

STANDING STRONG FOR 85 YEARS



Raymond James 33rd Annual Institutional Investors Conference

March 6, 2012



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.

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Financial Overview

Dale Thatcher

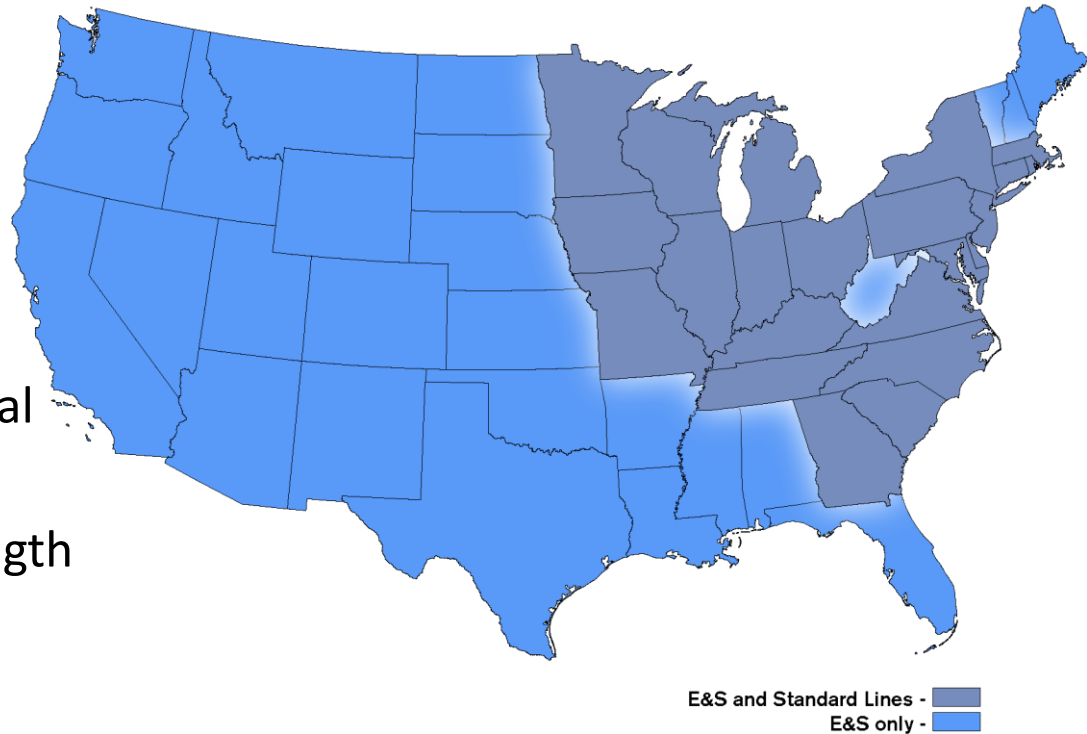
Chief Financial Officer



SELECTIVE®

Who We Are

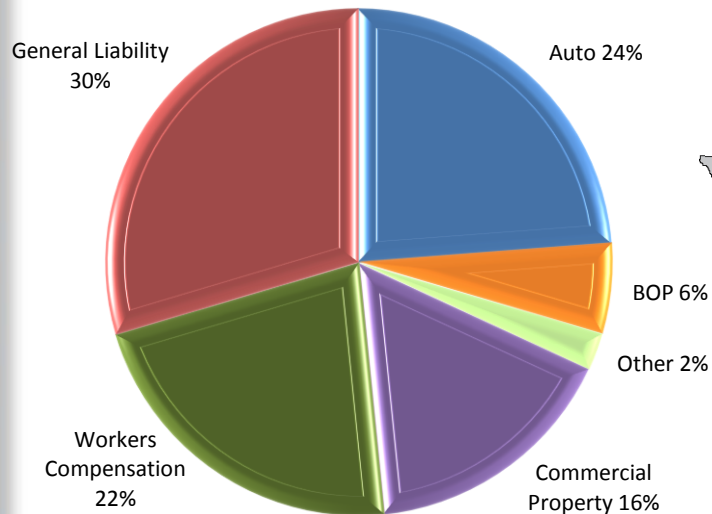
- \$1.5B 2011 NPW
- Super-regional carrier
- Distribution through independent agents
- Small to mid-sized suburban and rural risks
- 80% standard commercial lines
- History of financial strength



Rated "A+" by A.M. Best for 50 consecutive years

Standard Commercial Lines

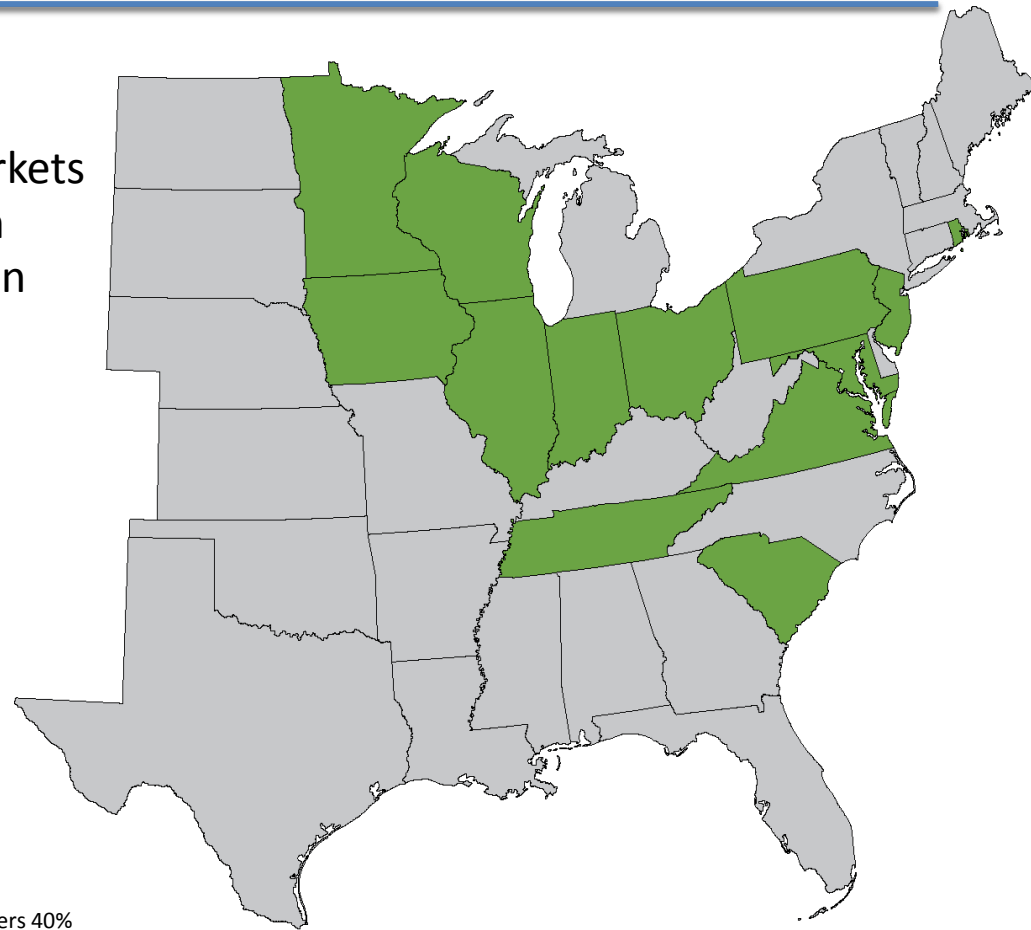
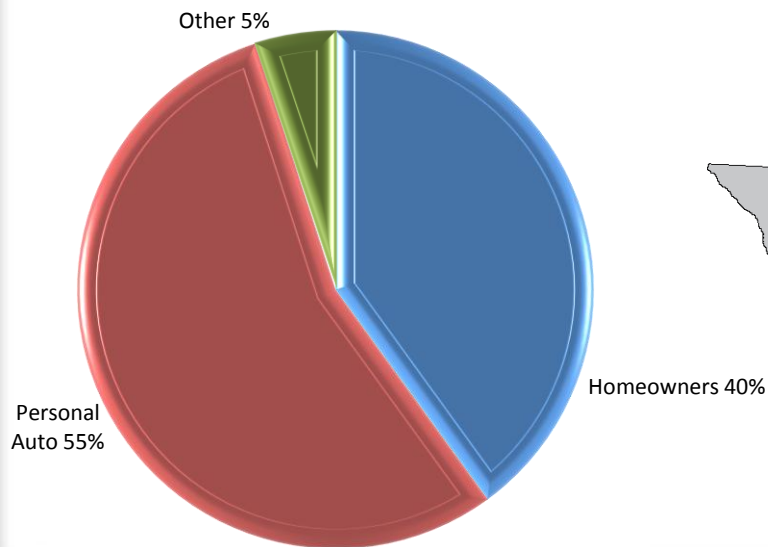
- 22 state footprint
- 1,000 independent agency relationships
- Average account size of \$9,000
- 80% of NPW



Commercial Lines - 

Personal Lines

- 13 state footprint
- 580 independent agents
- Agents want joint C/L & P/L markets
- Homeowners improvement plan
 - Expect 11.5% in-force rate in 2012
 - By-peril rating capabilities
- Flood 2011 net income \$11M
- 18% of NPW

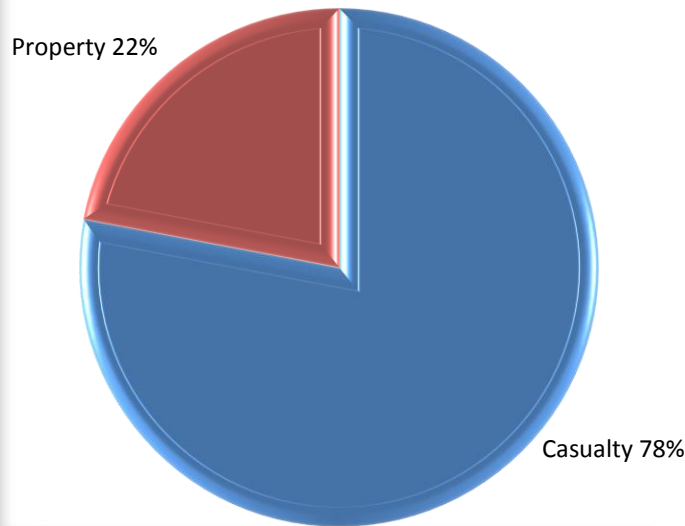


Contract Binding Authority E&S Business

- Right time to enter business
- 90 wholesale agents with controlled binding authority and no claims authority
- Within E&S, lower hazard and dollar limits
- Average account size \$2,200
- Similar to Selective's small business model
- 2010: \$120M GPW



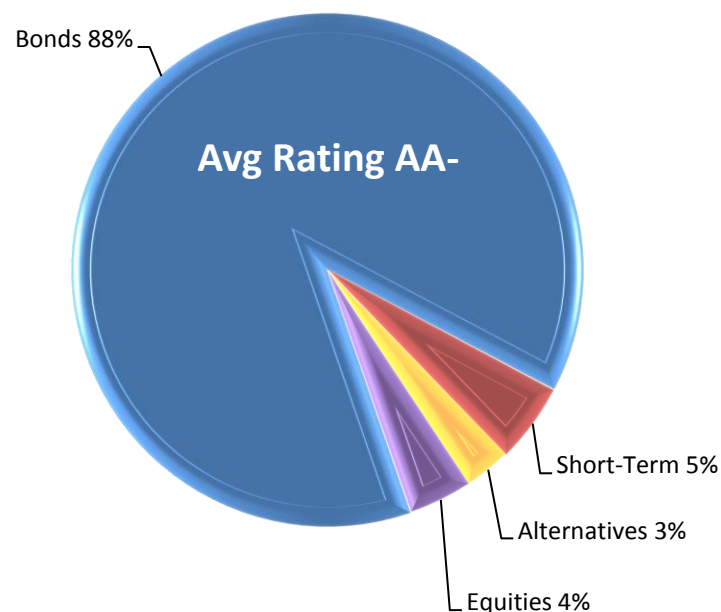
STONECREEKSM
Specialty



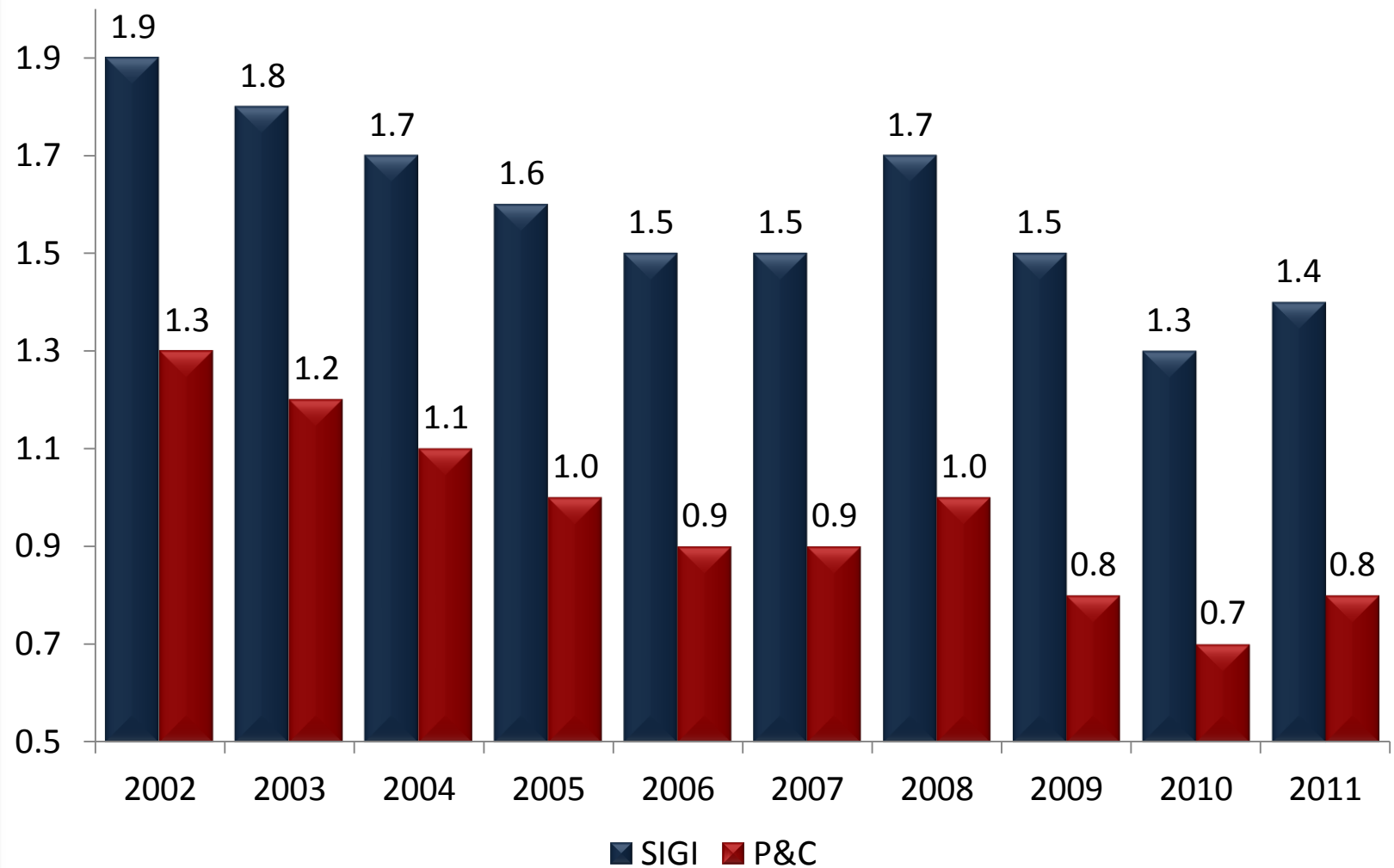
High Quality Investment Portfolio

- Well diversified, laddered portfolio
- Deployed high dividend yield equity strategy in 2011
- 1% of bond portfolio rated “BB” & below
- 3.2 year average duration
- Investment leverage = 3.71x

**\$4.1B Invested Assets
December 31, 2011**



Selective's Use of Underwriting Leverage

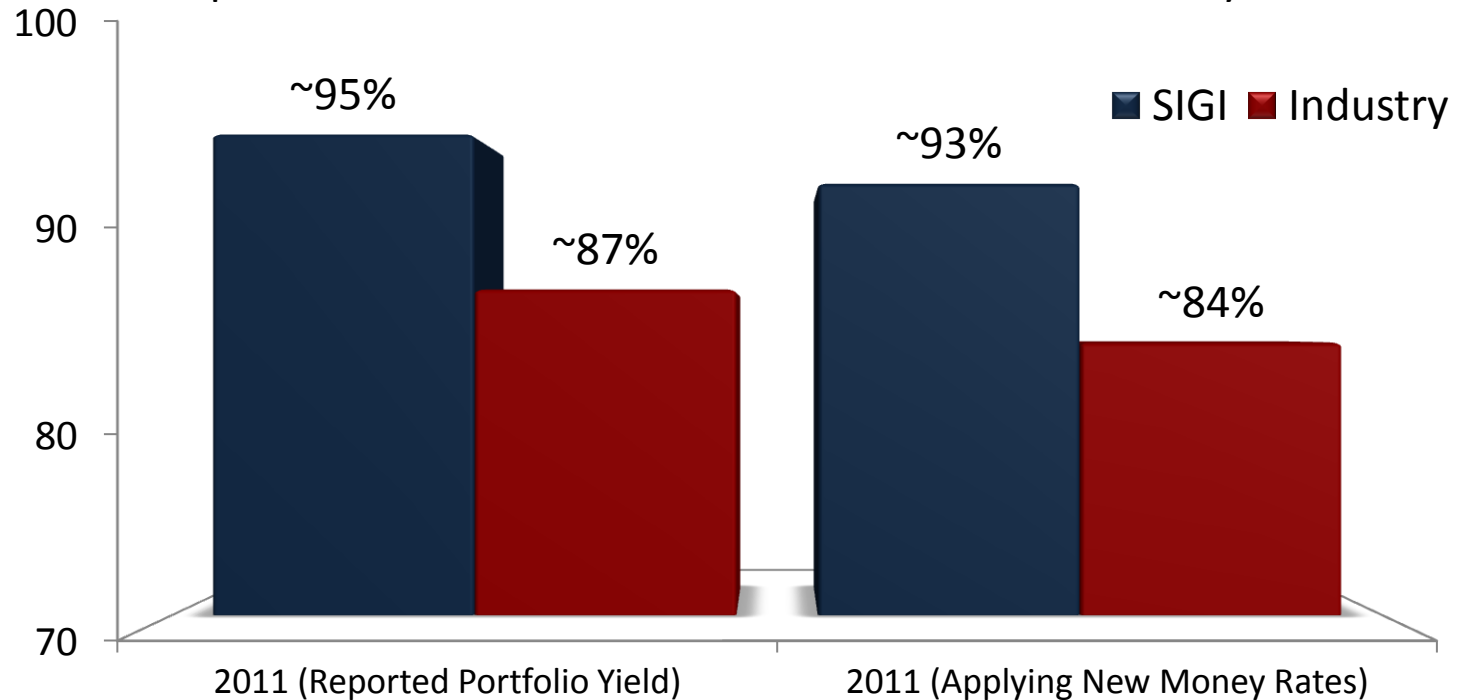


Sources: ISO, AM Best, III

Impact of Leverage

Combined Ratio Required for 12% ROE

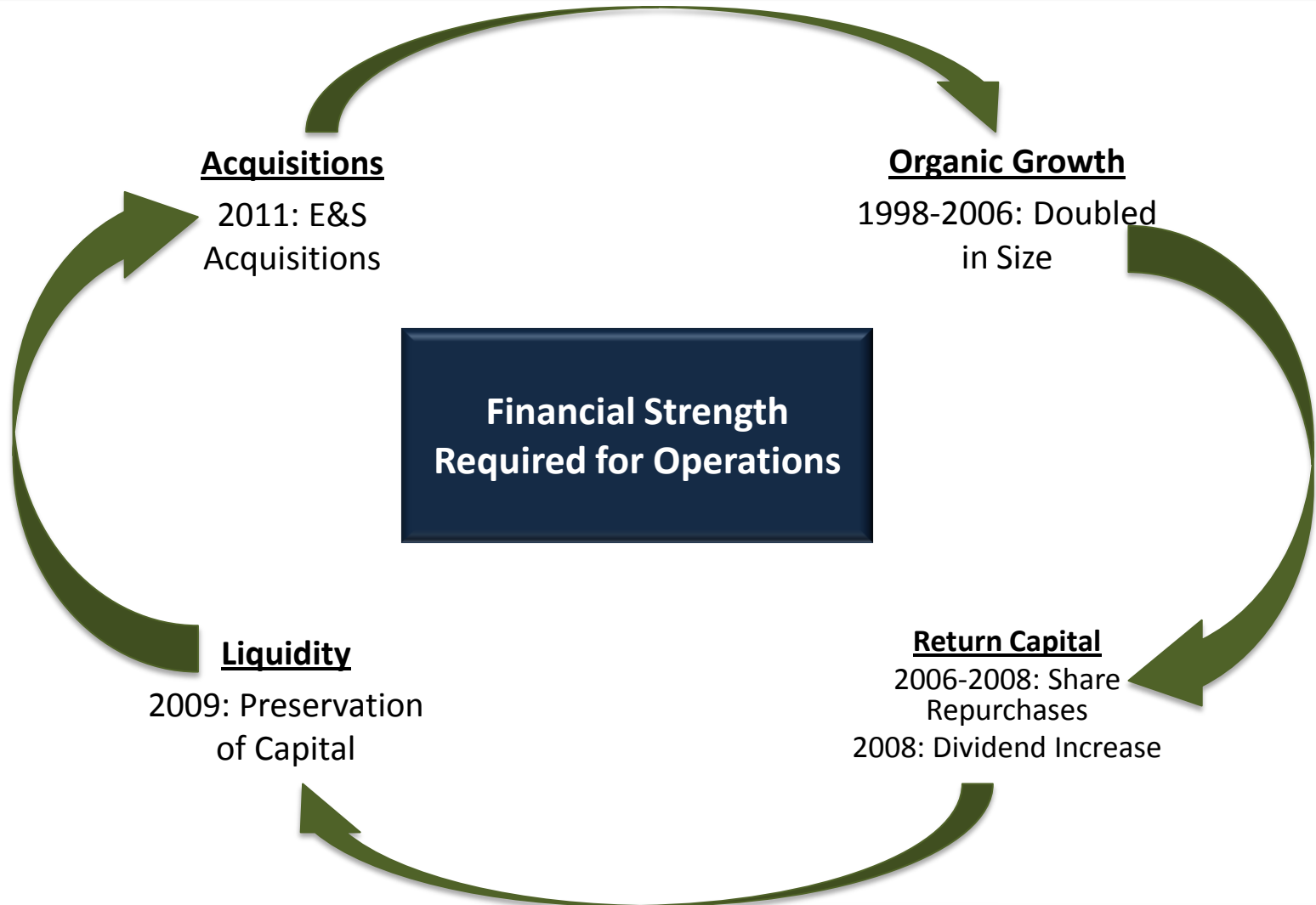
Reported Investment Portfolio Yield Versus New Money Rates



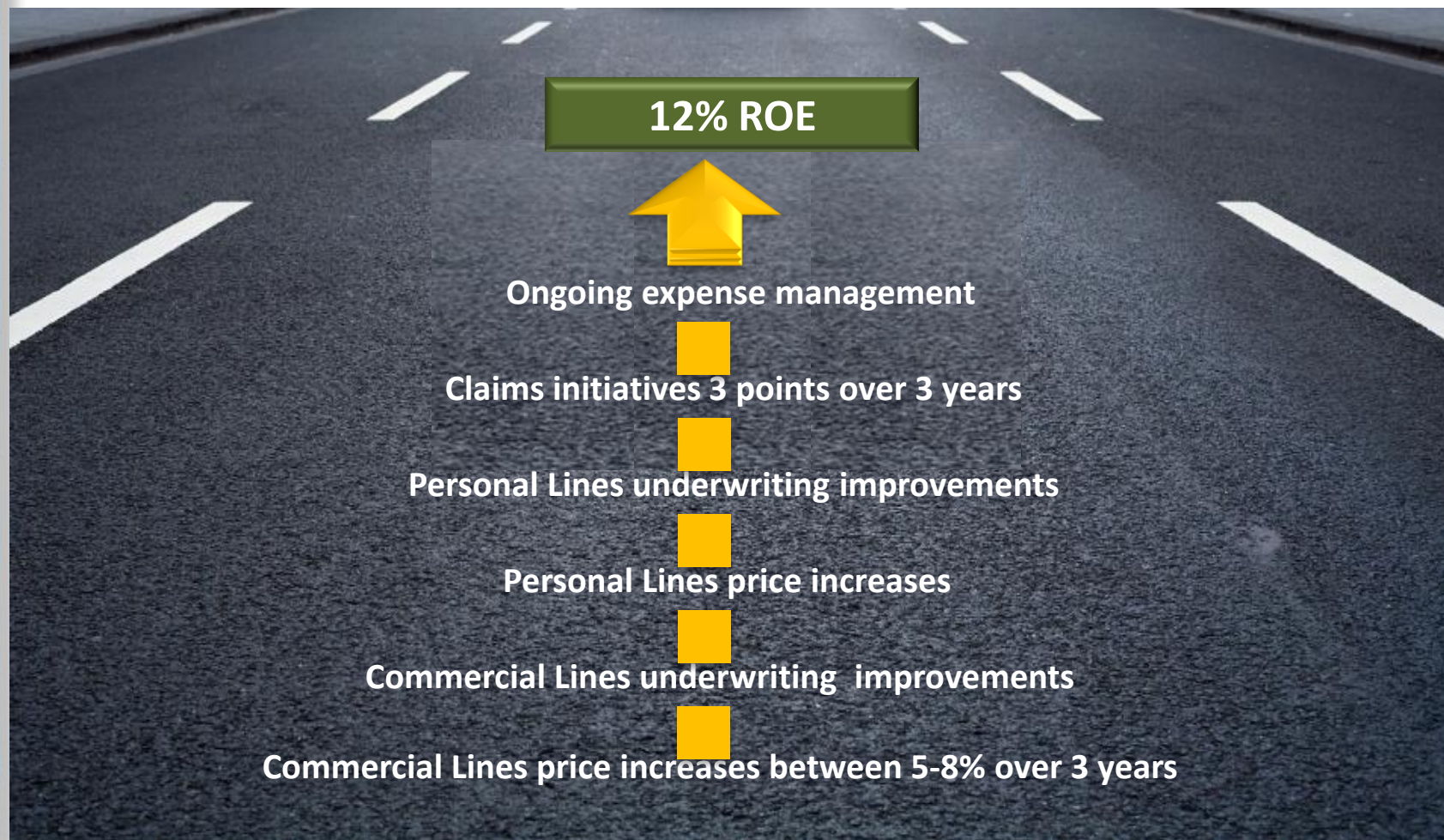
Leverage	Investment	Underwriting
SIGI	3.7x	1.4x
Industry	2.3x	0.8x

Industry Source: AM Best Estimates

Strategically Deploying Capital



Road to 12% ROE



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Strategic Overview

John Marchioni

EVP, Insurance Operations



SELECTIVE®

Driving Success with Franchise Relationships

High-tech, high-touch business model

Agent Touchpoints

Participative
management team

Technology connectivity

Annual surveys
highlight areas of
improvement

Agent road shows

Field model built
around Agency Management
Specialists (AMS)

Relationships Drive Business



- 100 field underwriters focusing on middle market accounts
- Responsible for agent growth and profitability
- Expect \$2.5M in new business per AMS/year

Agent Touchpoints with Selective

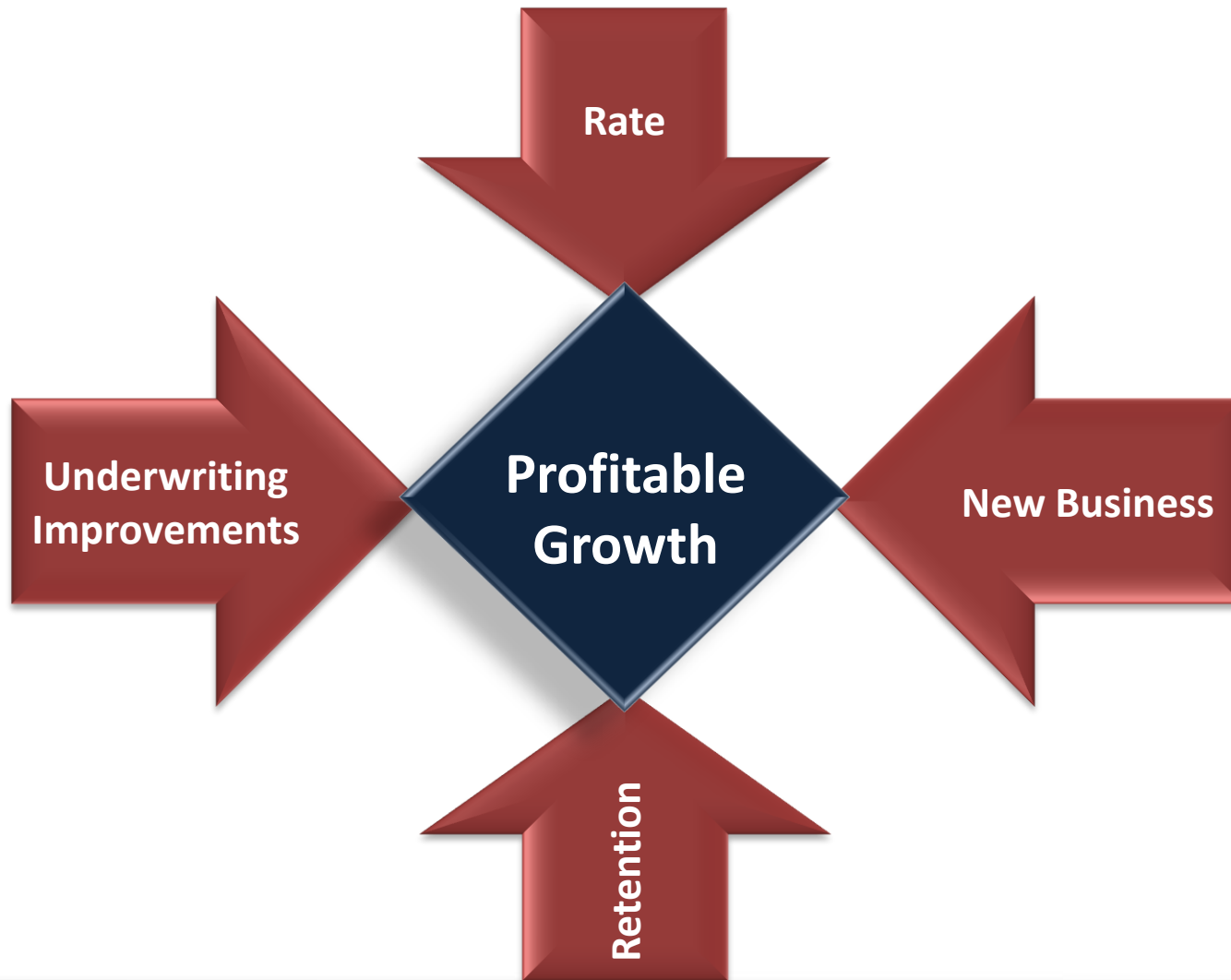


End-Customer Relationships

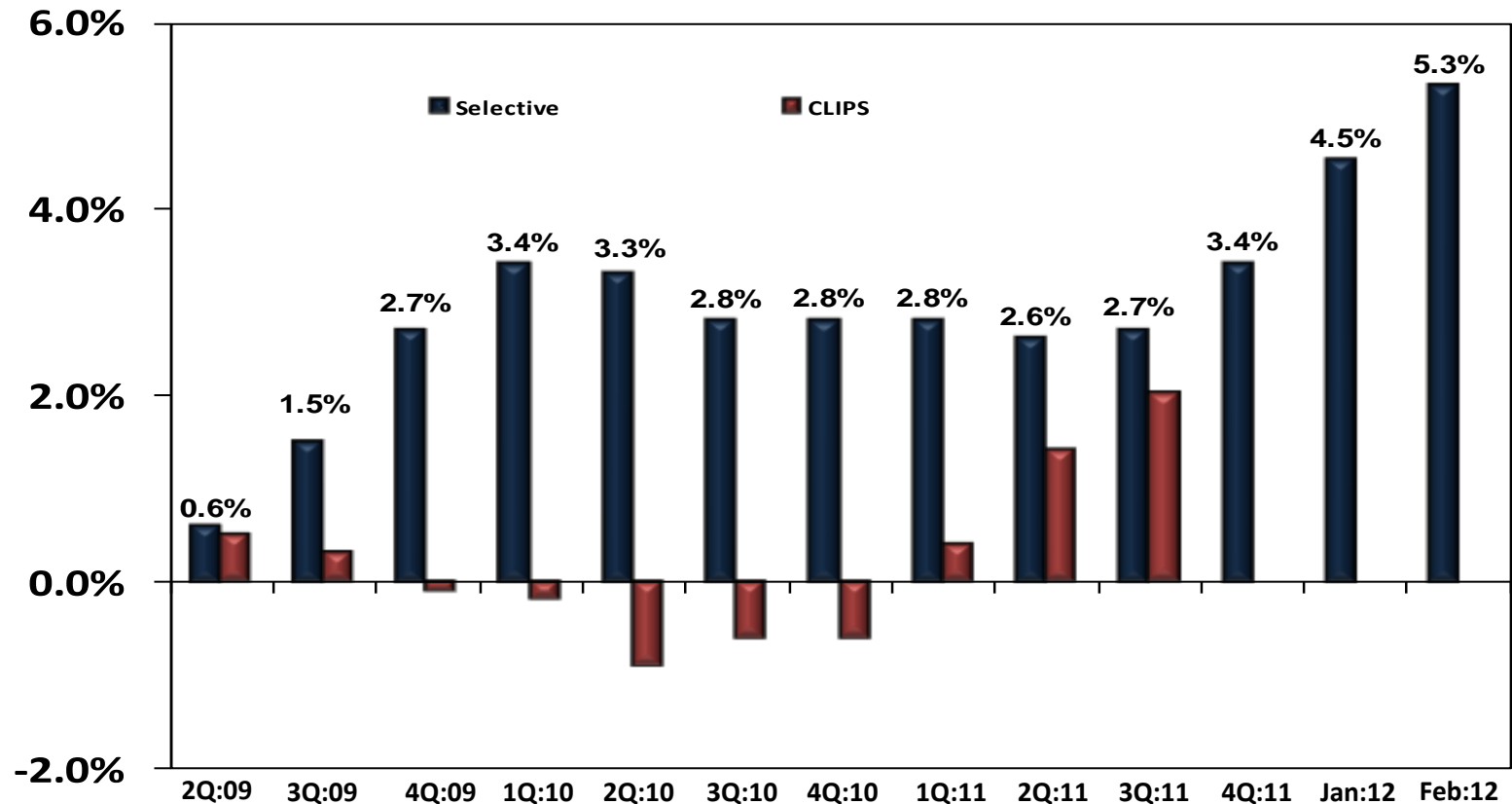


Customer Satisfaction Drives Long-Term Success

Strategy for Profitable Growth



Successfully Managing the Commercial Lines Cycle



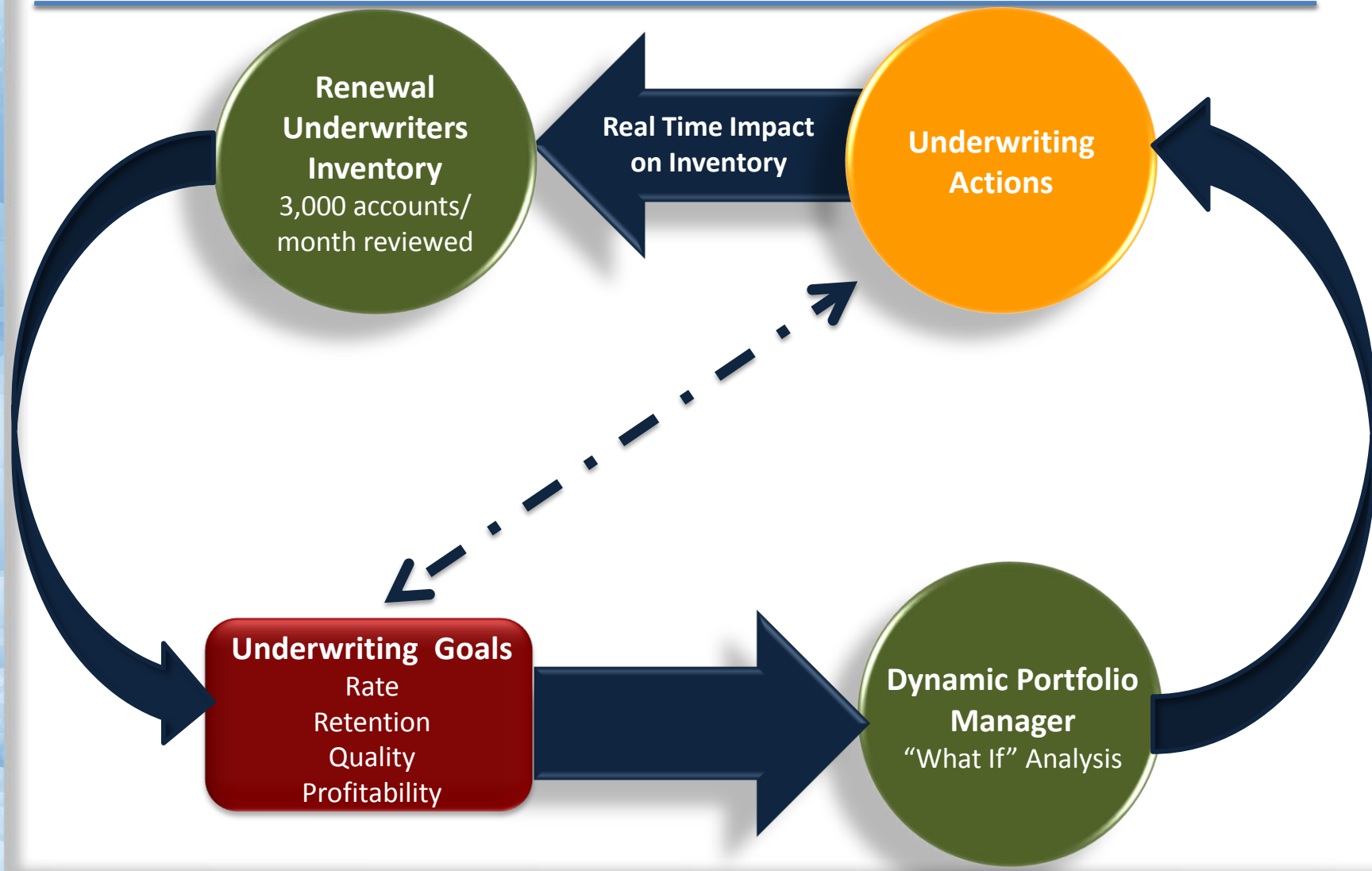
11 consecutive quarters of positive price

Successfully Managing the Commercial Lines Cycle

- Dynamic Portfolio Manager
 - Consolidates information and increases productivity
 - Models renewal strategies
 - Feedback loop to improve inventory management leading to better decisions and better results



Dynamic Portfolio Manager Decision Flow



New Business Capacity for Profitable Growth

- Share of wallet 7%
- \$2.5M in new business per AMS
- New FMS role created
 - Marketing small C/L business and P/L
 - Adding agency storefronts to increase scale
- 50+ new and expanded C/L products
- \$300-400 million CBA E&S premium potential



New Cycle, New Opportunities



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