Selective Insurance Group, Inc.

KBW Insurance Conference

September 10, 2015

SELECTIVE®

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.

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Strategic Overview

Gregory Murphy
Chairman and Chief Executive Officer

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Selective's Value-Added Approach

- Super-regional P&C Carrier with long history of financial strength, superior execution and disciplined growth
  - Rated "A" or higher by A.M. Best for <u>85 consecutive years</u>
  - Successful execution of 3-year profitability improvement plan in 2014

- Unique "High-tech, High-touch" operating model across diversified mix of strategic business units
  - Focused on maintaining strong relationships with independent agents

- Investing in profitable growth through agency expansion, strategic underwriting initiatives, expansion of small business team, and claims management.

2014 NPW

76% Standard Commercial Lines

16% Standard Personal Lines

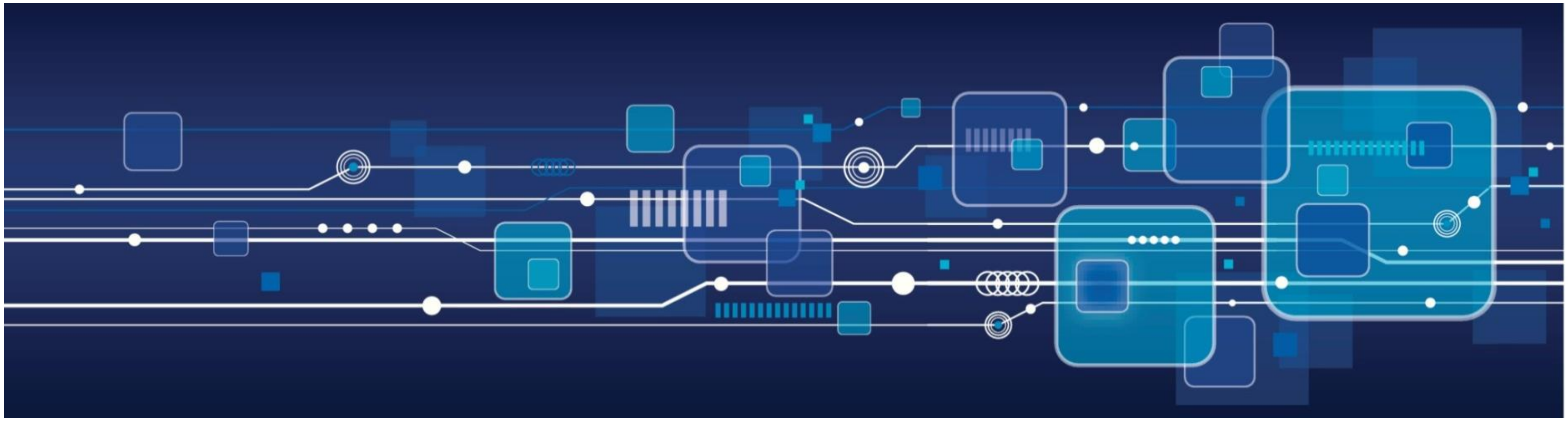
8% Excess & Surplus Lines

High-Tech

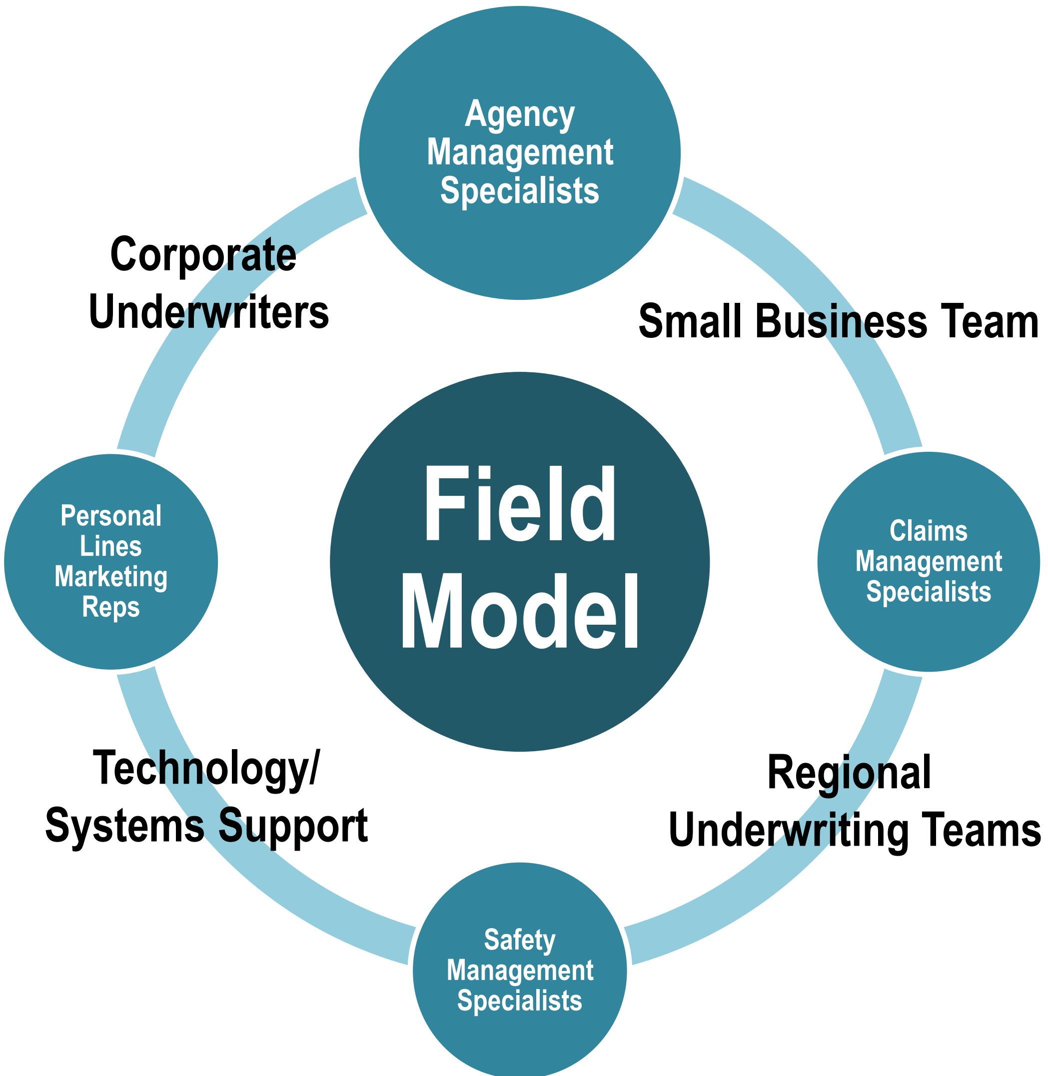
Easy-to-use agency technology

Investing in omni-channel customer experience

Leader in modeling and business intelligence



High-Touch



- Responsive, field-based model
  - Supported by regional & corporate expertise
- Focus on customer experience

Continuous Improvement

Claims Initiatives

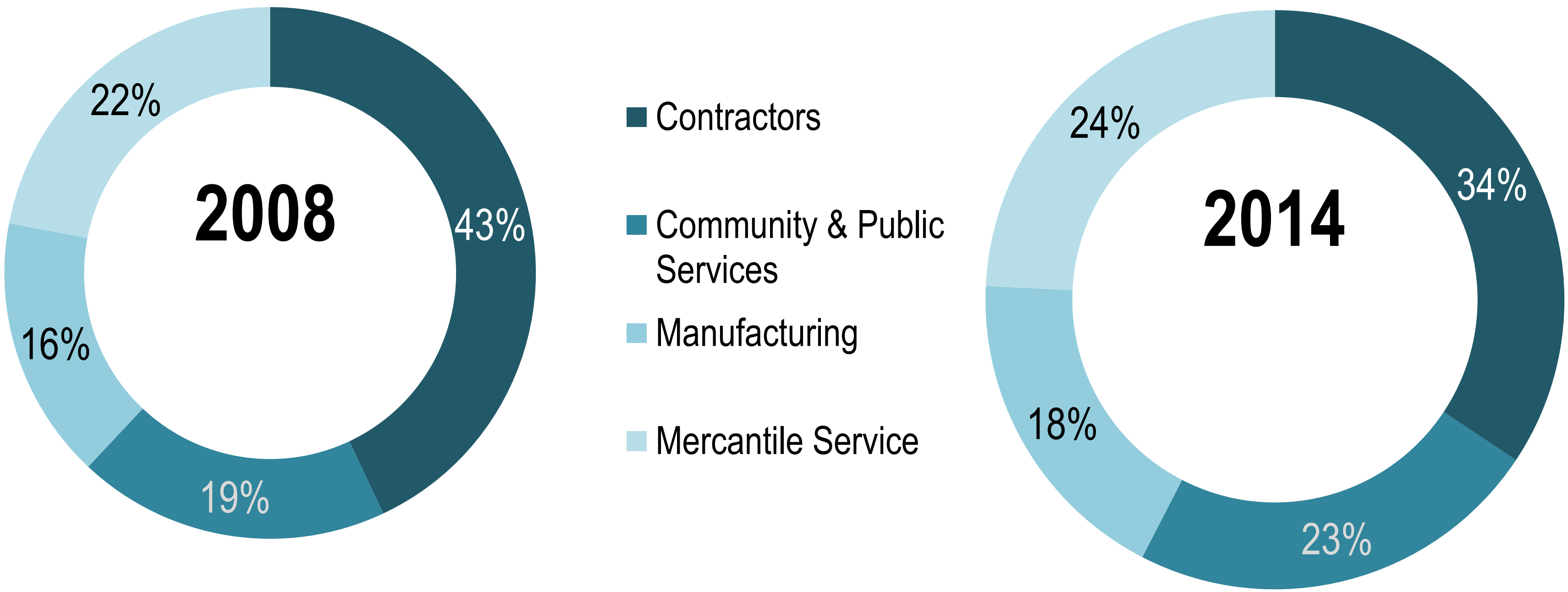
- Centralized handling of Workers' Compensation claims
- Strategic case management and escalation model
- Enhanced property oversight and management
- Fraud detection and recovery model
- Implementation of Claims Outcome Advisor (COA)

Underwriting Initiatives

- Workers' Compensation mix improvement to lower hazard grade
- Expansion of small business teams
- Addition of 12 new AMS territories
- Targeted segments and mix improvement

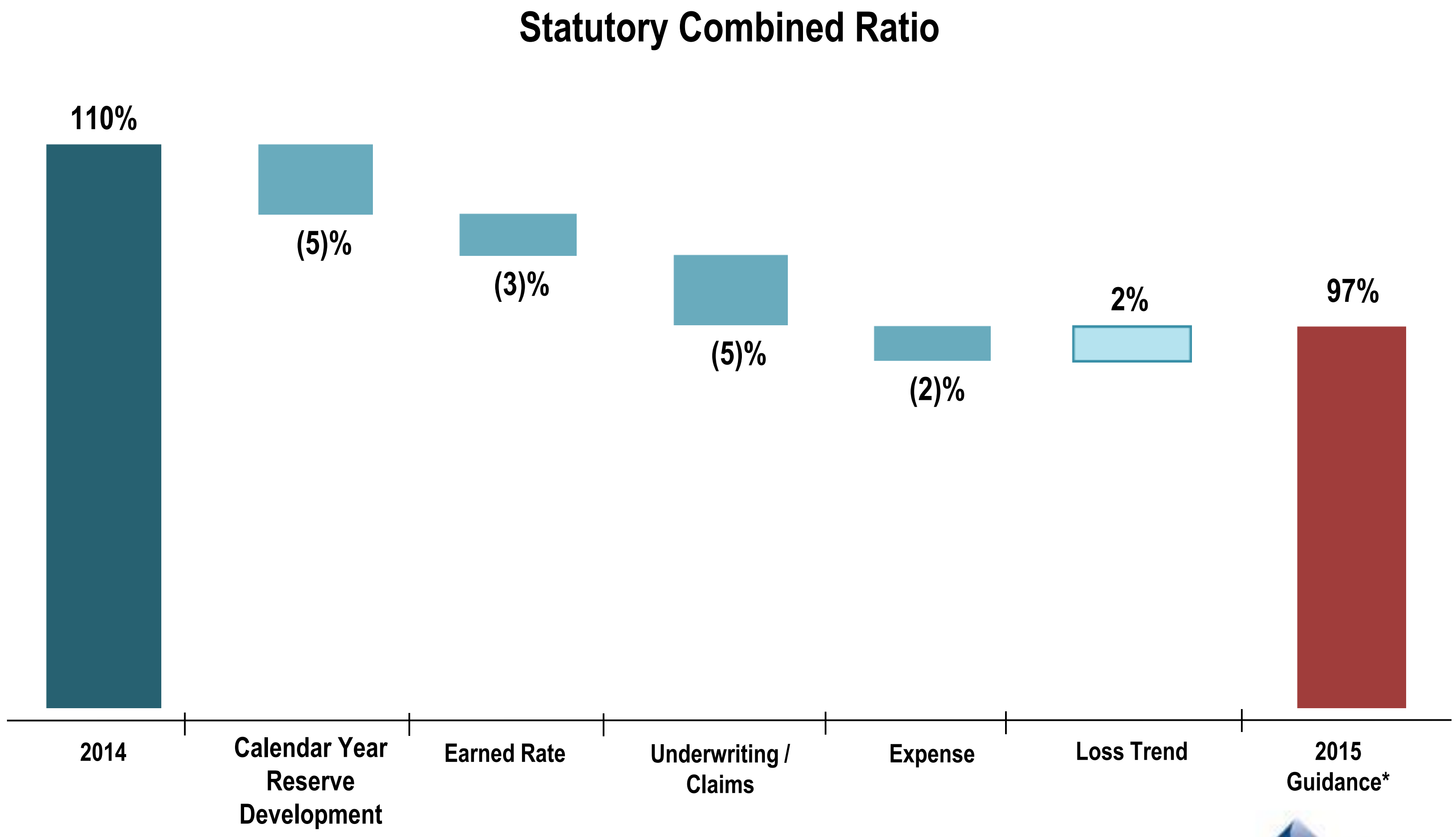
Continuous Improvement: Strategic Business Unit Diversification

Improved mix of business



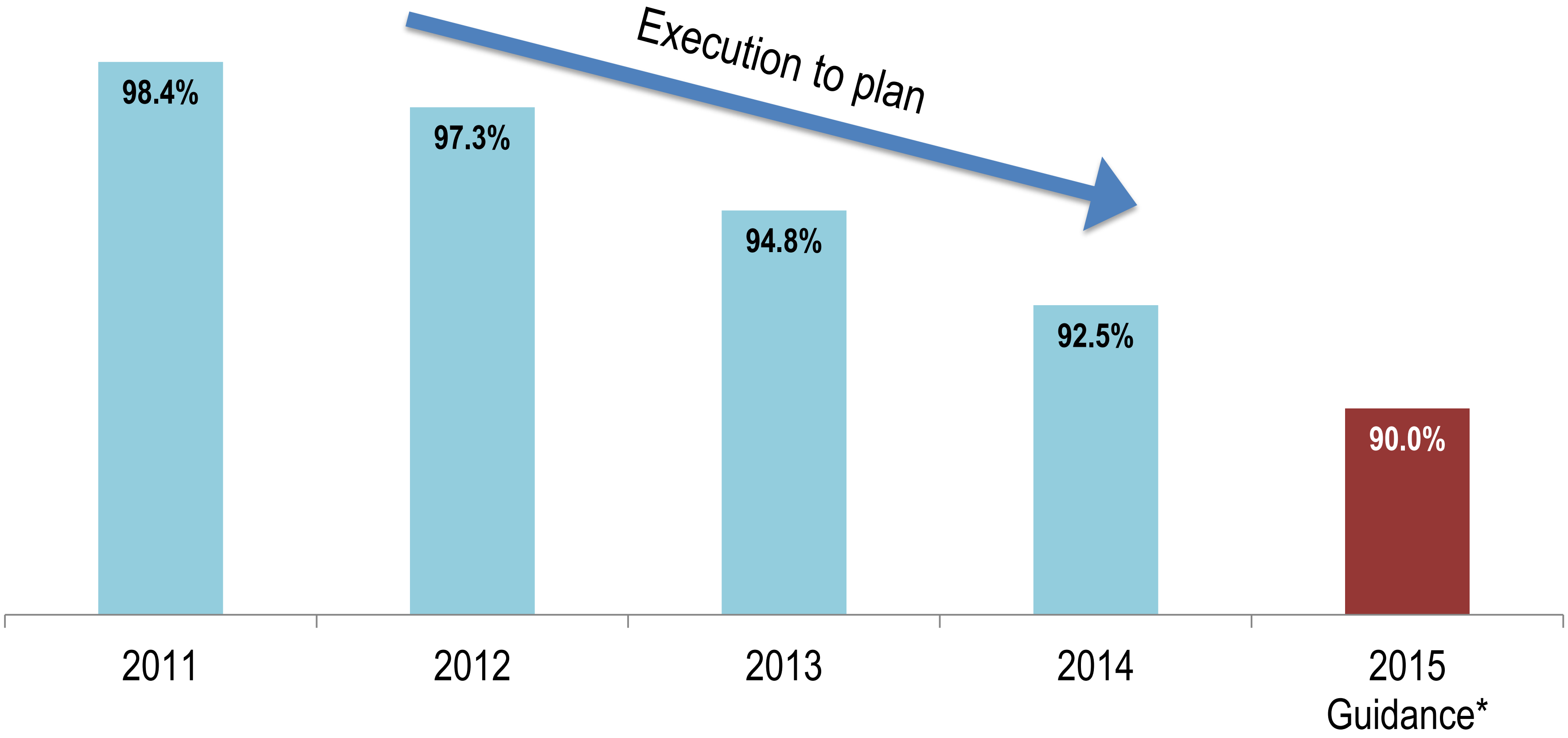
Percentages based on Direct Premiums Written

Continuous Improvement: Workers Compensation Improvement



*Guidance for full-year results (provided as of September 9, 2015)

Successfully Execute Profitability Plan



Overall Statutory Combined Ratio excluding Catastrophe Losses

*Guidance for full-year results (provided as of September 9, 2015)

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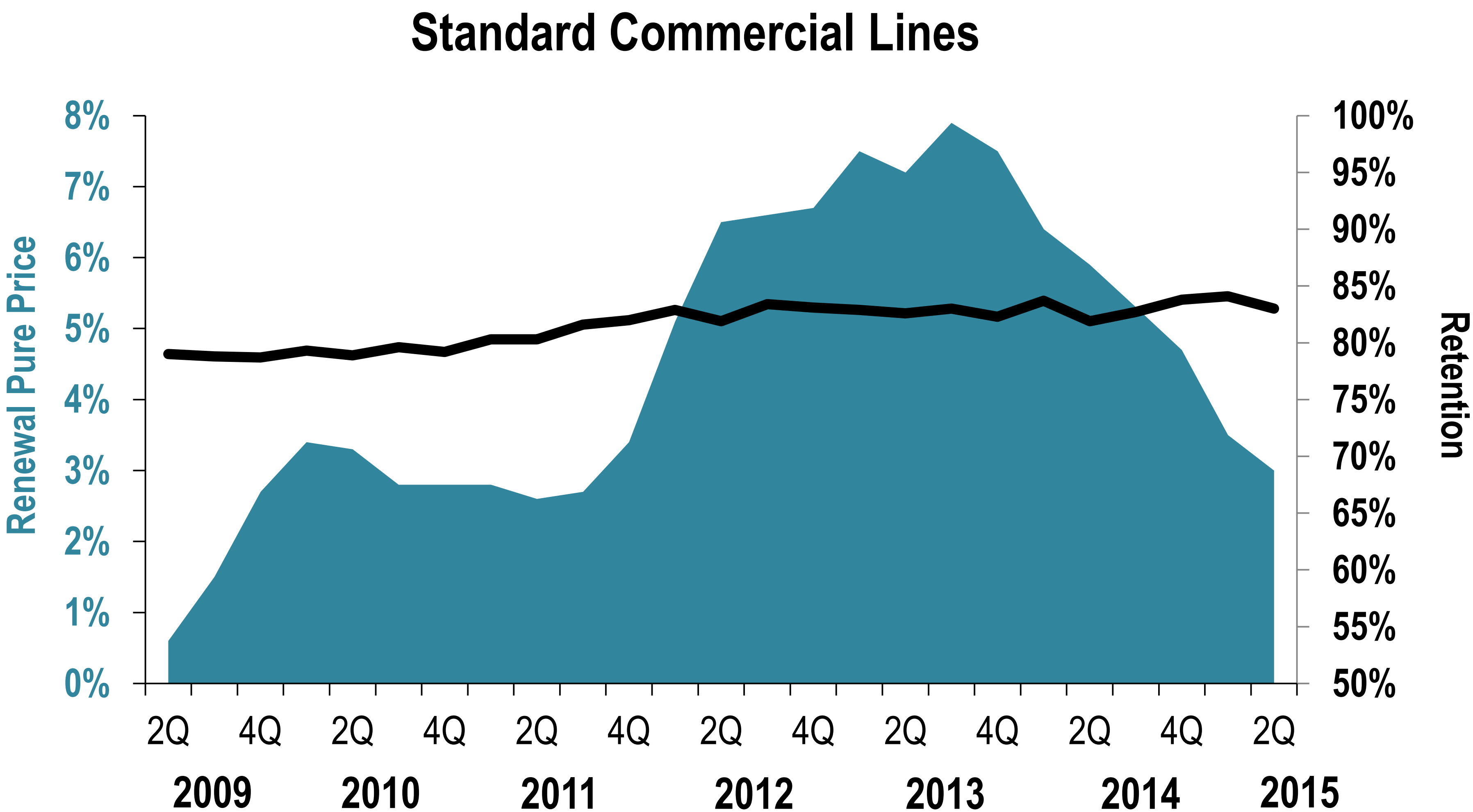
Pricing Strategy: Balancing Rate and Retention



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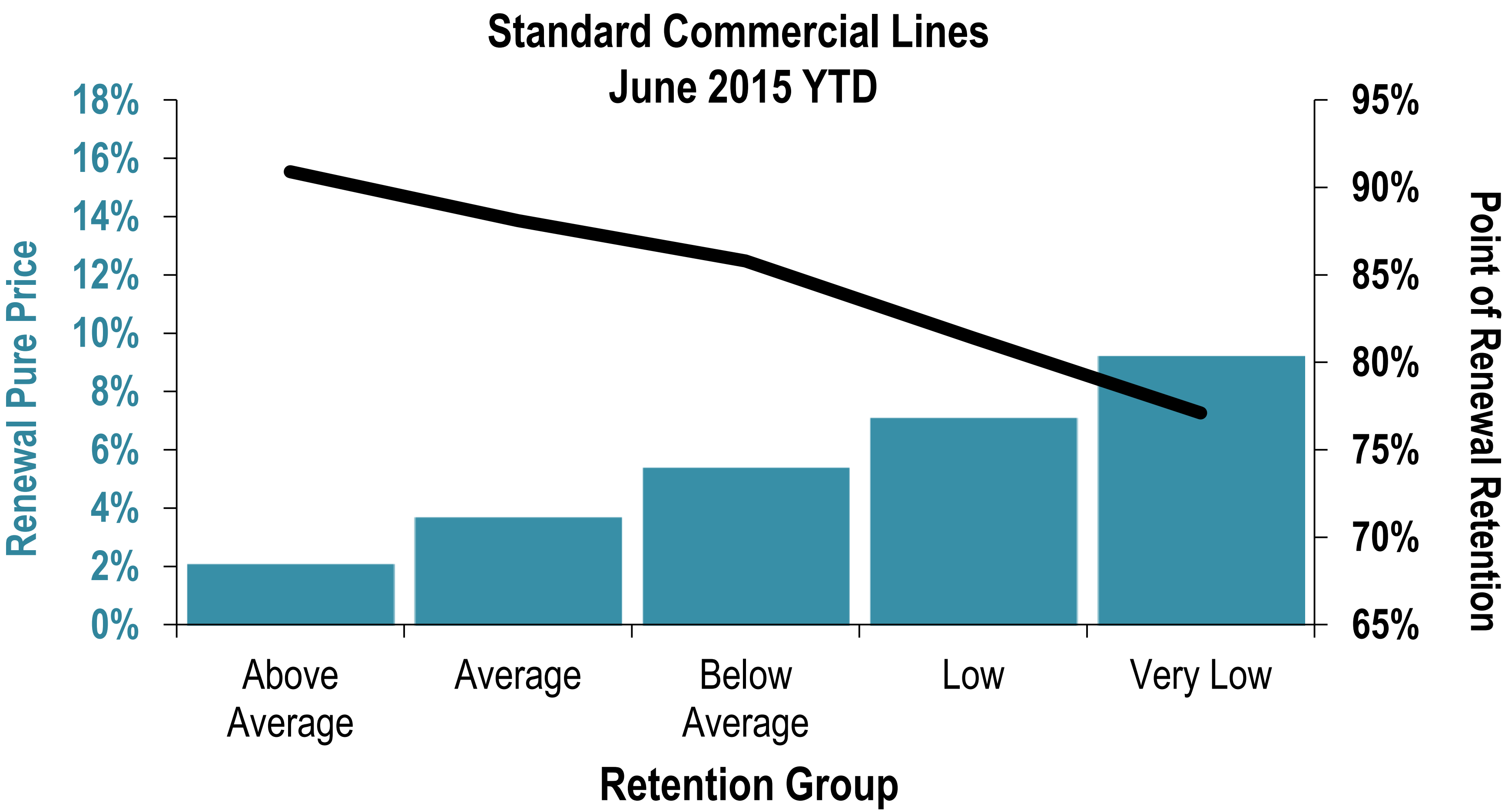
Pricing Strategy:
Highly Granular Pricing Capability



% of Premium	54.8%	25.6%	10.4%	6.1%	3.1%

Growth Opportunity: Standard Commercial Lines

1. **Middle Market:** Addition of agency management specialists throughout the footprint

2. **Small Business:** Expanded underwriting authority for regional small business teams; straight-through processing

3. Increasing share of wallet within agency plant with a goal of 12%

4. Adding new agents to achieve 25% market share representation in a state

New business production capacity exceeds $400M

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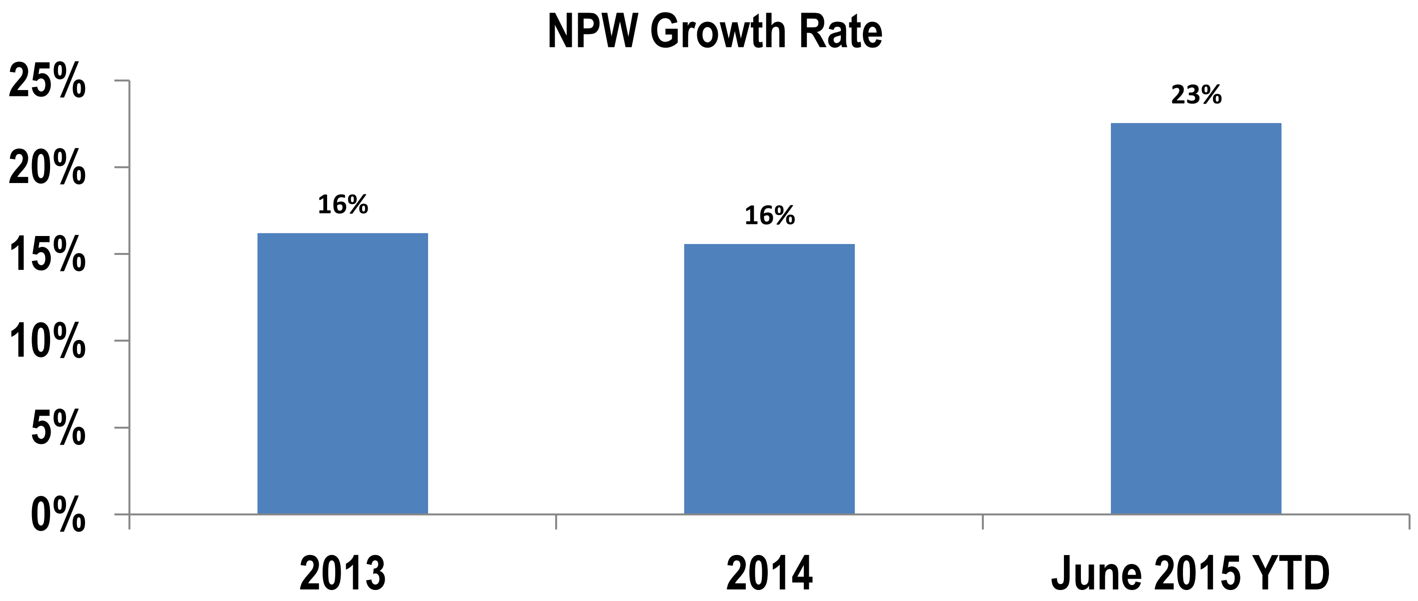
Growth Opportunity: Excess and Surplus Lines

- Increase wholesale agent share of wallet
- New online quoting capability
- New business incentives to retail partners



Standard Personal Lines

- Focus on profitability improvement through rate and targeted underwriting actions

- The Selective Edge[SM] product
  - Targets consultative buyers across the wealth spectrum who shop on overall value and service
  - Combined auto and home policies
  - July 1 enhancement rollout
    - Diminishing deductible
    - Accident forgiveness
    - New car replacement
    - Selective Choice replacement cost

The Selective EDGE[SM]

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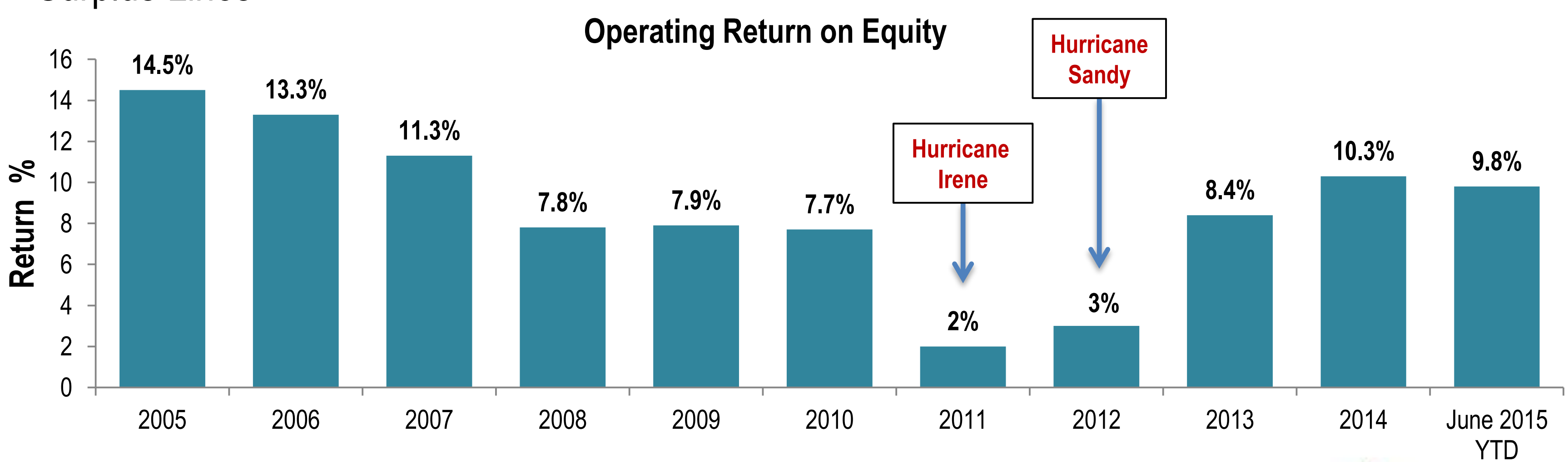
Selective's Differentiators

- Long track record of financial strength, superior execution and disciplined growth
- Unique "High-tech, High-touch" operating model with strong agency relationships
- Investing in profitable growth through agency expansion, strategic underwriting initiatives, expansion of small business team, claims management and omni-channel.
- Positioned for growth in Standard Commercial Lines, Standard Personal Lines, and Excess & Surplus Lines



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Financial Strength

Dale Thatcher
EVP, Chief Financial Officer

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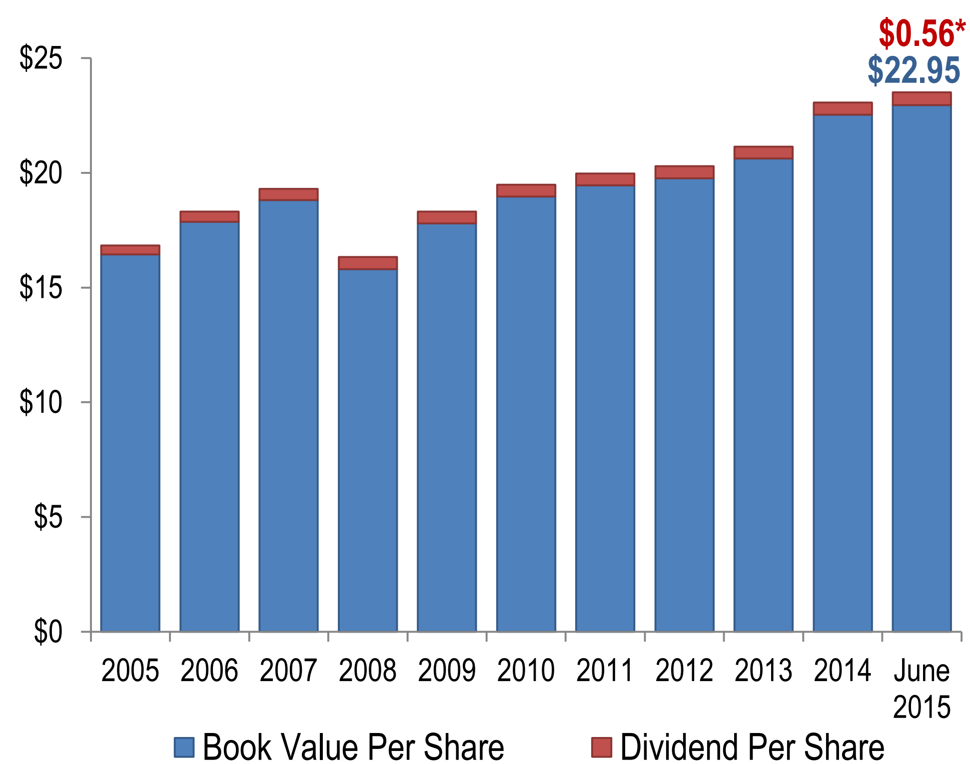
History of Financial Strength

- AM Best financial strength rating of "A" superior
- Robust risk and return strategy
- Disciplined reserving practices
- Focus on shareholder value creation

Long-Term Shareholder Value Creation



*Annualized indicated dividend

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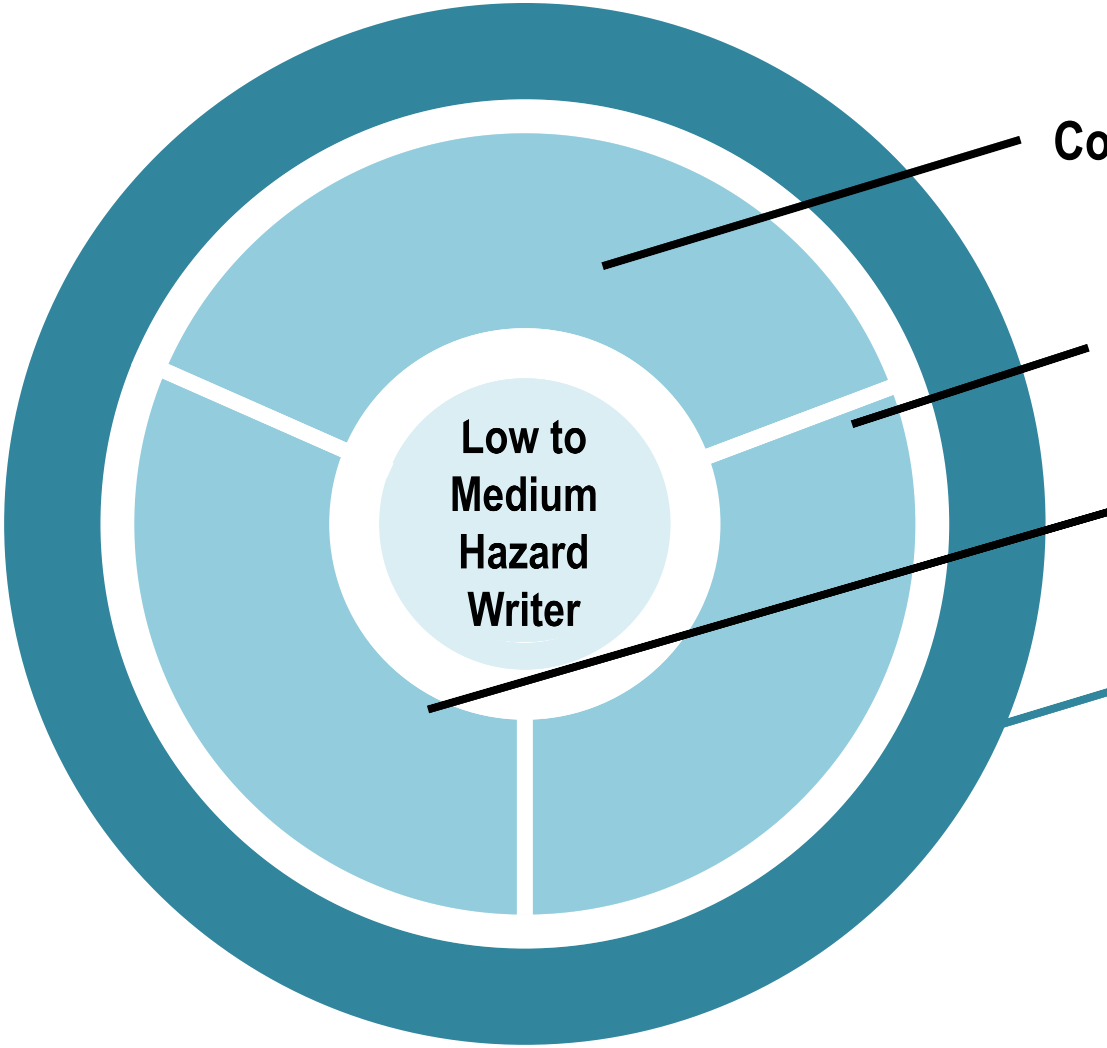
Robust Risk and Return Strategy



Conservative Reinsurance Program

Conservative Investment Portfolio

Superior Management Information & Analytical Capabilities

Higher than Average Operational Leverage

- 1.5x NPW to Surplus
- 3.8x Invested Assets to Equity

As of June 30, 2015

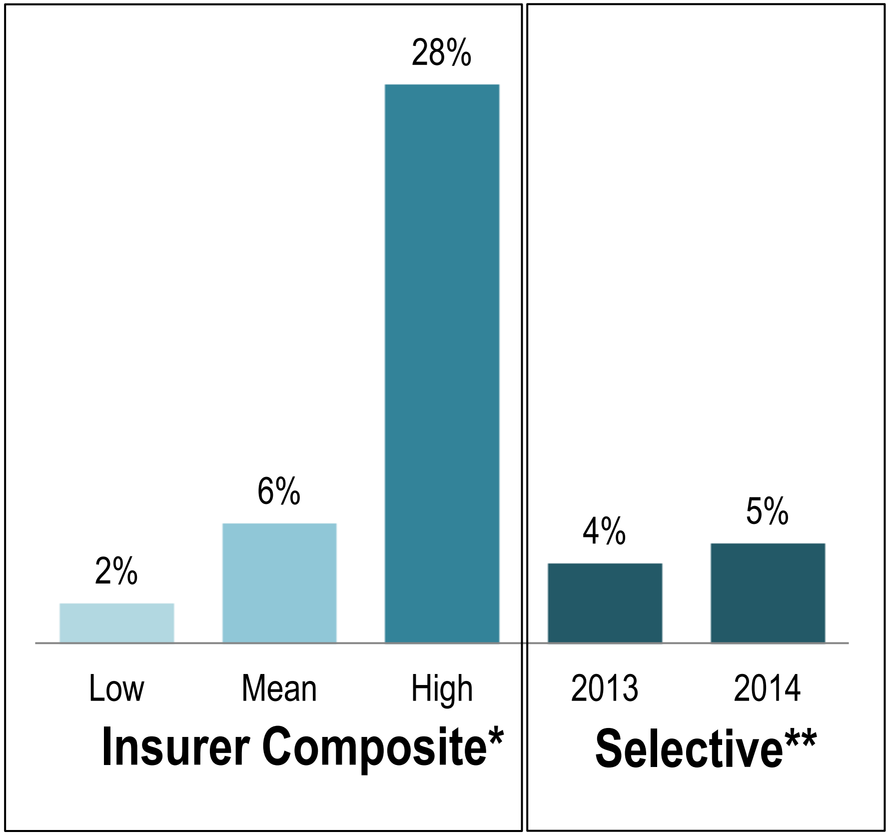
Conservative CAT Reinsurance

Renewed January 1, 2015
$685M in excess of $40M retention

2015 Property Catastrophe Treaty

- Reduced gross PML through CAT management actions
- Exhausts at approximately 1-in-273 year event
- Average reinsurer rating "A+"
- $196 million collateralized

% of Equity at Risk
1 in 250 Year Event



**Source: AonBenfield 2013 CAT Risk Tolerance Disclosure Trend Analysis (Composite of 20 insurers who disclosed actual or target PML)*
***Blended Model Results (RMS & AIR)*

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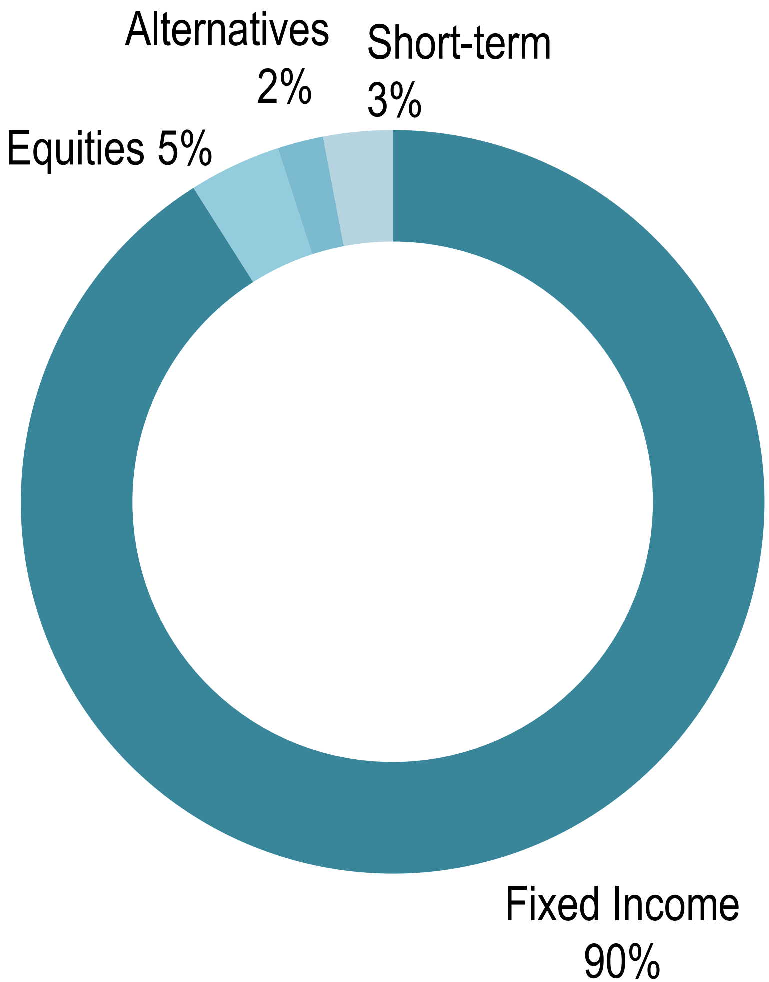
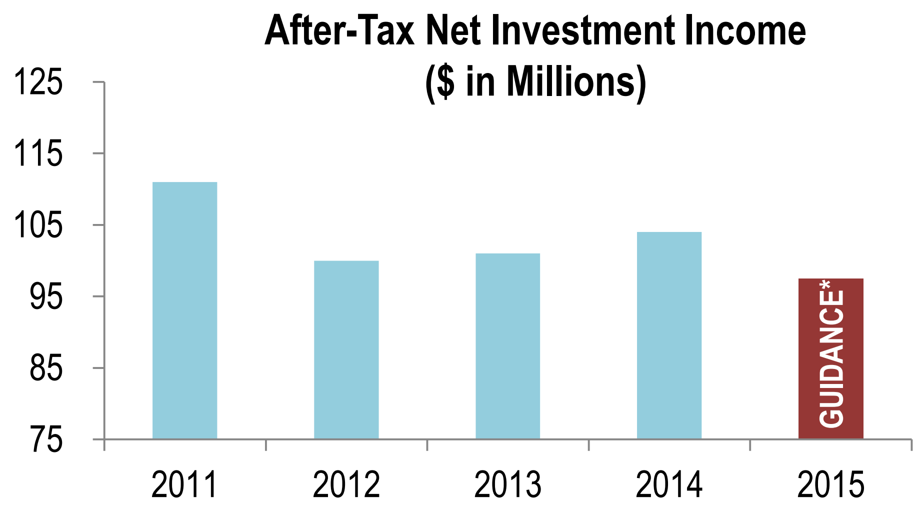
Conservative Investment Portfolio





- **"AA-"** average credit quality
- **3.7** year duration (incl. short-term)
- Investment Leverage of **3.8x**

As of June 30, 2015

**Guidance for full-year results (provided as of September 9, 2015)*

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Reserve Strength

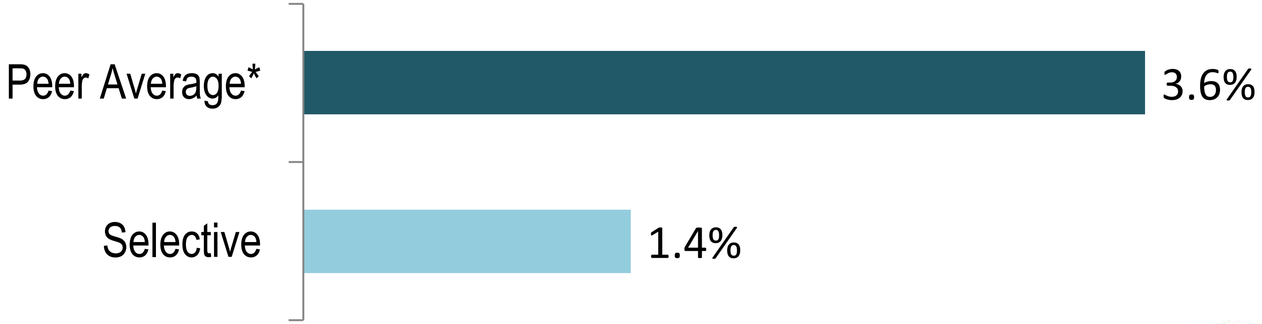
Disciplined reserving practices

Quarterly actuarial reserve reviews

9 consecutive years of favorable development

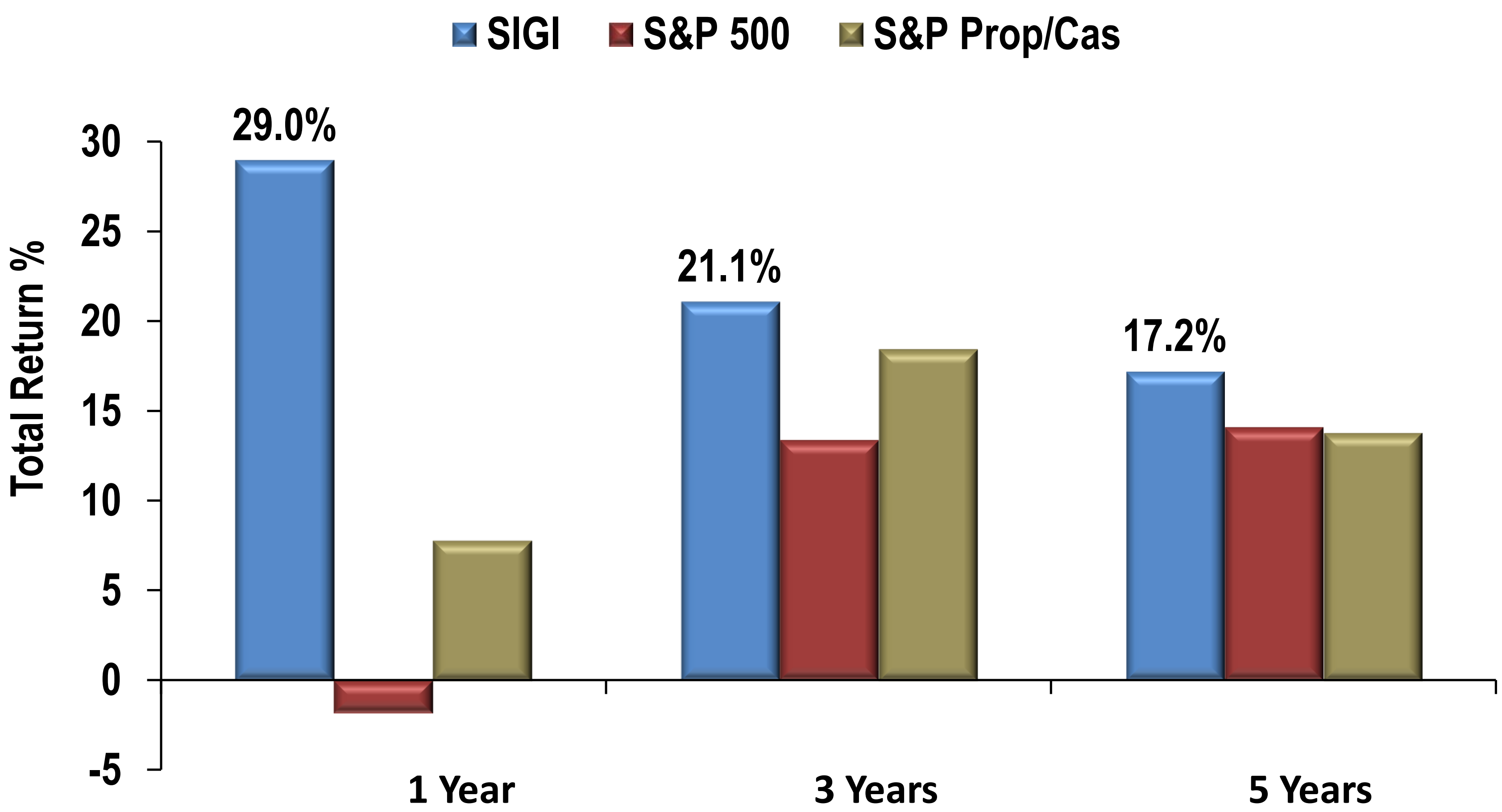
2 evaluations per year by independent actuary

Standard Deviation (2005 – 2014) of Reserve Development Points on the Combined Ratio



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

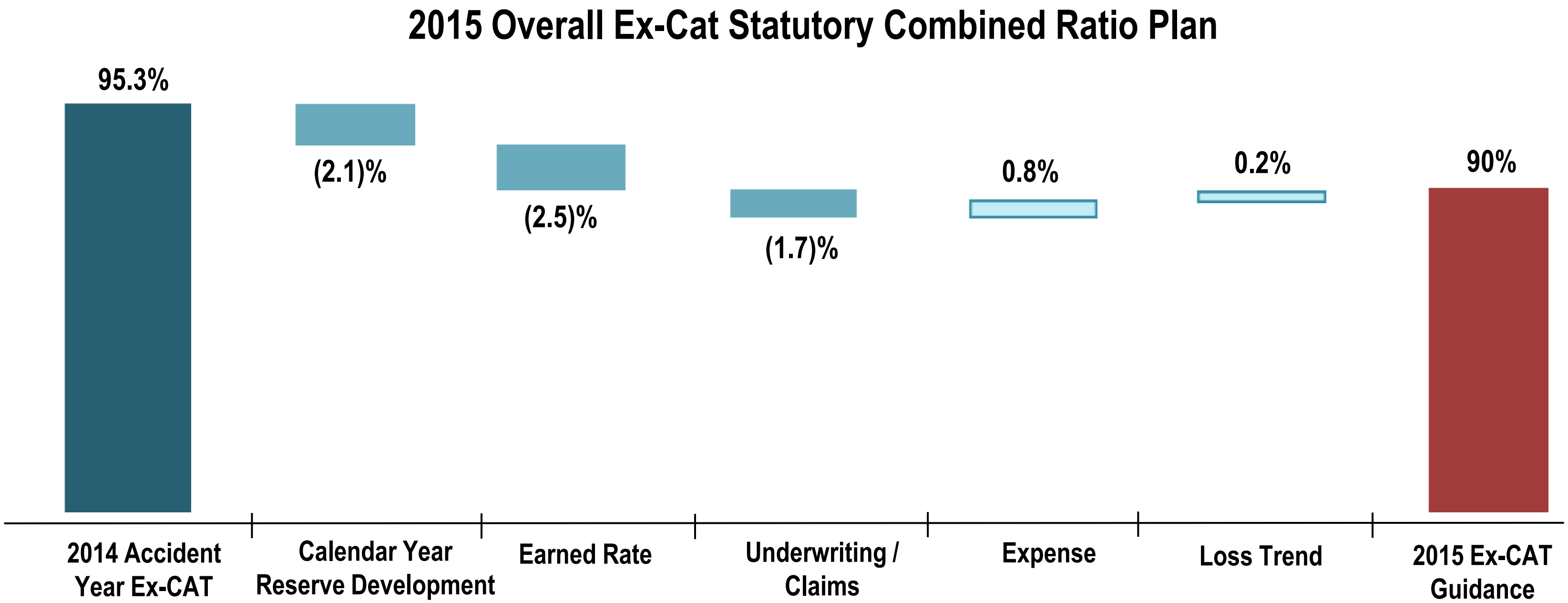
Total Return: SIGI vs. Benchmarks



As of September 4, 2015

2015 Guidance

- 4 points of catastrophe losses
- 3% - 3.5% overall renewal pure price
- $95 to $100 million of after-tax investment income
- 58 million weighted average shares outstanding



**Guidance for full-year results (provided as of September 9, 2015)*

Selective's Differentiators

- *Long track record of financial strength, superior execution and disciplined growth*
- *Unique "High-tech, High-touch" operating model with strong agency relationships*
- *Investing in profitable growth through agency expansion, strategic underwriting initiatives, expansion of small business team, claims management and omni-channel.*
- *Positioned for growth in Standard Commercial Lines, Standard Personal Lines, and Excess & Surplus Lines*
- **Higher operating leverage: 1 point of combined ratio = 1 point of ROE**
- **Higher investment leverage: 3.8x invested assets to stockholders' equity = ~8% investment ROE**

Financial Highlights 2011– Q2 2015

	2011	2012	2013	2014	Q1 2015	Q2 2015
Statutory NPW Growth	7.0%	12.2%	8.7%	4.1%	8.7%	10.9%
Operating EPS*	$0.38	$0.58	$1.65	$2.17	$0.48	$0.62
Net Income per Share*	$0.40	$0.68	$1.87	$2.47	$0.69	$0.58
Dividend per Share	$0.52	$0.52	$0.52	$0.53	$0.14	$0.14
Book Value per Share*	$19.45	$19.77	$20.63	$22.54	$23.11	$22.95
Statutory Premiums to Surplus	1.4	1.6	1.4	1.4	1.5	1.5
Invested Assets/Stockholder's Equity*	3.89	3.97	3.97	3.77	3.72	$3.76
Return on Average Equity*	2.1%	3.5%	9.5%	11.7%	12.3%	10.3%
Operating Return on Average Equity*	2.0%	3.0%	8.4%	10.3%	8.5%	11.0%
Statutory Combined Ratio - Total	106.7%	103.5%	97.5%	95.7%	93.0%	93.5%
- Standard Commercial Lines	103.9%	103.0%	97.1%	95.5%	89.7%	90.1%
- Standard Personal Lines	117.3%	100.7%	96.9%	94.5%	105.1%	105.4%
- Excess and Surplus Lines	131.3%	118.8%	102.9%	99.2%	102.1%	102.7%
GAAP Combined Ratio - Total*	107.2%	104.0%	97.8%	95.8%	94.5%	94.1%
- Standard Commercial Lines*	104.3%	103.3%	97.4%	95.7%	91.8%	90.7%
- Standard Personal Lines*	117.8%	101.3%	97.1%	94.4%	103.4%	106.5%
- Excess and Surplus Lines*	270.2%	124.7%	103.0%	99.7%	104.1%	103.6%

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

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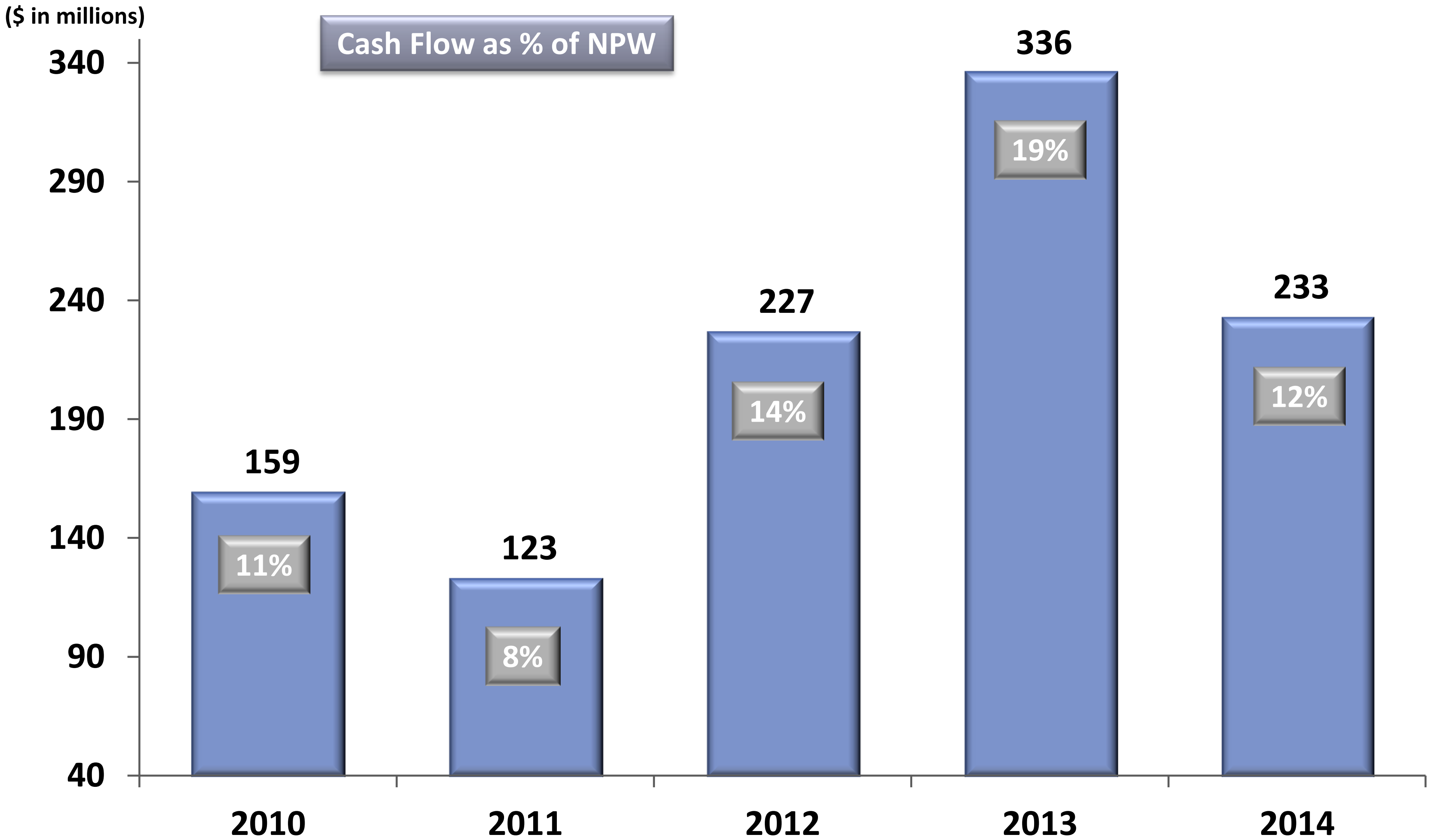
Net Operating Cash Flow



YTD June 2015: $166M

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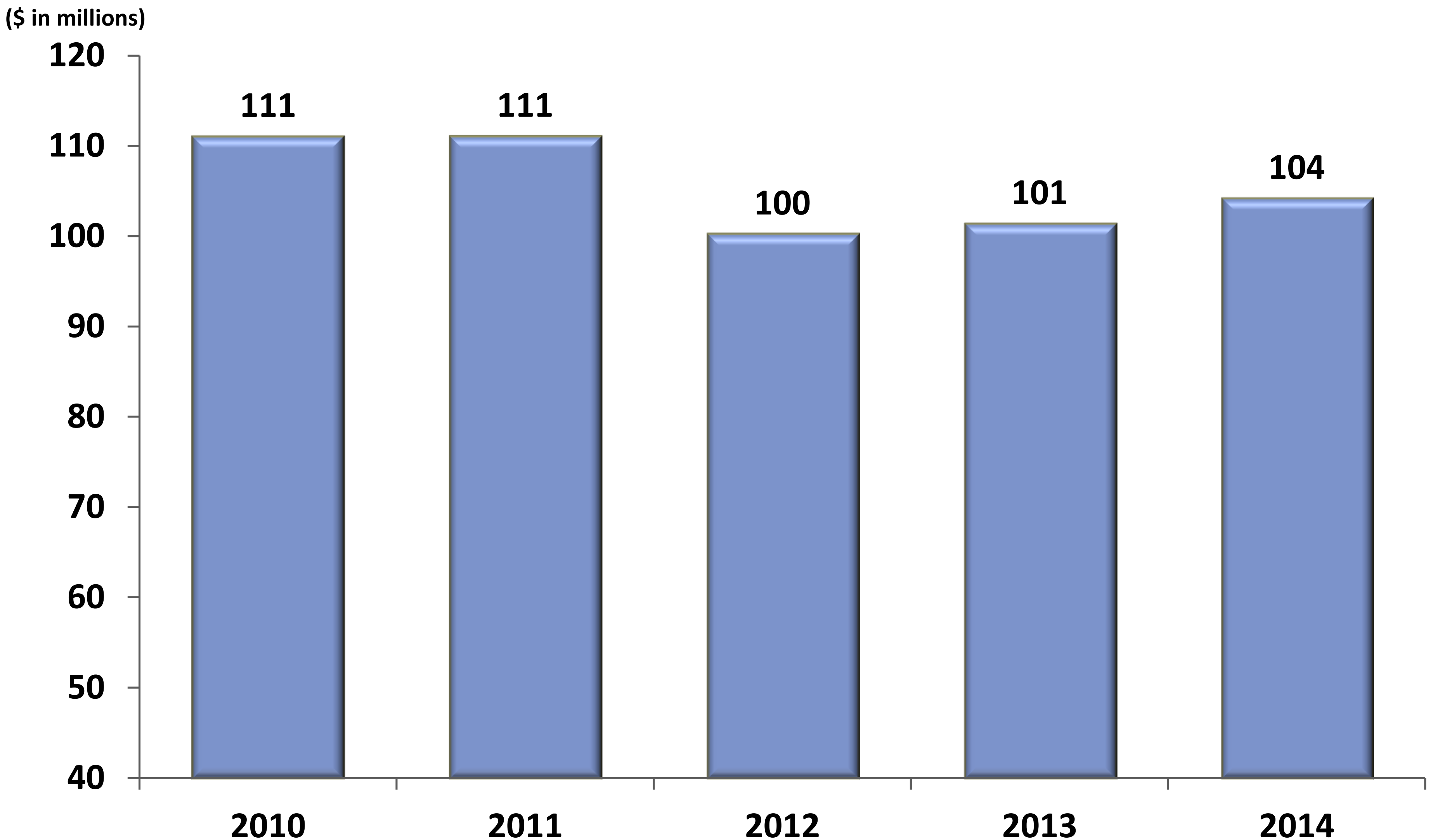
Investment Income – After-tax



YTD June 2015: $46M

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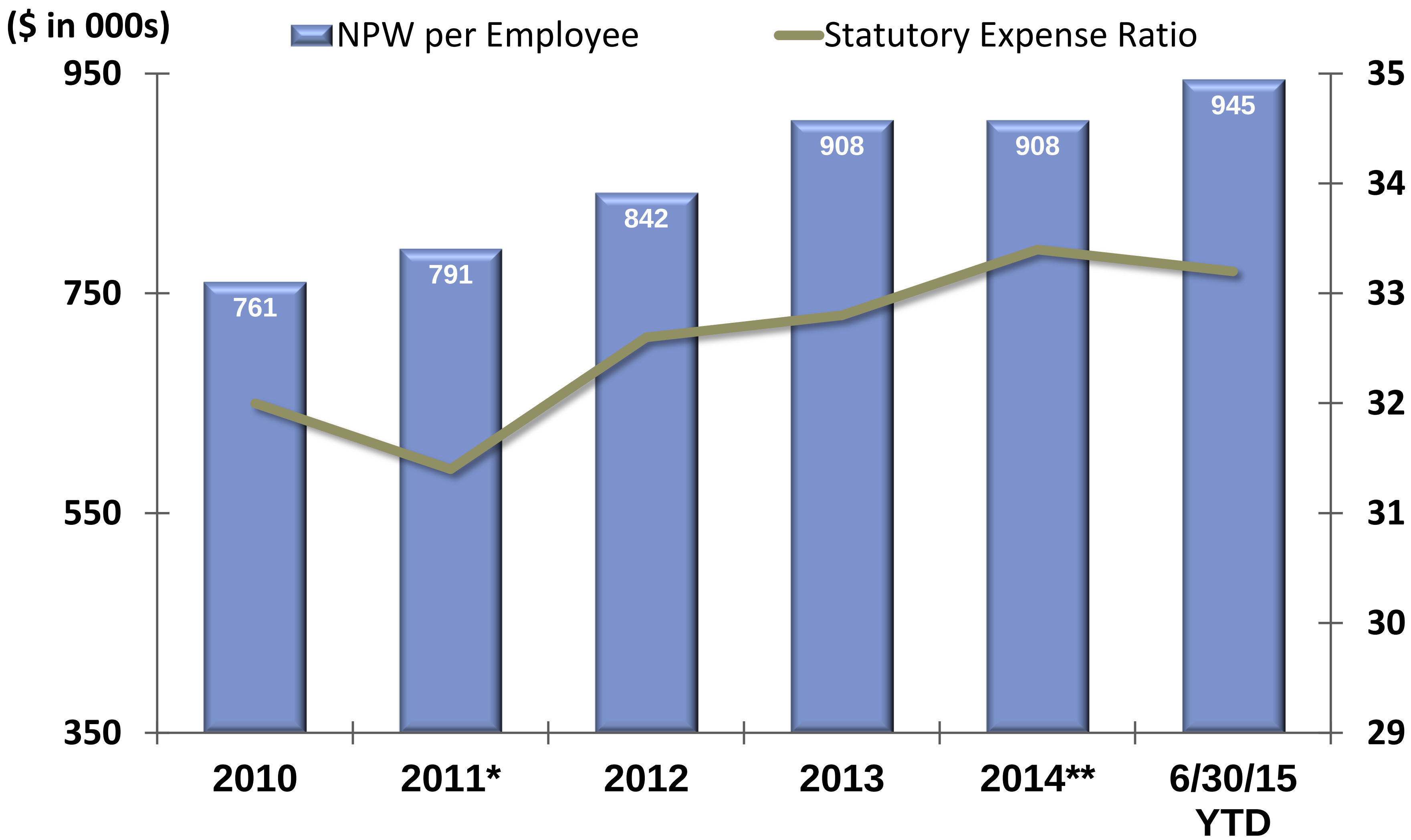
Insurance Operations Productivity



**Excludes Excess & Surplus Lines*

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

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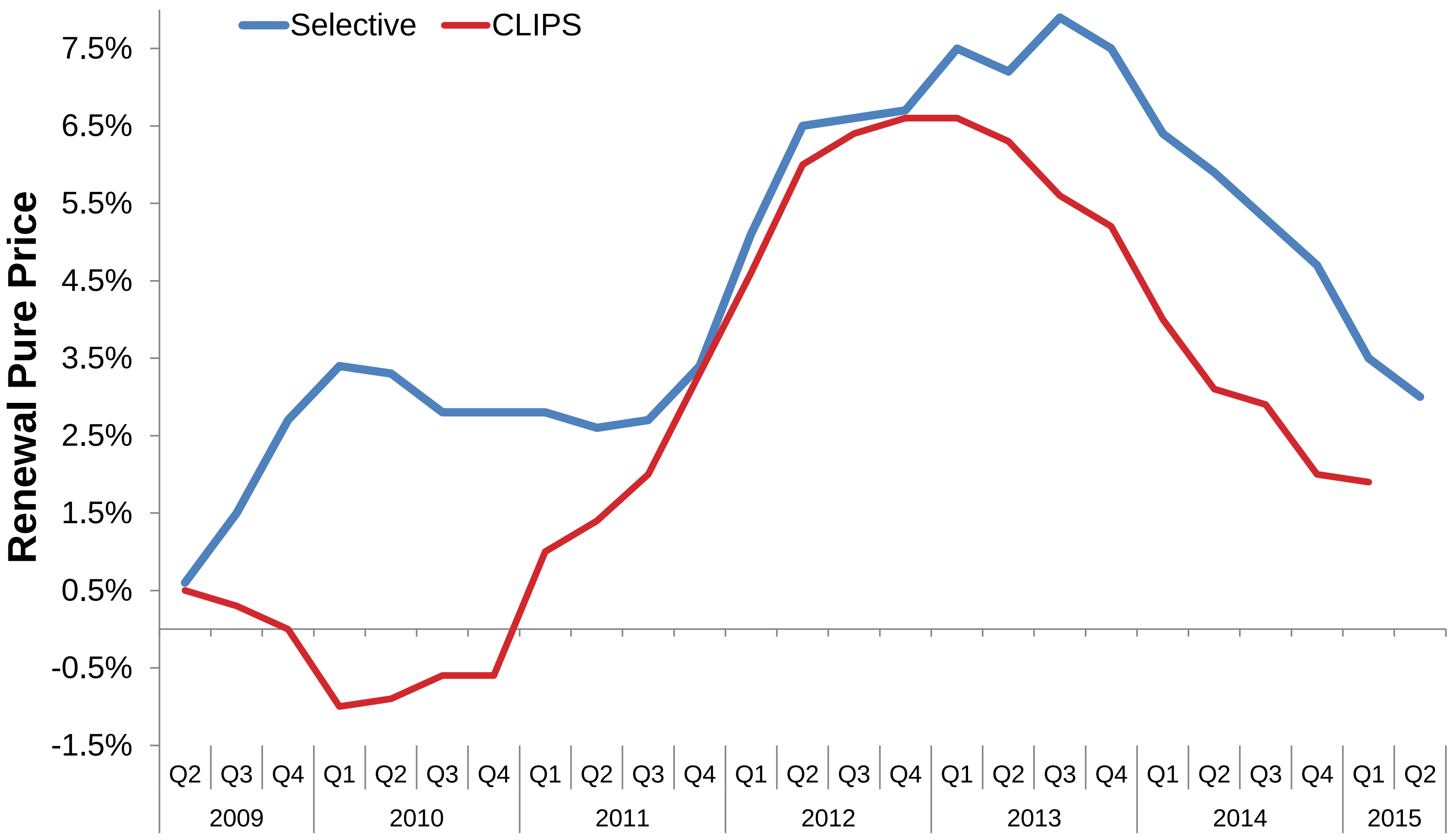
Standard Commercial Lines Pricing



Industry Source: Towers Watson Commercial Lines Insurance Pricing Survey

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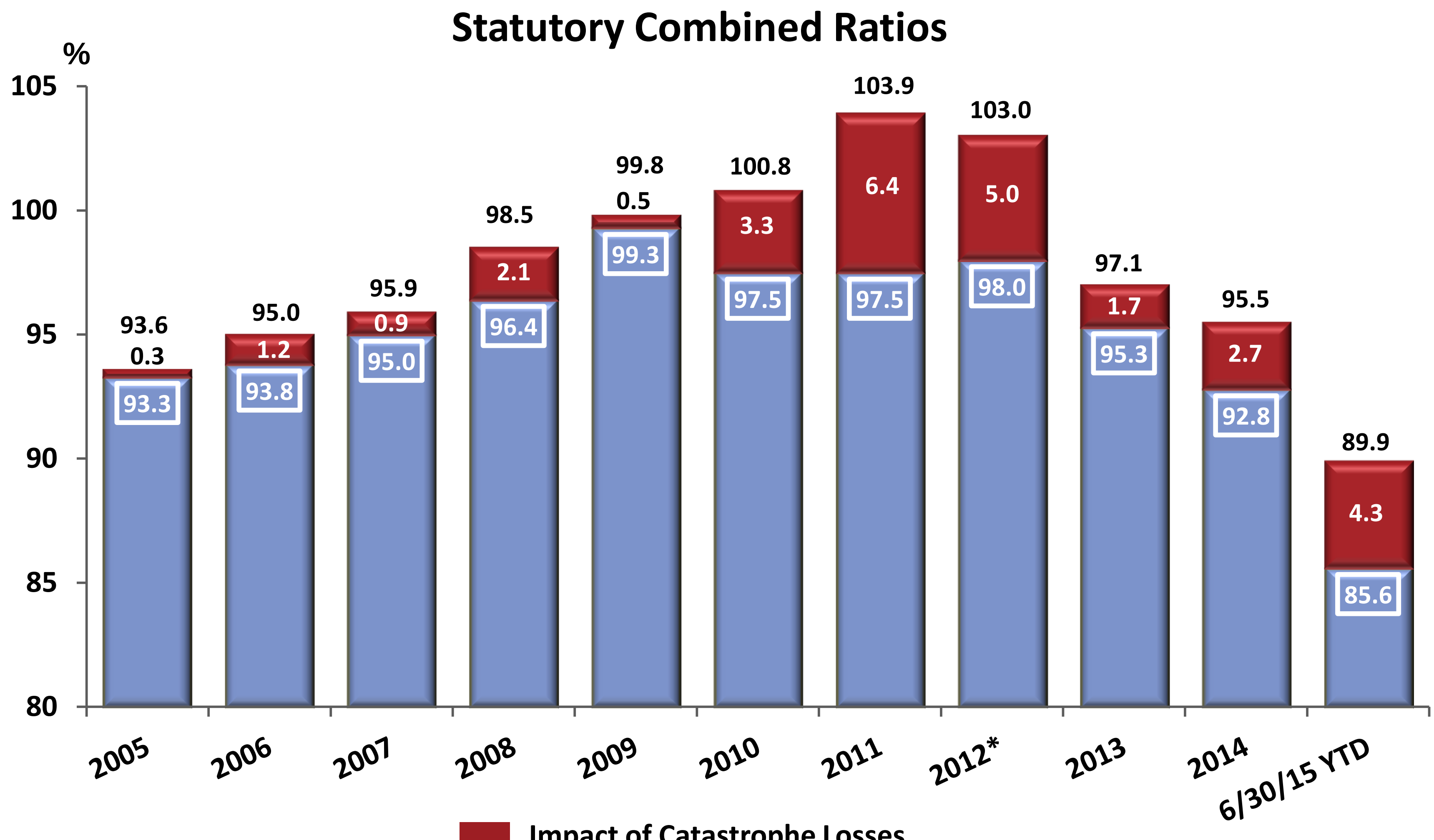
Standard Commercial Lines Profitability



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

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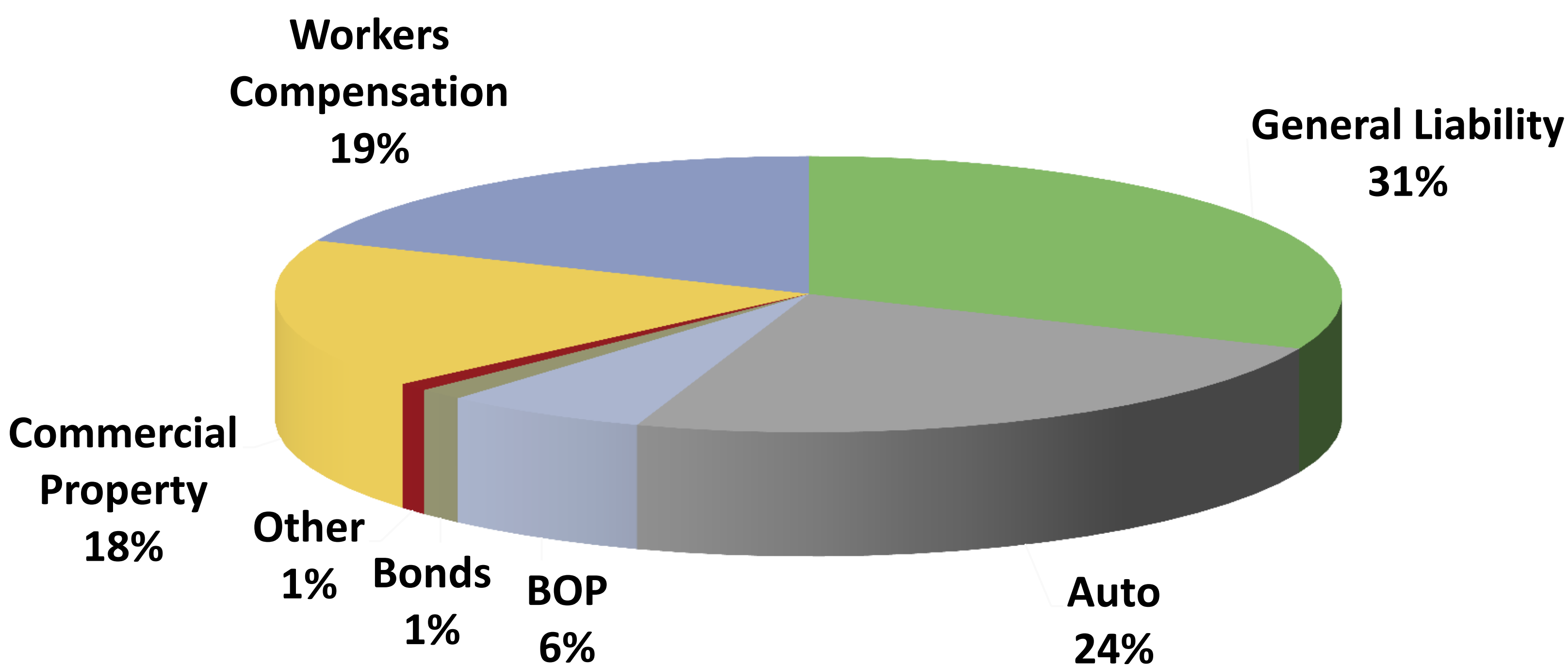
Premium by Line of Business

2014 Standard Commercial Lines Net Premium Written



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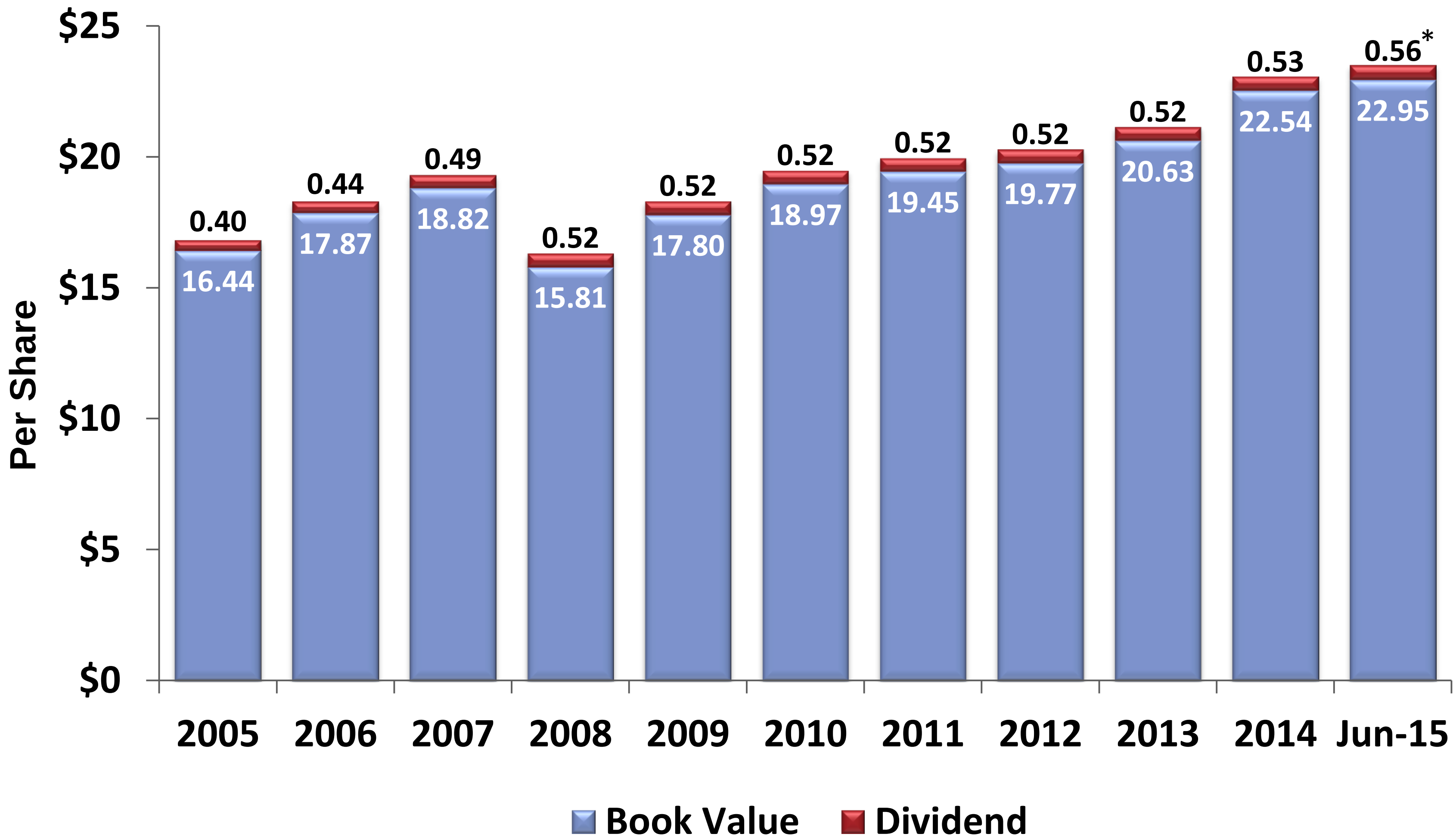
Long-Term Shareholder Value Creation



*Annualized indicated dividend

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

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