



Selective Insurance Group, Inc.

2016 RBC Capital Markets Financial Institutions Conference

March 2016



Forward Looking Statements

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 are discussed in further detail in Selective's public filings with the United States Securities and Exchange Commission. 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.

Track Record of Success



- ▶ Super-regional P&C carrier with long history of financial strength, superior execution and disciplined growth in these lines of business:
 - Standard Commercial
 - Standard Personal
 - Excess & Surplus
- ▶ Sustainable Competitive Advantages:
 - **True franchise value** with network of quality distribution partners
 - **Unique field model** coupled with sophisticated underwriting and claims tools
 - **Superior customer experience**
- ▶ **Profitable growth** by increasing share of wallet with existing agents and adding agents in areas with strong new business opportunities to increase agency market share

2015
NPW

77%

Standard Commercial Lines

14%

Standard Personal Lines

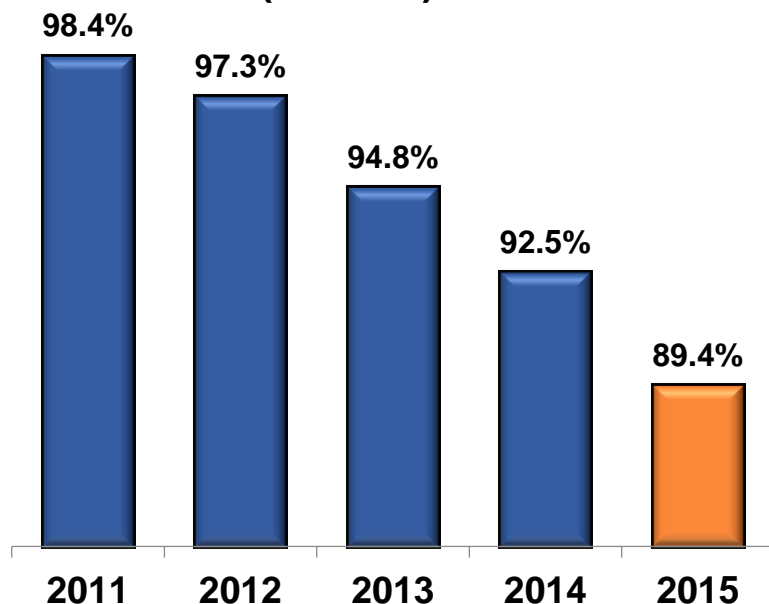
9%

Excess &
Surplus Lines

2015: Selective's Most Profitable Year



Statutory Combined Ratio (Ex-CAT)



- ▶ Generated 89.4% combined ratio, excluding catastrophes
- ▶ Achieved operating ROE goal of 300 bps above WACC at 11.8%
- ▶ In 2016, expect to outpace claim inflation through the following actions:
 - Rate increases in all three insurance segments
 - Claims and underwriting improvements

Original Guidance	101.0% - 102.0%	101.5%	96.0%	92.0%	91.0%
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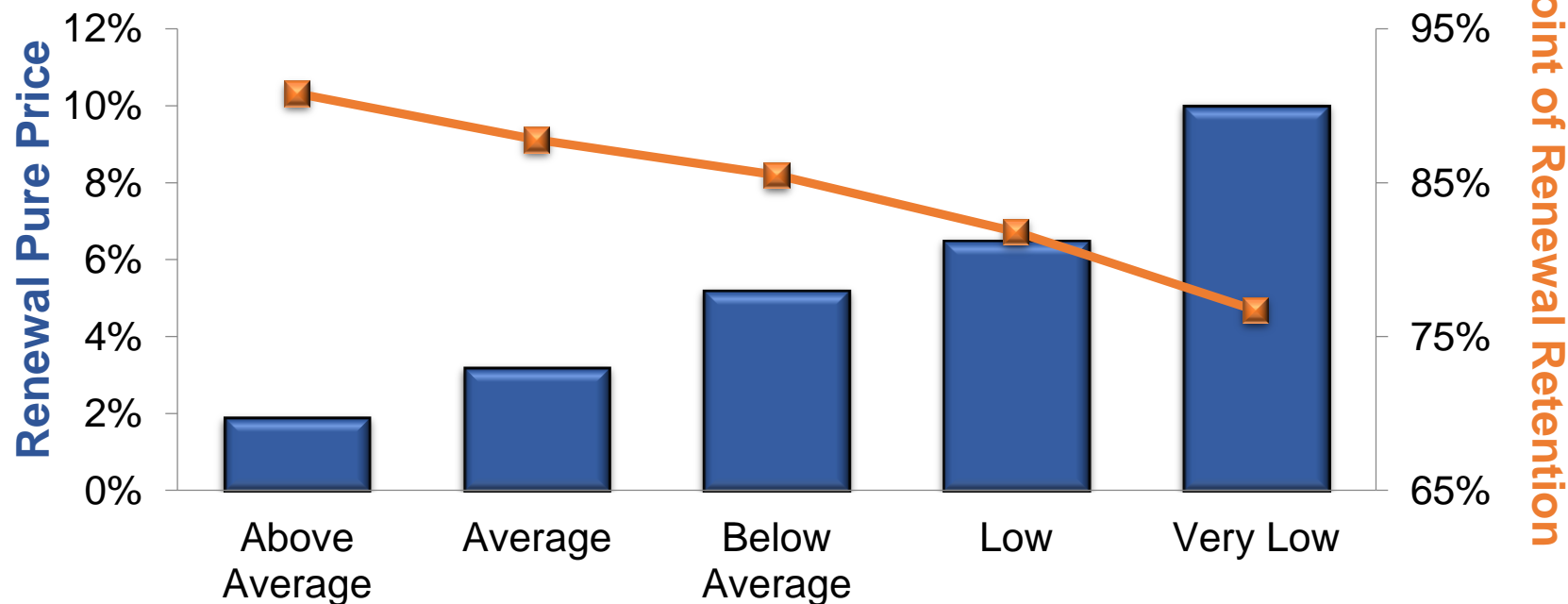
Overall Statutory Combined Ratio

2014	2015	Improvement
95.7%	92.4%	3.3 pts

Sophisticated Pricing Tools



Commercial Lines Pricing by Retention Group



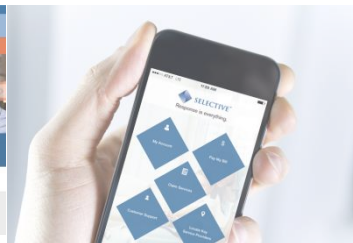
% of Premium	53.0%	26.0%	11.3%	6.3%	3.4%
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Selective's pricing tools allow the Company to analyze and price business on a very granular level—a key advantage—that has enabled outperformance

Investing in Omni-Channel Experience



- ▶ Game changer in an industry that has been slow to adopt change
- ▶ Providing customers with 24-by-7 access to transactional capabilities and information
- ▶ Drive increased customer loyalty and retention
- ▶ Our ability to drive agency adoption is the franchise value we have with distribution partners



Financial Highlights 2011 - 2015



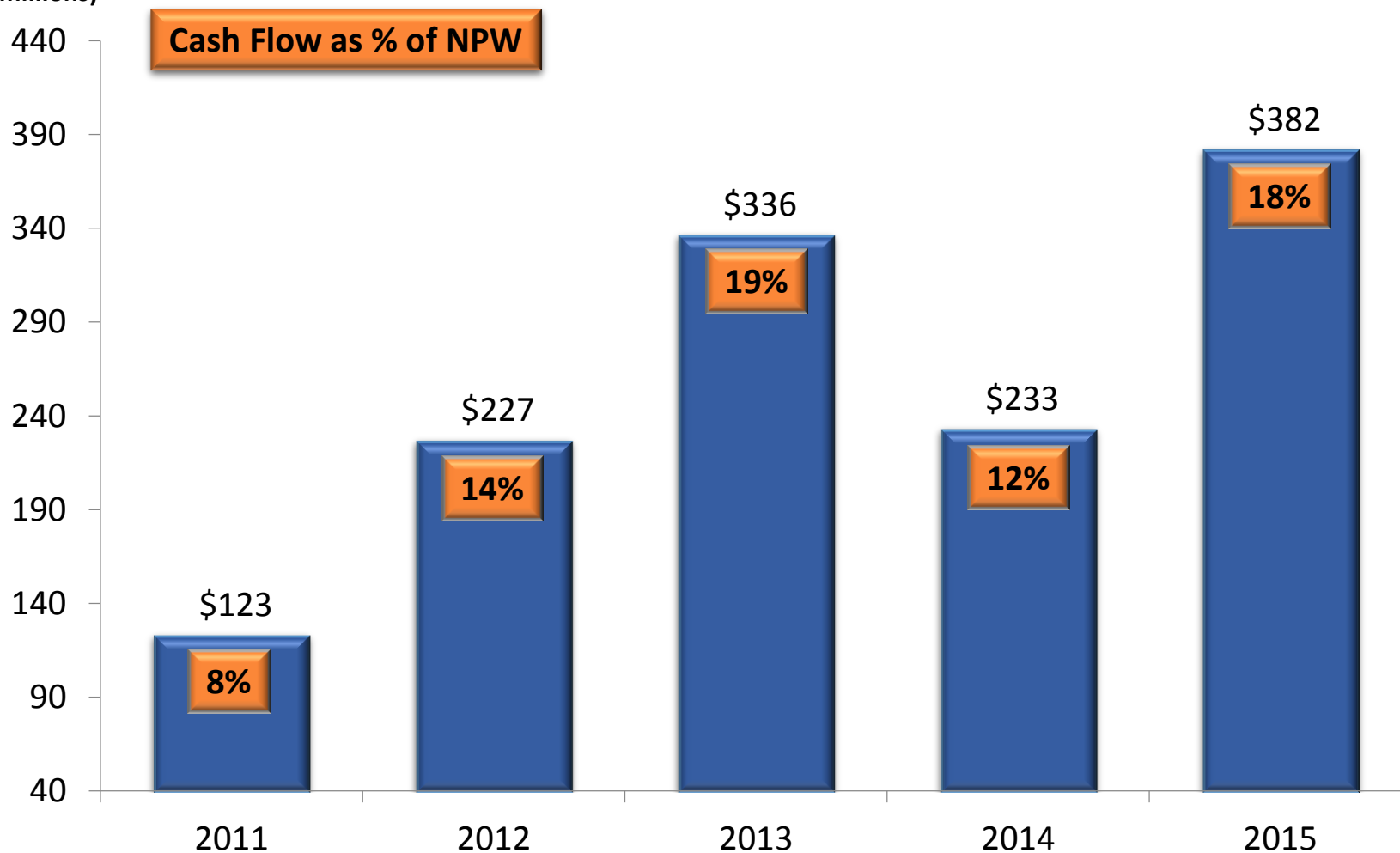
	2011	2012	2013	2014	2015
Statutory NPW Growth	7.0%	12.2%	8.7%	4.1%	9.8%
Operating EPS*	\$0.38	\$0.58	\$1.65	\$2.17	\$2.70
Net Income per Share*	\$0.40	\$0.68	\$1.87	\$2.47	\$2.85
Dividend per Share	\$0.52	\$0.52	\$0.52	\$0.53	\$0.57
Book Value per Share*	\$19.45	\$19.77	\$20.63	\$22.54	\$24.37
Statutory Premiums to Surplus	1.4x	1.6x	1.4x	1.4x	1.5x
Invested Assets/Stockholder's Equity*	3.89	3.97	3.97	3.77	3.64
Return on Average Equity*	2.1%	3.5%	9.5%	11.7%	12.4%
Operating Return on Average Equity*	2.0%	3.0%	8.4%	10.3%	11.8%
Statutory Combined Ratio - Total	106.7%	103.5%	97.5%	95.7%	92.4%
- Standard Commercial Lines	103.9%	103.0%	97.1%	95.5%	89.2%
- Standard Personal Lines	117.3%	100.7%	96.9%	94.5%	99.9%
- Excess and Surplus Lines	131.3%	118.8%	102.9%	99.2%	108.4%
GAAP Combined Ratio - Total*	107.2%	104.0%	97.8%	95.8%	92.5%
- Standard Commercial Lines*	104.3%	103.3%	97.4%	95.7%	89.2%
- Standard Personal Lines*	117.8%	101.3%	97.1%	94.4%	99.5%
- Excess and Surplus Lines*	270.2%	124.7%	103.0%	99.7%	109.8%

*Historical values (2011) have been restated to reflect impact of deferred policy acquisition cost accounting change

Net Operating Cash Flow



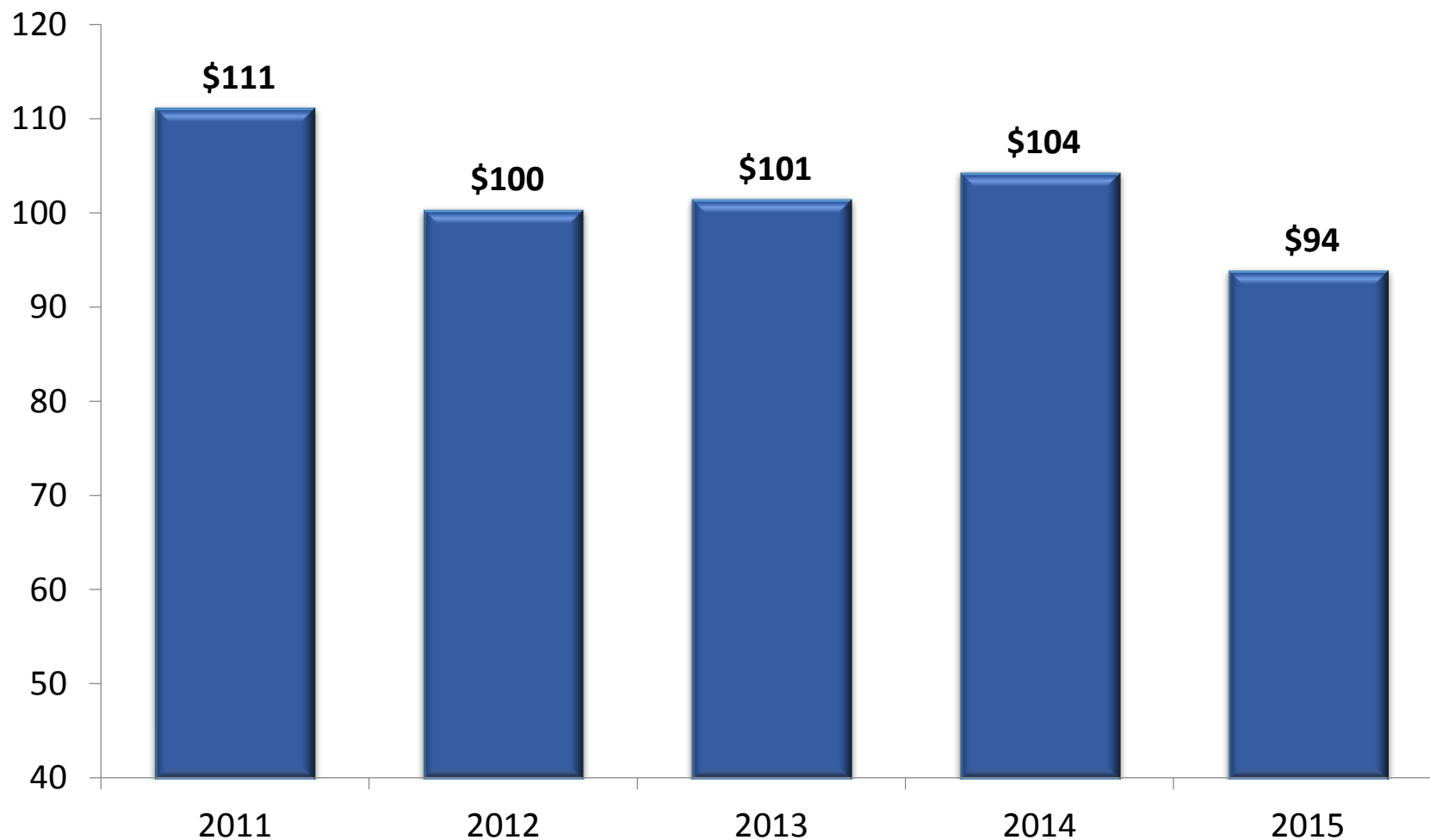
(\$ in millions)



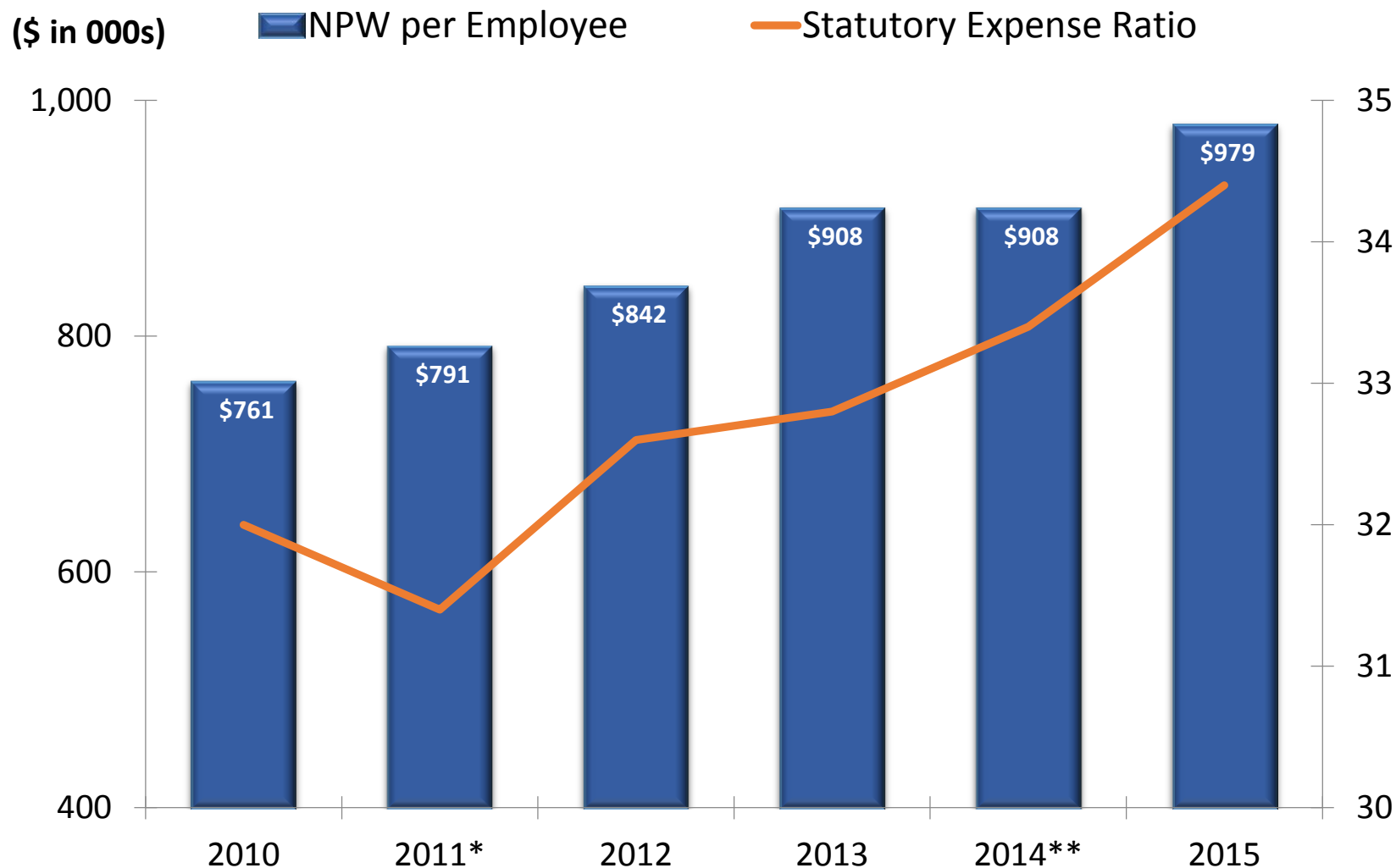
Investment Income – After-tax



(\$ in millions)



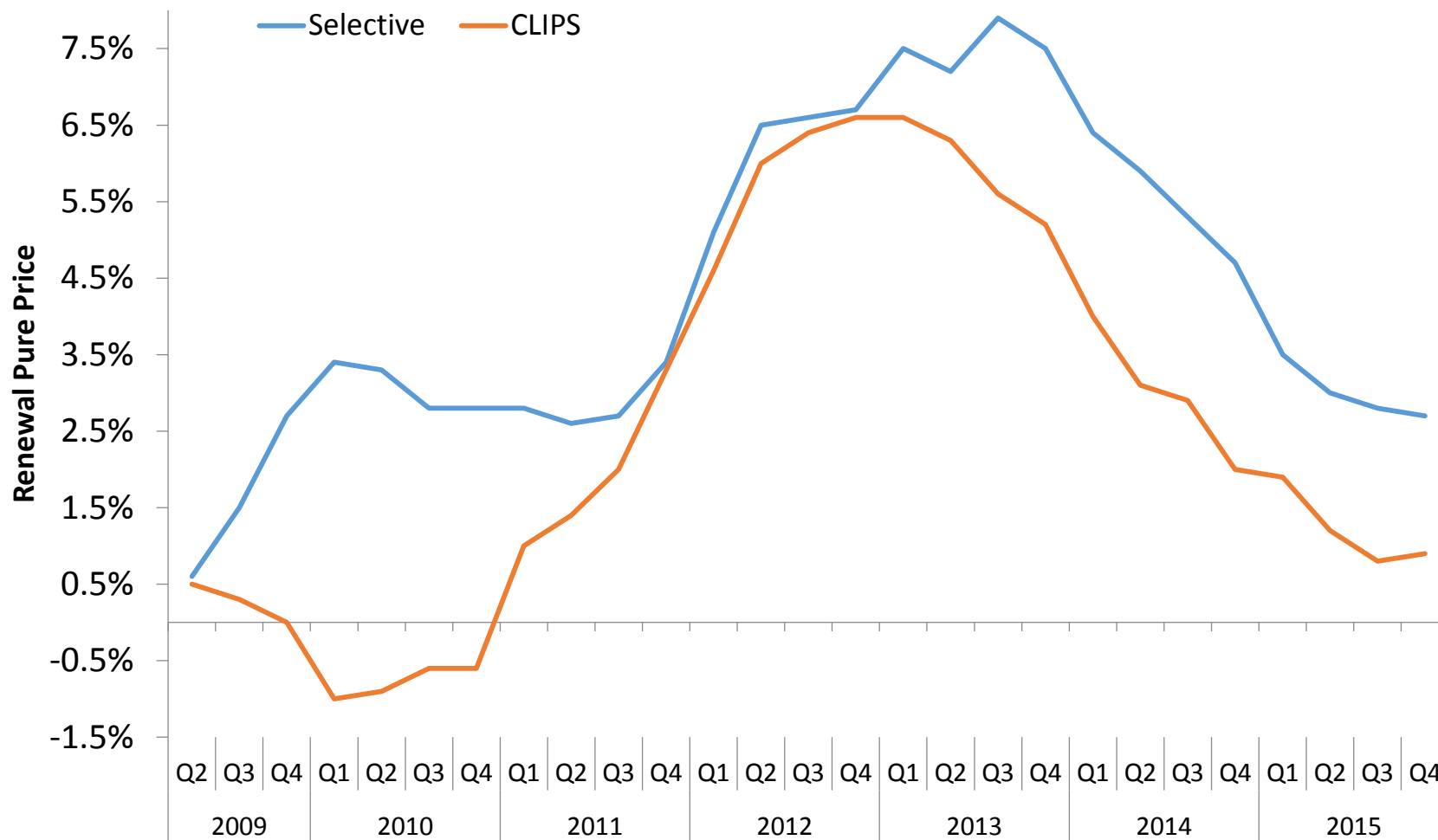
Insurance Operations Productivity



*Excludes Excess & Surplus Lines

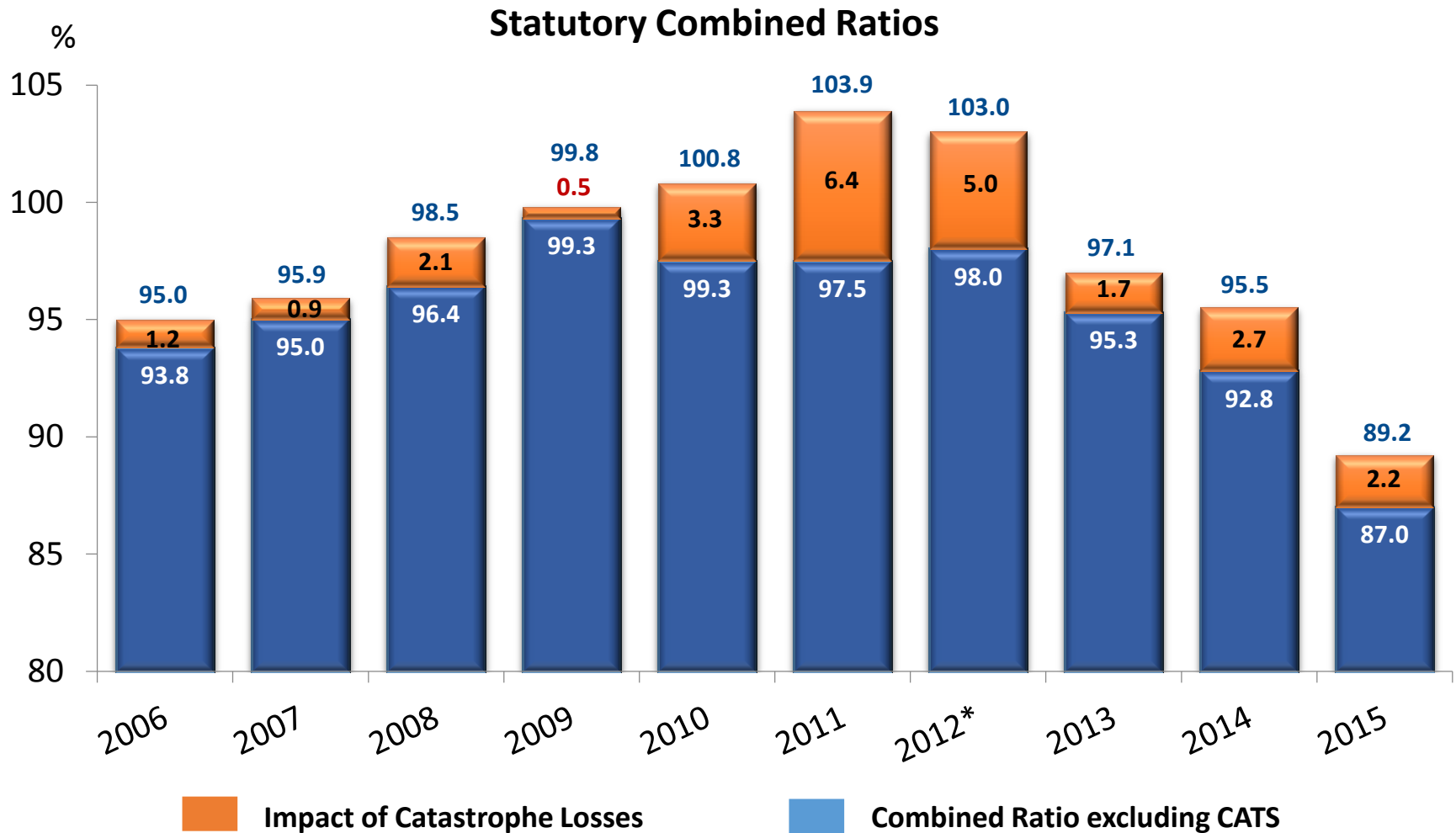
**Expense ratio excludes 0.4 point benefit from self-insured group sale

Standard Commercial Lines Pricing



Industry Source: Towers Watson Commercial Lines Insurance Pricing Survey

Standard Commercial Lines Profitability



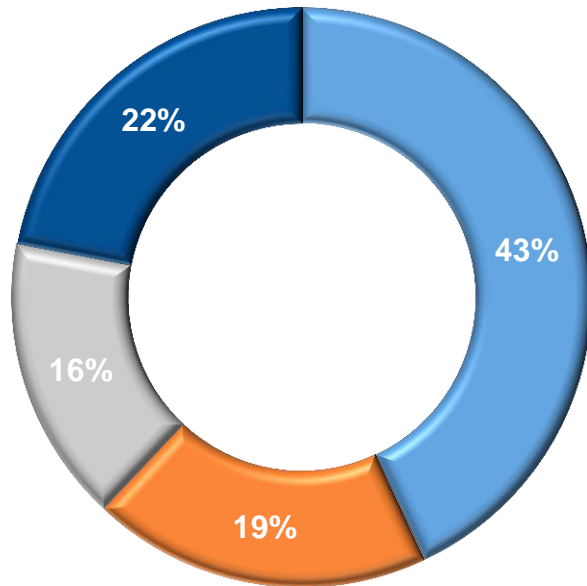
**Includes impact of reinstatement premium on catastrophe reinsurance program as a result of Hurricane Sandy
Some amounts may not foot due to rounding*

Standard Commercial Lines Premiums



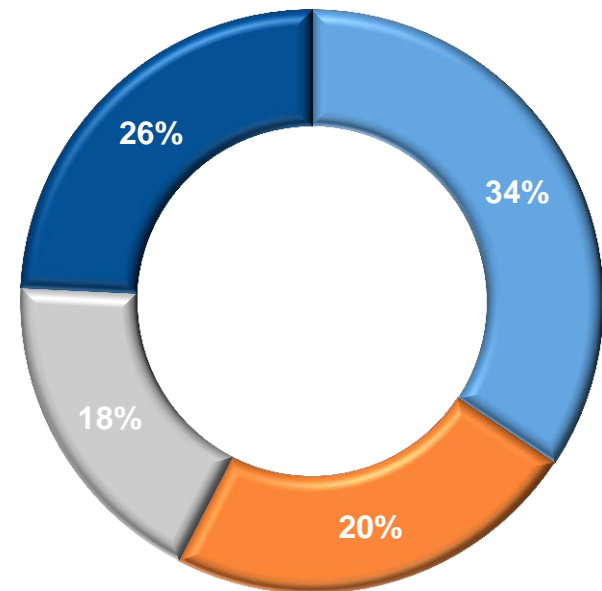
Strategic Business Unit Diversification

2008



- Contractors
- Community & Public Services
- Manufacturing
- Mercantile Service

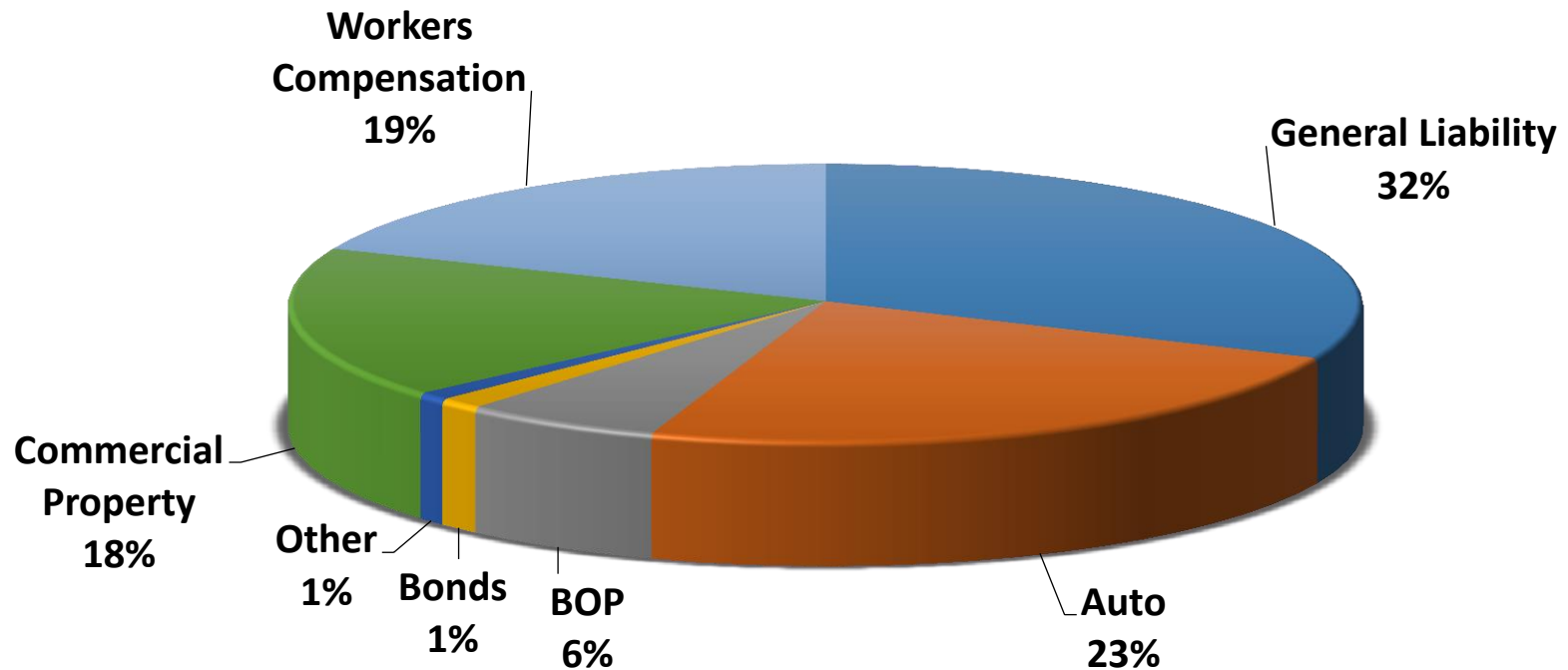
2015



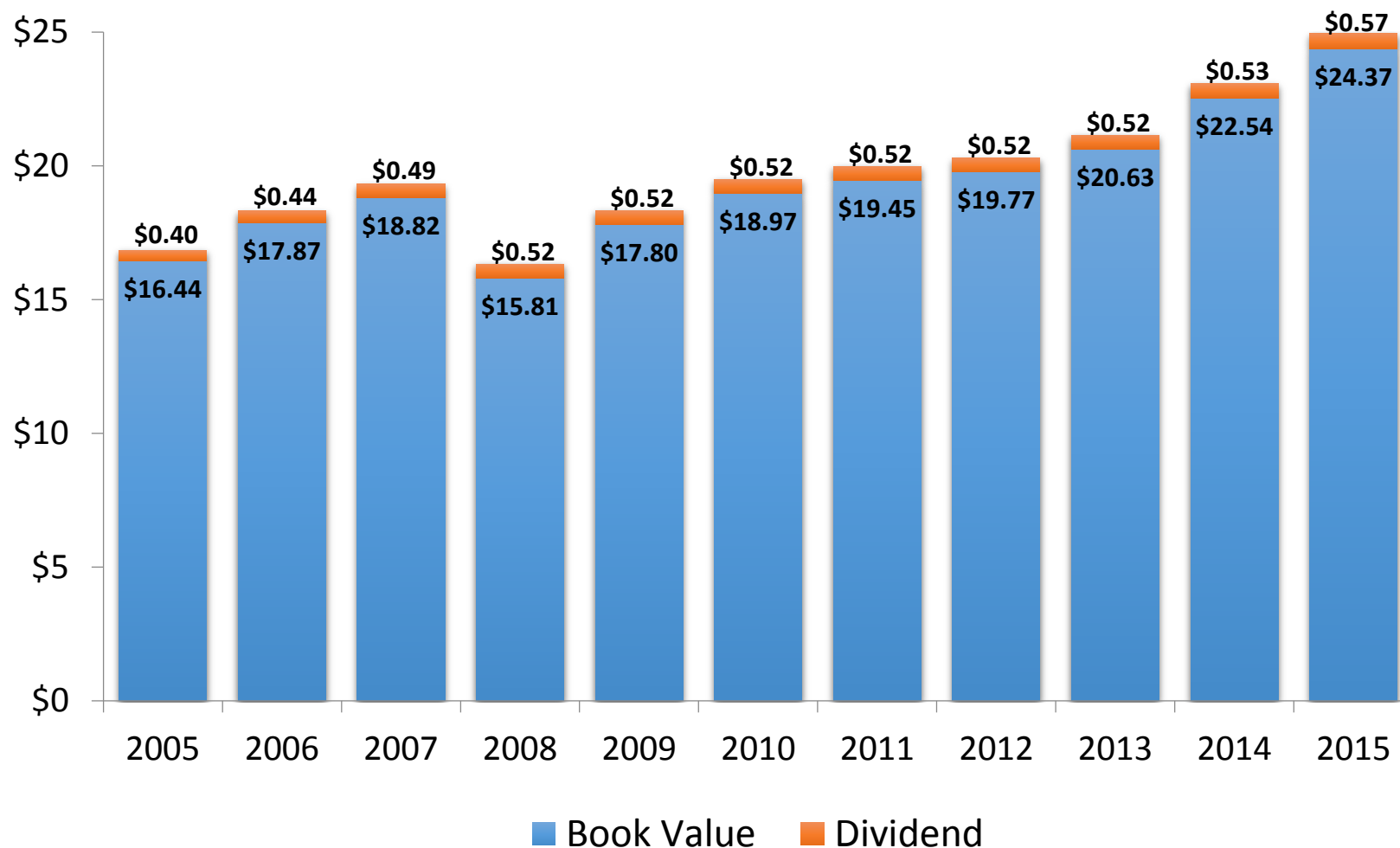
Industry Source: Towers Watson Commercial Lines Insurance Pricing Survey

Premium by Line of Business

2015 Standard Commercial Lines Net Premium Written



Long-Term Shareholder Value Creation



Note: Book value restated for change in deferred policy acquisition costs (2005-2006 Estimated)