

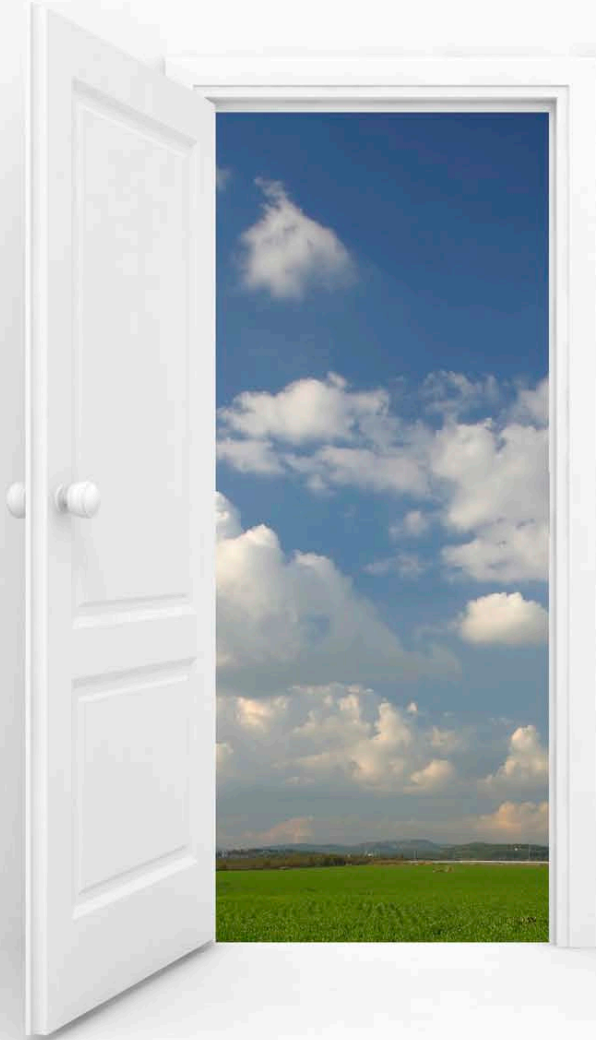
– SELECTIVE INSURANCE GROUP, INC. –



**SIDOTI & COMPANY, LLC
15TH ANNUAL EMERGING GROWTH
INSTITUTIONAL INVESTOR FORUM**

SELECTIVE INSURANCE GROUP, INC.
MARCH 22, 2011

– SELECTIVE INSURANCE GROUP, INC. –



FINANCIAL STRENGTH

DALE THATCHER
CHIEF FINANCIAL OFFICER

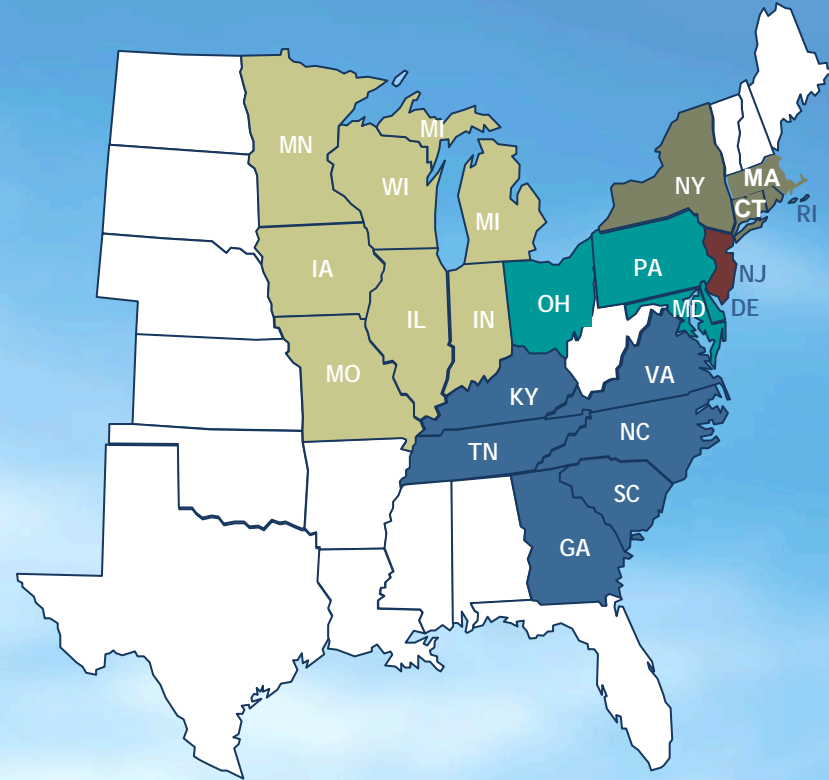
Forward Looking Statement

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
- Deep investment management talent

More Earnings Stability

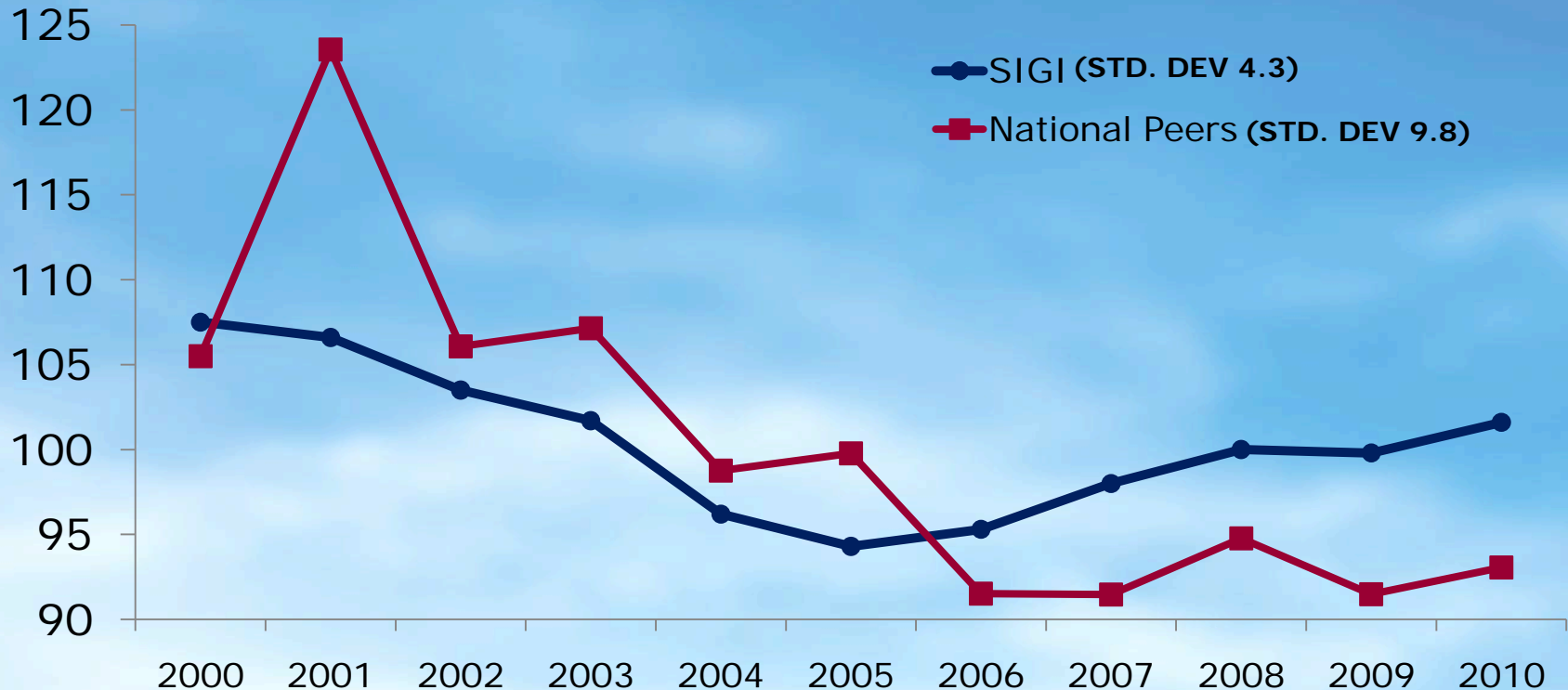
Combined Ratio – SIGI vs. Industry



Source: A.M. Best, III

More Earnings Stability

Combined Ratio – SIGI vs. National Peers

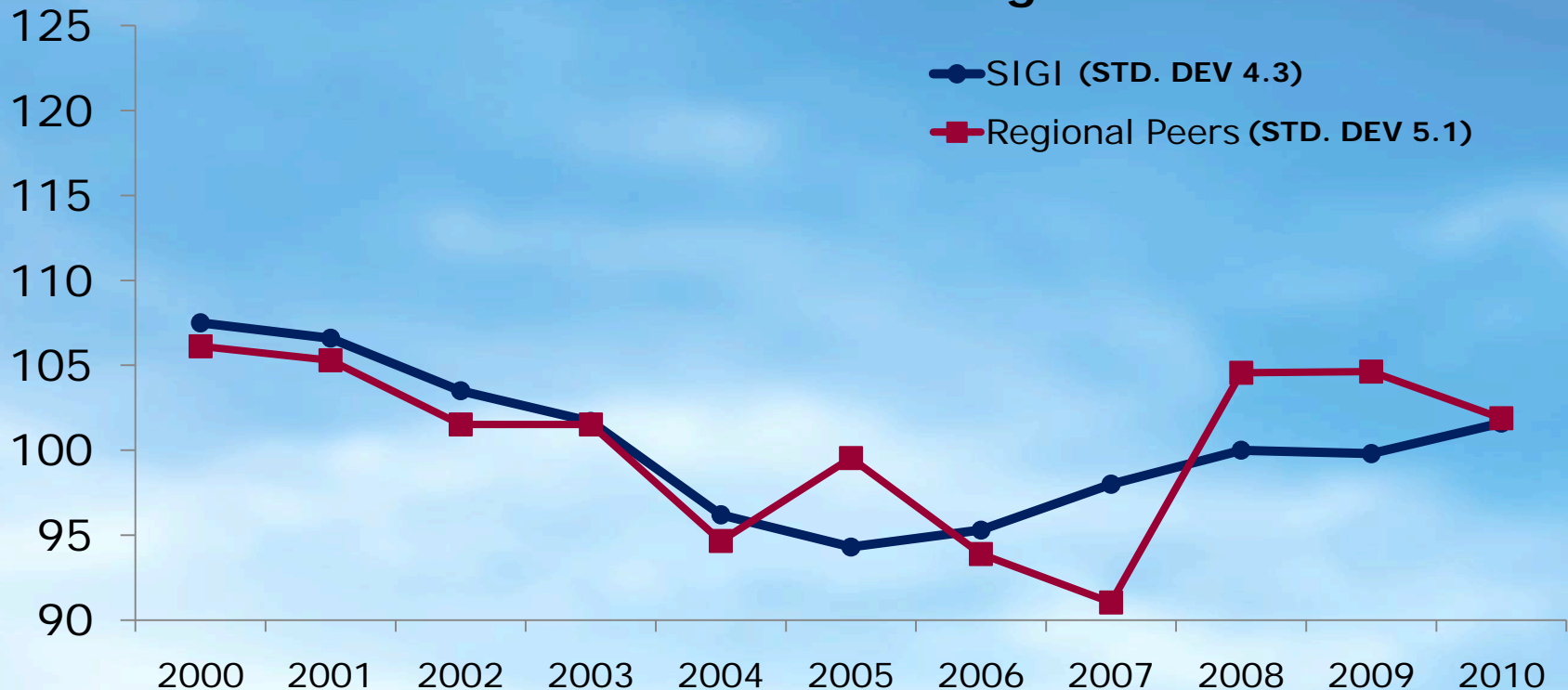


Source: SNL Financial

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

More Earnings Stability

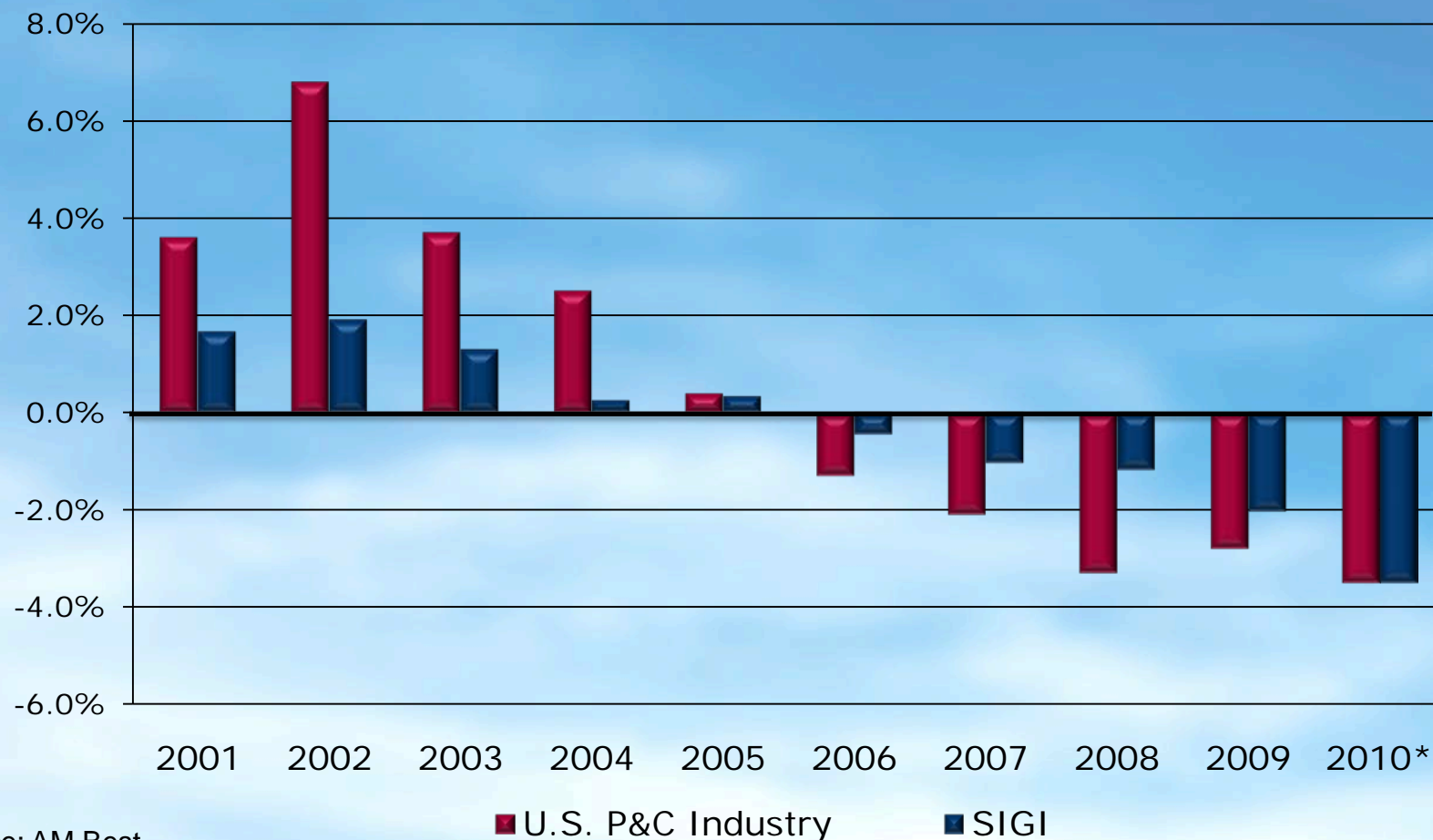
Combined Ratio – SIGI vs. Regional Peers



Source: SNL Financial

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

Adverse/ (Favorable) Points of Calendar Year Development



Source: AM Best

*SIGI and Industry data as of 9/30/10

**Financial
Strength**

**Pricing
Success**

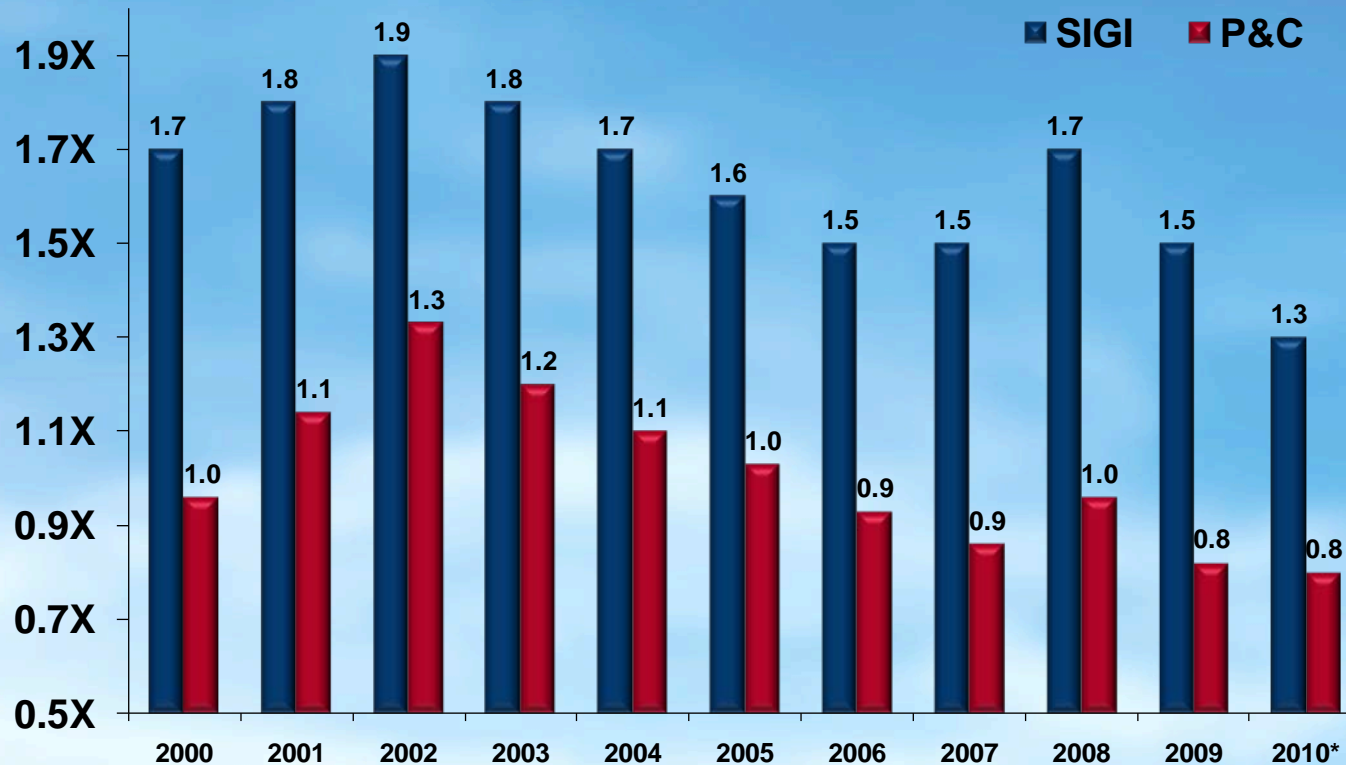
**Commercial
Lines**

**Personal
Lines**

**Prepared for
Tomorrow**

 **SELECTIVE®**

Premium-to-Surplus



1 point of Combined Ratio = 1 point of ROE

Note: Industry data as of 9/30/10

Financial
Strength

Pricing
Success

Commercial
Lines

Personal
Lines

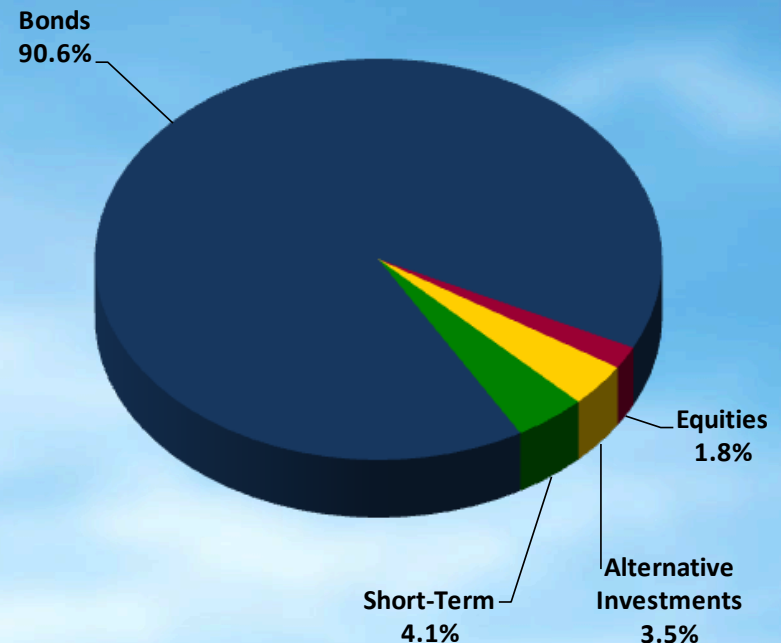
Prepared for
Tomorrow

 SELECTIVE®

High Quality Investment Portfolio

- Outsourcing provides access to broader market expertise
- Reallocation of risk for better risk adjusted returns
- Average "AA" bond quality
- Approximately 3.5 year average duration, including short-term & cash
- Equities and alternative investments 5% of invested assets

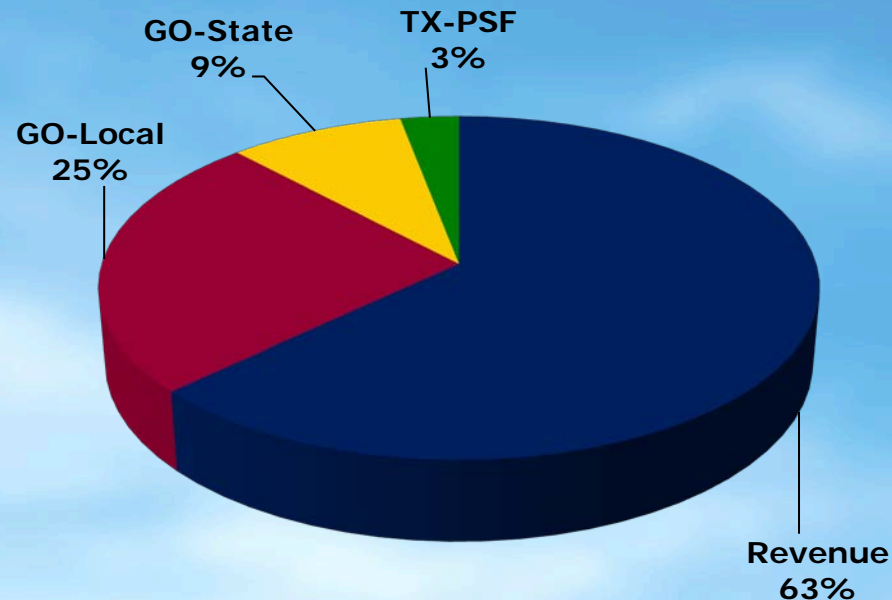
\$3.9B Invested Assets
December 31, 2010



Diversified Municipal Portfolio

- \$1.4 billion portfolio
- AA rated
- 33% of portfolio matures within 3 years
- Diversified among 293 issuers
- NY, CA, NJ, IL represent \$34M or 2.3% of portfolio

Repayment Source
December 31, 2010



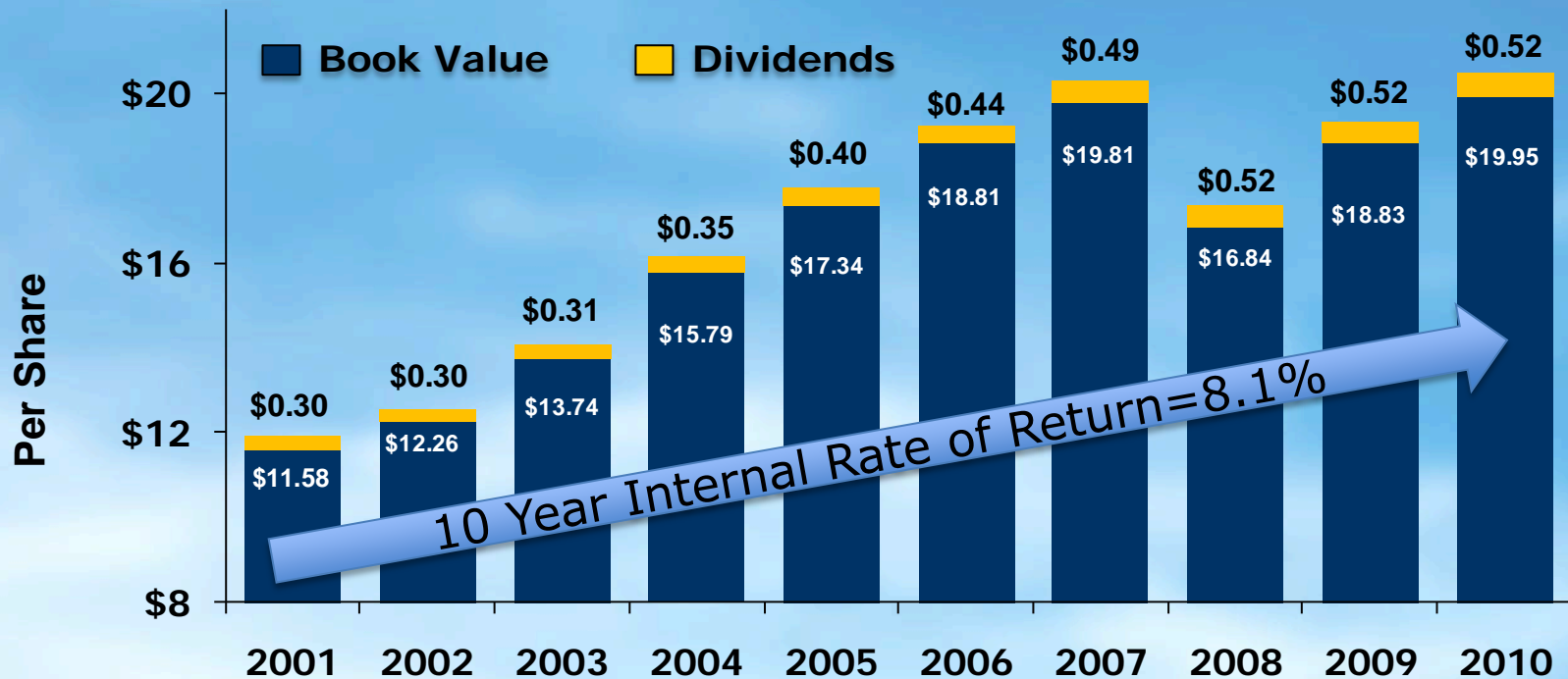
Interest Rate Impact

- Laddered maturity schedule
- Differential between roll off rates and new money rates
 - 2011: (1.4)%
 - 2012: (0.9)%
- Impact to net investment income
 - 2011: (\$2.3M)
 - 2012: (\$6.3M)



30 bps of Yield = 1 point of ROE

Long-Term Shareholder Value Creation



Current Dividend Yield: 3.1%

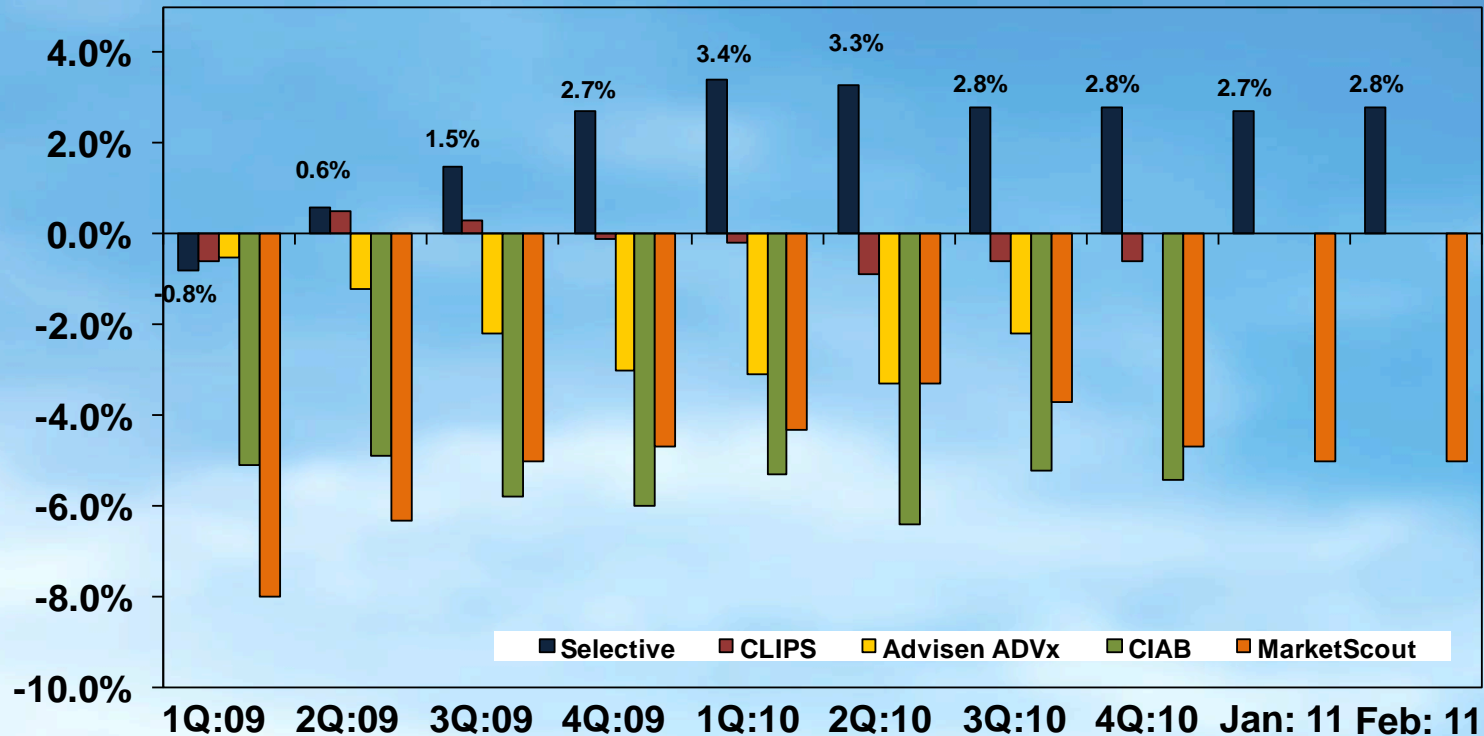
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PREPARED FOR TOMORROW

GREG MURPHY
CHAIRMAN, PRESIDENT & CEO

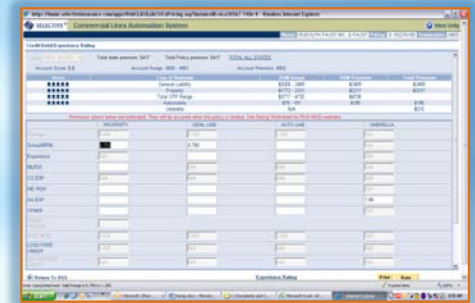
Selective's Commercial Lines Renewal Pricing Success



7 consecutive quarters of positive price

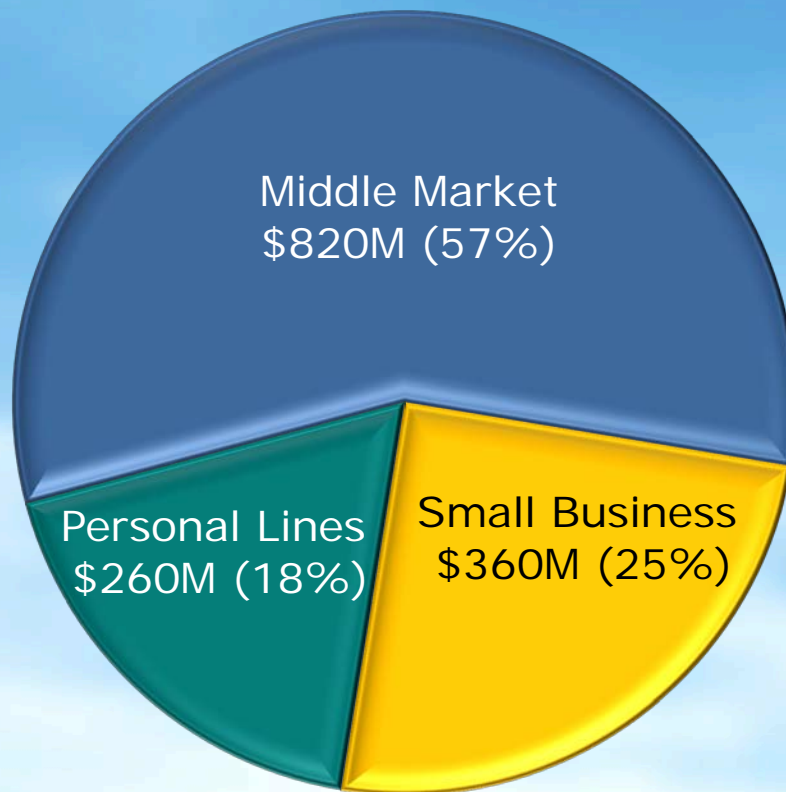
Why Are We Successful?

- 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



Mix of Business

\$1.4B Direct Premium Written



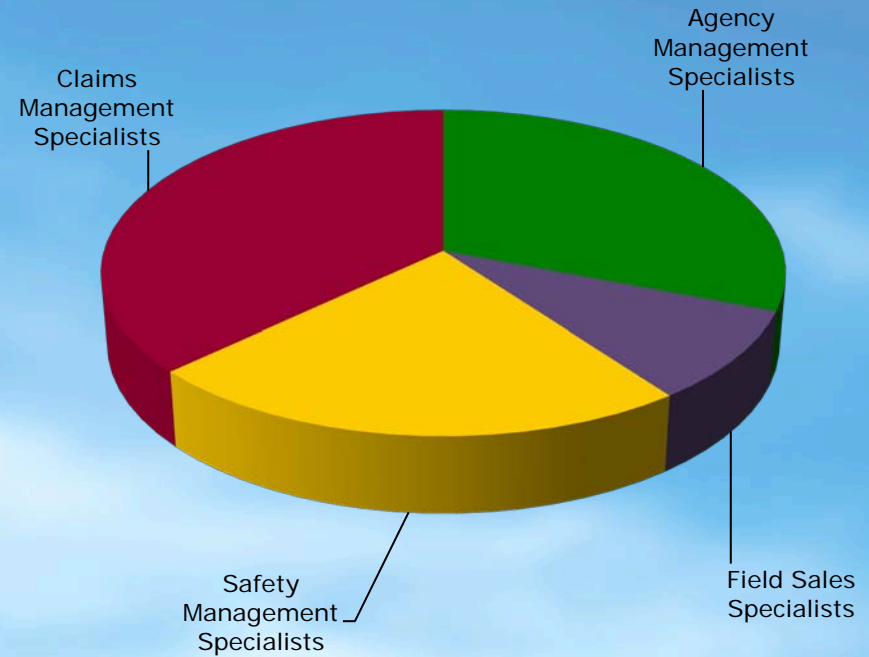
Middle Market



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

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

Average DPW/Day

\$ thousands



Financial
Strength

Pricing
Success

Commercial
Lines

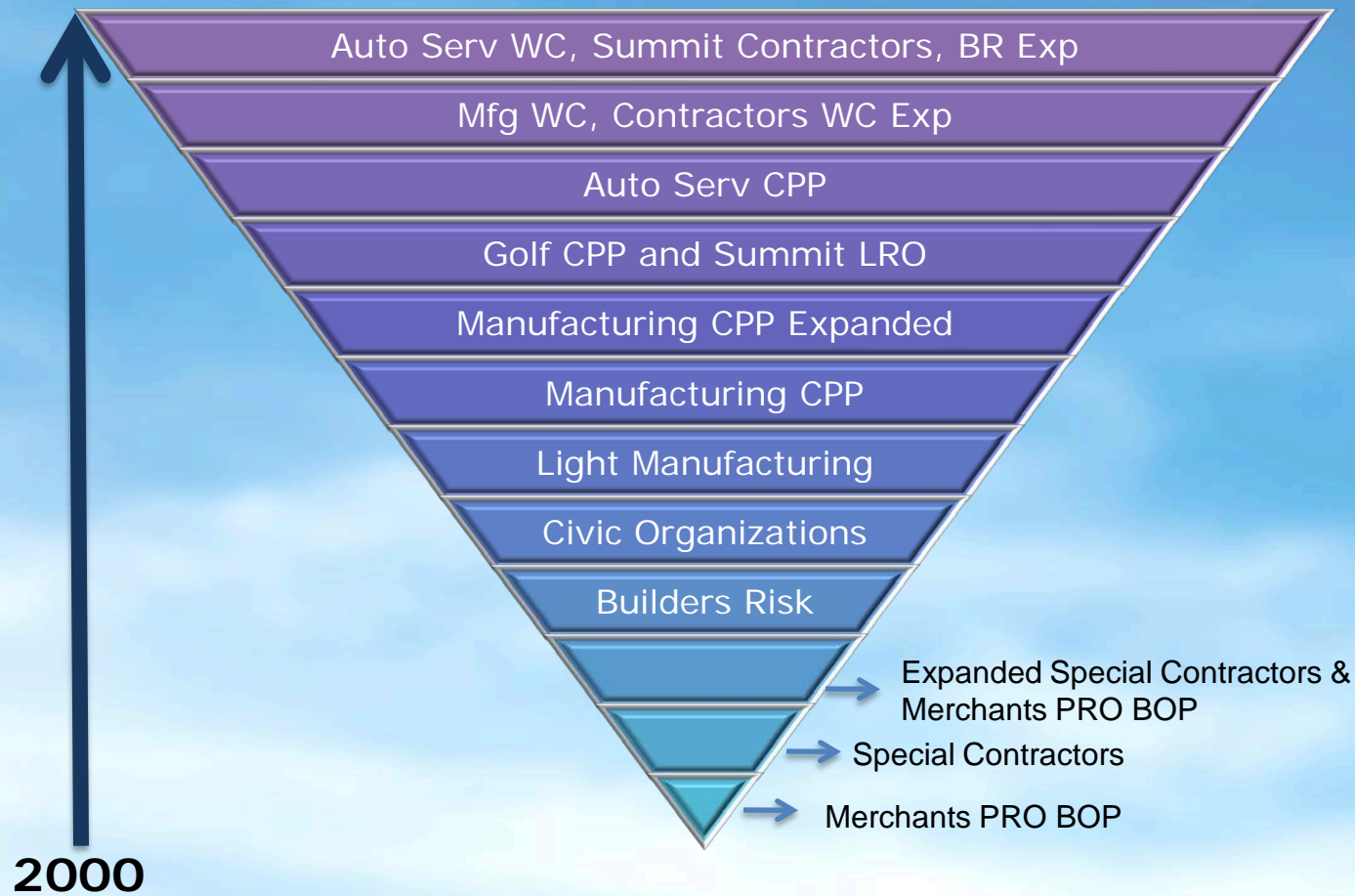
Personal
Lines

Prepared for
Tomorrow

 SELECTIVE®

Small Business Product Expansion

2010



Financial
Strength

Pricing
Success

Commercial
Lines

Personal
Lines

Prepared for
Tomorrow

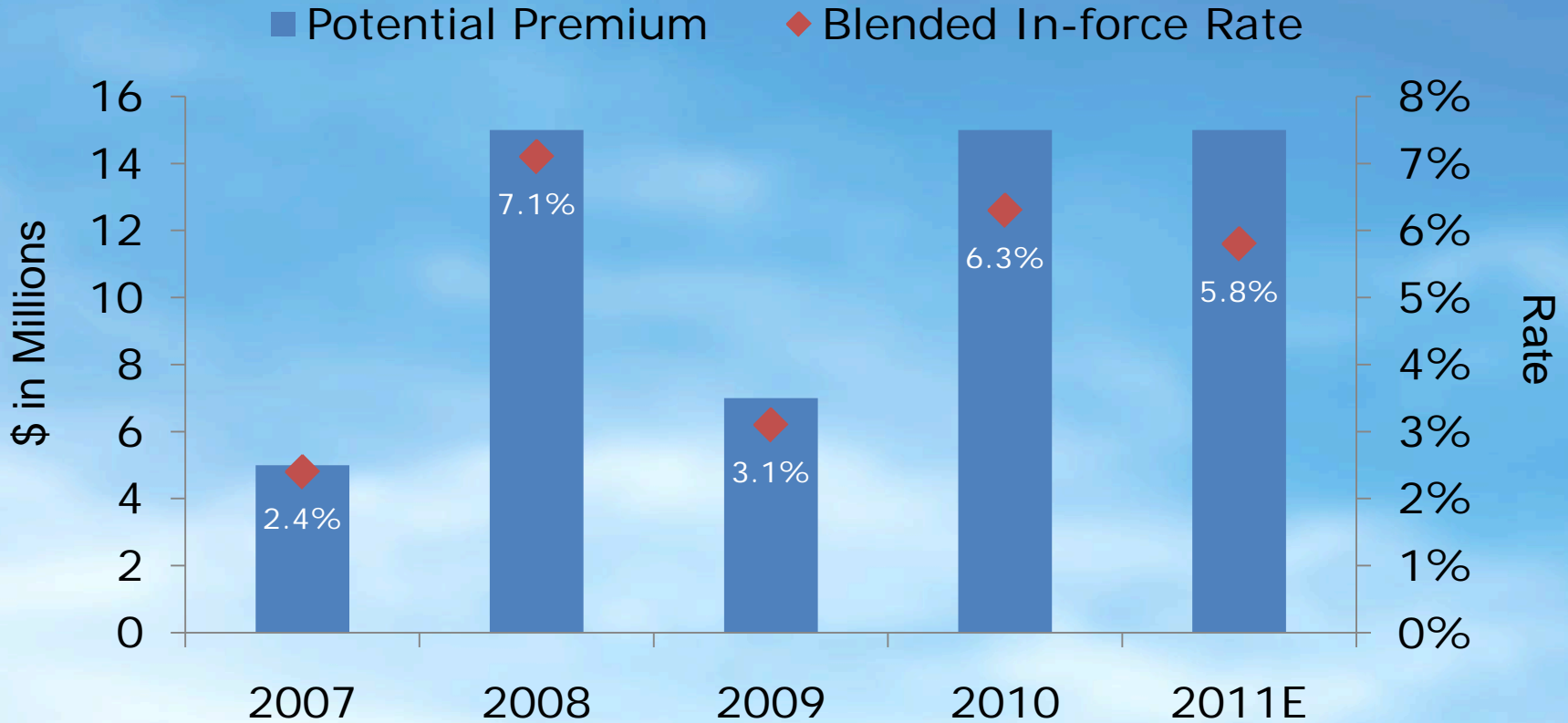
 **SELECTIVE®**

Personal Lines

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



Personal Lines Rate Success



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

- Litigation management
- Vendor optimization
- More integrated outcomes in resolution of claims
- Claims strengthens Selective brand

3 point reduction in loss costs over 3 years

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



2011 Guidance*

- Statutory and GAAP combined ratio of 101-102%
- 2 points of catastrophe losses
- 55 million weighted average shares outstanding

Expect to continue to drive positive personal and commercial rate in 2011

*As of February 3, 2011

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