835
Redemption and maturities of fixed maturity securities, available-for-sale	**439,957**	162,796	298,171
Sale of equity securities, available-for-sale	**101,740**	60,071	98,015
Distributions from other investments	**24,801**	25,622	22,406
Sale of other investments	**1**	16,357	—
Purchase of property, equipment, and other assets	**(12,879)**	(11,824)	(6,522)
Net cash used in investing activities	**(202,712)**	(143,507)	(123,527)
Financing Activities			
Dividends to stockholders	**(26,944)**	(26,513)	(26,056)
Acquisition of treasury stock	**(3,495)**	(2,741)	(1,686)
Principal payment of notes payable	**—**	—	(12,300)
Proceeds from borrowings	**—**	45,000	—
Net proceeds from stock purchase and compensation plans	**4,840**	5,011	4,962
Excess tax benefits (expense) from share-based payment arrangements	**1,060**	(90)	(744)
Net cash (used in) provided by financing activities	**(24,539)**	20,667	(35,824)
Net (decrease) increase in cash	**(552)**	117	(166)
Cash, beginning of year	**762**	645	811
Cash, end of year	$ **210**	762	645

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

		Dec-31 2012	Dec-31 * 2011
ASSETS			
Bonds	$	3,617,371	3,452,204
Common stocks		151,382	157,355
Affiliated mortgage loan		37,443	38,131
Other investments		180,110	197,409
Short-term investments		208,845	183,070
Total investments		**4,195,151**	**4,028,169**
Cash on hand and in banks		(76,957)	(20,701)
Interest and dividends due and accrued		35,979	35,880
Premiums receivable		482,227	461,482
Reinsurance recoverable on paid losses and expenses		11,354	12,365
Deferred tax recoverable		147,495	137,659
EDP equipment		1,372	1,804
Equities and deposits in pools and associations		12,734	4,837
Receivable for sold securities		257	644
Other assets		28,541	27,964
Total assets	$	**4,838,153**	**4,690,103**
LIABILITIES			
Reserve for losses	$	2,226,858	2,173,028
Reinsurance payable on paid loss and loss expense		2,298	1,285
Reserve for loss expenses		427,560	418,542
Unearned premiums		842,068	759,304
Reserve for commissions payable		52,304	44,488
Ceded balances payable		271	21,871
Federal income tax payable		5,346	12,176
Premium and other taxes payable		24,604	23,588
Borrowed money		58,044	58,043
Reserve for dividends to policyholders		2,665	3,470
Reserves for unauthorized reinsurance		7,498	1,785
Payable for securities		7,682	-
Funds withheld on account of others		11,231	6,538
Accrued salaries and benefits		102,070	80,601
Other liabilities		17,547	22,677
Total liabilities		**3,788,046**	**3,627,396**
POLICYHOLDERS' SURPLUS			
Capital		42,725	32,325
Aggregate write-ins for special surplus funds		-	44,296
Paid in surplus		435,744	307,022
Unassigned surplus		571,638	679,064
Total policyholders' surplus		1,050,107	1,062,707
Total liabilities and policyholders' surplus	$	**4,838,153**	**4,690,103**

* Includes the December 31, 2011 acquisition of Montpelier U.S. Insurance Company (now known as Mesa Underwriters Specialty Insurance Company). Combined statutory filings for 2011 do not reflect the acquisition as this Company was not included in our intercompany pooling until January 1, 2012.

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

UNDERWRITING	Three Months Ended December 2012		Three Months Ended December 2011		Twelve Months Ended December 2012		Twelve Months Ended December 2011	
Net premiums written	**$ 370,380**		**352,179**		**1,666,633**		**1,485,349**	
Net premiums earned	**406,603**		**373,427**		**1,583,869**		**1,439,313**	
Net losses paid	248,663		245,778		899,619		857,844	
Change in reserve for losses	35,020	**8.6%**	(45,368)	**-12.1%**	53,830	**3.4%**	52,252	**3.6%**
Net losses incurred	**283,683**	**69.8%**	**200,410**	**53.7%**	**953,449**	**60.2%**	**910,096**	**63.2%**
Net loss expenses paid	29,828		39,804		157,717		152,955	
Change in reserve for loss expenses	(5,941)		4,879		9,019		11,395	
Net loss expenses incurred	**23,887**	**5.8%**	**44,683**	**12.0%**	**166,736**	**10.5%**	**164,350**	**11.4%**
Net underwriting expenses incurred	**129,545**	**35.0%**	**115,692**	**32.8%**	**548,631**	**32.9%**	**474,139**	**31.9%**
Total deductions	437,115		360,785		1,668,816		1,548,585	
Statutory underwriting (loss) / gain	**(30,512)**		**12,642**		**(84,947)**		**(109,272)**	
Net loss from premium balances charged off	(727)		(1,210)		(3,398)		(5,213)	
Finance charges and other income	2,141		1,772		9,694		8,460	
Total other income	**1,414**	**-0.4%**	**562**	**-0.2%**	**6,296**	**-0.3%**	**3,247**	**-0.2%**
Policyholders' dividends incurred	(620)	**0.2%**	(1,481)	**0.4%**	(3,449)	**0.2%**	(5,284)	**0.4%**
Total underwriting (loss) / gain	**(29,718)**	**110.4%**	**11,723**	**98.7%**	**(82,100)**	**103.5%**	**(111,309)**	**106.7%**
INVESTMENT								
Net investment income earned	35,202		30,459		133,756		148,005	
Net realized gain / (loss)	5,457		(3,621)		8,766		2,195	
Total income before income tax	**10,941**		**38,561**		**60,422**		**38,891**	
Federal income tax expense / (benefit)	(3,204)		14,674		10,026		12,433	
Net income	**$ 14,145**		**23,887**		**50,396**		**26,458**	
Policyholders' Surplus								
Surplus, beginning of period	$ 1,088,494		1,010,144		1,062,707		1,073,025	
Net income	14,145		23,887		50,396		26,458	
Change in deferred taxes	3,008		11,749		7,732		17,220	
Change in unrealized gains	(6,020)		15,801		2,599		2,355	
Dividends to stockholders	(16,378)		(17,007)		(196,091)		(63,025)	
Change in cum. effect of acctg principle	-		-		44,296		-	
Paid in common stock *	100		4,000		10,400		4,000	
Paid in surplus *	-		51,230		130,722		51,230	
Surplus - transferred to capital	(100)		-		(2,000)		-	
Change in reserve for unauthorized	(5,713)		26		(5,713)		26	
Change in non-admitted assets	(9,593)		(12,666)		7,165		(21,378)	
Change in additional admitted deferred taxes	-		5,241		(44,296)		3,775	
Change in minimum pension liability	(17,836)		(15,090)		(17,836)		(15,090)	
Surplus adjustments	-		(14,608)		26		(15,889)	
Net change in surplus for period	**(38,387)**		**52,563**		**(12,600)**		**(10,318)**	
Surplus, end of period	**$ 1,050,107**		**1,062,707**		**1,050,107**		**1,062,707**	

	2012 (3 months)	2011 (3 months)	2012 (12 months)	2011 (12 months)
Statutory underwriting (loss) / gain	$ (29,718)	11,723	(82,100)	(111,309)
Adjustments under GAAP:				
Deferred policy acquisition costs [1]	(5,982)	(3,051)	19,762	7,777
Pension costs	49	(1,618)	259	250
Other, net	(892)	841	(1,928)	(302)
GAAP underwriting (loss) / gain	$ (36,543)	7,895	(64,007)	(103,584)

* Includes the December 31, 2011 acquisition of Montpelier U.S. Insurance Company (now known as Mesa Underwriters Specialty Insurance Company). Combined statutory filings for 2011 do not reflect the acquisition as this Company was not included in our intercompany pooling until January 1, 2012.

[1] Prior year results have been restated to reflect the adoption of ASU 2010-26, *"Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts."*
Note: Some amounts or ratios may not foot due to rounding.

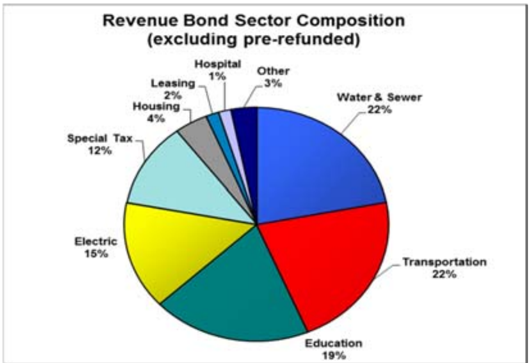
Selective Insurance Group, Inc. and Consolidated Subsidiaries
Alternative Investments
as of December 31, 2012
(unaudited)

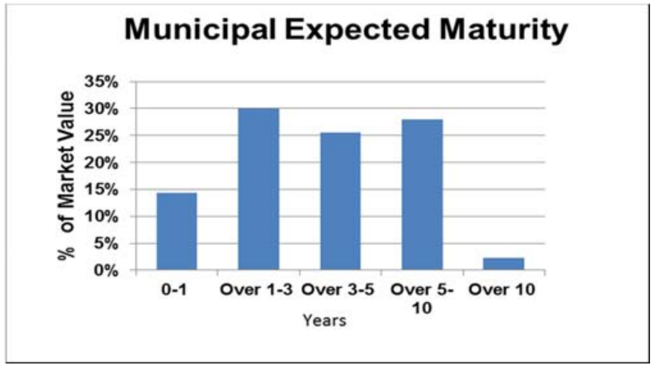
Fund	Inception Year	Original Commitment	Remaining Commitment	Current Market Value	YTD Income	DPI[(1)] Ratio	TVPI[(2)] Ratio
Real Estate							
Silverpeak RE II	2005	20,000,000	2,348,552	8,844,524	(100,220)	0.53	0.95
Silverpeak RE III	2008	15,000,000	8,032,676	2,906,618	(470,764)	0.03	0.44
Total - Real Estate		**35,000,000**	**10,381,228**	**11,751,142**	**(570,984)**	**0.40**	**0.82**
Mezzanine Financing							
Neovara Euro Mezz	2004	9,000,000	-	460,748	(176,625)	0.98	1.02
GS Mezz V	2007	25,000,000	14,768,207	8,969,785	1,705,991	0.65	1.28
New Canaan V	2012	7,000,000	4,488,194	2,405,720	(106,086)	-	0.96
Centerfield Capital	2012	3,000,000	2,077,118	856,002	(66,880)	-	0.93
Total - Mezz. Financing		**44,000,000**	**21,333,519**	**12,692,255**	**1,356,400**	**1.63**	**1.13**
Distressed Debt							
Varde VIII	2006	10,000,000	-	4,953,195	564,194	0.68	1.18
GS Distressed Opp III	2007	15,000,000	2,915,692	7,774,554	640,673	0.45	1.04
Total - Distressed Debt		**25,000,000**	**2,915,692**	**12,727,749**	**1,204,867**	**0.55**	**1.10**
Private Equity							
Prospector	1997	5,000,000	-	410,216	(905)	2.79	2.88
Trilantic Capital Partners III	2004	10,000,000	1,339,121	2,496,891	671,464	1.51	1.78
NB Co-Invest	2006	15,000,000	1,648,664	8,293,273	1,532,449	0.75	1.32
Trilantic Capital Partners IV	2007	11,098,351	1,605,898	7,143,910	2,562,022	0.78	1.45
Total - Private Equity		**41,098,351**	**4,593,683**	**18,344,290**	**4,765,030**	**1.20**	**1.66**
Private Equity, Secondary Market							
NB SOF	2005	12,000,000	899,494	5,846,395	516,161	0.76	1.28
GS Vintage IV	2007	20,000,000	4,075,764	13,855,234	934,180	0.53	1.24
NB SOF II	2008	12,000,000	2,617,207	8,330,423	1,034,864	0.55	1.37
Total - Pvt. Eq. Sec. Mkt.		**44,000,000**	**7,592,465**	**28,032,052**	**2,485,205**	**0.60**	**1.29**
Energy/Power Generation							
ArcLight I	2002	15,000,000	-	99,103	(88,096)	1.80	1.81
ArcLight II	2003	15,000,000	2,295,492	1,689,209	(457,659)	1.27	1.36
ArcLight III	2006	15,000,000	2,037,794	7,159,856	(437,697)	0.77	1.22
Quintana Energy	2006	10,000,000	1,641,106	7,250,762	1,566,370	0.39	1.25
ArcLight IV	2007	10,000,000	2,717,373	2,440,841	(355,546)	1.03	1.28
Total - Energy/Power Generation		**65,000,000**	**8,691,765**	**18,639,771**	**227,372**	**1.14**	**1.41**
Venture Capital							
Venture V	2001	9,600,000	400,000	7,477,156	923,177	0.38	1.20
Total - Venture Capital		**9,600,000**	**400,000**	**7,477,156**	**923,177**	**0.38**	**1.20**
TOTAL - ALTERNATIVE INVESTMENTS		**$ 263,698,351**	**55,908,352**	**109,664,415**	**10,391,067**	**0.83**	**1.29**

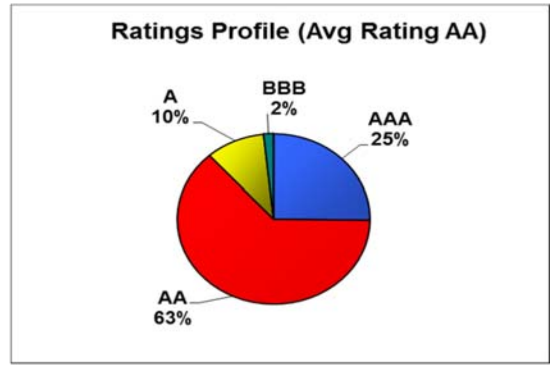
[(1)] *Distributed to paid in ratio*
[(2)] *Total value to paid in ratio*
Exhibit may not foot due to rounding

Selective Insurance Group, Inc. and Consolidated Subsidiaries
Municipal Bond Portfolio
State and Repayment Source Composition
December 31, 2012
($ in thousands)
(unaudited)

Exposure = 39% Held-to-Maturity; 61% 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	46,893	**50%**	45,728	**49%**	1,119	**1%**	-	**0%**	93,740	**7%**
TX-PSF	-	**0%**	-	**0%**	-	**0%**	31,611	**100%**	31,611	**2%**
WA	51,858	**51%**	43,581	**42%**	7,248	**7%**	-	**0%**	102,687	**8%**
NY	77,009	**91%**	7,368	**9%**	-	**0%**	-	**0%**	84,377	**6%**
AZ	62,013	**96%**	2,460	**4%**	-	**0%**	-	**0%**	64,473	**5%**
FL	53,161	**90%**	-	**0%**	6,167	**10%**	-	**0%**	59,328	**5%**
CO	21,822	**42%**	30,723	**58%**	-	**0%**	-	**0%**	52,545	**4%**
IL	25,589	**56%**	20,071	**44%**	-	**0%**	-	**0%**	45,660	**3%**
NC	24,179	**58%**	13,768	**33%**	3,725	**9%**	-	**0%**	41,672	**3%**
OH	20,770	**51%**	13,173	**32%**	6,982	**17%**	-	**0%**	40,925	**3%**
MO	20,972	**56%**	16,808	**44%**	-	**0%**	-	**0%**	37,780	**3%**
Pre-refunded	62,127	**51%**	42,899	**36%**	11,911	**10%**	3,555	**3%**	120,492	**9%**
Other	351,863	**62%**	112,387	**20%**	105,406	**18%**	-	**0%**	569,656	**42%**
Grand Total	**818,256**	**61%**	**348,966**	**26%**	**142,558**	**11%**	**35,166**	**2%**	**1,344,946**	**100%**

Selective Insurance Group, Inc. and Consolidated Subsidiaries
Credit Quality of Available-for-Sale Fixed Maturity Securities
December 31, 2012

($ in millions)

(unaudited)

	Fair Value	Unrealized Gain (Loss)	Weighted Average Credit Quality
AFS Fixed Maturity Portfolio:			
U.S. government obligations	$ 259.1	17.2	AA+
Foreign government obligations	30.2	1.4	AA-
State and municipal obligations	818.0	44.1	AA
Corporate securities	1,450.3	81.3	A
Mortgage-backed securities ("MBS")	609.8	19.0	AA
Asset-backed securities ("ABS")	128.6	2.3	AAA
Total AFS fixed maturity portfolio	$ 3,296.0	165.3	AA-
State and Municipal Obligations:			
Government obligations	$ 352.3	20.5	AA+
Special revenue obligations	465.7	23.6	AA
Total state and municipal obligations	$ 818.0	44.1	AA
Corporate Securities:			
Financial	$ 438.0	23.2	A
Industrials	104.2	7.4	A-
Utilities	124.2	6.6	BBB+
Consumer discretionary	134.7	8.3	BBB+
Consumer staples	163.6	8.6	A
Healthcare	178.2	11.0	A+
Materials	71.9	4.6	A-
Energy	77.4	4.3	A-
Information technology	100.1	3.2	A
Telecommunications services	46.7	2.8	BBB+
Other	11.3	1.3	AA+
Total corporate securities	$ 1,450.3	81.3	A
MBS:			
Government guaranteed agency commercial MBS ("CMBS")	$ 48.9	2.3	AA+
Other-agency CMBS	1.2	—	AA+
Non-agency CMBS	87.1	1.1	AA-
Government guaranteed agency residential MBS ("RMBS")	91.0	3.3	AA+
Non-agency RMBS	44.3	0.9	A-
Other Agency RMBS	331.3	11.3	AA+
Alternative-A ("Alt-A") RMBS	6.0	0.1	AA-
Total MBS	$ 609.8	19.0	AA
ABS:			
ABS	$ 127.2	2.0	AAA
Alt-A ABS[2]	0.8	0.2	D
Sub-prime ABS[1,2]	0.6	0.1	D
Total ABS	$ 128.6	2.3	AAA

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

[2] Alt-A ABS and sub-prime ABS each consist of one security whose issuer 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
December 31, 2012

($ in millions)
(unaudited)

	Fair Value	Carry Value	Unrecognized Holding Gain	Unrealized Gain (Loss) in Accumulated Other Comprehensive Income	Total Unrealized/ Unrecognized Gain (Loss)	Weighted Average Credit Quality
HTM Fixed Maturity Portfolio:						
Foreign government obligations	$ 5.9	5.5	0.4	0.2	0.6	AA+
State and municipal obligations	526.9	497.9	29.0	6.8	35.8	AA
Corporate securities	42.1	37.5	4.6	(0.8)	3.8	A
MBS	12.6	7.2	5.4	(1.2)	4.2	AA-
ABS	7.1	5.9	1.2	(1.1)	0.1	A
Total HTM portfolio	$ 594.6	554.0	40.6	3.9	44.5	AA
State and Municipal Obligations:						
Government obligations	$ 174.4	165.9	8.5	3.8	12.3	AA
Special revenue obligations	352.5	332.0	20.5	3.0	23.5	AA
Total state and municipal obligations	$ 526.9	497.9	29.0	6.8	35.8	AA
Corporate Securities:						
Financial	$ 9.6	8.3	1.3	(0.7)	0.6	BBB+
Industrials	11.9	10.4	1.5	(0.2)	1.3	A+
Utilities	15.1	13.4	1.7	-	1.7	A+
Consumer discretionary	3.5	3.4	0.1	0.1	0.2	AA
Materials	2.0	2.0	-	-	-	BBB
Total corporate securities	$ 42.1	37.5	4.6	(0.8)	3.8	A
MBS:						
Non-agency CMBS	$ 12.6	7.2	5.4	(1.2)	4.2	AA-
Total MBS	$ 12.6	7.2	5.4	(1.2)	4.2	AA-
ABS:						
ABS	$ 4.7	4.2	0.5	(0.3)	0.2	BBB+
Alt-A ABS	2.4	1.7	0.7	(0.8)	(0.1)	AAA
Total ABS	$ 7.1	5.9	1.2	(1.1)	0.1	A