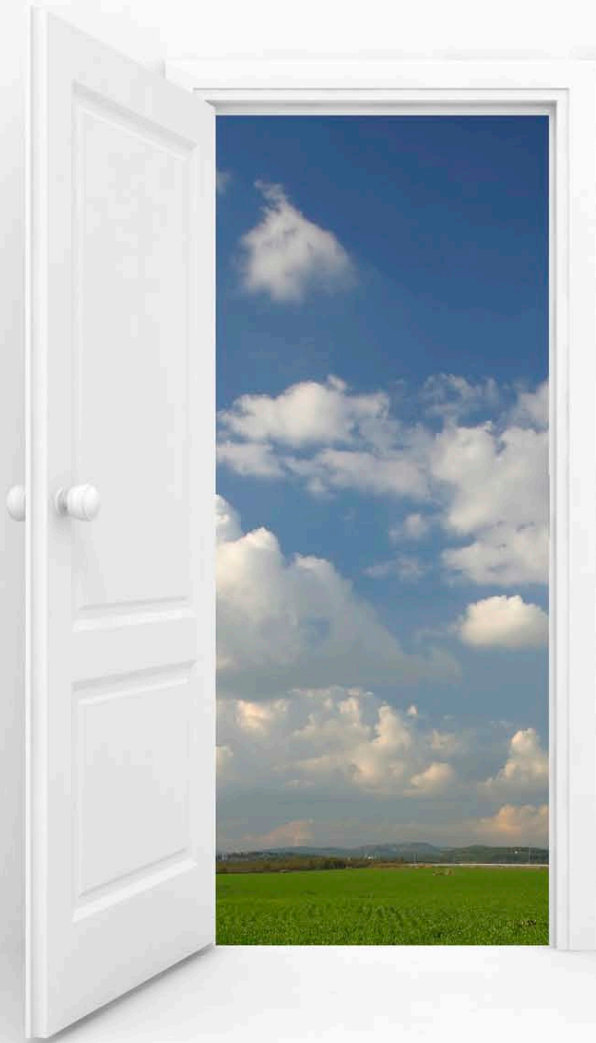


– SELECTIVE INSURANCE GROUP, INC. –



INVESTOR PRESENTATION MAY 2011

FINANCIAL STRENGTH

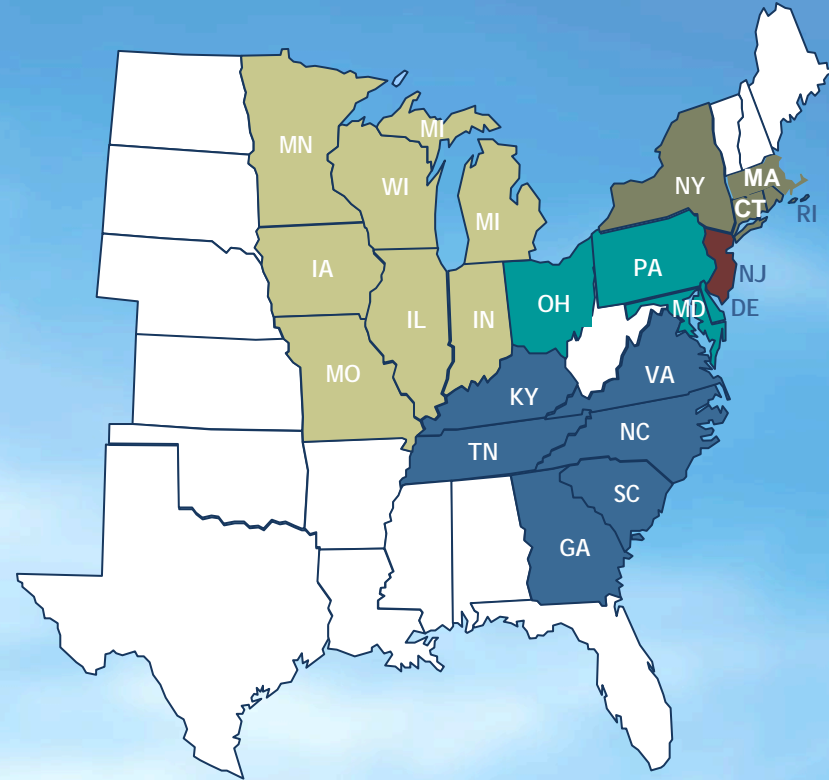
Forward Looking Statement

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.

Who We Are

- 22-state super-regional
- 2010: \$1.4B NPW
 - 82% commercial lines
 - 18% personal lines
- High tech, high touch business model
- Partner of choice – 980 independent agents
- Focus on enterprise risk management
- Rated A+ by A.M. Best for 49 years



Focus on Enterprise Risk Management

- Historically strong capital position
- Business model generates more earnings stability
- Sophisticated underwriting and granular pricing
- Strong reserving practices
- Conservative reinsurance program
- Deep investment management talent

More Earnings Stability

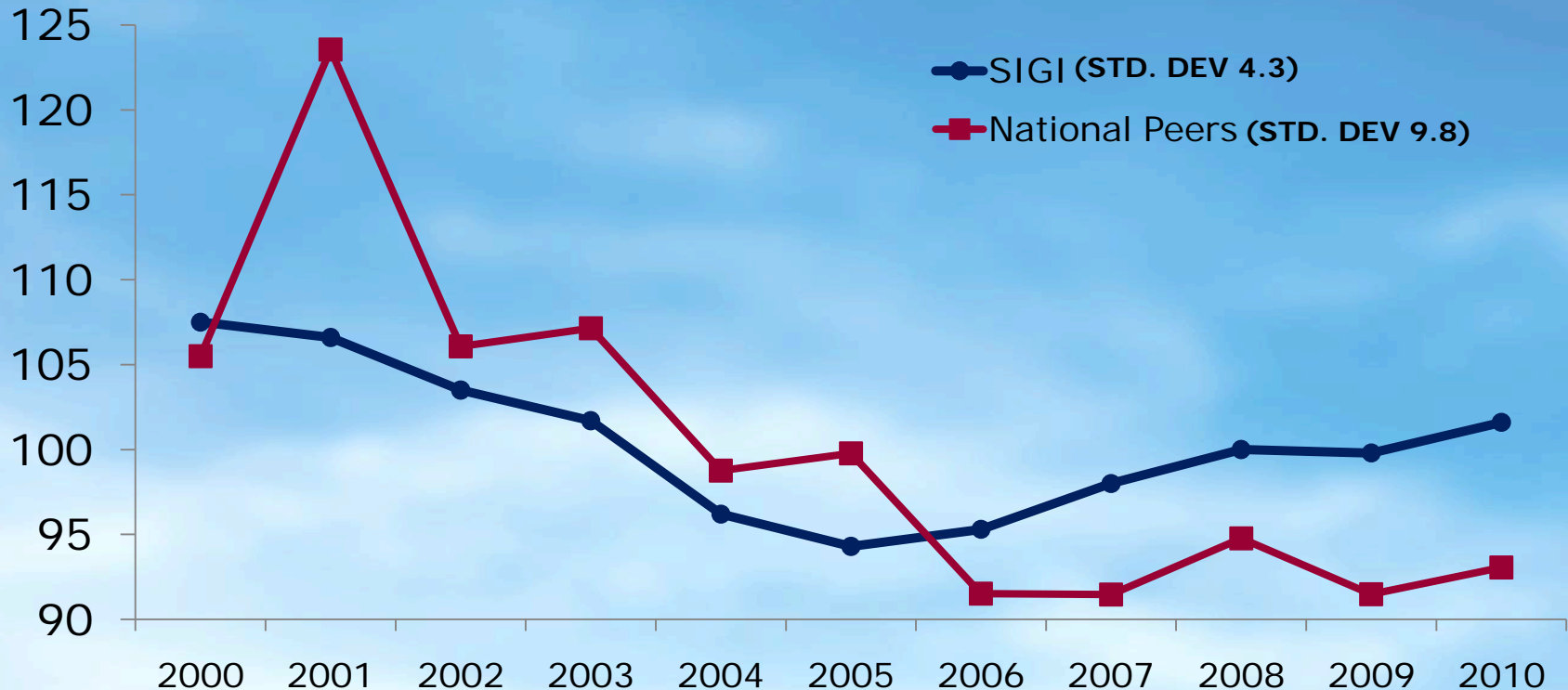
Combined Ratio – SIGI vs. Industry



Source: A.M. Best, III

More Earnings Stability

Combined Ratio – SIGI vs. National Peers

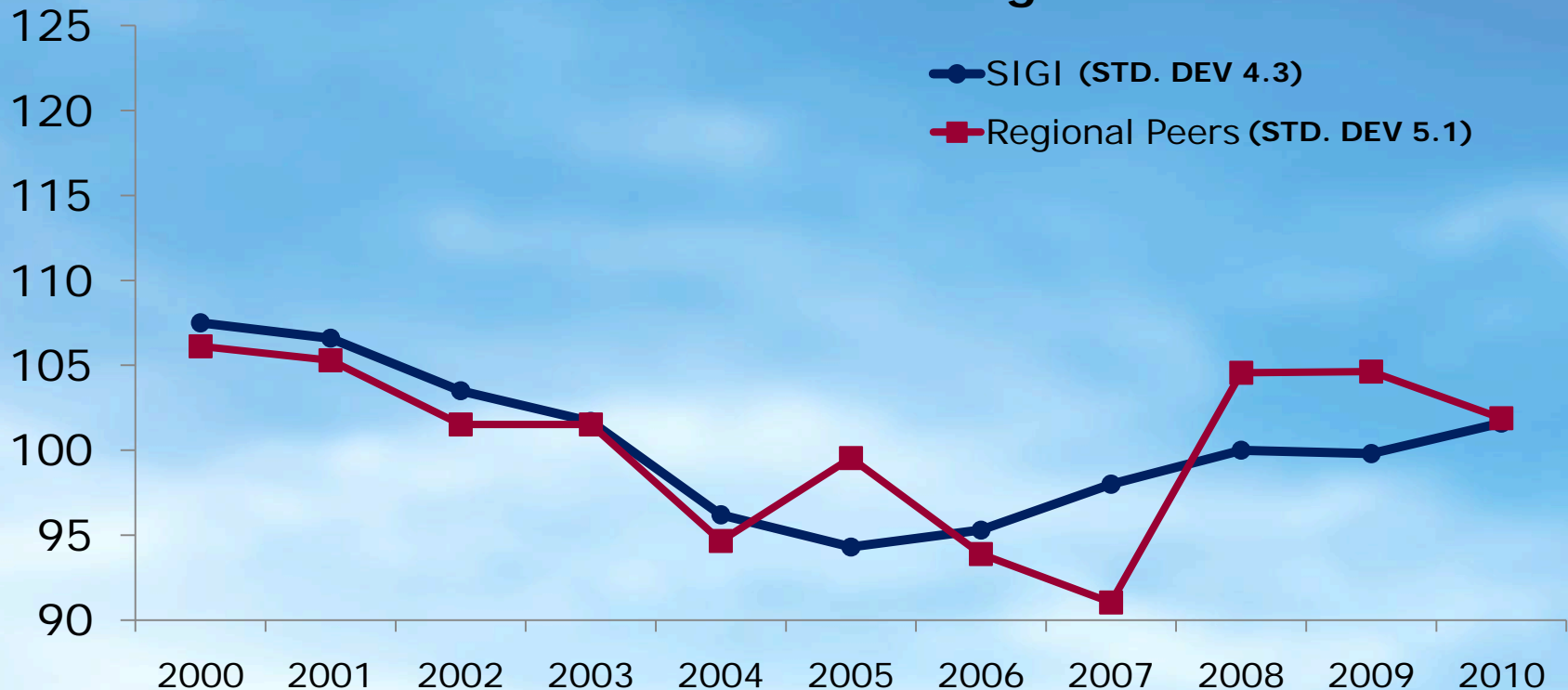


Source: SNL Financial

Note: National Peers include CNA, CB, HIG, TRV and WRB

More Earnings Stability

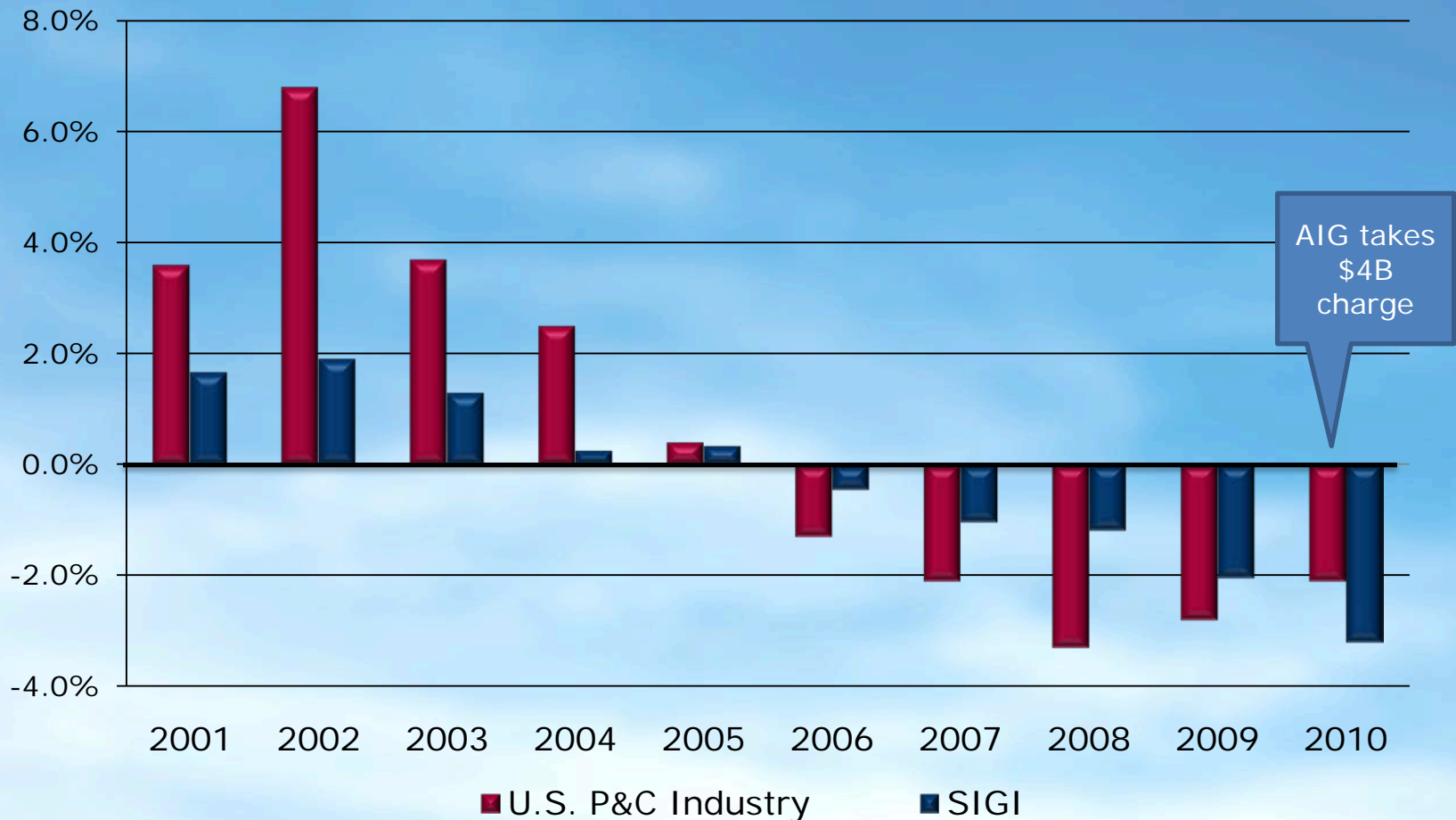
Combined Ratio – SIGI vs. Regional Peers



Source: SNL Financial

Note: Regional Peers include CINF, THG, HGIC, STFC and UFCS

Adverse/ (Favorable) Points of Calendar Year Development



Source: AM Best, 2010 Estimate

Financial
Strength

Pricing
Success

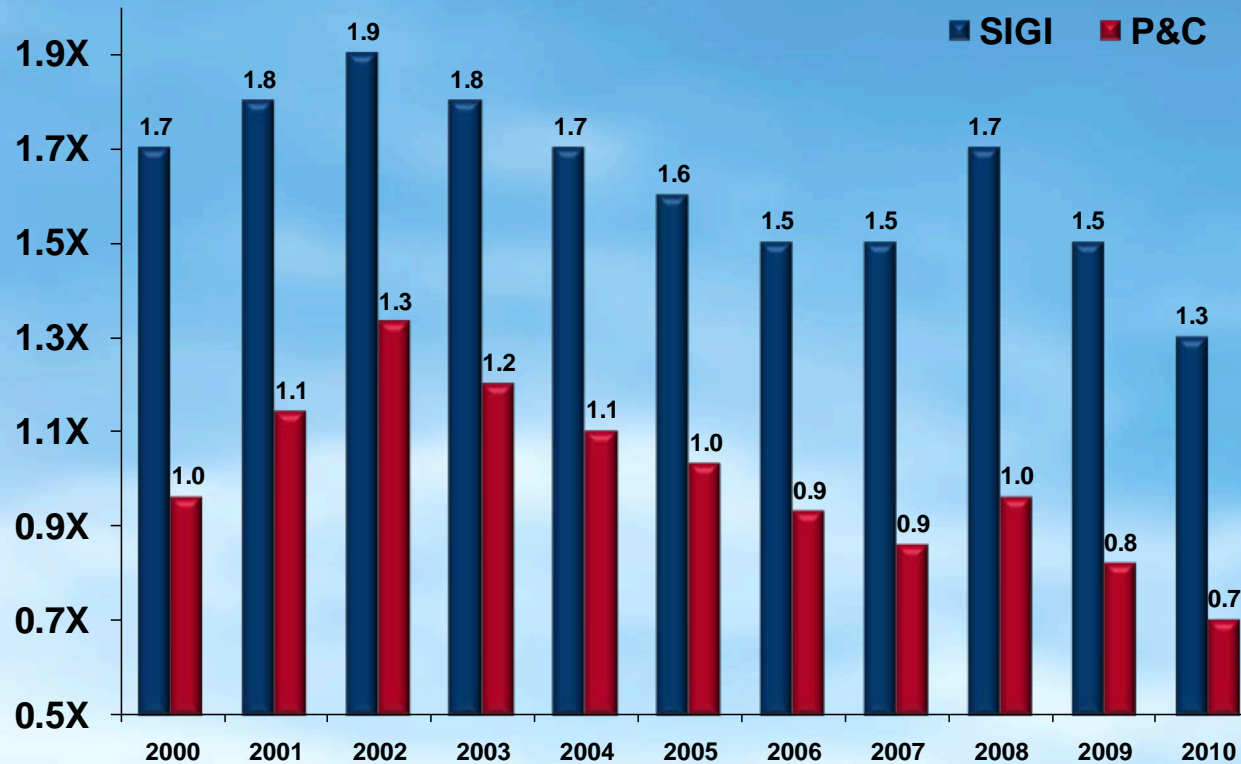
Commercial
Lines

Personal
Lines

Prepared for
Tomorrow

SELECTIVE®

Premium-to-Surplus



1 point of Combined Ratio = 1 point of ROE

Sources: ISO, AM Best, III; 2010 AM Best Estimate

Financial
Strength

Pricing
Success

Commercial
Lines

Personal
Lines

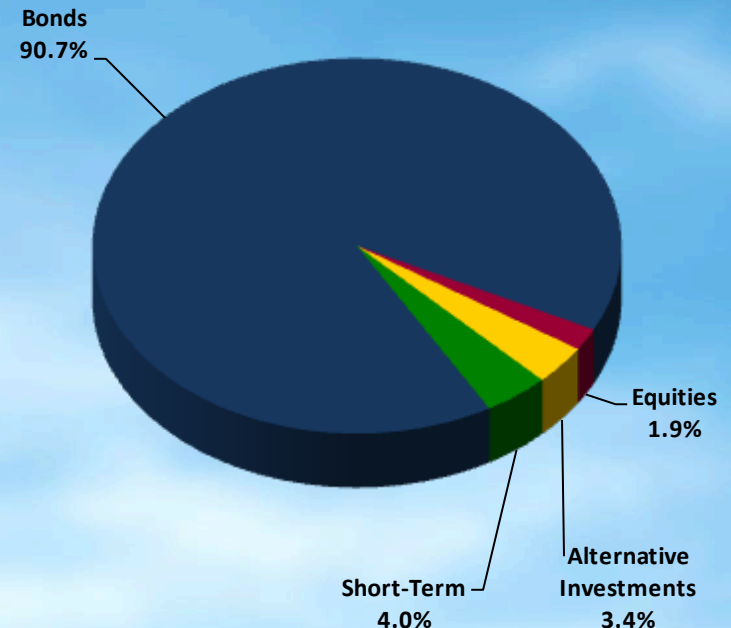
Prepared for
Tomorrow

 SELECTIVE®

High Quality Investment Portfolio

- Average “AA” bond quality
- Approximately 3.4 year average duration, including short-term & cash
- Laddered maturity schedule
 - 34% matures within 3 years
 - 68% matures within 5 years
- Outsourcing provides access to broader market expertise

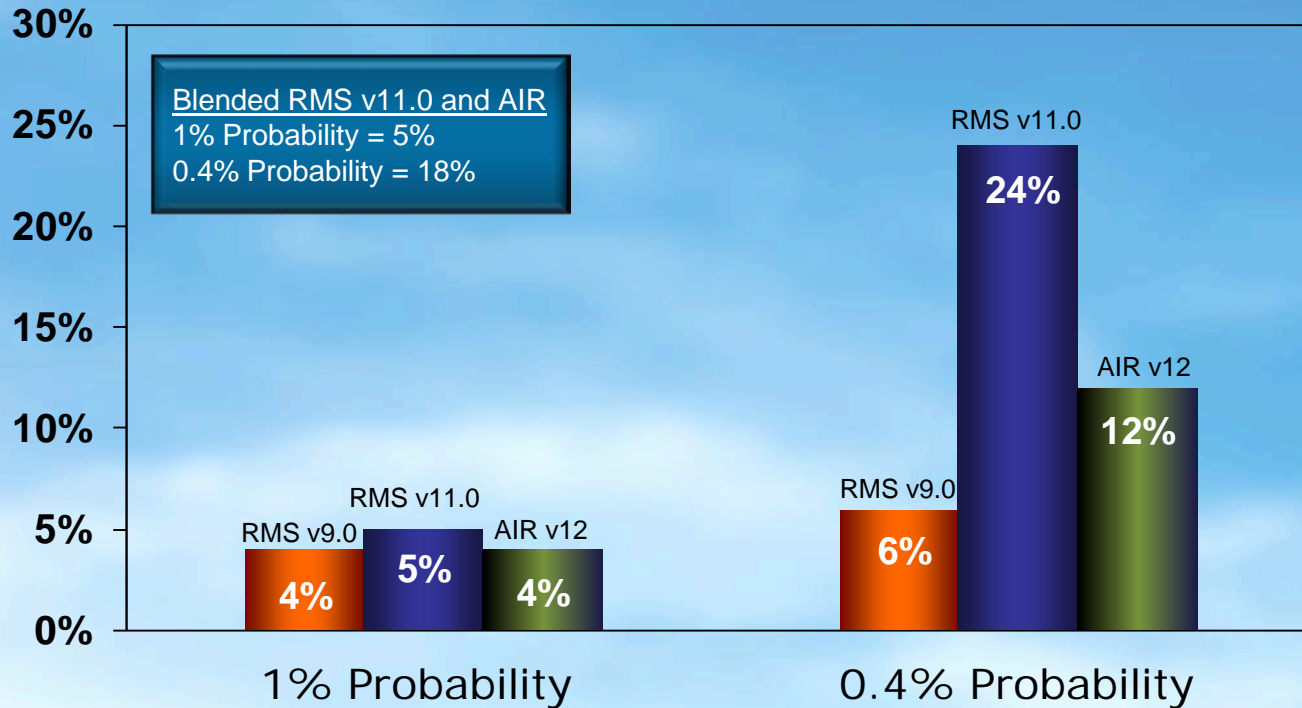
\$4.0B Invested Assets
March 31, 2011



30 bps of Yield = 1 point of ROE

Strong Natural Catastrophe Reinsurance Program

% of Equity at Risk (Near-term basis)



CAT cover: \$435M in excess of \$40M

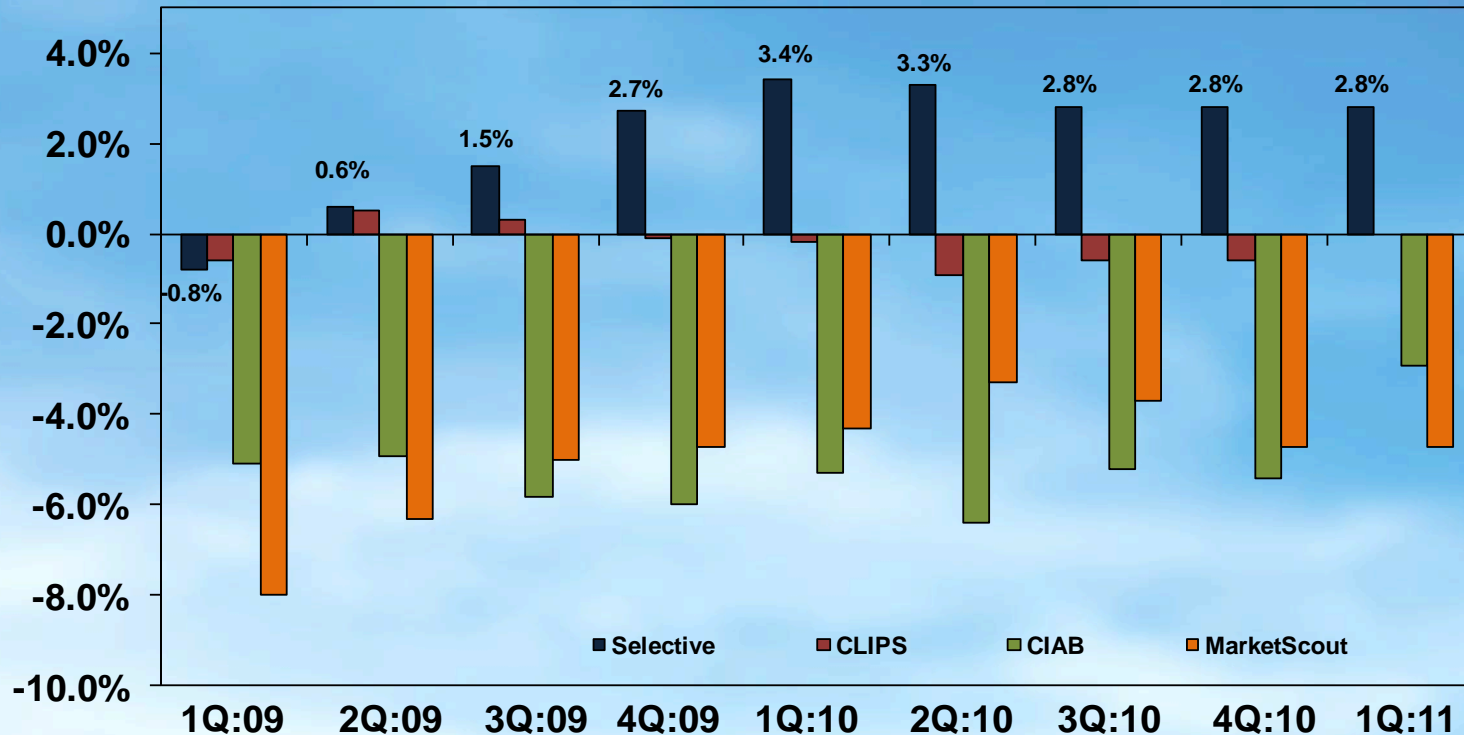
Percentages are net of tax, reinsurance and reinstatement premium.
Data as of 7/10; Equity data as of 3/31/11.

– SELECTIVE INSURANCE GROUP, INC. –



PREPARED FOR TOMORROW

Selective's Commercial Lines Renewal Pricing Success



8 consecutive quarters of positive price

Why Are We Successful?

- Agency relationships
- Field model
- Sophisticated underwriting tools and granular pricing
 - Aggregate quality score by account
 - Targeted pricing
 - Agency profitability
 - Segment performance
 - Hazard grade
 - System calculated pure price change
- The courage to walk away

The screenshot displays the SELECTIVE Commercial Lines Automation System interface. It features a complex table with multiple columns representing various account metrics and data points. The table is organized into sections, with headers indicating different categories of information. The data is presented in a structured, grid-like format, typical of a database or spreadsheet application. The interface includes a title bar at the top and a status bar at the bottom, providing context for the user's current view.

Mix of Business

Middle Market



Personal Lines



Small Business

\$1.4B Net Premium Written in 2010

**Financial
Strength**

**Pricing
Success**

**Commercial
Lines**

**Personal
Lines**

**Prepared for
Tomorrow**



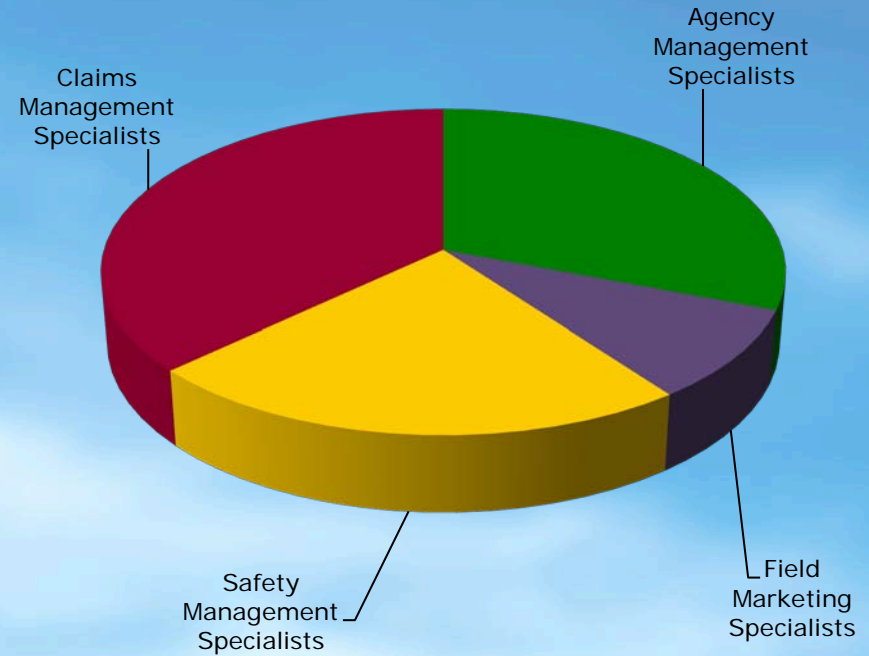
Middle Market



- Agency relationships are key
- Agents act as risk manager for insureds
- Safety Management
- Field underwriting and claims model

Field Model

- Local knowledge of insureds
- Full claims/underwriting authority
- Supported by sophisticated underwriting tools
- Safety management services lowers frequency and increases retention



Over 300 Field Personnel

Agency Focus

- 980 Agents
 - 2,000 Storefronts
- Number 1, 2 or 3 in 60% of agencies appointed for 5 or more years
- Ease of doing business
- Online agency marketing portal



Middle Market Product Expansion

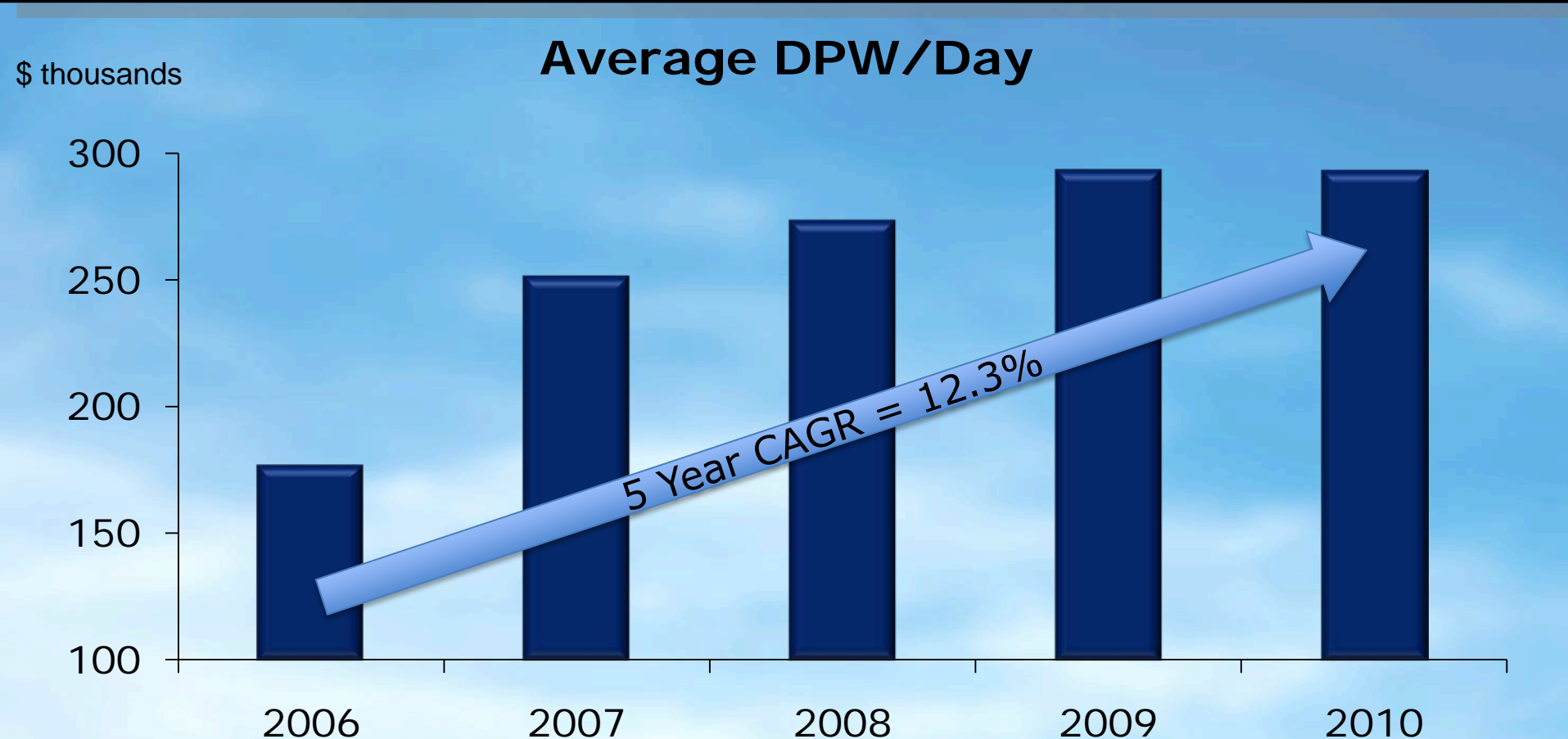
- Added 20 new and enhanced products in 2009
- Introduced another 11 in 2010
- New products
 - Aging Services, Identity Theft, Cyber Security, Technology
- Enhanced products
 - Resort Endorsement, Contractors GL, Property Coverage for Municipalities

Small Business

- Less price sensitive
- Better profitability
- Stronger retention
- Straight through processing



Small Business Growth



Financial
Strength

Pricing
Success

Commercial
Lines

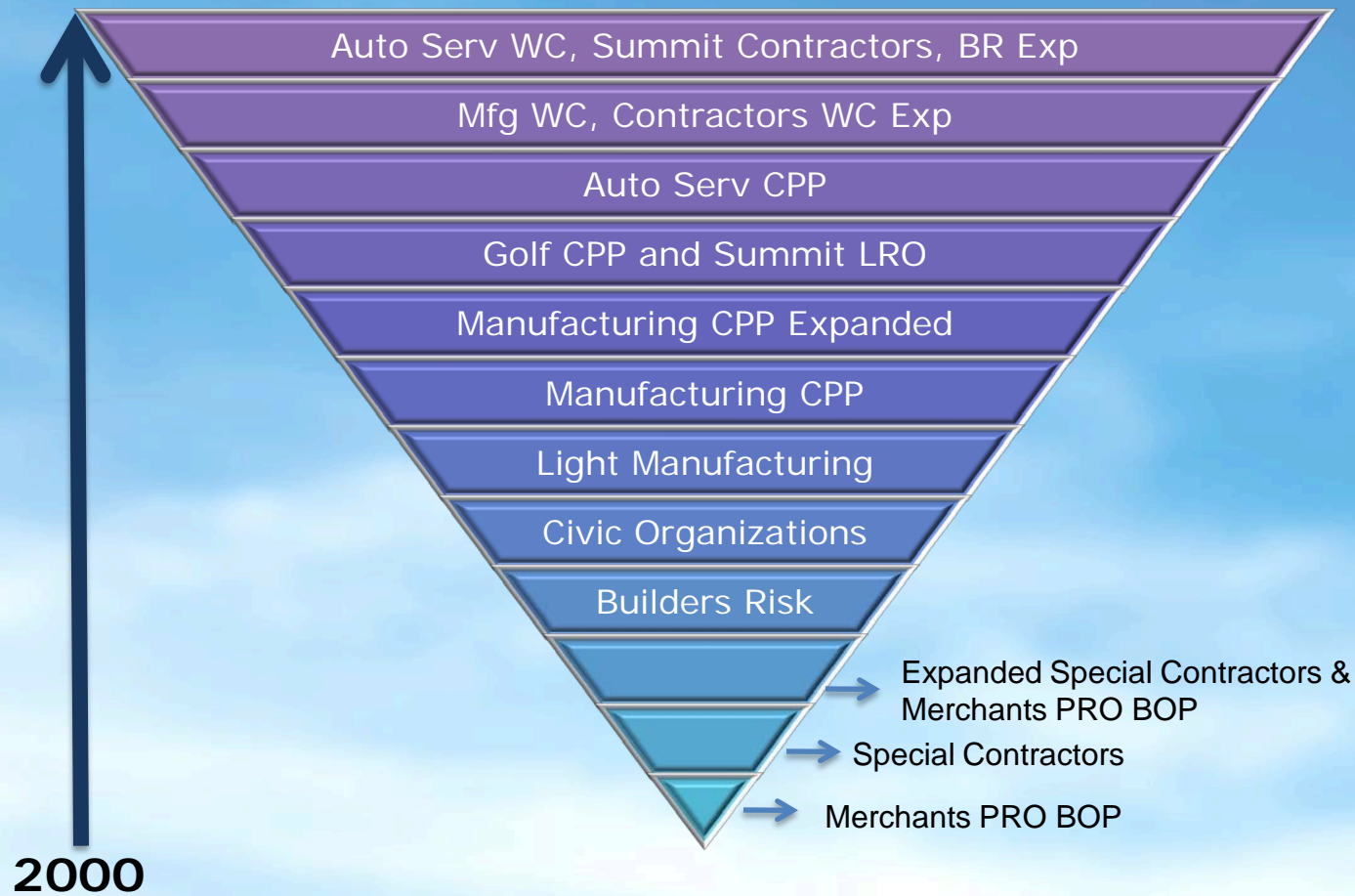
Personal
Lines

Prepared for
Tomorrow

 SELECTIVE®

Small Business Product Expansion

2010



Financial
Strength

Pricing
Success

Commercial
Lines

Personal
Lines

Prepared for
Tomorrow

 **SELECTIVE®**

Personal Lines

- Smooths performance over the long-term
- Significant source of agent revenue
- Improving mix of business and ability to get rate



Personal Lines Rate Success

Blended In-force Rate



New Business DPW	\$39	\$43	\$55	\$62
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Driving Down Cost of Goods Sold

- 3 point reduction in loss costs expected over 3 years
 - Specialized claims handling model
 - Improved workers compensation medical management
 - Staff counsel expansion
 - Vendor management
 - Fraud analytics
 - Recovery and subrogation

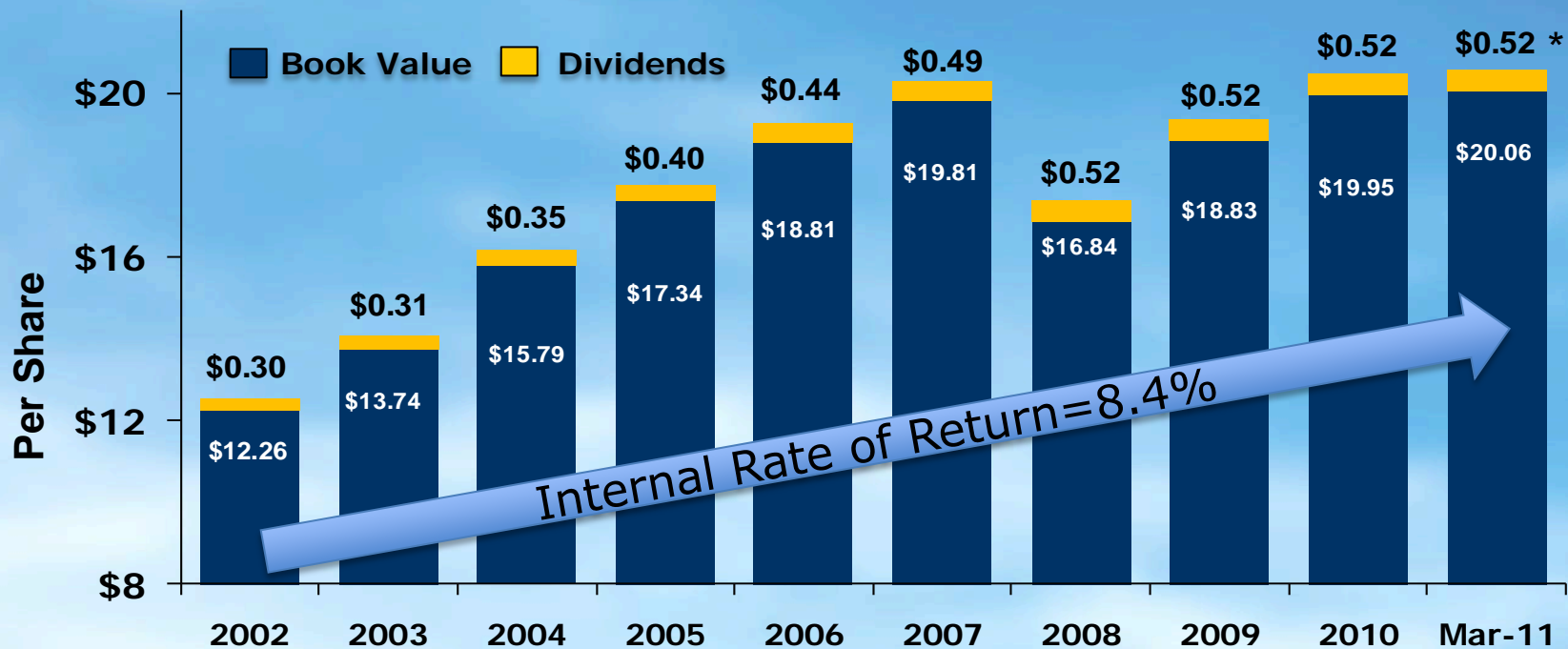
Anticipate \$6M savings from 2011 initiatives

Customer Focus to Improve Retention

- Continue to build relationships with end customers
- 24/7 online access for customer service needs
- Improving customer experience through high frequency touch points
- Online interactive safety training resources
- Safety management strengthens Selective brand



Long-Term Shareholder Value Creation



Current Dividend Yield: 3.0%

*Annualized Indicated Dividend

Financial
Strength

Pricing
Success

Commercial
Lines

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Prepared for
Tomorrow

 SELECTIVE®