



Selective Insurance Group, Inc.

First Quarter Investor Presentation

Current as of March 17, 2014

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.

Forward Looking Statements



SELECTIVE®

Financial Overview

**44th largest
U.S. P&C
carrier***

**History of
financial
strength**

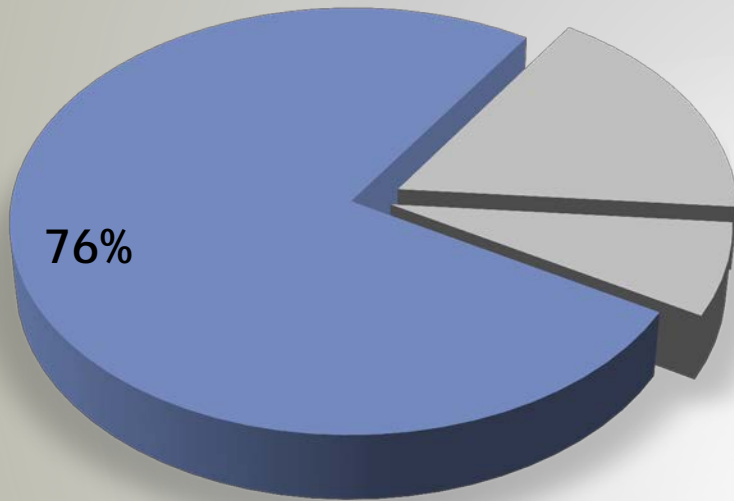
**Small
commercial,
E&S and
personal
lines
business**

**Field-based
operating
model**

*Source: A.M. Best, based on 2012 Net Premiums Written

History of Success as a Super-Regional

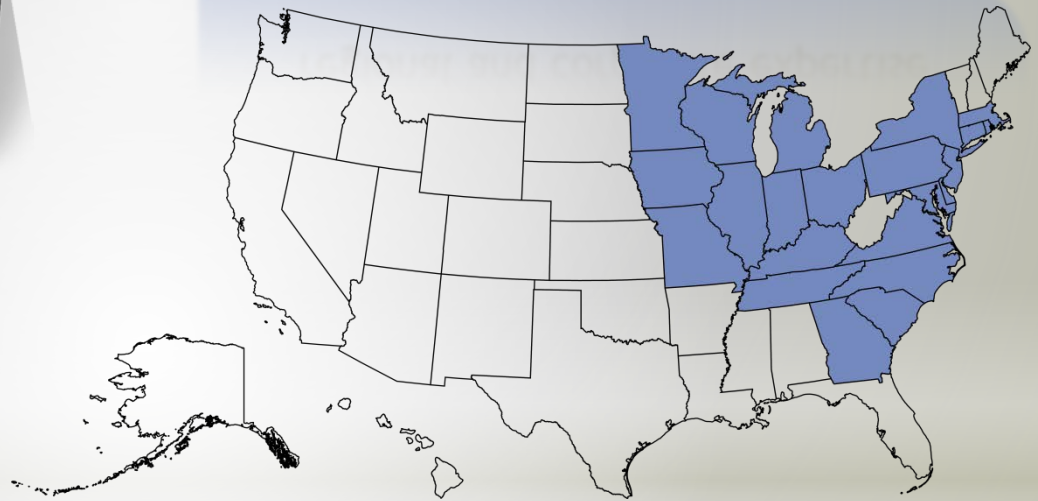
2013 % Net Premiums Written



2013 Statutory
Combined Ratio = 97.1%

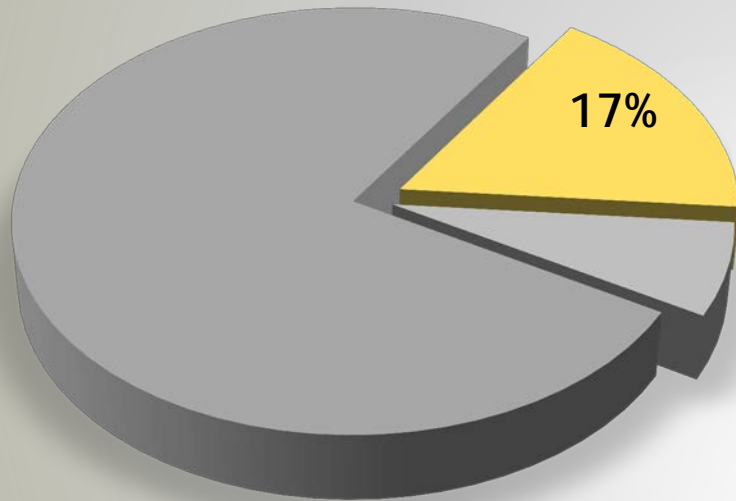
Standard Commercial Lines

- “Main street” account underwriter
- Average account size \$10,000
- ~1,100 agents
- Field underwriters supported by regional and corporate expertise



Standard Commercial Lines

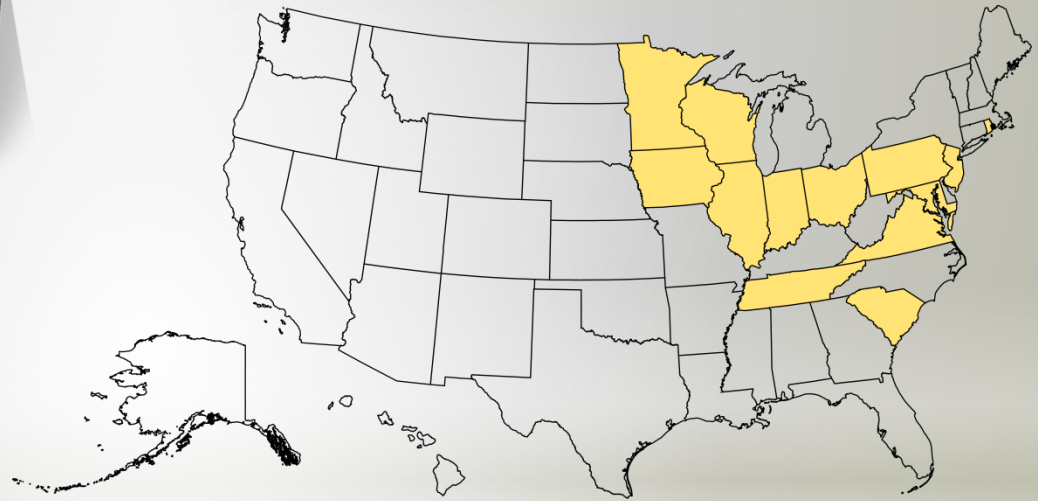
2013 % Net Premiums Written



2013 Statutory
Combined Ratio = 96.9%

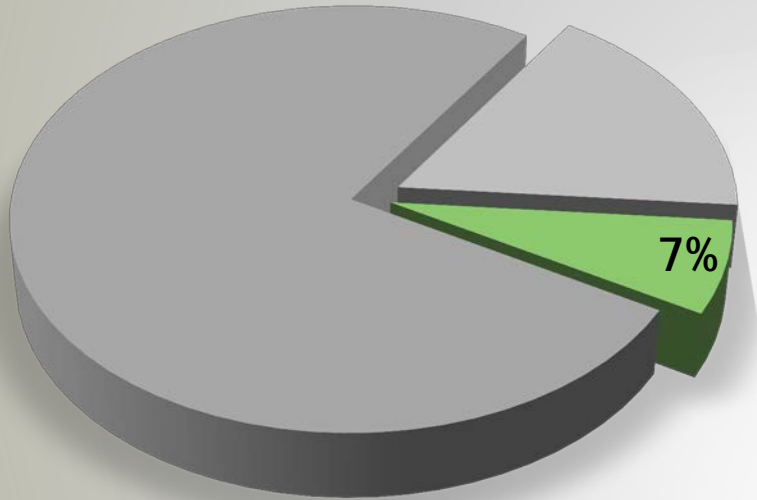
Personal Lines

- Focus on account customers
- ~690 agents in 13 states
- By-peril rating capabilities



Personal Lines

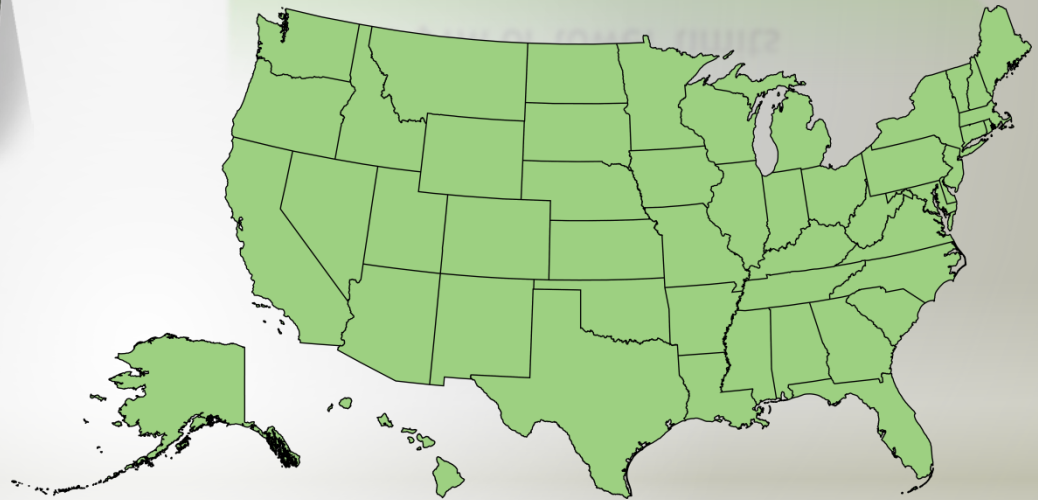
2013 % Net Premiums Written



2013 Statutory Combined
Ratio = 102.9%

Excess & Surplus Lines

- Controlled binding authority, no claims authority
- ~90 wholesale general agencies
- Average policy size of \$2,700
- ~70% general liability
- 98% \$1M or lower limits



Excess and Surplus Lines

Strong balance sheet provides a foundation for success

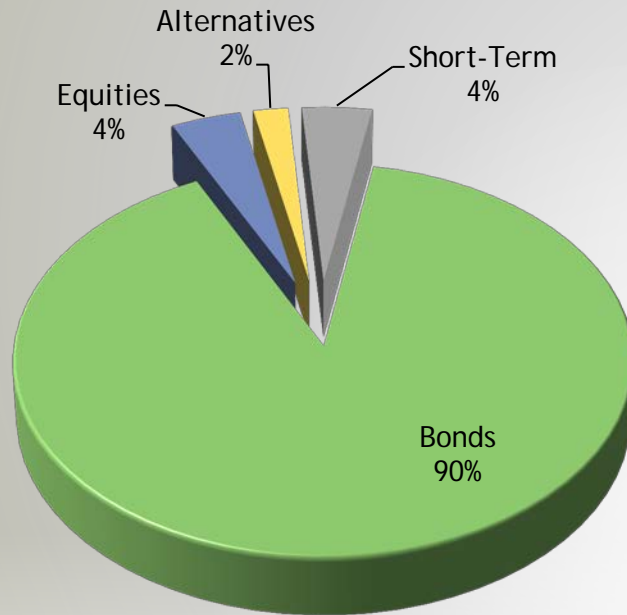
Lower volatility allows for greater operational leverage

Effective cycle management

Path to a 92% ex-catastrophes combined ratio in 2014

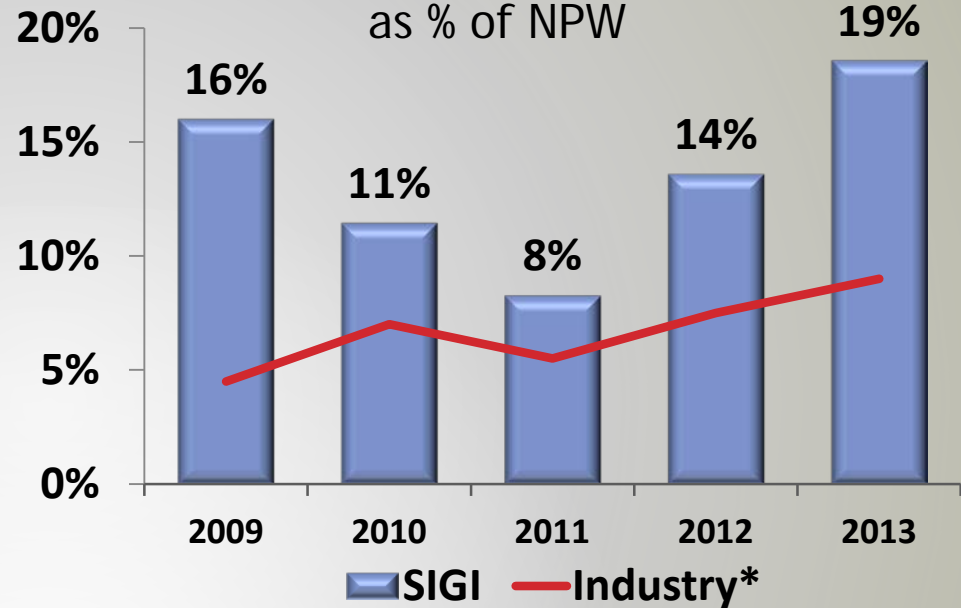
Key Takeaways

December 31, 2013
\$4.6B in Invested Assets



*Source: Conning, Inc. and A.M. Best

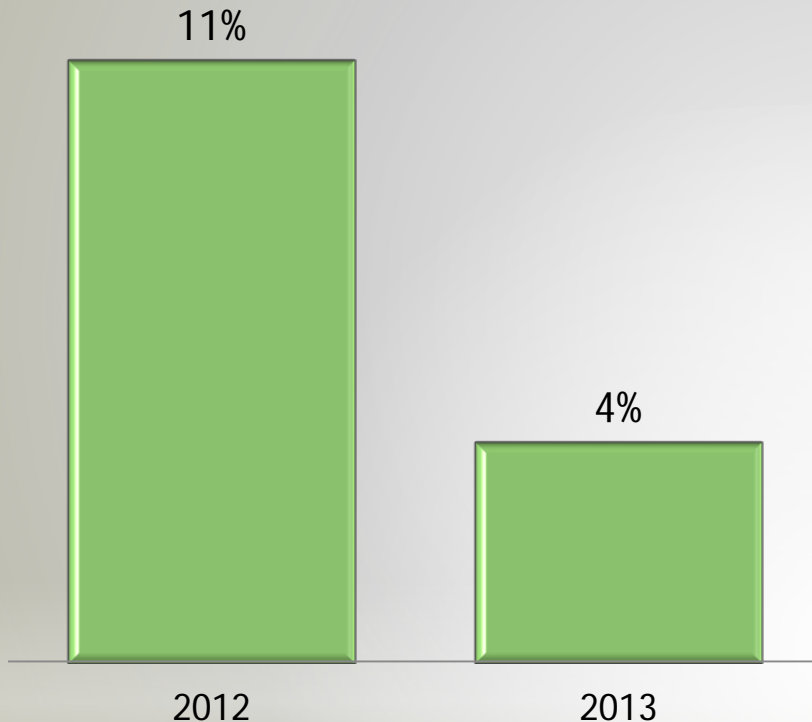
Net Operating Cash Flows
as % of NPW



- "AA-" average credit quality
- 3.6 year duration, excluding short-term
- Investment leverage of 4.0x

Conservative Investment Portfolio

% of Equity at Risk - 1 in 250 Event Blended Model Results (RMS & AIR)

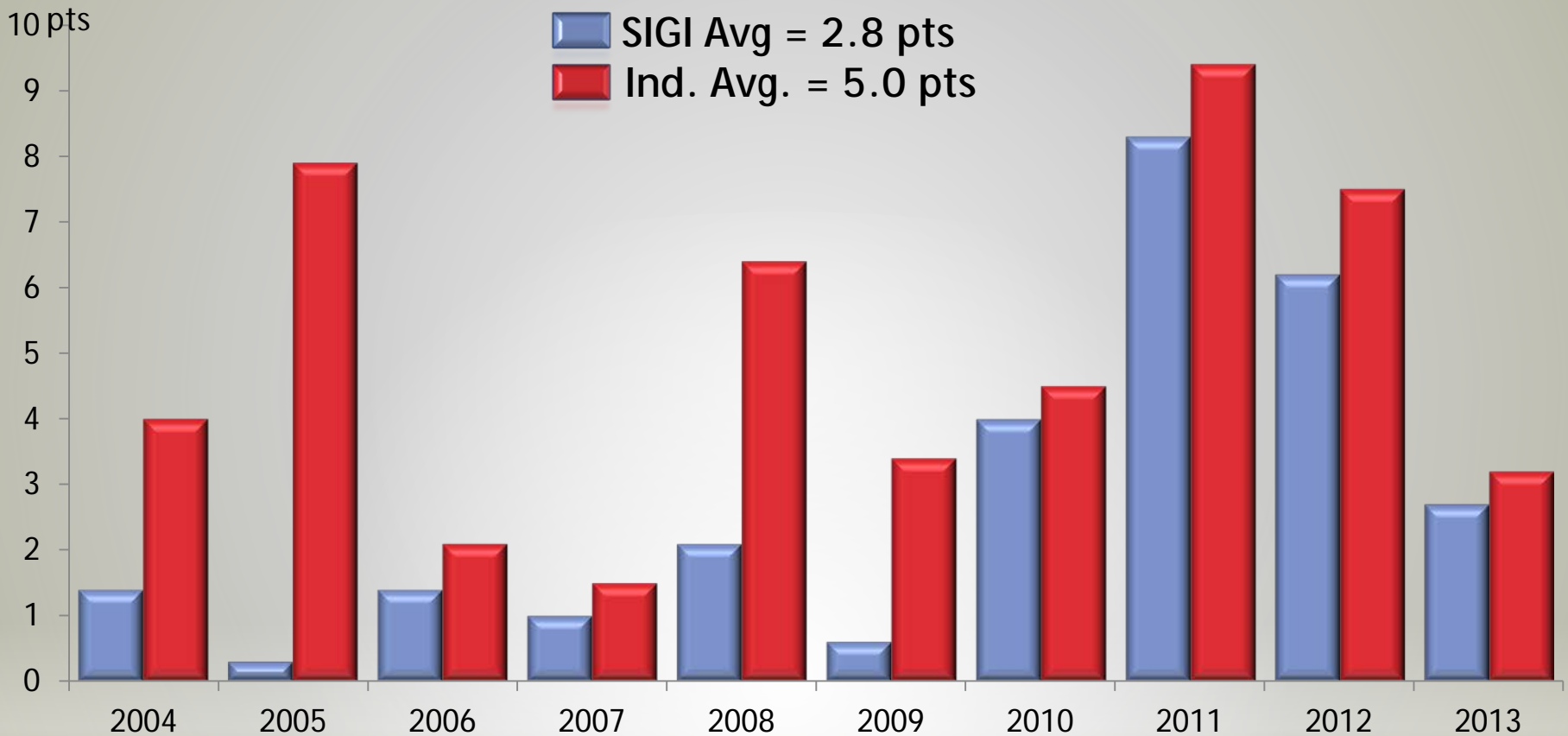


Losses are after tax and include applicable reinstatement premium.

2014 Property Catastrophe Treaty

- \$685M in excess of \$40M retention
- Increased top layer by \$100M
- Flat premium despite additional limit
- Exhausts at approximately 1-in-250 year event
- Average reinsurer rating "A+"

Conservative Catastrophe Reinsurance

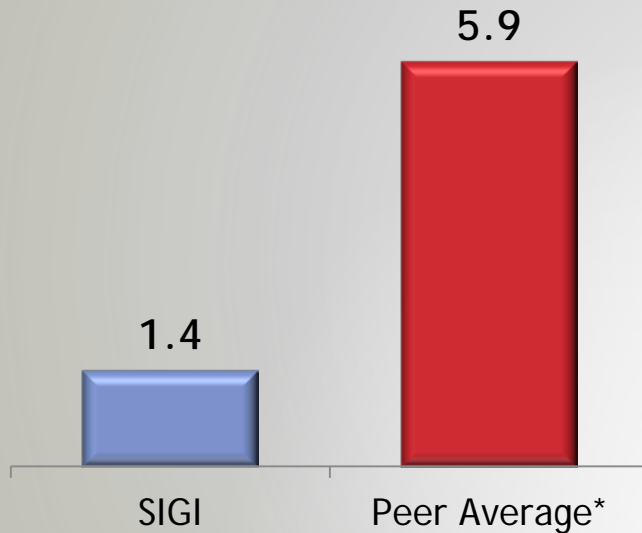


Industry Source: A.M. Best

Impact of CATs on Combined Ratio

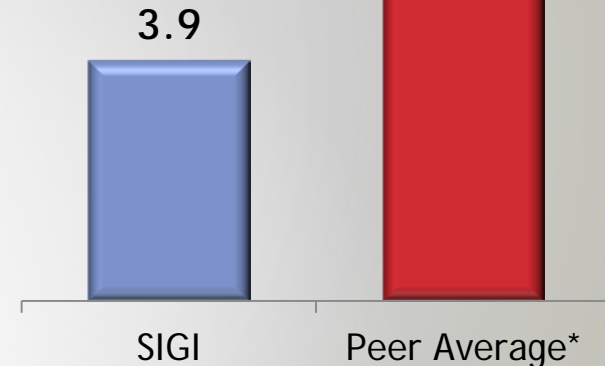
Standard Deviation (2003-2012)

Reserve Development
(Points on Combined Ratio)



Combined Ratio

8.0

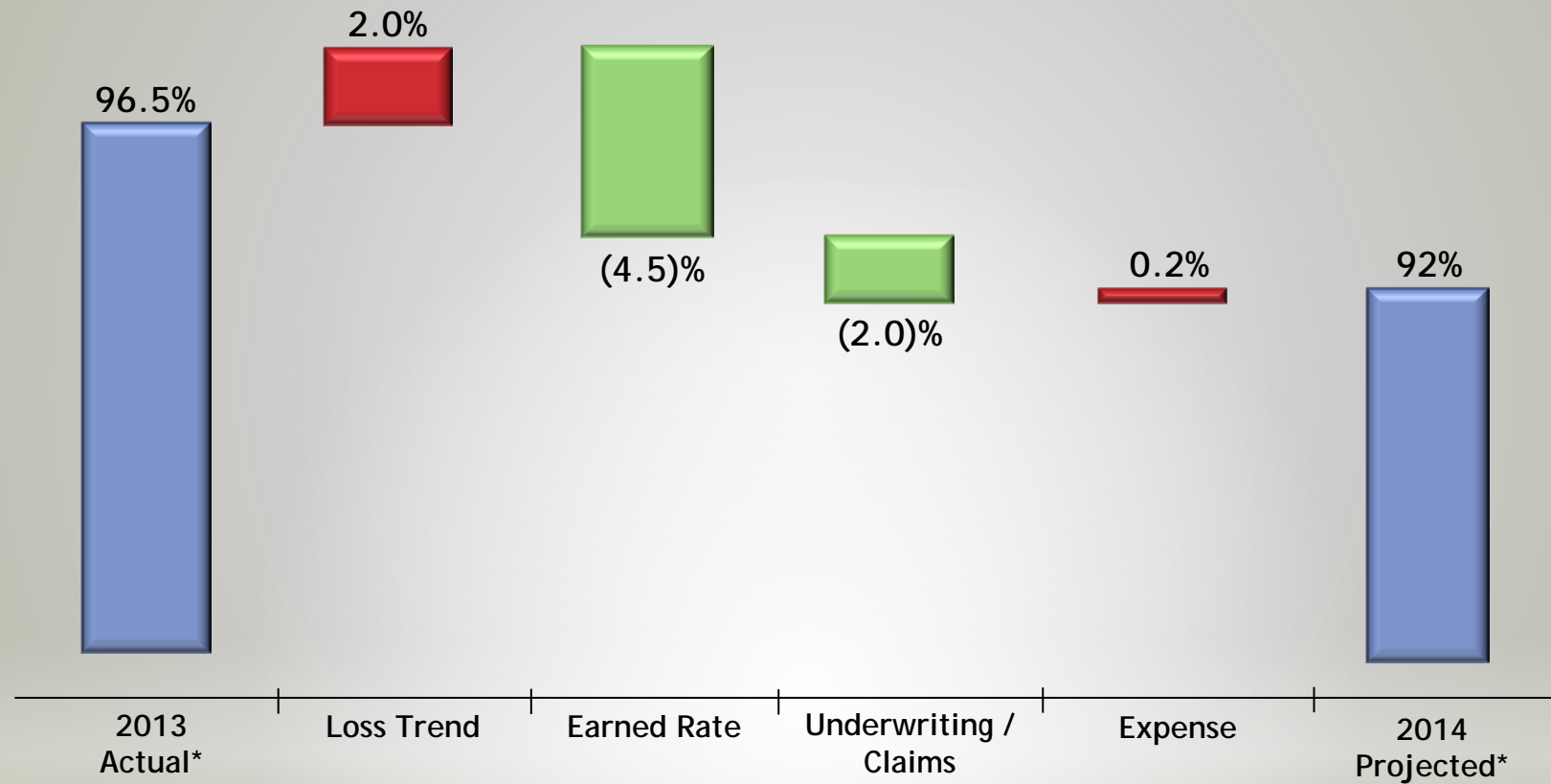


“Ground-up” quarterly reserve review and focus on “main street” accounts

*Source: SNL Financial, Statutory Data
Peers include CINF, THG, STFC, UFCS, CNA, HIG, TRV, WRB

Lower Volatility of Results

2014 Ex-CAT Statutory Combined Ratio Plan



*Excluding CATS and reserve development
May not foot due to rounding

Expectation for 4 points of CAT losses in 2014

Combined Ratio Improvement Plan

Underwriting Leverage
(Premiums-to-Surplus)

Investment Leverage
(Invested Assets/
Stockholders' Equity)

ROE Generated at a 96%
Combined Ratio

1.4x



0.7x



SIGI

Industry

4.0x



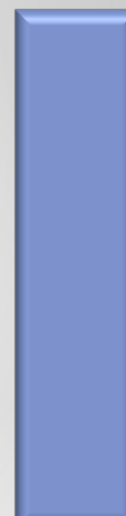
2.3x



SIGI

Industry

10.5%



8.0%



SIGI

Industry

Industry Source: A.M. Best 2013E

Impact of Leverage



SELECTIVE®

Strategic Overview

**Superior
Agency
Relationships**

**Field Model
Based On
Empowered
Decision
Makers**

**Sophisticated
Underwriting/
Claims Tools**

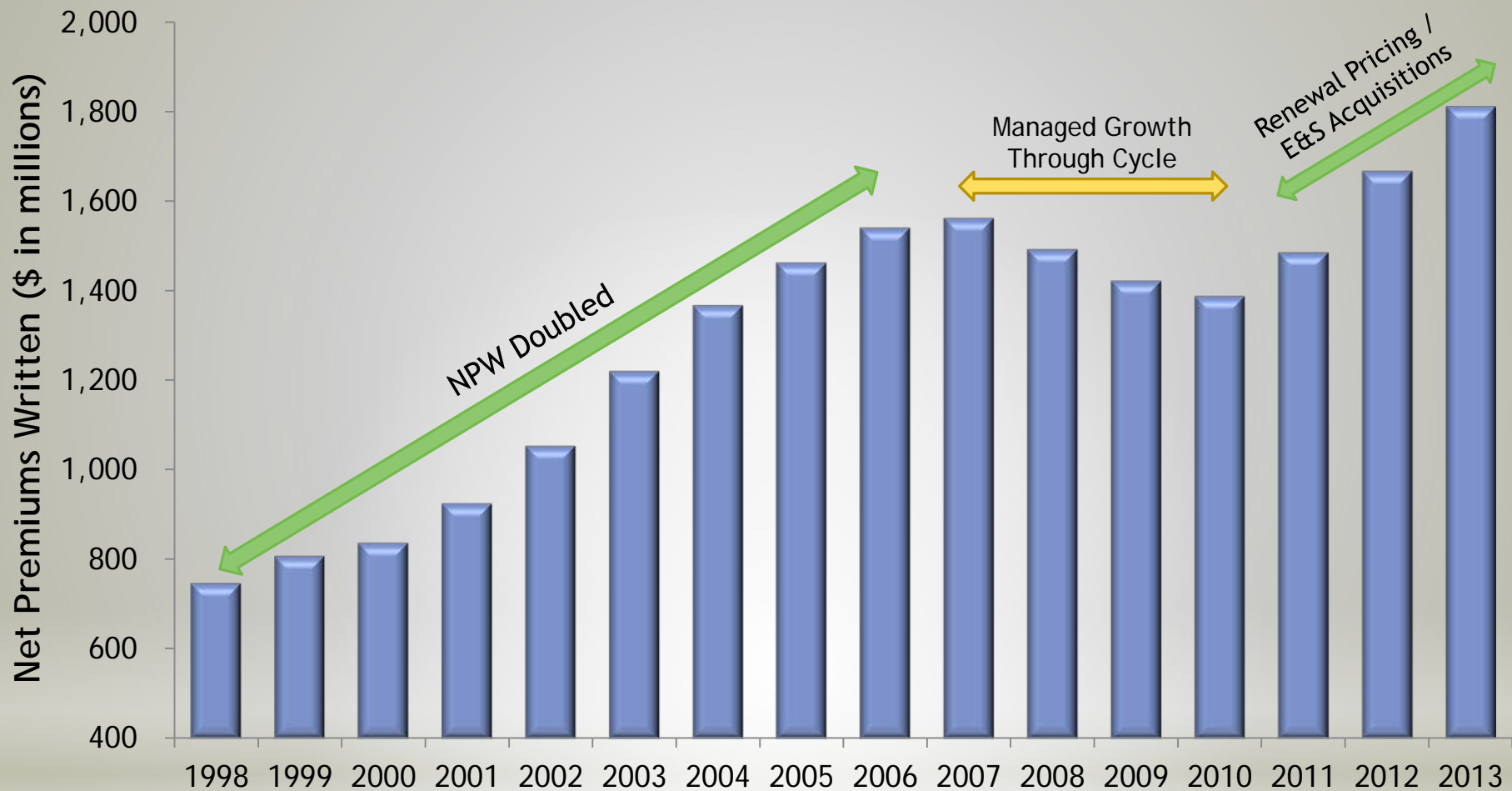
**Focus On
Customer
Experience**

**Broad Appetite
and Strong
Product
Portfolio**

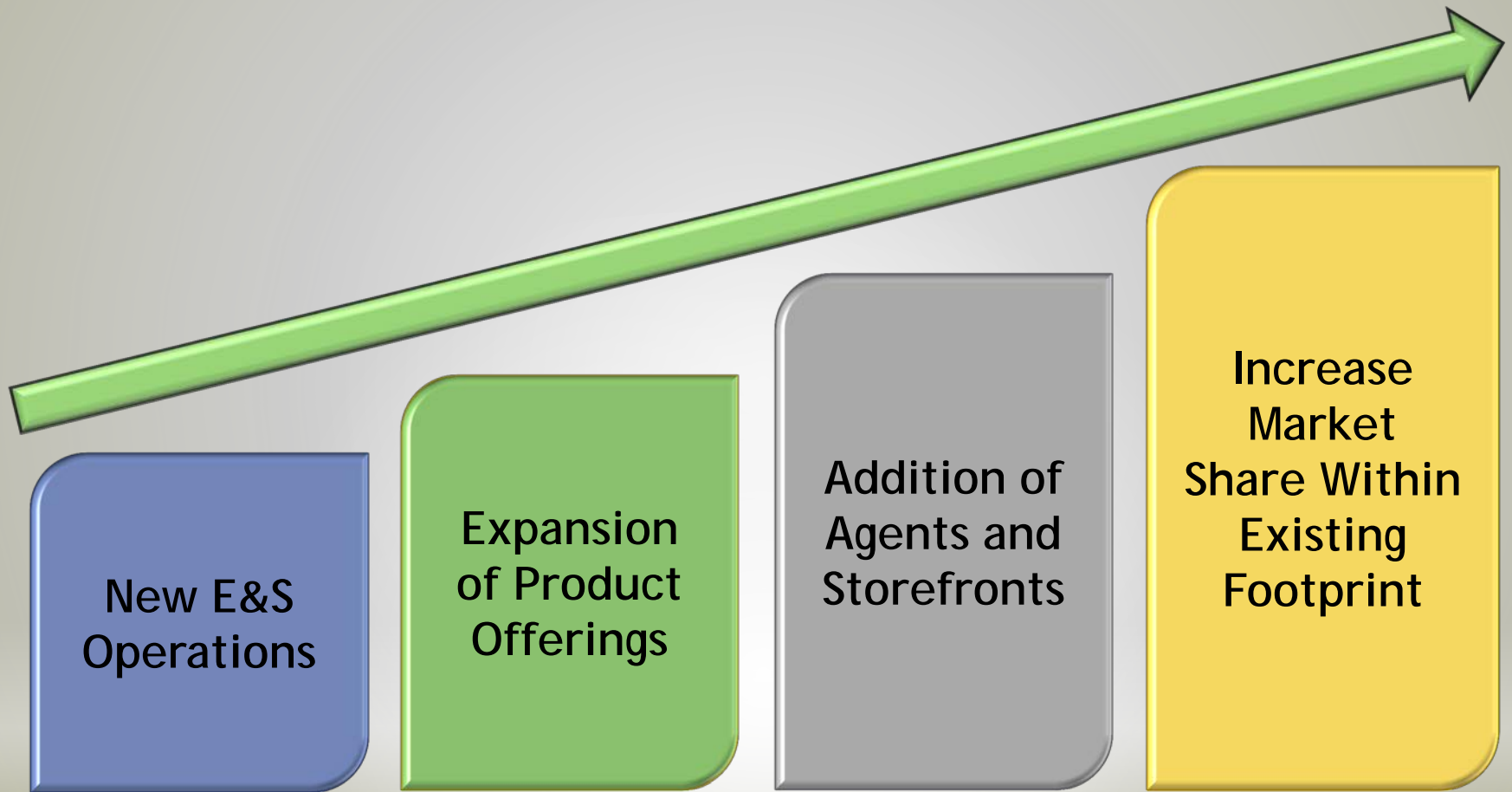
**Effective
Manager of
Leverage**

Capabilities of a National...Relationships of a Regional

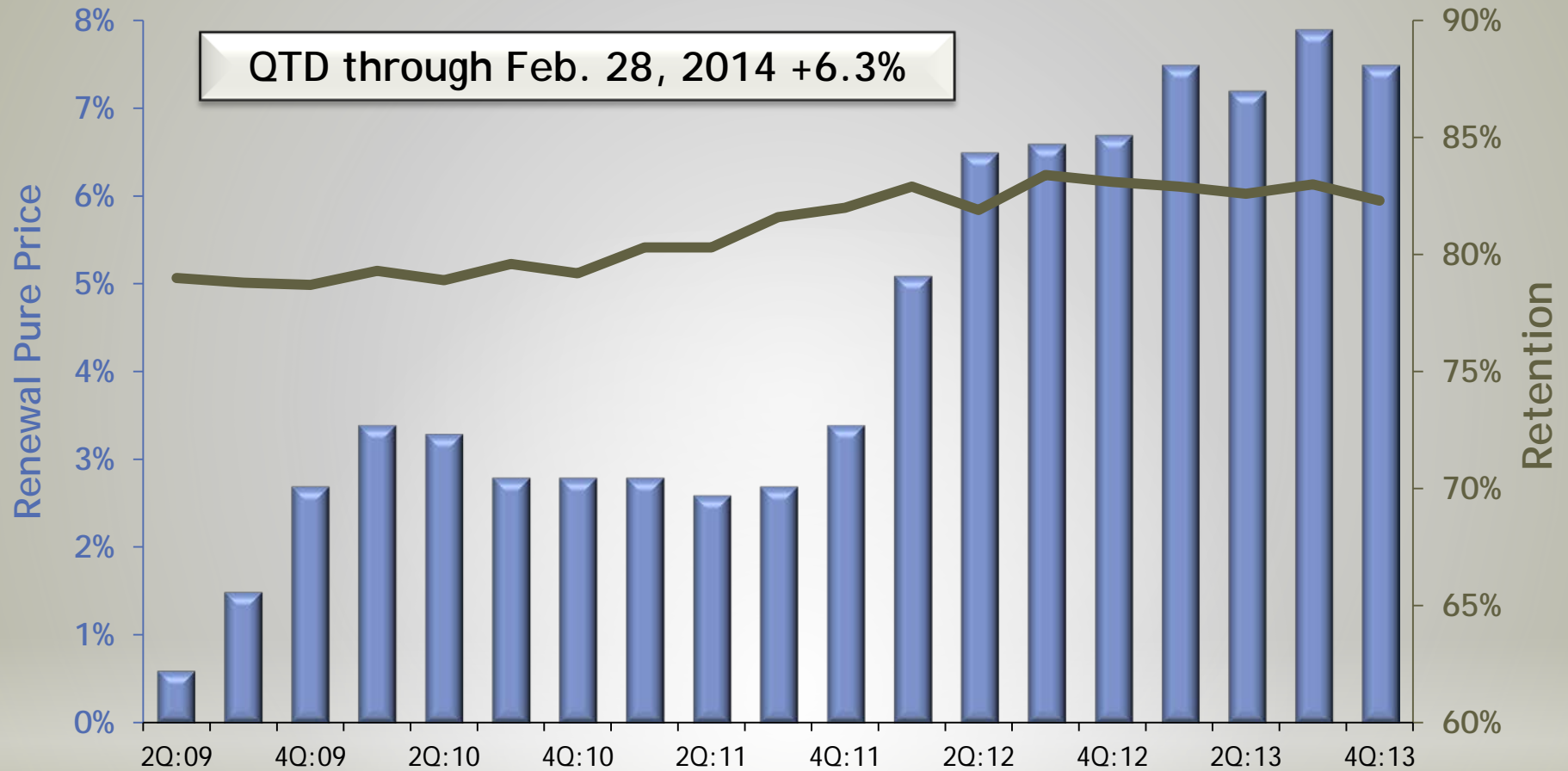
Competitive Advantages



Effective Cycle Management



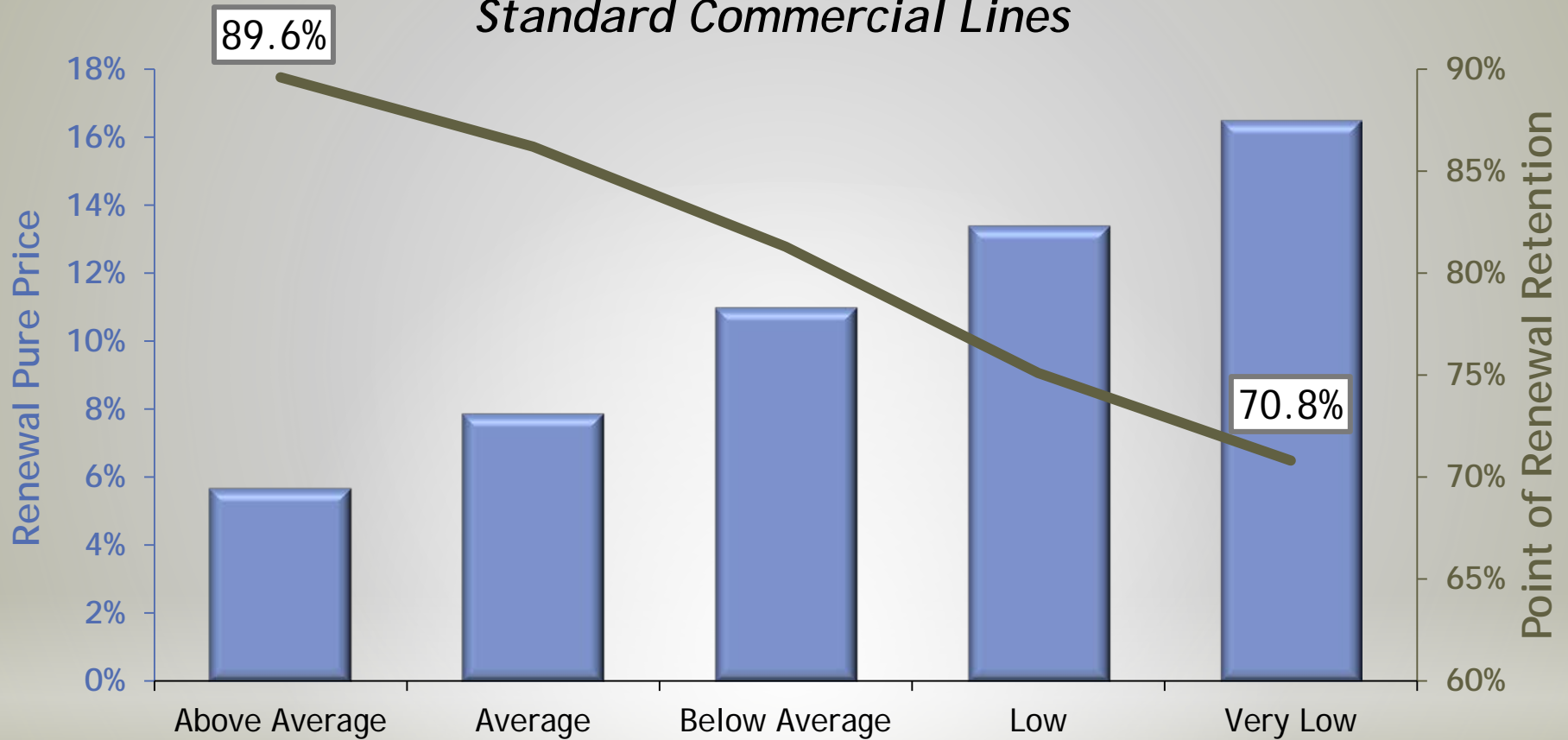
Growth Opportunities



- 19 consecutive quarters of renewal pure price increases
- In 2014, anticipate renewal pure price increases of 6-7%

Standard Commercial Lines Pricing

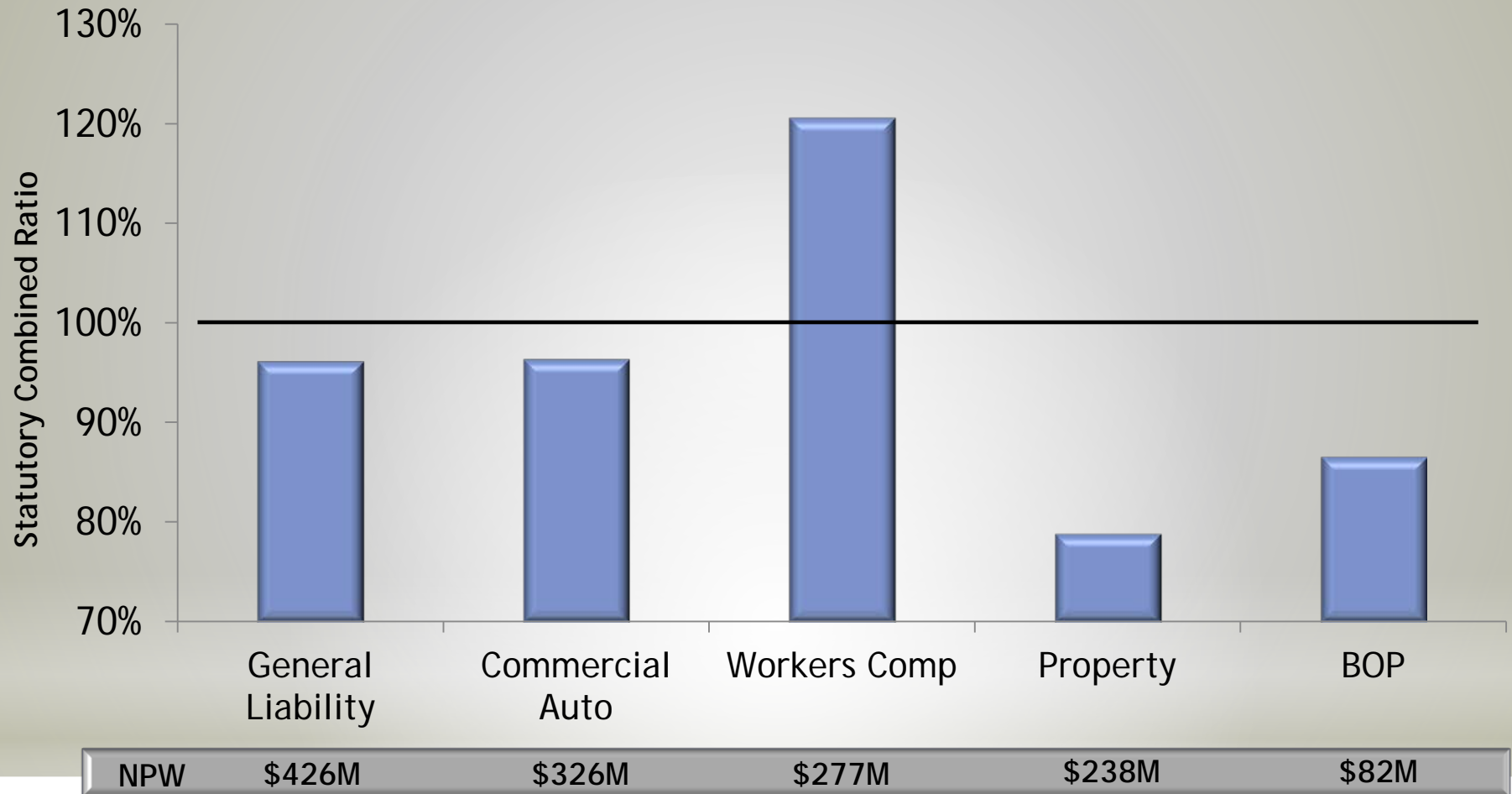
2013 Pricing by Retention Group Standard Commercial Lines



Dynamic Portfolio Manager allows underwriters to drive mix improvement

Underwriting

2013 Statutory Combined Ratio by Line of Business



Standard Commercial Lines Profitability



Renewal Pure Price
of 7.5% in 2013
Compared to 4%
Loss Trend

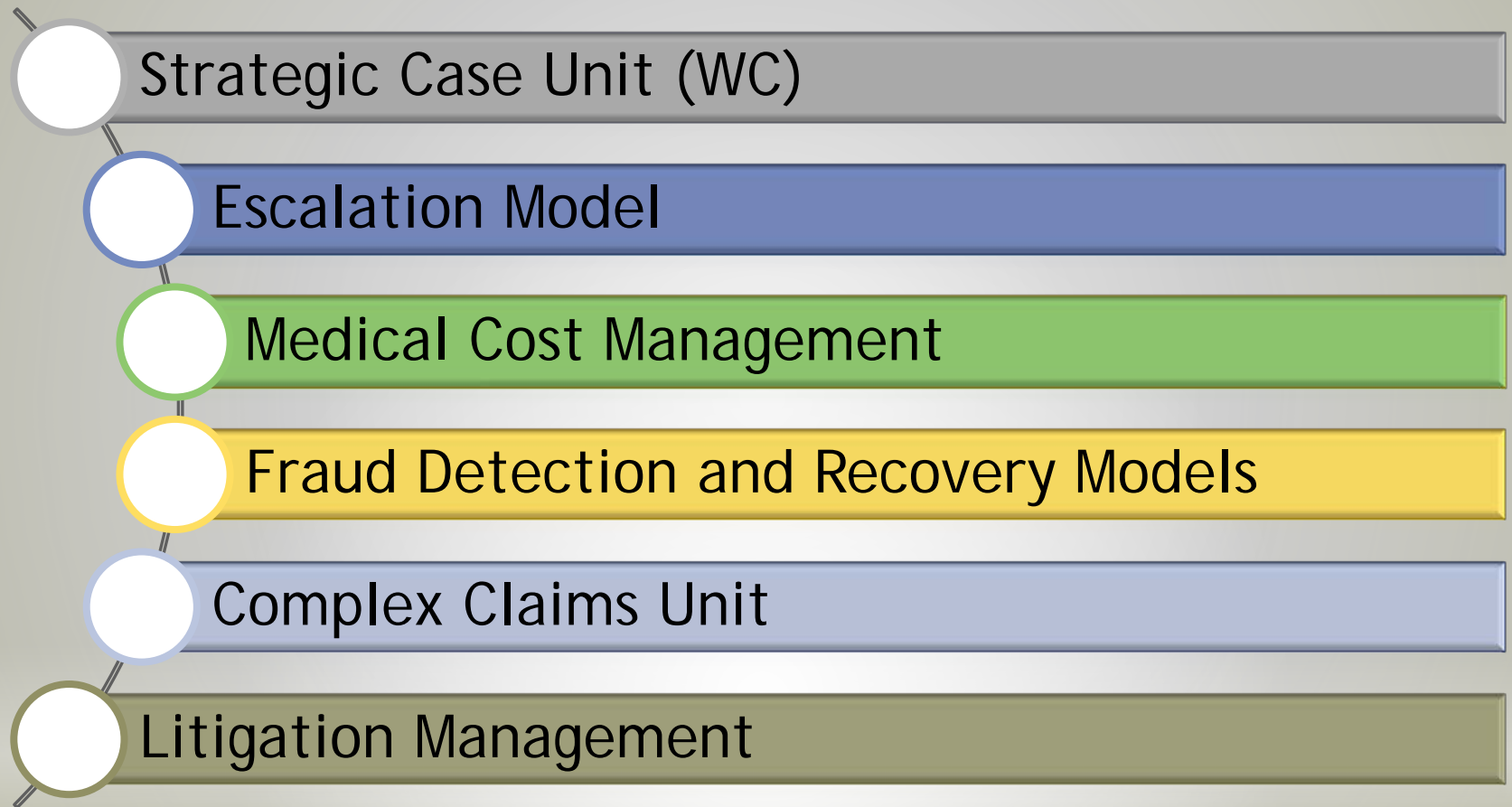


Balance
Underwriting
Initiatives with
Overall Account
Profitability



Claims Initiatives

Workers Compensation Plan



Claims Initiatives

Strong balance sheet provides a foundation for success

Lower volatility allows for greater operational leverage

Effective cycle management

Path to a 92% ex-catastrophes combined ratio in 2014

Why Invest in Selective?