SELECTIVE®

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

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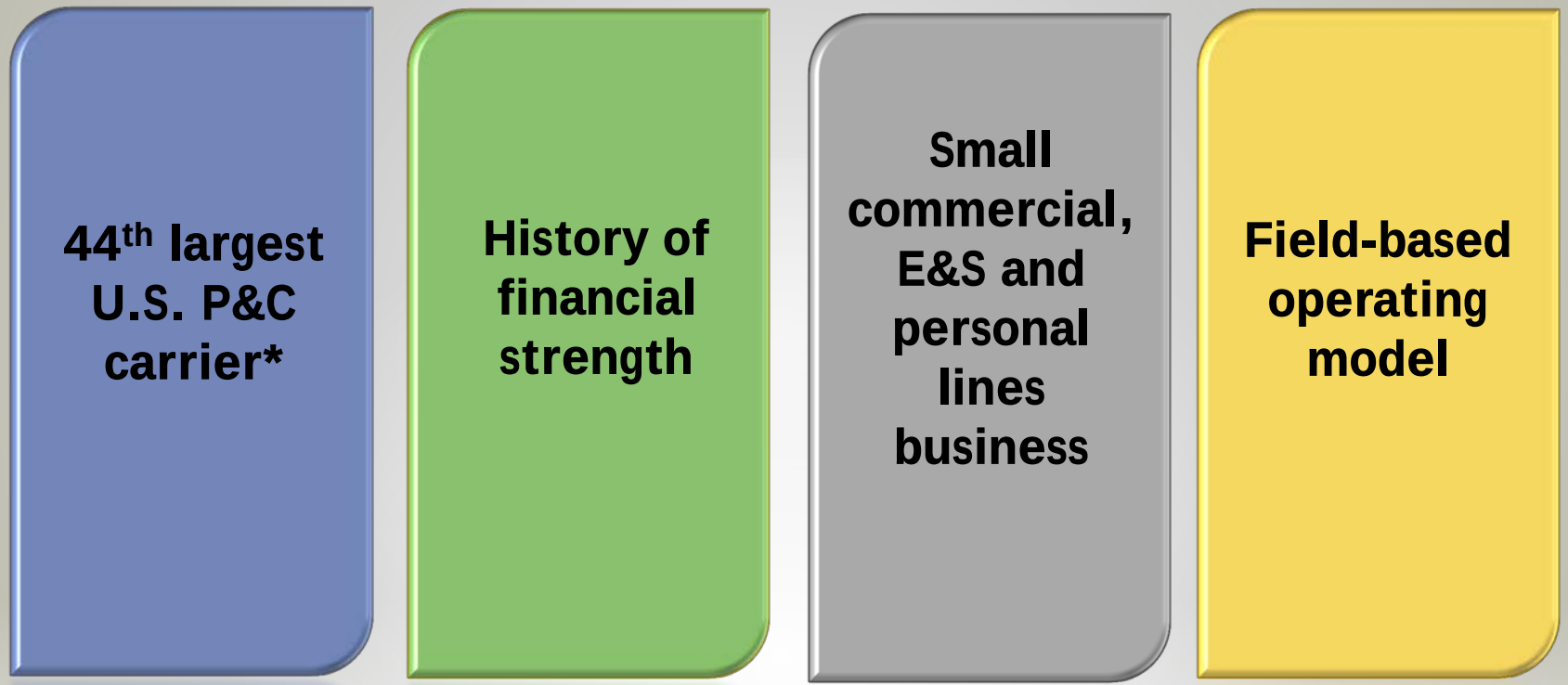
Financial Overview



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

History of Success as a Super-Regional

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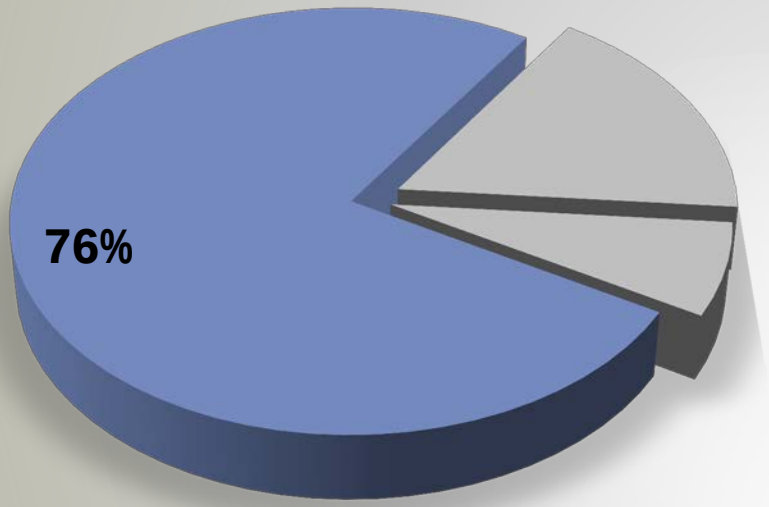
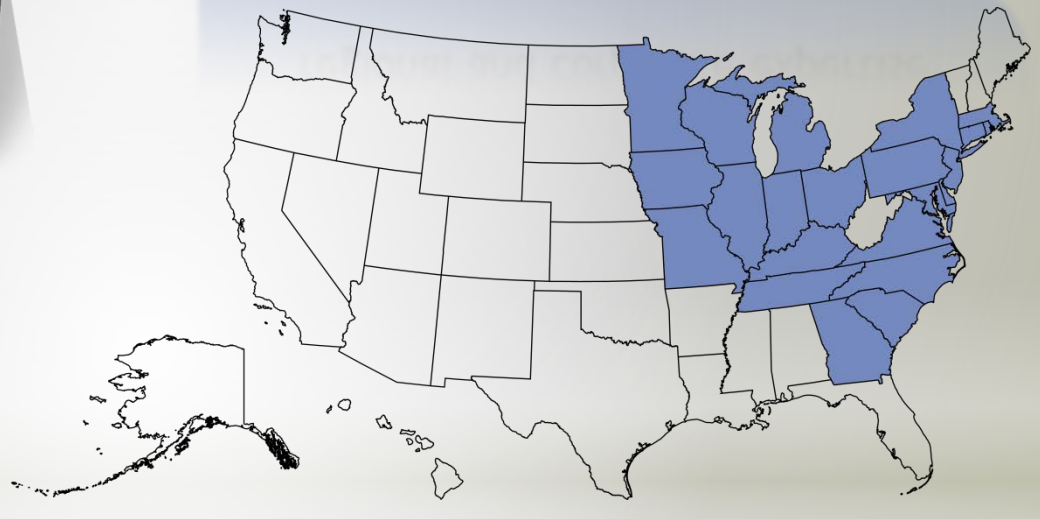
2013
% Net Premiums Written



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

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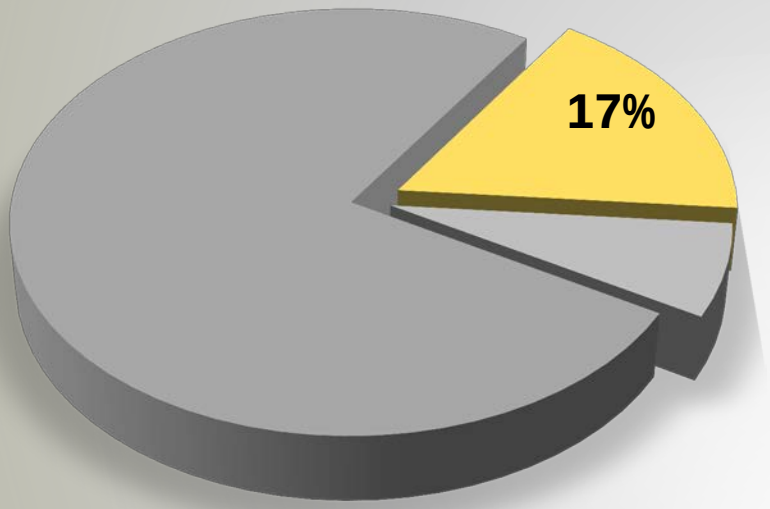
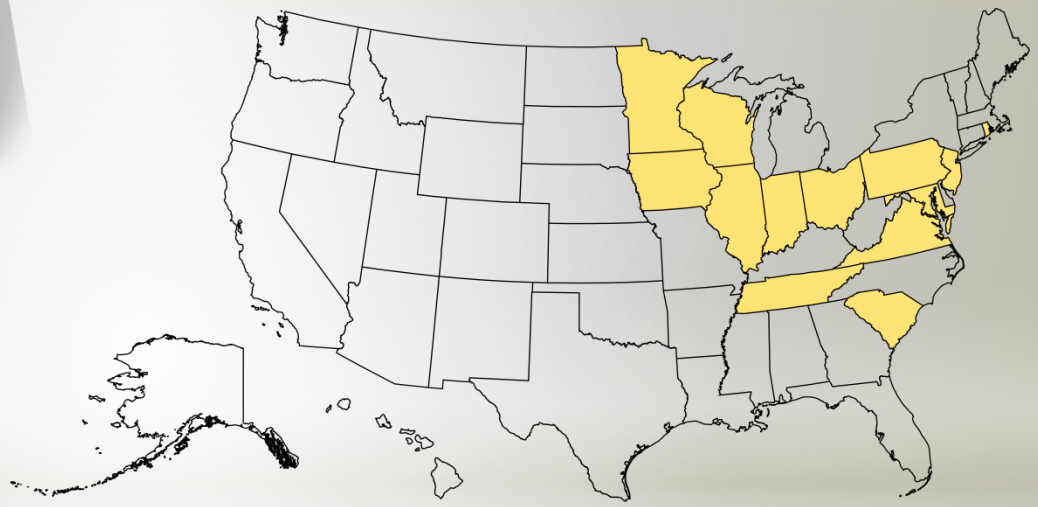
2013
% Net Premiums Written



2013 Statutory
Combined Ratio = 96.9%

Personal Lines

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



Personal Lines

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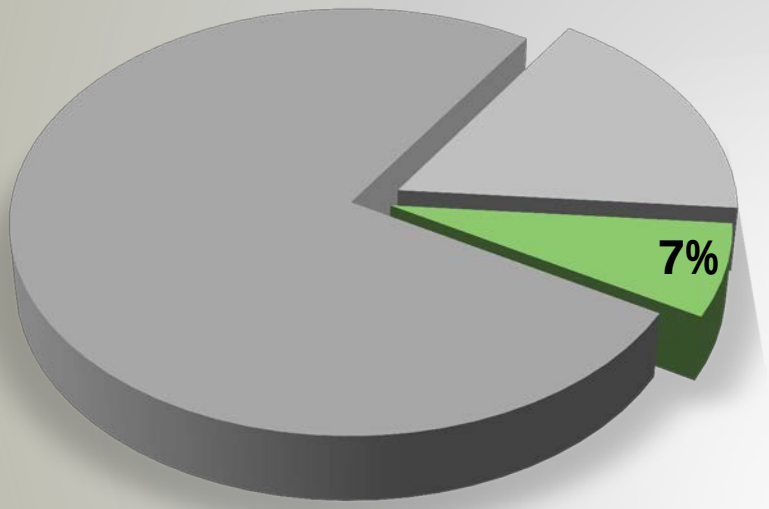
Excess and Surplus Lines

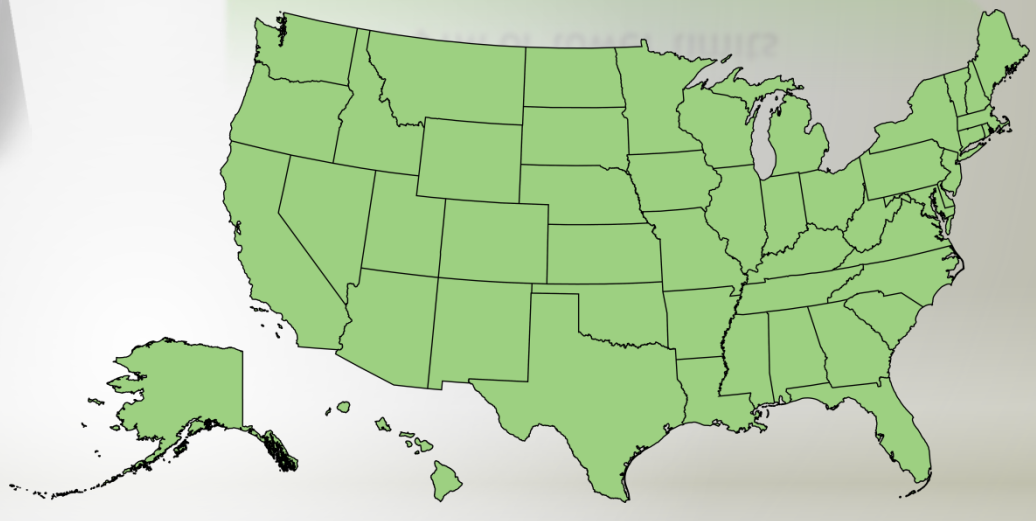
2013
% Net Premiums Written



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



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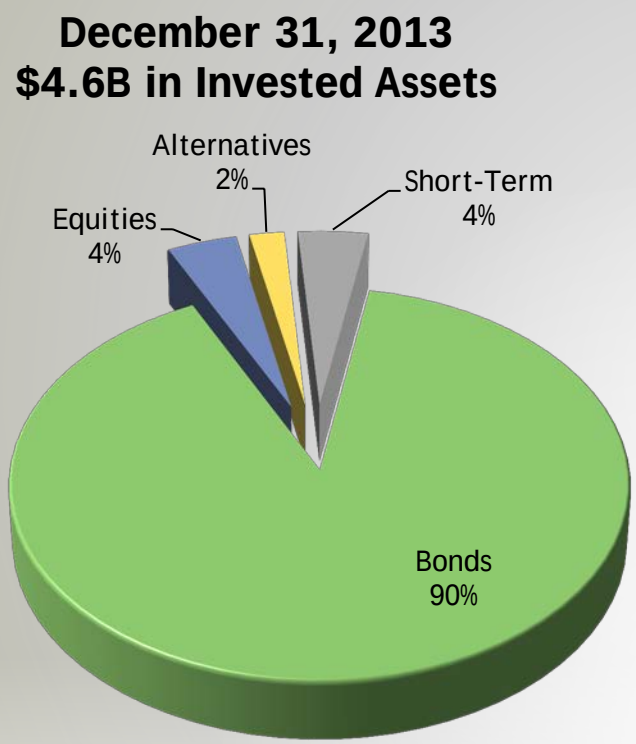
Strong balance sheet provides a foundation for success

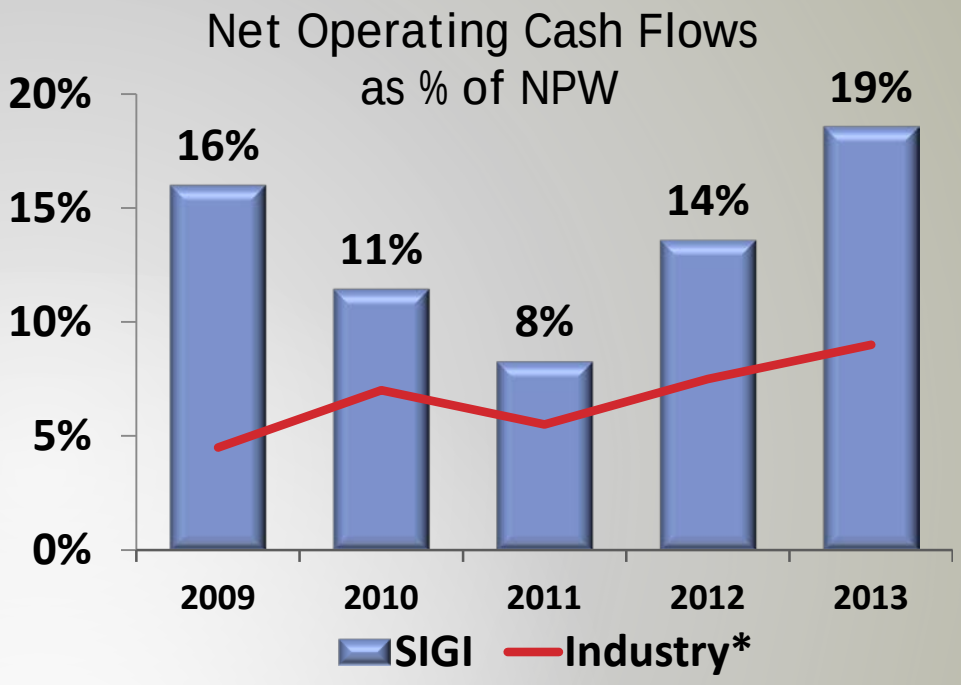
Lower volatility allows for greater operational leverage

Effective cycle management

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

Key Takeaways





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

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

Conservative Investment Portfolio

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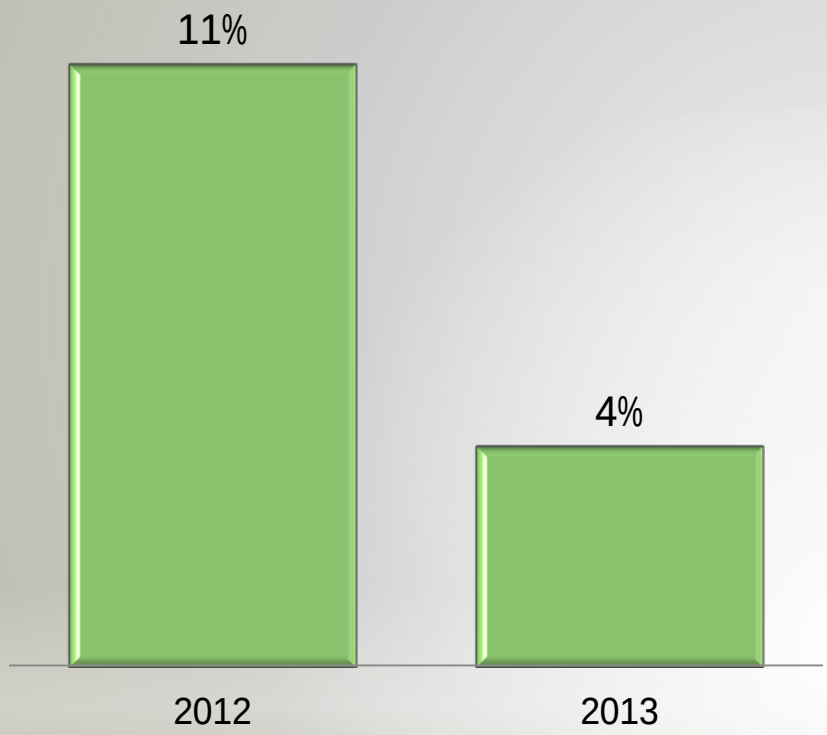
% of Equity at Risk – 1 in 250 Event
Blended Model Results (RMS & AIR)

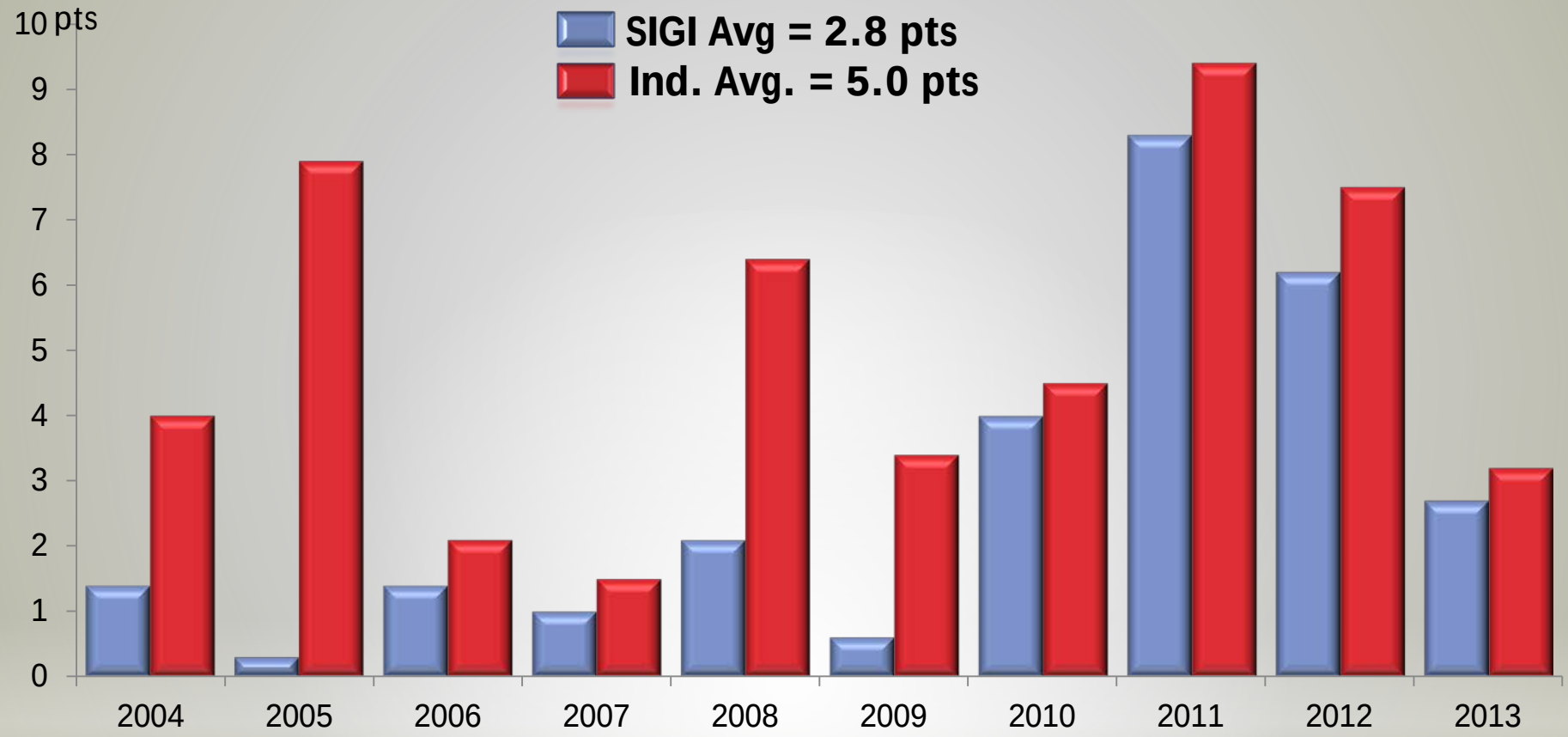


2014 Property Catastrophe Treaty

- $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+”

Losses are after tax and include applicable reinstatement premium.

Conservative Catastrophe Reinsurance



Industry Source: A.M. Best

Impact of CATs on Combined Ratio

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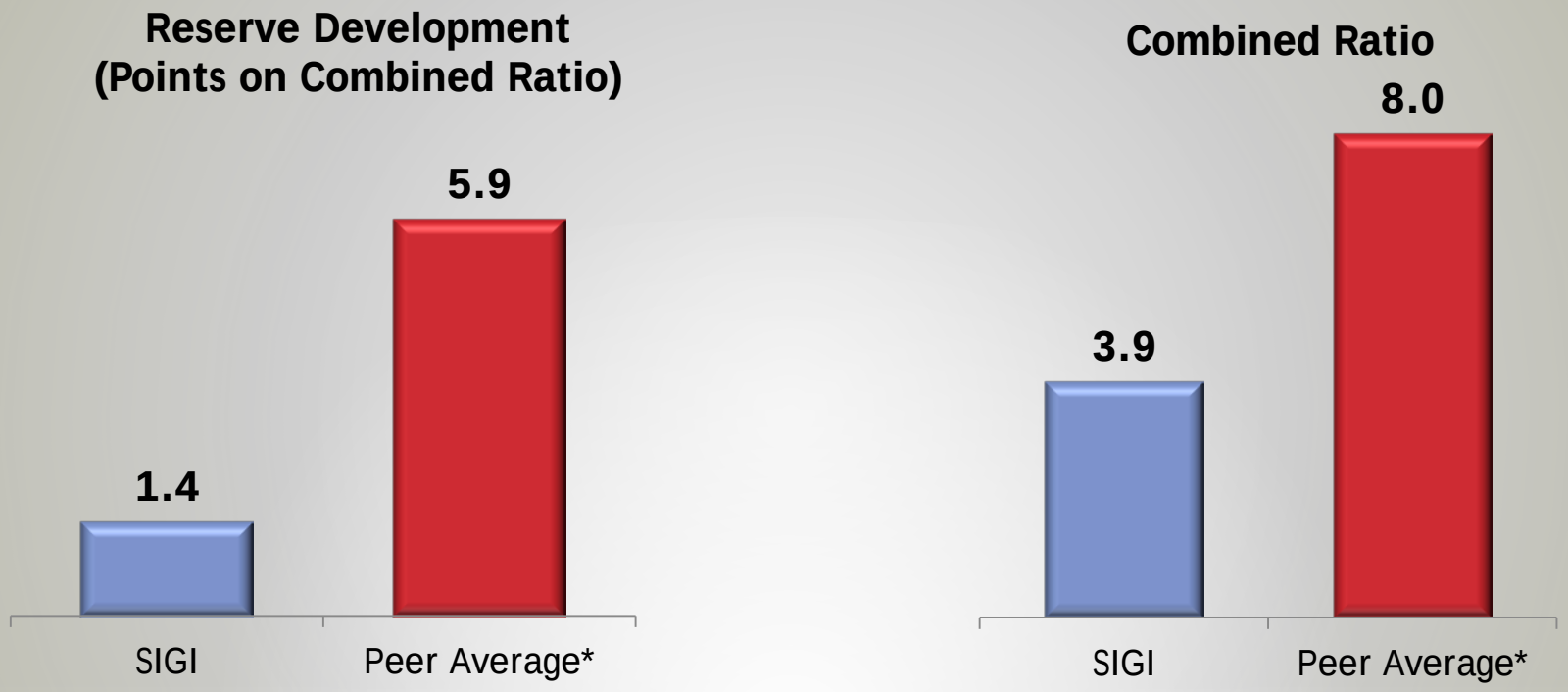
Standard Deviation (2003-2012)



"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

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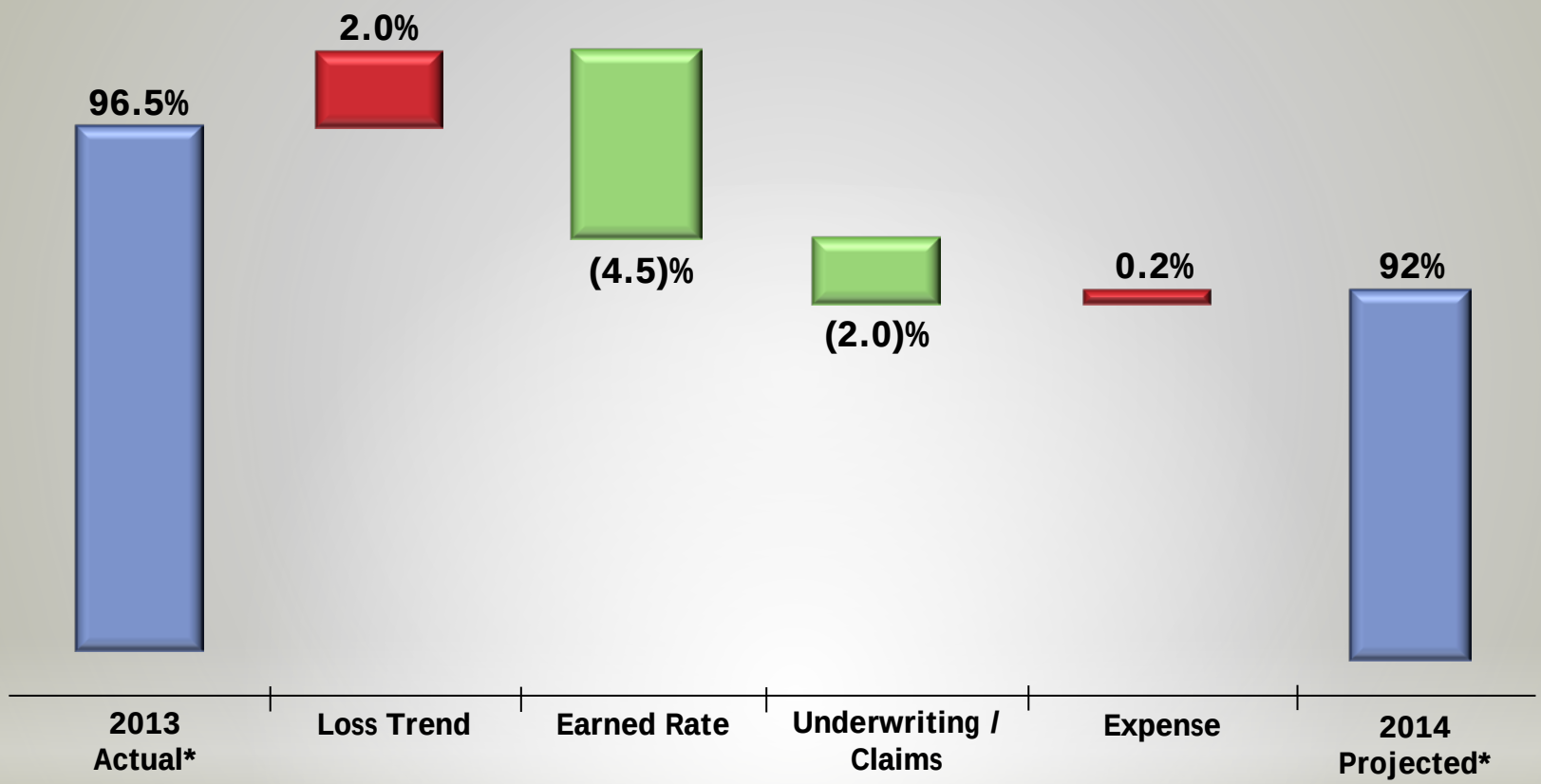

*Excluding CATS and reserve development
May not foot due to rounding

Expectation for 4 points of CAT losses in 2014

Combined Ratio Improvement Plan

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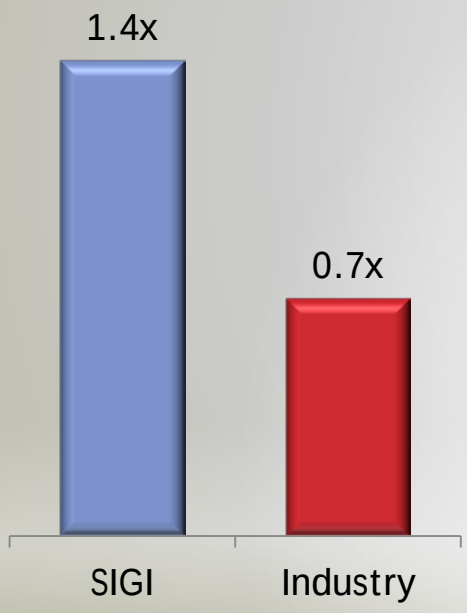
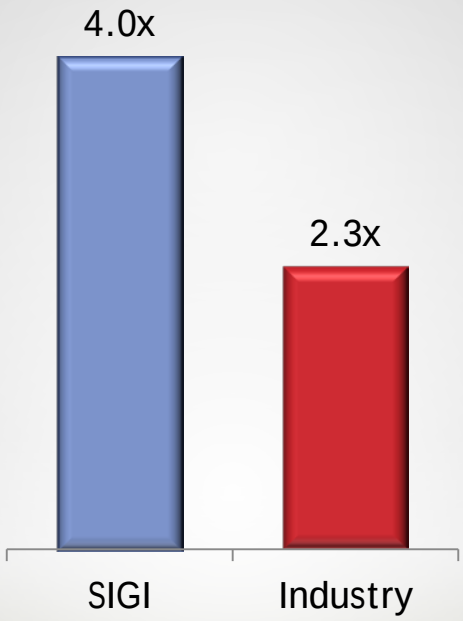
Guidance provided as of January 31, 2014

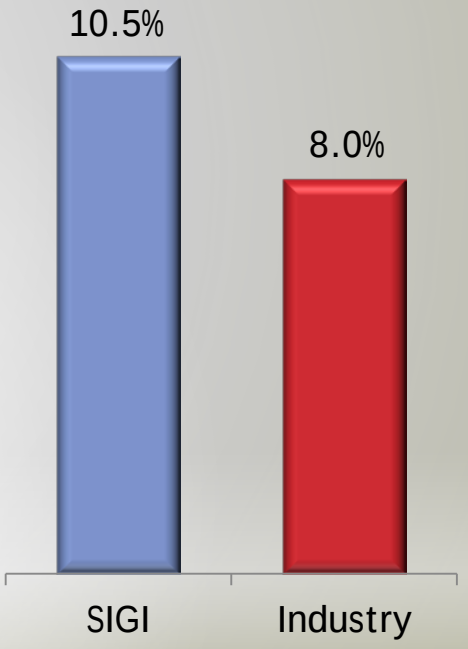
Underwriting Leverage (Premiums-to-Surplus)



Investment Leverage (Invested Assets/ Stockholders' Equity)



ROE Generated at a 96% Combined Ratio



Industry Source: A.M. Best 2013E

Impact of Leverage

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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

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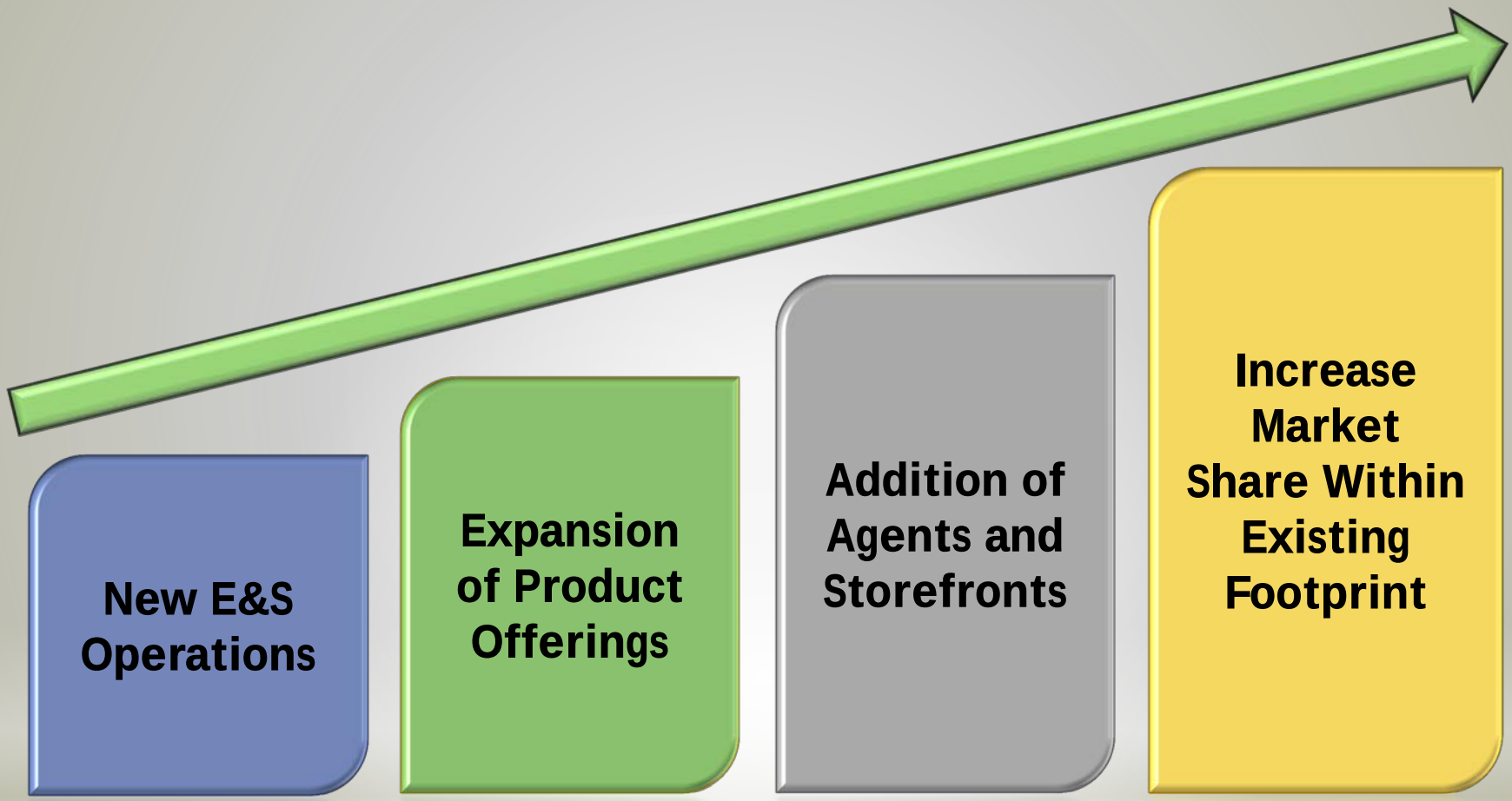
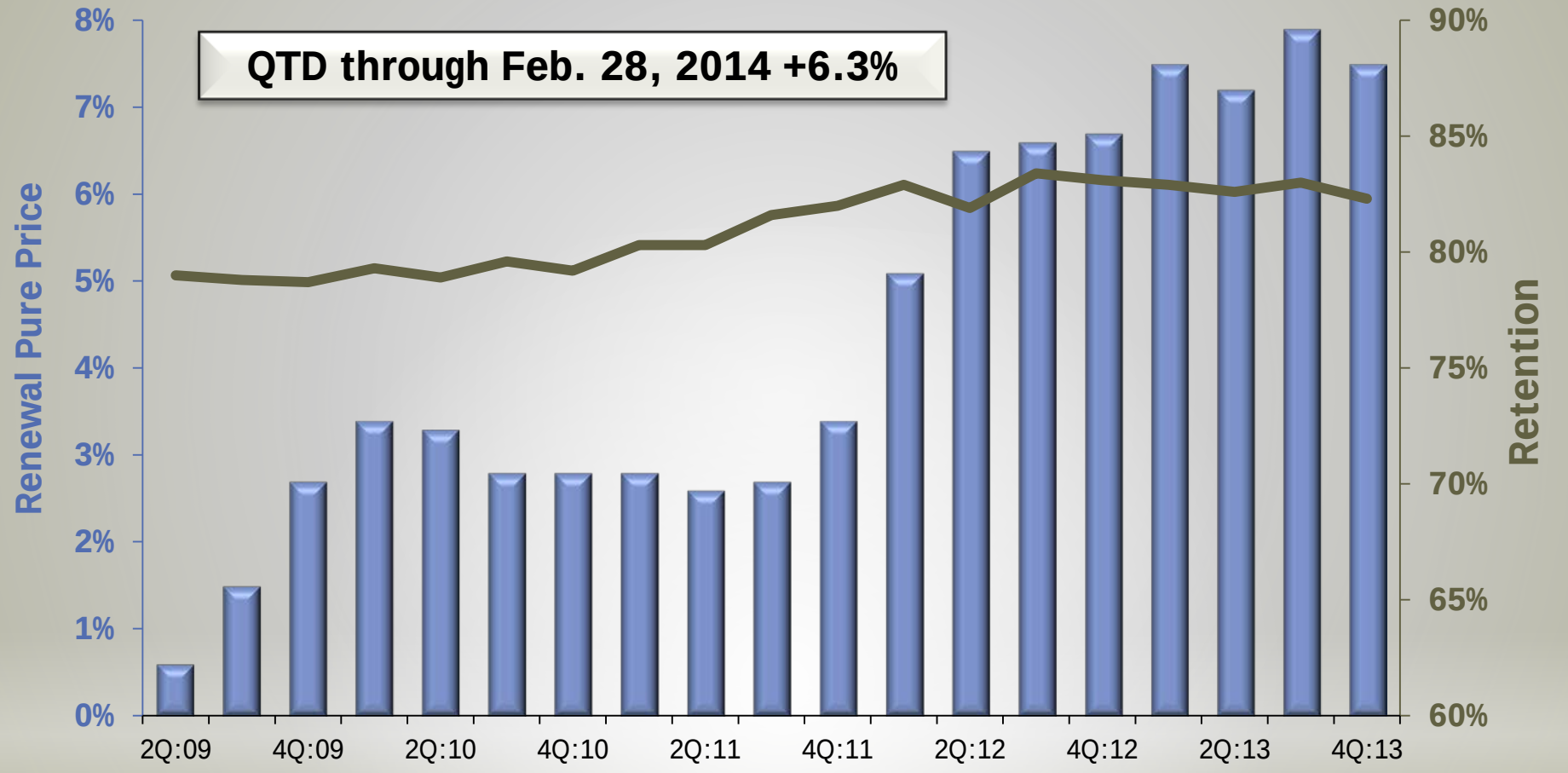


Growth Opportunities



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

Standard Commercial Lines Pricing

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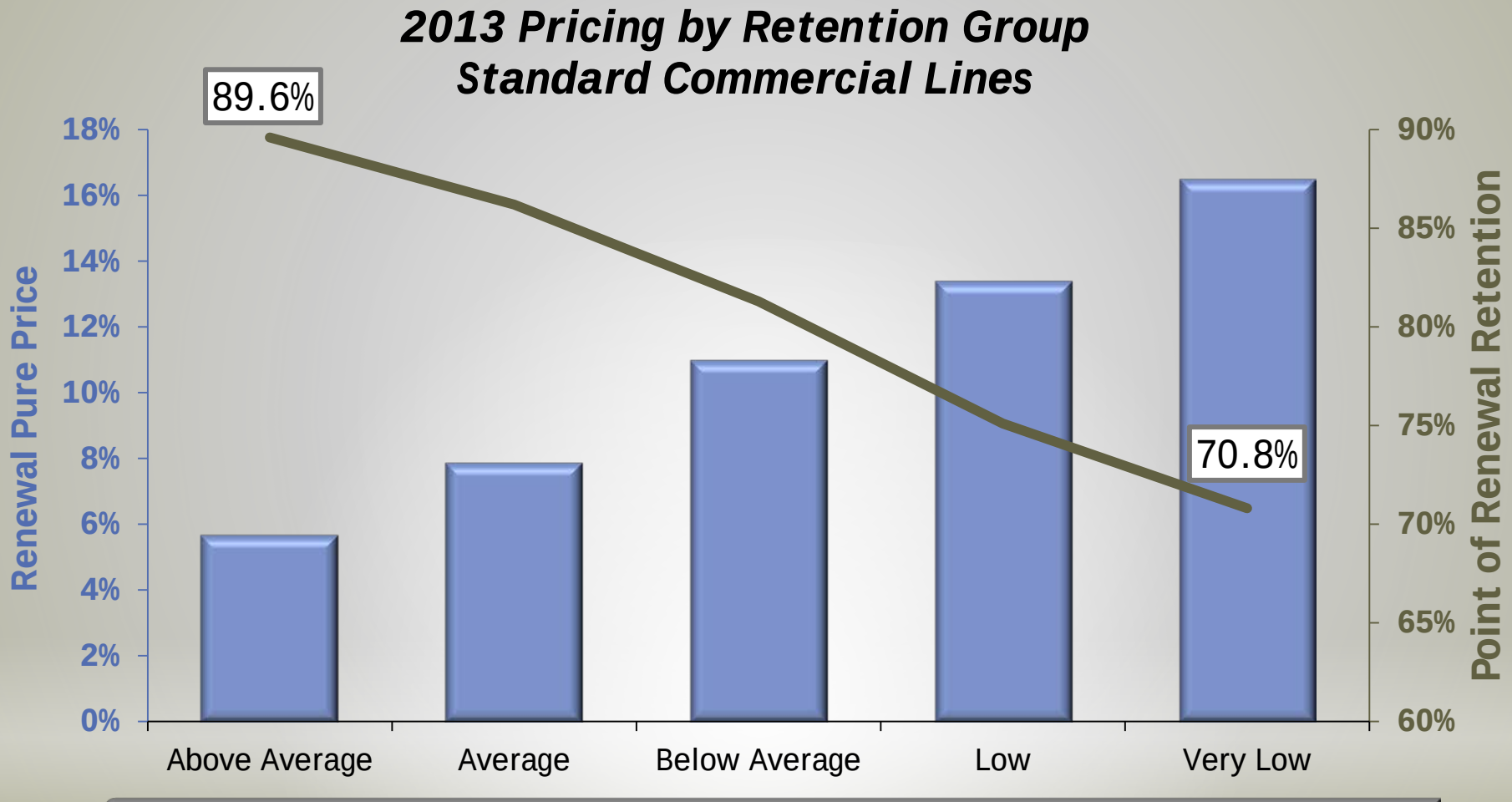
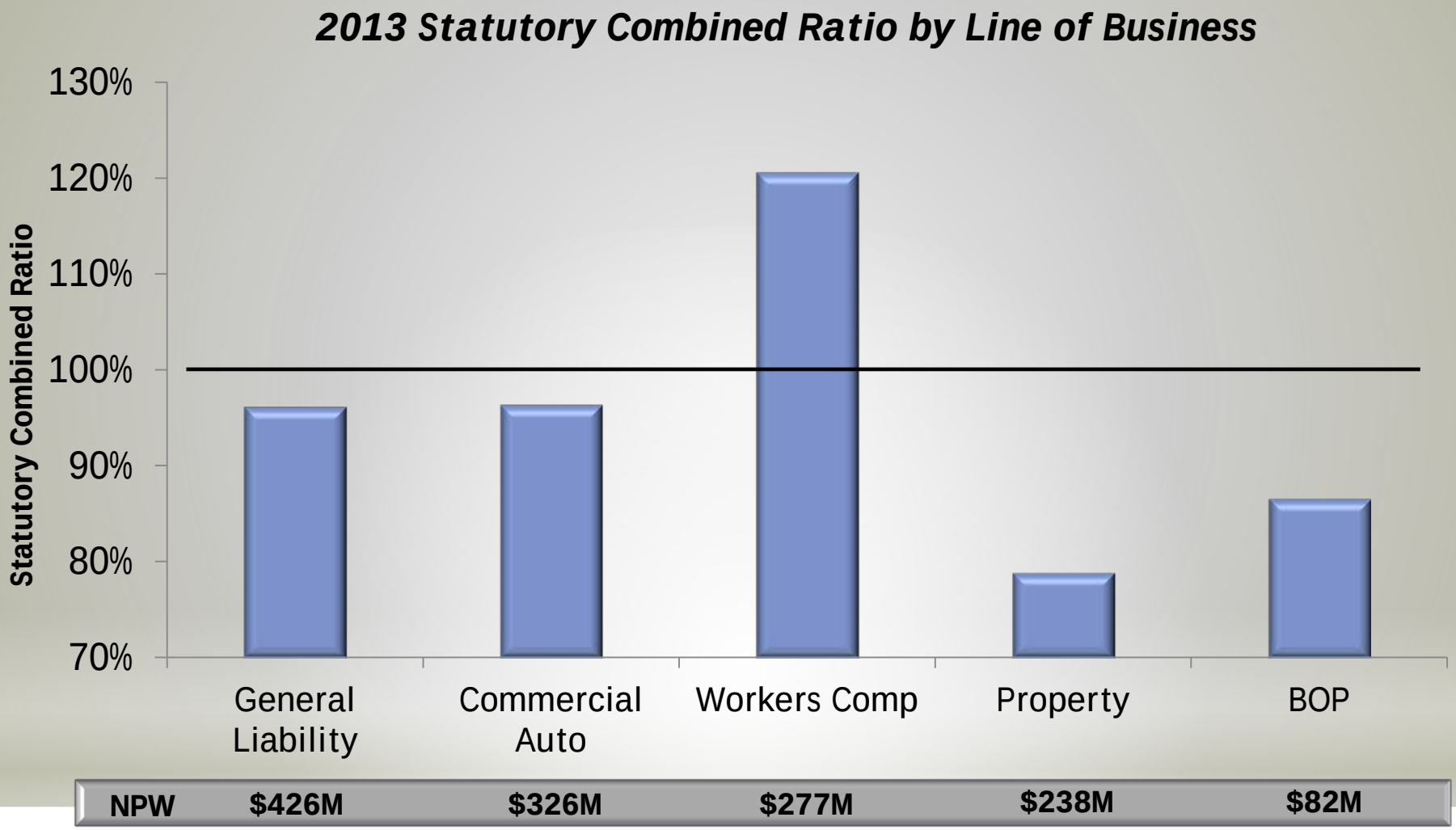


Dynamic Portfolio Manager allows underwriters to drive mix improvement

Underwriting



Standard Commercial Lines Profitability

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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

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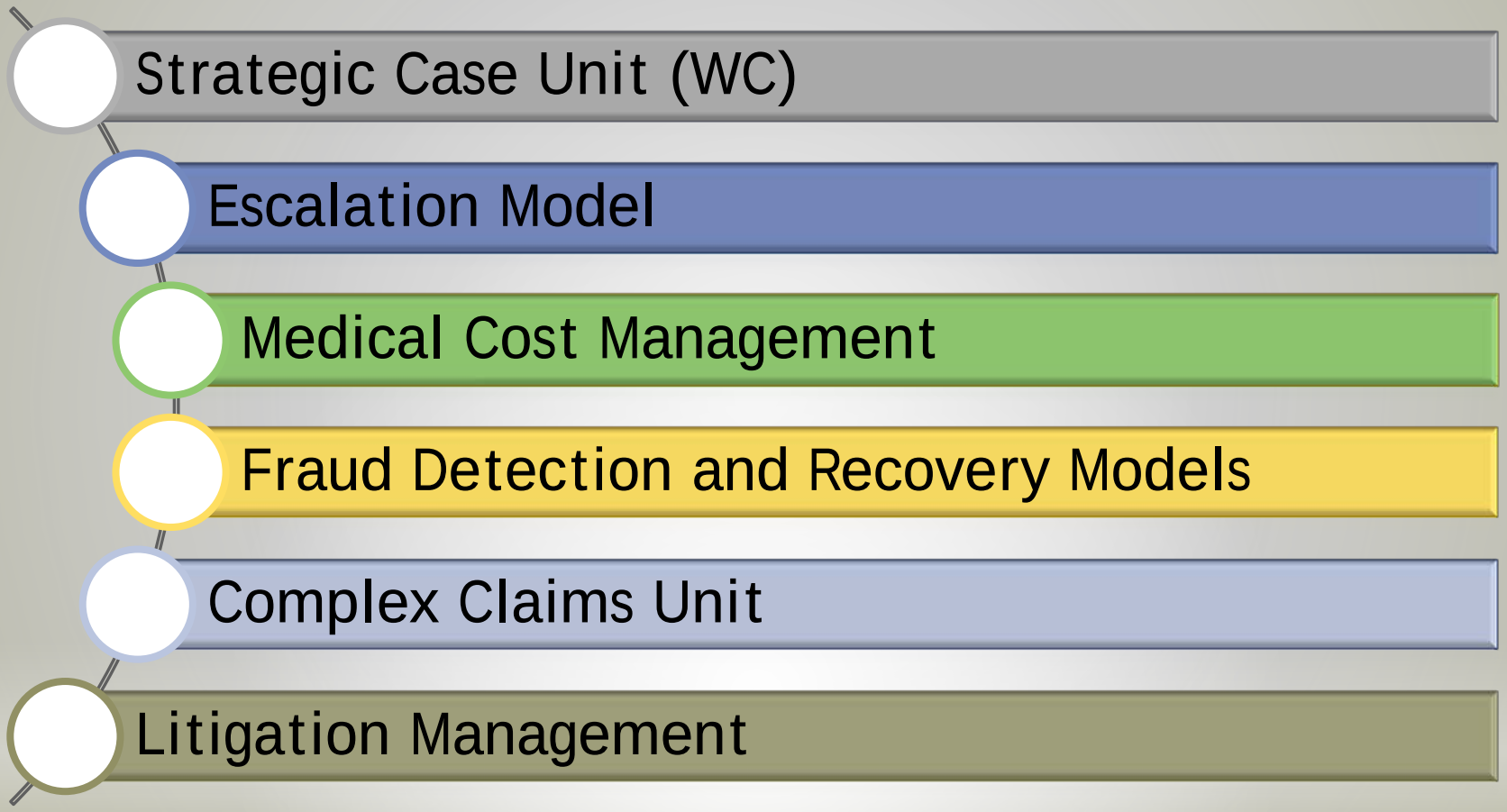

Claims Initiatives

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Why Invest in Selective?

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