



SELECTIVE[®]

Supplemental Investor Package

Third Quarter 2011

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SELECTIVE INSURANCE GROUP, INC.
THIRD QUARTER 2011 INVESTOR PACKAGE
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Selective Insurance Group Reports
Third Quarter 2011 Earnings

Branchville, NJ – October 26, 2011 – Selective Insurance Group, Inc. (NASDAQ: SIGI) today reported its financial results for the third quarter ended September 30, 2011. Net loss for the quarter was \$0.37 per diluted share and operating loss¹ was \$0.34 per diluted share. Net investment income, after tax, increased 7%, to \$27.0 million, compared to third quarter 2010.

“Catastrophe losses for the quarter were \$67 million, the highest Selective has experienced in its 85-year history,” said Chairman, President and Chief Executive Officer Gregory E. Murphy. “Hurricane Irene’s impact in our top four premium states was the key contributor to our results. However, our Claims teams have been working tirelessly in all the states impacted by the storms to pave the road to recovery for our customers.

“We would expect that pricing discipline should be taking hold industry-wide given the current low interest rate environment as well as the significant level of catastrophe losses,” said Murphy. “We continue to lead the industry with our tenth consecutive quarter of commercial lines renewal price increases which were 2.7%. In addition, personal lines price increased 5.9% in the quarter continuing a nearly four-year trend. Our multi-year price increases for both commercial and personal lines mean we are earning rate increases in excess of expected loss cost trends. Our capital is strong and positions us to take full advantage of new business opportunities,” said Murphy.

“We have demonstrated our disciplined ability to grow the top line in the past two quarters. Total net premiums written were up 8% while audit and endorsement were positive this quarter,” continued Murphy. “Commercial Lines retention was 81.6% compared to 79.6% in third quarter 2010. We believe that these factors are leading indicators of a more holistic turn in the market, which we can leverage with our granular pricing, agency relationships and superior service.”

Selective’s third quarter 2011 highlights compared to third quarter 2010:

- Net loss was \$20.1 million, or \$0.37 per diluted share, compared to net income of \$17.2 million, or \$0.32 per diluted share;
- Net realized losses on investments were \$1.3 million, after tax, or \$0.02 per diluted share;
- Operating loss¹ was \$18.2 million, or \$0.34 per diluted share, compared to operating income¹ of \$18.8 million, or \$0.35 per diluted share;
- Combined ratio: GAAP: 119.0% compared to 101.1%; Statutory: 116.4% compared to 100.3%;
- Total net premiums written (NPW) were up 8% to \$396.8 million;
 - Commercial Lines NPW were up 9% to \$323.7 million;
 - Personal Lines NPW were up 4% to \$73.1 million;
- Catastrophe losses were \$43.8 million, after tax, versus \$7.8 million, after tax;
- Net investment income, after tax, increased 7% to \$27.0 million; and
- Prior year statutory casualty reserve development was favorable at approximately \$10 million, compared to \$13 million.

For the nine months ended September 30, 2011, compared to the first nine months of 2010:

- Net income was \$3.7 million, or \$0.07 per diluted share, compared to \$41.8 million, or \$0.77 per diluted share;
- Net realized gains on investments were \$3.8 million, after tax, or \$0.07 per diluted share, compared to net realized losses of \$2.1 million, after tax;
- Operating income¹ was \$0.6 million, or \$0.01 per diluted share, compared to \$47.6 million, or \$0.88 per diluted share;
- Combined ratio: GAAP: 110.5% compared to 102.0%; Statutory: 109.6% compared to 101.4%;
- Total NPW were up 4% to \$1,133.2 million;
 - Commercial Lines NPW were up 4% to \$927.4 million;
 - Personal Lines NPW were up 7% to \$205.8 million;
- Catastrophe losses were \$73.0 million, after tax, versus \$33.9 million, after tax;
- Net investment income, after tax, increased 11% to \$88.5 million; and
- Prior year statutory casualty reserve development was favorable at approximately \$19 million, compared to \$34 million.

Balance Sheet and Guidance

At September 30, 2011, Selective's assets were up 10% to \$5.7 billion and stockholders' equity was up 1% to \$1.1 billion over year end 2010. Book value per share decreased 1% to \$20.04 for the quarter. Statutory surplus ended the quarter at approximately \$1.0 billion.

Selective's Board of Directors declared a \$0.13 per share quarterly cash dividend on common stock payable December 1, 2011 to stockholders of record as of November 15, 2011.

Given the elevated catastrophe losses experienced to date, Selective revised its overall 2011 guidance and expects to generate a statutory and GAAP combined ratio of approximately 108%, which includes a catastrophe loss assumption of 2 points for the fourth quarter of 2011, but does not include any expectations for additional favorable or unfavorable reserve development. Weighted average shares at year end 2011 are expected to be approximately 55 million.

The supplemental investor package, including financial information that is not part of this press release, is available on the Investor Relations' page of Selective's public website at www.selective.com. Selective's quarterly analyst conference call will be simulcast at 8:30 a.m. ET, on October 27, 2011 at www.selective.com. The webcast will be available for rebroadcast until the close of business on November 28, 2011.

About Selective Insurance Group, Inc.

Selective Insurance Group, Inc. is a holding company for seven property and casualty insurance companies rated "A+" (Superior) by A.M. Best. Through independent agents, the insurance companies offer primary and alternative market insurance for commercial and personal risks, and flood insurance underwritten by the National Flood Insurance Program. Selective maintains a website at www.selective.com.

Forward-Looking Statements

In this press release, Selective and its management discuss and make statements based on currently available information regarding their intentions, beliefs, current expectations and projections regarding Selective's future operations and performance.

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, include, but are not limited to:

- difficult conditions in global capital markets and the economy;
- deterioration in the public debt and equity markets and private investment marketplace that could lead to investment losses and fluctuations in interest rates;
- ratings downgrades could affect investment values and therefore statutory surplus;
- the adequacy of our loss reserves and loss expense reserves;
- the frequency and severity of natural and man-made catastrophic events, including, but not limited to, hurricanes, tornadoes, windstorms, earthquakes, hail, terrorism, explosions, severe winter weather, floods and fires;
- adverse market, governmental, regulatory, legal or judicial conditions or actions;
- the concentration of our business in the Eastern Region;
- the cost and availability of reinsurance;

- our ability to collect on reinsurance and the solvency of our reinsurers;
- uncertainties related to insurance premium rate increases and business retention;
- changes in insurance regulations that impact our ability to write and/or cease writing insurance policies in one or more states, particularly changes in New Jersey automobile insurance laws and regulations;
- recent federal financial regulatory reform provisions that could pose certain risks to our operations;
- our ability to maintain favorable ratings from rating agencies, including A.M. Best, Standard & Poor's, Moody's and Fitch;
- our entry into new markets and businesses; and
- other risks and uncertainties we identify in filings with the United States Securities and Exchange Commission, including, but not limited to, our Annual Report on Form 10-K and other periodic reports.

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.

Selective's SEC filings can be accessed through the Investor Relations' section of Selective's website, www.selective.com, or through the SEC's EDGAR Database at www.sec.gov (Selective EDGAR CIK No. 0000230557).

¹Operating (loss) income differs from net (loss) income by the exclusion of realized gains or losses on investments and the results of discontinued operations. It is used as an important financial measure by management, analysts and investors, because the realization of investment gains and losses on sales in any given period is largely discretionary as to timing. In addition, these investment gains and losses, as well as other-than-temporary investment impairments that are charged to earnings and the results of discontinued operations, could distort the analysis of trends. Operating (loss) income is not intended as a substitute for net (loss) income prepared in accordance with U.S. generally accepted accounting principles (GAAP). A reconciliation of operating (loss) income to net (loss) income is provided in the GAAP Highlights and Reconciliation of Non-GAAP Measures to Comparable GAAP Measures. Statutory data is prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners Accounting Practices and Procedures Manual and, therefore, is not reconciled to GAAP.

Selective Insurance Group, Inc. (NASDAQ: SIGI) *
**GAAP Highlights and Reconciliation of Non-GAAP Measures to Comparable
GAAP Measures**

(in thousands, except per share data)

<u>3 months ended September 30:</u>	<u>2011</u>	<u>2010</u>
Net premiums written	\$ 396,832	367,114
Net premiums earned	358,963	354,709
Net investment income earned	35,786	32,986
Net realized (losses) gains	(2,045)	57
Total revenues	394,069	389,702
Operating (loss) income	(18,163)	18,794
Net realized (losses) gains, net of tax	(1,329)	37
Loss on disposal of discontinued operations, net of tax	(650)	(1,634)
Net (loss) income	<u>\$ (20,142)</u>	<u>17,197</u>
Statutory combined ratio	116.4%	100.3%
Statutory combined ratio, excluding catastrophe losses	97.6%	96.9%
GAAP combined ratio	119.0%	101.1%
Operating (loss) income per diluted share	\$ (0.34)	0.35
Net (loss) income per diluted share	(0.37)	0.32
Weighted average diluted shares	54,183	54,573
Book value per share	\$ 20.04	20.41
<u>9 months ended September 30:</u>	<u>2011</u>	<u>2010</u>
Net premiums written	\$ 1,133,170	1,088,729
Net premiums earned	1,065,886	1,063,101
Net investment income earned	118,604	104,237
Net realized gains (losses)	5,861	(3,271)
Total revenues	1,197,095	1,170,532
Operating income	572	47,641
Net realized gains (losses), net of tax	3,810	(2,126)
Loss on disposal of discontinued operations, net of tax	(650)	(3,749)
Net income	<u>\$ 3,732</u>	<u>41,766</u>
Statutory combined ratio	109.6%	101.4%
Statutory combined ratio, excluding catastrophe losses	99.1%	96.5%
GAAP combined ratio	110.5%	102.0%
Operating income per diluted share	\$ 0.01	0.88
Net income per diluted share	0.07	0.77
Weighted average diluted shares	55,172	54,390
Book value per share	\$ 20.04	20.41

**All amounts included in this release exclude intercompany transactions.*

Selective Insurance Group, Inc.
Selected Balance Sheet Data (unaudited)
(\$ in thousands, except per share amounts)

	September 30,			September 30,			December 31,		
	2011			2010			2010		
	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain/(Loss)	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain/(Loss)	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain/(Loss)
Invested Assets:									
Corporate bonds ¹	\$ 1,900,130	1,915,953	68,871	\$ 1,548,160	1,569,975	73,054	\$ 1,683,336	1,704,600	35,334
Gov't Municipal bonds	1,725,061	1,757,780	109,189	1,939,587	1,985,217	121,589	1,873,730	1,894,436	77,913
Total bonds	3,625,191	3,673,733	178,060	3,487,747	3,555,192	194,643	3,557,066	3,599,036	113,247
Equities	139,203	139,203	(11,314)	63,116	63,116	8,065	69,636	69,636	11,597
Short-term investments	162,812	162,812	-	265,043	265,043	-	161,155	161,155	-
Other investments	135,560	135,560	(3,189)	154,728	154,728	(19,452)	137,865	137,865	(4,982)
Total invested assets	4,062,766	4,111,308	163,557	3,970,634	4,038,079	183,256	3,925,722	3,967,692	119,862
Invested assets per \$ of stockholders' equity	3.74			3.64			3.67		
Total assets	5,748,990			5,334,521			5,231,772		
Liabilities:									
Reserve for losses and loss expenses	3,243,622			2,809,797			2,830,058		
Unearned premium reserve	902,112			880,698			823,596		
Total liabilities	4,662,435			4,242,205			4,160,663		
Stockholders' equity	1,086,555			1,092,316			1,071,109		
Total debt to capitalization ratio	19.4%			19.4%			19.7%		
Adjusted total debt to capitalization ratio ²	12.8%			12.7%			12.9%		
Book value per share	20.04			20.41			19.95		
Book value per share excluding unrealized gain or loss on bond portfolio	18.49			18.87			19.09		
NPW per insurance segment employee	771			760			761		
Statutory premiums to surplus ratio	1.4x			1.4x			1.3x		
Statutory surplus	1,010,144			1,034,321			1,073,025		

¹ Includes mortgage-backed and asset-backed securities.

² The adjusted debt to capitalization ratio reflects an estimated equity treatment of 90% applied to our \$100 million Junior Subordinated Notes issued September 25, 2006 as applied by A.M. Best.

Selective Insurance Group, Inc.
Selected Income Statement Data (unaudited)
September 2011
(\$ in thousands, except per share amounts)

	THREE MONTHS ENDED September 30,				NINE MONTHS ENDED September 30,				
	2011		2010		2011		2010		
	Per diluted share		Per diluted share		Per diluted share		Per diluted share		
Consolidated									
Revenue	\$	394,069	\$	389,702	\$	1,197,095	\$	1,170,532	
Operating (loss) income		(18,163)	(0.34)	18,794	0.35	572	0.01	47,641	0.88
Net realized (losses) gains, after tax		(1,329)	(0.02)	37	-	3,810	0.07	(2,126)	(0.04)
(Loss) Income from continuing operations		(19,492)	(0.36)	18,831	0.35	4,382	0.08	45,515	0.84
Loss on discontinued operations, after tax		(650)	(0.01)	(1,634)	(0.03)	(650)	(0.01)	(3,749)	(0.07)
Net (loss) income		(20,142)	(0.37)	17,197	0.32	3,732	0.07	41,766	0.77
Operating return on equity		-6.6%		7.0%		0.1%		6.1%	
Insurance Operations									
Gross premiums written		476,343		446,684		1,354,470		1,295,622	
Net premiums written		396,832		367,114		1,133,170		1,088,729	
Net premiums earned		358,963		354,709		1,065,886		1,063,101	
Underwriting loss	- before tax	(68,124)		(3,933)		(111,890)		(21,699)	
	- after tax	(44,281)	(0.82)	(2,556)	(0.05)	(72,728)	(1.32)	(14,104)	(0.26)
GAAP combined ratio		119.0%		101.1%		110.5%		102.0%	
Commercial lines									
Net premiums earned		292,363		293,225		869,421		884,134	
GAAP combined ratio		113.5%		100.0%		107.6%		100.9%	
Personal lines									
Net premiums earned		66,600		61,484		196,465		178,967	
GAAP combined ratio		143.2%		106.4%		123.1%		107.8%	
Investments									
Net investment income	- before tax	35,786		32,986		118,604		104,237	
	- after tax	26,976	0.50	25,305	0.46	88,521	1.60	80,058	1.47
Effective tax rate		24.6%		23.3%		25.4%		23.2%	
Annual after-tax yield on investment portfolio						3.0%		2.8%	
Annual after-tax, after-interest expense yield						2.7%		2.4%	
Invested assets per \$ of stockholders' equity						3.74		3.64	
Other expenses (net of other income)									
Interest expense	- before tax	(4,559)		(4,559)		(13,675)		(14,056)	
	- after tax	(2,963)	(0.05)	(2,963)	(0.05)	(8,888)	(0.16)	(9,136)	(0.17)
Other Income (Expense) - after tax	\$	2,105	0.03	\$	(992)	(0.01)	\$	(9,177)	(0.16)
Diluted weighted avg shares outstanding		54,183		54,573		55,172		54,390	

Selective Insurance Group, Inc. and Consolidated Subsidiaries

GAAP Investment Income

(unaudited)

(\$ in thousands)

	For the three months ended September 2011	September 2010	%	Year to Date September 2011	September 2010	%
			Increase (Decrease)			Increase (Decrease)
Investment Income:						
Interest:						
Fixed Maturity Securities	\$ 31,960	31,741	1	\$ 97,835	97,914	-
Short-term	28	134	(79)	123	367	(66)
Alternative Investments	4,453	2,359	89	23,994	11,122	116
Dividends	1,197	347	245	2,299	1,279	80
Miscellaneous	41	41	-	88	94	(6)
	<u>37,679</u>	<u>34,622</u>	<u>9</u>	<u>124,339</u>	<u>110,776</u>	<u>12</u>
Investment Expense	<u>1,893</u>	<u>1,636</u>	<u>16</u>	<u>5,735</u>	<u>6,539</u>	<u>(12)</u>
Net Investment Income Before Tax	35,786	32,986	8	118,604	104,237	14
Tax	8,810	7,681	15	30,083	24,179	24
Net Investment Income After Tax	26,976	25,305	7	\$ 88,521	80,058	11
Net Investment Income per Share	\$ 0.50	0.46	9	\$ 1.60	1.47	9
Effective Tax Rate	24.6%	23.3%		25.4%	23.2%	
Average Yields :						
Fixed Maturity Securities:						
Pre Tax				3.46%	3.60%	
After Tax				2.66%	2.81%	
Portfolio:						
Pre Tax				3.96%	3.59%	
After Tax				2.95%	2.75%	

	For the three months ended September 2011	September 2010	Year to date: September 2011	September 2010
Net Realized Gains(Losses)				
Total Fixed Maturities	<u>262</u>	<u>1,791</u>	<u>1,497</u>	<u>(14,806)</u>
Total Equity Securities	<u>(2,307)</u>	<u>(1,734)</u>	<u>4,364</u>	<u>11,535</u>
Total	(2,045)	57	5,861	(3,271)
Net of Tax	(1,329)	37	3,810	(2,126)

As of September 30, 2011 new money rates for taxable fixed maturity securities were 2.53% on a pre-tax basis and 1.65% on an after-tax basis.

Selective Insurance Group, Inc.
2011 Statutory Results by Line of Business
3rd Qtr 2011 (unaudited)
(\$ in thousands)

	<u>Net</u> <u>Premiums</u> <u>Written</u>	<u>Percent</u> <u>Change</u>	<u>Net</u> <u>Premiums</u> <u>Earned</u>	<u>Percent</u> <u>Change</u>	<u>Loss</u> <u>Ratio</u>	<u>LAE</u> <u>Ratio</u>	<u>Underwriting</u> <u>Expense</u> <u>Ratio</u>	<u>Dividends to</u> <u>Policyholders</u> <u>Ratio</u>	<u>Combined Ratio</u> <u>2011</u>	<u>Combined Ratio</u> <u>2010</u>	<u>Underwriting</u> <u>Gain/(Loss)</u>
Personal Lines:											
Homeowners	\$ 31,054	9.9%	\$ 25,923	15.0%	168.8%	8.7%	29.9%	0.0%	207.4%	108.4%	\$ (29,374)
Auto	38,406	(0.1)%	37,372	4.0%	76.0%	10.4%	30.3%	0.0%	116.7%	109.0%	(6,537)
Other (including flood)	<u>3,676</u>	8.0%	<u>3,305</u>	9.7%	94.7%	(141.6)%	(47.4)%	0.0%	(94.3)%	(5.4)%	<u>6,599</u>
Total	\$ <u>73,136</u>	4.3%	\$ <u>66,600</u>	8.3%	113.0%	2.2%	26.2%	0.0%	141.4%	103.2%	\$ <u>(29,311)</u>
Commercial Lines:											
Commerical property	\$ 55,725	3.6%	\$ 48,050	(3.0)%	107.3%	5.8%	34.9%	0.1%	148.1%	90.2%	\$ (25,770)
Workers compensation	64,269	10.8%	63,497	3.8%	71.7%	15.8%	25.3%	1.4%	114.2%	130.2%	(9,183)
General liability	95,187	13.1%	87,480	5.1%	44.9%	19.2%	31.8%	0.0%	95.9%	99.1%	1,176
Auto	76,031	0.8%	70,173	(4.4)%	57.6%	8.2%	30.0%	0.1%	95.9%	83.3%	1,153
Business owners policies	16,514	5.6%	16,663	1.6%	74.4%	13.0%	38.9%	0.0%	126.3%	105.7%	(4,328)
Bonds	5,019	(5.2)%	4,727	(3.2)%	19.2%	10.5%	58.3%	0.0%	88.0%	76.3%	399
Other	<u>10,950</u>	296.2%	<u>1,773</u>	(29.9)%	16.2%	9.7%	57.0%	0.0%	82.9%	47.6%	<u>(4,919)</u>
Total	\$ <u>323,696</u>	9.7%	\$ <u>292,363</u>	0.4%	65.1%	13.1%	32.1%	0.4%	110.7%	99.8%	\$ <u>(41,472)</u>
Grand Total	\$ <u>396,832</u>	8.7%	\$ <u>358,963</u>	1.8%	74.0%	11.1%	31.0%	0.3%	116.4%	100.3%	\$ <u>(70,783)</u>

Note: Some amounts may not foot due to rounding.

	<u>2011</u>	<u>2010</u>
Losses Paid	\$ 215,140	\$ 219,404
LAE Paid	<u>35,243</u>	<u>40,101</u>
Total Paid	\$ <u>250,383</u>	\$ <u>259,505</u>

Selective Insurance Group, Inc.
2011 Statutory Results by Line of Business
September 2011 YTD (unaudited)
(\$ in thousands)

	<u>Net</u> <u>Premiums</u> <u>Written</u>	<u>Percent</u> <u>Change</u>	<u>Net</u> <u>Premiums</u> <u>Earned</u>	<u>Percent</u> <u>Change</u>	<u>Loss</u> <u>Ratio</u>	<u>LAE</u> <u>Ratio</u>	<u>Underwriting</u> <u>Expense</u> <u>Ratio</u>	<u>Dividends to</u> <u>Policyholders</u> <u>Ratio</u>	<u>Combined Ratio</u> <u>2011</u>	<u>Combined Ratio</u> <u>2010</u>	<u>Underwriting</u> <u>Gain/(Loss)</u>
Personal Lines:											
Homeowners	\$ 81,962	14.4%	\$ 75,538	17.7%	109.7%	8.8%	31.0%	0.0%	149.5%	110.1%	\$ (39,363)
Auto	114,024	1.6%	111,522	5.7%	75.2%	10.9%	30.6%	0.0%	116.7%	112.3%	(19,438)
Other (including flood)	<u>9,849</u>	9.4%	<u>9,404</u>	1.0%	88.2%	(60.7)%	(47.1)%	0.0%	(19.6)%	(3.6)%	<u>11,456</u>
Total	\$ <u>205,835</u>	6.7%	\$ <u>196,464</u>	9.8%	89.1%	6.6%	27.1%	0.0%	122.8%	105.9%	\$ <u>(47,345)</u>
Commercial Lines:											
Commerical property	\$ 153,105	(0.2)%	\$ 144,121	(4.0)%	79.5%	5.7%	36.5%	0.1%	121.8%	96.3%	\$ (34,684)
Workers compensation	198,742	6.0%	189,878	1.1%	74.6%	15.9%	25.3%	1.9%	117.7%	124.4%	(35,891)
General liability	274,422	6.7%	255,717	1.3%	49.2%	17.8%	32.7%	0.0%	99.7%	95.1%	(5,283)
Auto	220,500	(1.4)%	209,042	(5.4)%	55.8%	7.0%	30.6%	0.1%	93.5%	87.4%	10,012
Business owners policies	49,657	1.6%	49,555	1.5%	67.3%	13.3%	39.0%	0.0%	119.6%	121.5%	(9,737)
Bonds	14,655	(3.2)%	14,219	(0.7)%	15.0%	8.1%	60.2%	0.0%	83.3%	81.3%	2,112
Other	<u>16,254</u>	103.9%	<u>6,890</u>	(8.7)%	5.8%	2.6%	52.5%	0.0%	60.9%	47.0%	<u>(2,214)</u>
Total	\$ <u>927,335</u>	3.8%	\$ <u>869,422</u>	(1.4)%	61.5%	12.3%	32.4%	0.4%	106.6%	100.5%	\$ <u>(75,686)</u>
Grand Total	\$ <u>1,133,170</u>	4.3%	\$ <u>1,065,886</u>	0.4%	66.6%	11.2%	31.4%	0.4%	109.6%	101.4%	\$ <u>(123,032)</u>

Note: Some amounts may not foot due to rounding.

	<u>2011</u>	<u>2010</u>
Losses Paid	\$ 612,066	\$ 588,974
LAE Paid	<u>113,151</u>	<u>114,703</u>
Total Paid	\$ <u>725,217</u>	\$ <u>703,677</u>

SELECTIVE INSURANCE GROUP, INC.	Unaudited	
CONSOLIDATED BALANCE SHEETS	September 30,	December 31,
(\$ in thousands, except share amounts)	2011	2010
ASSETS		
Investments:		
Fixed maturity securities, held-to-maturity – at carrying value (fair value: \$901,385 – 2011; \$1,256,294 – 2010)	\$ 852,843	1,214,324
Fixed maturity securities, available-for-sale – at fair value (amortized cost: \$2,649,035 – 2011; \$2,285,988 – 2010)	2,772,348	2,342,742
Equity securities, available-for-sale – at fair value (cost of: \$150,517 – 2011; \$58,039 – 2010)	139,203	69,636
Short-term investments (at cost which approximates fair value)	162,812	161,155
Other investments	135,560	137,865
Total investments	<u>4,062,766</u>	<u>3,925,722</u>
Cash	287	645
Interest and dividends due or accrued	35,107	37,007
Premiums receivable, net of allowance for uncollectible accounts of: \$3,863 – 2011; \$4,691 – 2010	477,869	414,105
Reinsurance recoverables, net	631,732	318,752
Prepaid reinsurance premiums	121,560	110,327
Current federal income tax	17,518	11,200
Deferred federal income tax	83,299	93,234
Property and equipment – at cost, net of accumulated depreciation and amortization of: \$158,383 – 2011; \$151,704 – 2010	39,247	41,775
Deferred policy acquisition costs	220,044	209,627
Goodwill	7,849	7,849
Other assets	51,712	61,529
Total assets	<u>\$ 5,748,990</u>	<u>5,231,772</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Reserve for losses and loss expenses	\$ 3,243,622	2,830,058
Unearned premiums	902,112	823,596
Notes payable	262,353	262,333
Accrued salaries and benefits	98,485	100,933
Other liabilities	155,863	143,743
Total liabilities	<u>\$ 4,662,435</u>	<u>4,160,663</u>
Stockholders' Equity:		
Preferred stock of \$0 par value per share: Authorized shares: 5,000,000; no shares issued or outstanding	\$ -	-
Common stock of \$2 par value per share Authorized shares: 360,000,000 Issued: 97,044,503 – 2011; 96,362,667 – 2010	194,089	192,725
Additional paid-in capital	253,939	244,613
Retained earnings	1,158,308	1,176,155
Accumulated other comprehensive income	32,164	7,024
Treasury stock – at cost (shares: 42,823,871 – 2011; 42,686,204 – 2010)	(551,945)	(549,408)
Total stockholders' equity	<u>1,086,555</u>	<u>1,071,109</u>
Commitments and contingencies		
Total liabilities and stockholders' equity	<u>\$ 5,748,990</u>	<u>5,231,772</u>

SELECTIVE INSURANCE GROUP, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(\$ in thousands, except per share amounts)	Quarter ended September 30,		Nine Months ended September 30,	
	2011	2010	2011	2010
Revenues:				
Net premiums earned	\$ 358,963	354,709	1,065,886	1,063,101
Net investment income earned	35,786	32,986	118,604	104,237
Net realized gains (losses):				
Net realized investment gains (losses)	498	2,864	9,203	13,960
Other-than-temporary impairments	(2,693)	(4,091)	(3,062)	(16,326)
Other-than-temporary impairments on fixed maturity securities recognized in other comprehensive income	150	1,284	(280)	(905)
Total net realized gains (losses)	(2,045)	57	5,861	(3,271)
Other income	1,365	1,950	6,744	6,465
Total revenues	<u>394,069</u>	<u>389,702</u>	<u>1,197,095</u>	<u>1,170,532</u>
Expenses:				
Losses and loss expenses incurred	305,958	245,019	829,719	739,142
Policy acquisition costs	119,456	114,042	346,729	346,143
Interest expense	4,559	4,559	13,675	14,056
Other expenses	4,924	4,022	18,807	18,636
Total expenses	<u>434,897</u>	<u>367,642</u>	<u>1,208,930</u>	<u>1,117,977</u>
(Loss) income from continuing operations, before federal income tax	<u>(40,828)</u>	<u>22,060</u>	<u>(11,835)</u>	<u>52,555</u>
Federal income tax (benefit) expense:				
Current	(20,001)	(1,691)	(12,614)	8,475
Deferred	(1,335)	4,920	(3,603)	(1,435)
Total federal income tax (benefit) expense	<u>(21,336)</u>	<u>3,229</u>	<u>(16,217)</u>	<u>7,040</u>
Net (loss) income from continuing operations	<u>(19,492)</u>	<u>18,831</u>	<u>4,382</u>	<u>45,515</u>
Loss on disposal of discontinued operations, net of tax of \$(350) and \$(880) for Third Quarter 2011 and 2010 and \$(350) and \$(2,019) for Nine Months 2011 and 2010	<u>(650)</u>	<u>(1,634)</u>	<u>(650)</u>	<u>(3,749)</u>
Net (loss) income	\$ <u>(20,142)</u>	<u>17,197</u>	<u>3,732</u>	<u>41,766</u>
Earnings per share:				
Basic net (loss) income from continuing operations	(0.36)	0.35	0.08	0.85
Basic net loss from disposal of discontinued operations	(0.01)	(0.03)	(0.01)	(0.07)
Basic net (loss) income	\$ <u>(0.37)</u>	<u>0.32</u>	<u>0.07</u>	<u>0.78</u>
Diluted net (loss) income from continuing operations	(0.36)	0.35	0.08	0.84
Diluted net loss from disposal of discontinued operations	(0.01)	(0.03)	(0.01)	(0.07)
Diluted net (loss) income	\$ <u>(0.37)</u>	<u>0.32</u>	<u>0.07</u>	<u>0.77</u>
Dividends to stockholders	\$ 0.13	0.13	0.39	0.39

SELECTIVE INSURANCE GROUP, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF
STOCKHOLDERS' EQUITY

(\$ in thousands, except per share amounts)	Nine Months ended September 30,		
	2011	2010	
Common stock:			
Beginning of year	\$ 192,725	191,646	
Dividend reinvestment plan (shares: 74,777 – 2011; 81,471 – 2010)	150	163	
Stock purchase and compensation plans (shares: 607,059 – 2011; 284,793 – 2010)	<u>1,214</u>	<u>569</u>	
End of period	<u>194,089</u>	<u>192,378</u>	
Additional paid-in capital:			
Beginning of year	244,613	231,933	
Dividend reinvestment plan	1,066	1,098	
Stock purchase and compensation plans	<u>8,260</u>	<u>8,441</u>	
End of period	<u>253,939</u>	<u>241,472</u>	
Retained earnings:			
Beginning of year	1,176,155	1,138,978	
Net income	3,732	41,766	41,766
Dividends to stockholders (\$0.39 per share – 2011 and 2010)	<u>(21,579)</u>	<u>(21,248)</u>	
End of period	<u>1,158,308</u>	<u>1,159,496</u>	
Accumulated other comprehensive income (loss):			
Beginning of year	7,024	(12,460)	
Other comprehensive income (loss), increase (decrease) in:			
Unrealized gains on investment securities:			
Non-credit portion of other-than-temporary impairment losses recognized in other comprehensive income, net of deferred income tax	336	3,026	
Other net unrealized gains on investment securities, net of deferred income tax	<u>22,617</u>	<u>55,556</u>	
Total unrealized gains on investment securities	<u>22,953</u>	58,582	58,582
Defined benefit pension plans, net of deferred income tax	<u>2,187</u>	<u>2,098</u>	<u>2,098</u>
End of period	<u>32,164</u>	<u>48,220</u>	
Comprehensive income	<u>28,872</u>	<u>102,446</u>	
Treasury stock:			
Beginning of year	(549,408)	(547,722)	
Acquisition of treasury stock (shares: 137,667 – 2011; 98,419 – 2010)	<u>(2,537)</u>	<u>(1,528)</u>	
End of period	<u>(551,945)</u>	<u>(549,250)</u>	
Total stockholders' equity	<u>\$ 1,086,555</u>	<u>1,092,316</u>	

SELECTIVE INSURANCE GROUP, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOW

**Nine Months ended
September 30,**

(\$ in thousands)	2011	2010
Operating Activities		
Net Income	\$ <u>3,732</u>	<u>41,766</u>
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation and amortization	25,260	23,175
Loss on disposal of discontinued operations	650	3,749
Stock-based compensation expense	6,383	6,875
Undistributed income of equity method investments	(1,793)	(6,338)
Net realized (gains) losses	(5,861)	3,271
<i>Changes in assets and liabilities:</i>		
Increase in reserves for losses and loss expenses, net of reinsurance recoverables	100,584	32,912
Increase in unearned premiums, net of prepaid reinsurance and advance premiums	67,816	25,123
Increase in net federal income tax recoverable	(9,570)	(6,514)
Increase in premiums receivable	(63,764)	(13,817)
(Increase) decrease in deferred policy acquisition costs	(10,417)	11
Decrease (increase) in interest and dividends due or accrued	1,943	(1,491)
(Decrease) increase in accrued salaries and benefits	(2,448)	150
Decrease in accrued insurance expenses	(6,772)	(6,872)
Other-net	20,817	1,284
Net adjustments	122,828	61,518
Net cash provided by operating activities	126,560	<u>103,284</u>
Investing Activities		
Purchase of fixed maturity securities, available-for-sale	(350,140)	(699,133)
Purchase of equity securities, available-for-sale	(148,104)	(47,930)
Purchase of other investments	(11,778)	(14,348)
Purchase of short-term investments	(1,030,834)	(1,409,971)
Sale of subsidiary	919	681
Sale of fixed maturity securities, available-for-sale	85,773	157,823
Sale of short-term investments	1,029,178	1,358,779
Redemption and maturities of fixed maturity securities, held-to-maturity	138,907	238,923
Redemption and maturities of fixed maturity securities, available-for-sale	95,951	251,875
Sale of equity securities, available-for-sale	59,991	76,277
Distributions from other investments	15,666	18,468
Sale of other investments	16,357	-
Purchase of property, equipment and other assets	(8,932)	(4,062)
Net cash used in investing activities	(107,046)	<u>(72,618)</u>
Financing Activities		
Dividends to stockholders	(19,863)	(19,516)
Acquisition of treasury stock	(2,537)	(1,528)
Principal payment of notes payable	-	(12,300)
Net proceeds from stock purchase and compensation plans	2,718	3,084
Excess tax benefits from share-based payment arrangements	(190)	(795)
Net cash used in financing activities	(19,872)	<u>(31,055)</u>
Net decrease in cash	(358)	(389)
Cash, beginning of year	645	811
Cash, end of period	\$ 287	<u>422</u>

Selective Insurance Group, Inc.
Combined Insurance Company Subsidiaries
Unaudited Statutory Balance Sheets
(\$ in thousands)

	<u>Sep-30</u> <u>2011</u>	<u>Sep-30</u> <u>2010</u>	<u>Dec-31</u> <u>2010</u>
ASSETS			
Bonds	\$ 3,482,530	3,355,540	3,482,204
Common stocks	139,203	63,116	69,636
Affiliated mortgage loan	38,297	38,944	38,785
Other investments	162,689	190,958	174,067
Short-term investments	109,468	212,664	111,021
Total investments	<u>3,932,187</u>	<u>3,861,222</u>	<u>3,875,713</u>
Cash on hand and in banks	(49,209)	(33,420)	(30,343)
Interest and dividends due and accrued	35,173	36,448	37,172
Premiums receivable	475,442	456,588	410,809
Reinsurance recoverable on paid losses and expenses	9,376	6,097	5,013
Federal income tax recoverable	7,001	14,679	-
Deferred tax recoverable	135,884	123,873	133,100
EDP equipment	1,004	1,331	1,409
Equities and deposits in pools and associations	9,625	7,530	6,681
Receivable for sold securities	14	23,698	16,738
Other assets	29,334	31,964	30,164
Total assets	<u>\$ 4,585,831</u>	<u>4,530,010</u>	<u>4,486,456</u>
LIABILITIES			
Reserve for losses	\$ 2,209,177	2,100,648	2,111,557
Reinsurance payable on paid loss and loss expense	1,243	1,191	1,030
Reserve for loss expenses	408,024	404,738	401,508
Unearned premiums	780,552	764,953	713,268
Reserve for commissions payable	39,987	41,525	43,590
Ceded balances payable	10,746	13,313	12,835
Federal income tax payable	-	-	1,645
Premium and other taxes payable	20,291	23,129	23,466
Borrowed money	13,017	13,017	13,018
Reserve for dividends to policyholders	3,451	2,568	2,390
Reserves for unauthorized reinsurance	1,811	1,013	1,811
Payable for securities	976	45,918	5,028
Funds withheld on account of others	5,690	5,771	7,015
Accrued salaries and benefits	63,306	64,405	61,353
Other liabilities	17,416	13,500	13,917
Total liabilities	<u>3,575,687</u>	<u>3,495,689</u>	<u>3,413,431</u>
POLICYHOLDERS' SURPLUS			
Capital	28,325	28,325	28,325
Aggregate write-ins for special surplus funds	39,055	34,971	40,521
Paid in surplus	255,792	255,792	255,792
Unassigned surplus	686,972	715,233	748,387
Total policyholders' surplus	<u>1,010,144</u>	<u>1,034,321</u>	<u>1,073,025</u>
Total liabilities and policyholders' surplus	<u>\$ 4,585,831</u>	<u>4,530,010</u>	<u>4,486,456</u>

Selective Insurance Group, Inc.
Combined Insurance Company Subsidiaries
Unaudited Statutory Statements Of Income
(\$ in thousands)

	Three Months Ended September		Nine Months Ended September	
	2011	2010	2011	2010
UNDERWRITING				
Net premiums written	\$ 396,832	365,129	1,133,170	1,086,744
Net premiums earned	358,963	352,723	1,065,886	1,061,115
Net losses paid	215,140	219,404	612,066	588,974
Change in reserve for losses	50,591	(16,787)	97,620	28,272
Net losses incurred	265,731	202,617	709,686	617,246
	74.0%	57.4%	66.6%	58.2%
Net loss expenses paid	35,243	40,101	113,151	114,703
Change in reserve for loss expenses	4,449	608	6,516	5,281
Net loss expenses incurred	39,692	40,709	119,667	119,984
	11.1%	11.5%	11.2%	11.3%
Net underwriting expenses incurred	123,316	114,210	358,447	346,042
	31.0%	31.3%	31.6%	31.8%
Total deductions	428,739	357,536	1,187,800	1,083,272
Statutory underwriting loss	(69,776)	(4,813)	(121,914)	(22,157)
Net loss from premium balances charged off	(1,300)	(1,239)	(4,003)	(4,085)
Finance charges and other income	1,349	2,005	6,688	6,683
Total other income	49	766	2,685	2,598
	0.0%	-0.2%	-0.2%	-0.2%
Policyholders' dividends incurred	(1,056)	(728)	(3,803)	(2,867)
	0.3%	0.2%	0.4%	0.3%
Total underwriting loss	(70,783)	(4,775)	(123,032)	(22,426)
	116.4%	100.3%	109.6%	101.4%
INVESTMENT				
Net investment income earned	34,967	31,750	117,546	98,659
Net realized gain / (loss)	(2,061)	(108)	5,816	(3,373)
Total income before income tax	(37,877)	26,867	330	72,860
Federal income tax (benefit) / expense	(14,525)	990	(2,241)	17,304
Net (loss) / income	\$ (23,352)	25,877	2,571	55,556
Policyholders' Surplus				
Surplus, beginning of period	\$ 1,070,297	1,008,534	1,073,025	981,955
Net (loss) / income	(23,352)	25,877	2,571	55,556
Change in deferred taxes	4,551	(8,831)	5,471	(772)
Change in unrealized gains	(12,286)	6,771	(13,446)	13,692
Dividends to stockholders	(17,006)	(12,003)	(46,018)	(36,008)
Change in non-admitted assets	(10,894)	15,279	(8,712)	19,114
Change in additional admitted deferred taxes	115	(1,446)	(1,466)	1,020
Surplus adjustments	(1,281)	140	(1,281)	(236)
Net change in surplus for period	(60,153)	25,787	(62,881)	52,366
Surplus, end of period	\$ 1,010,144	1,034,321	1,010,144	1,034,321
Statutory underwriting loss	\$ (70,783)	(4,775)	(123,032)	(22,426)
<i>Adjustments under GAAP:</i>				
Deferred policy acquisition costs	3,859	390	10,417	(11)
Pension costs	63	754	1,868	1,289
Other, net	(1,263)	(302)	(1,143)	(551)
GAAP underwriting loss	\$ (68,124)	(3,933)	(111,890)	(21,699)

Note: Some amounts or ratios may not foot due to rounding.
Certain amounts have been reclassified to conform to the current year's presentation.

Selective Insurance Group, Inc. and Consolidated Subsidiaries
Alternative Investments
as of September 30, 2011
(unaudited)

Fund	Inception Year	Original Commitment	Remaining Commitment	Current Market Value	YTD Income	DPI⁽¹⁾ Ratio	TVPI⁽²⁾ Ratio
Real Estate							
Silverpeak RE II	2005	20,000,000	2,473,976	10,548,405	1,434,454	0.45	0.96
Silverpeak RE III	2008	15,000,000	8,127,743	3,484,704	50,621	0.01	0.52
Total - Real Estate		35,000,000	10,601,719	14,033,109	1,485,075	0.34	0.85
Mezzanine Financing							
Neovara Euro Mezz	2004	9,000,000	-	1,298,790	(610,120)	0.95	1.05
GS Mezz V	2007	25,000,000	15,909,553	8,694,654	1,538,008	0.57	1.24
Total - Mezz. Financing		34,000,000	15,909,553	9,993,444	927,888	0.76	1.14
Distressed Debt							
Varde VIII	2006	10,000,000	-	9,252,120	(57,395)	0.22	1.15
GS Distressed Opp III	2007	15,000,000	3,168,884	10,032,863	1,298,782	0.23	1.02
Total - Distressed Debt		25,000,000	3,168,884	19,284,983	1,241,387	0.23	1.07
Private Equity							
Prospector	1997	5,000,000	-	411,265	(179)	2.79	2.88
Trilantic Capital Partners III	2004	10,000,000	1,226,685	4,182,468	1,604,200	1.27	1.72
NB Co-Invest	2006	15,000,000	1,847,495	9,986,580	1,986,128	0.53	1.24
Trilantic Capital Partners IV	2007	11,098,351	3,563,239	6,486,281	1,807,980	0.47	1.30
Total - Private Equity		41,098,351	6,637,419	21,066,594	5,398,129	1.02	1.60
Private Equity, Secondary Market							
NB SOF	2005	12,000,000	899,494	6,722,098	924,459	0.62	1.23
GS Vintage IV	2007	20,000,000	5,277,941	15,088,262	3,451,307	0.37	1.21
NB SOF II	2008	12,000,000	4,869,961	7,266,555	1,519,022	0.37	1.36
Total - Pvt. Eq. Sec. Mkt.		44,000,000	11,047,396	29,076,915	5,894,788	0.45	1.24
Energy/Power Generation							
ArcLight I	2002	15,000,000	1,655,505	330,194	1,157,765	1.80	1.82
ArcLight II	2003	15,000,000	2,295,492	4,298,335	1,631,668	1.15	1.38
ArcLight III	2006	15,000,000	2,037,794	10,597,801	2,071,450	0.60	1.27
Quintana Energy	2006	10,000,000	1,902,067	8,972,120	1,679,768	0.09	1.19
ArcLight IV	2007	10,000,000	2,404,868	6,593,611	1,058,360	0.57	1.24
Total - Energy/Power Generation		65,000,000	10,295,726	30,792,061	7,599,011	0.97	1.42
Venture Capital							
Venture V	2001	10,000,000	900,000	7,909,078	1,448,062	0.27	1.14
Total - Venture Capital		10,000,000	900,000	7,909,078	1,448,062	0.27	1.14
TOTAL - ALTERNATIVE INVESTMENTS		\$ 254,098,351	58,560,697	132,156,184	23,994,340	0.69	1.27

⁽¹⁾ Distributed to paid in ratio

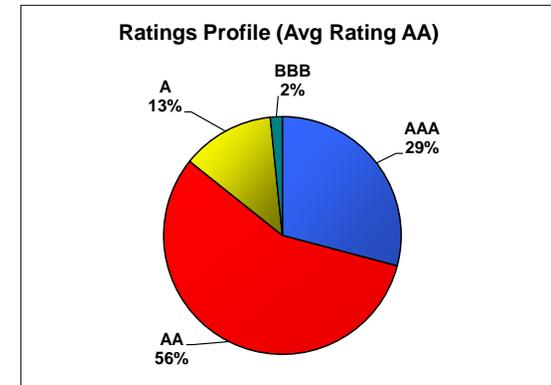
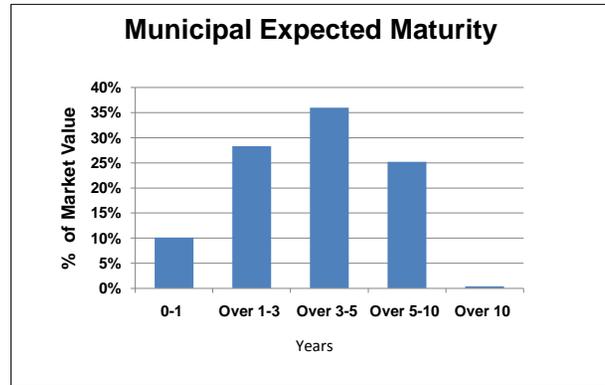
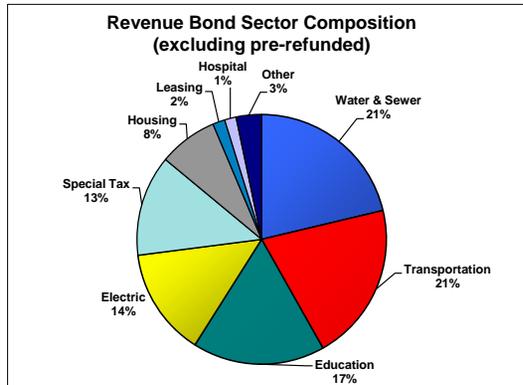
⁽²⁾ Total value to paid in ratio

Note: Some amounts may not foot due to rounding

**Selective Insurance Group, Inc. and Consolidated Subsidiaries
Municipal Bond Portfolio
State and Repayment Source Composition
September 30, 2011**

(\$ in thousands)
(unaudited)

Exposure = 58% Held-to-Maturity; 42% Available-for-Sale



**Repayment Source Composition by State
Market Values**

State	Revenue	% of State	General Obligation (GO)-Local		General Obligation (GO)-State		TX - Permanent School Fund (PSF)		Total	% of Total
			(GO)-Local	% of State	State	% of State	(PSF)	% of State		
TX	59,322	57%	44,381	42%	1,090	1%	-	0%	104,793	8%
TX-PSF	-	0%	-	0%	-	0%	40,893	100%	40,893	3%
WA	38,468	45%	46,120	55%	-	0%	-	0%	84,588	6%
AZ	66,671	91%	6,984	9%	-	0%	-	0%	73,655	6%
NC	23,975	34%	24,328	34%	22,846	32%	-	0%	71,149	5%
NY	68,107	100%	-	0%	-	0%	-	0%	68,107	5%
FL	58,817	100%	-	0%	-	0%	-	0%	58,817	4%
OH	32,973	61%	13,699	25%	7,327	14%	-	0%	53,999	4%
MN	6,435	12%	5,097	10%	41,540	78%	-	0%	53,072	4%
IL	28,414	58%	20,310	42%	-	0%	-	0%	48,724	4%
CO	17,191	36%	29,005	60%	1,830	4%	-	0%	48,026	4%
Pre-refunded	39,656	57%	20,310	29%	5,338	8%	3,678	5%	68,982	5%
Other	367,017	65%	120,598	21%	76,921	14%	-	0%	564,536	42%
Grand Total	807,046	60%	330,832	25%	156,892	12%	44,571	3%	1,339,341	100%

Selective Insurance Group, Inc. and Consolidated Subsidiaries
Credit Quality of Available-for-Sale Fixed Maturity Securities
September 30, 2011

(\$ in millions)
(unaudited)

	Fair Value	Unrealized Gain (Loss)	Average Credit Quality
AFS Fixed Maturity Portfolio:			
U.S. government obligations ¹	\$ 380.0	21.9	AA+
Foreign government obligations	32.9	1.3	AA
State and municipal obligations	561.5	37.3	AA+
Corporate securities	1,125.6	40.5	A
Mortgage-backed securities ("MBS")	593.6	22.0	AA
Asset-backed securities ("ABS")	78.7	0.3	AAA
Total AFS fixed maturity portfolio	<u>\$ 2,772.3</u>	<u>123.3</u>	<u>AA-</u>
State and Municipal Obligations:			
Government obligations	\$ 296.8	21.3	AA+
Special revenue obligations	264.7	16.0	AA
Total state and municipal obligations	<u>\$ 561.5</u>	<u>37.3</u>	<u>AA+</u>
Corporate Securities:			
Financial	\$ 349.0	3.7	A+
Industrials	82.0	5.7	A-
Utilities	68.9	2.7	BBB+
Consumer discretion	98.0	3.7	A-
Consumer staples	125.6	6.2	A
Healthcare	149.0	9.7	AA-
Materials	52.7	1.2	A-
Energy	64.5	2.8	A-
Information technology	74.0	2.2	A+
Telecommunications services	46.3	1.1	BBB+
Other	15.6	1.5	AA+
Total corporate securities	<u>\$ 1,125.6</u>	<u>40.5</u>	<u>A</u>
MBS:			
Government Guaranteed Agency commercial mortgage-backed securities ("CMBS")	\$ 78.0	5.8	AA+
Non-agency CMBS	34.9	(0.3)	A
Government Guaranteed Agency residential mortgage-backed securities ("RMBS")	101.3	5.5	AA+
Other Agency RMBS	336.8	11.6	AA+
Non-agency RMBS	34.6	(0.6)	BBB-
Alternative-A ("Alt-A") RMBS	8.0	-	AA+
Total MBS	<u>\$ 593.6</u>	<u>22.0</u>	<u>AA</u>
ABS:			
ABS	\$ 77.6	1.3	AAA
Alt-A ABS ³	0.4	(1.0)	D
Sub-prime ABS ^{2,3}	0.7	-	D
Total ABS	<u>\$ 78.7</u>	<u>0.3</u>	<u>AAA</u>

¹ U.S. Government includes corporate securities fully guaranteed by the FDIC.

² We define sub-prime exposure as exposure to direct and indirect investments in non-agency residential mortgages with average FICO[®] scores below 650.

³ Alt-A ABS and sub-prime ABS each consist of one security that is currently expected by rating agencies to default on its obligations.

Selective Insurance Group, Inc. and Consolidated Subsidiaries
Credit Quality of Held-to-Maturity Securities
September 30, 2011

(\$ in millions)
(unaudited)

	Fair Value	Carry Value	Unrecognized Holding Gain (Loss)	Unrealized Gain (Loss) in Accumulated Other Comprehensive Income	Total Unrealized Gain (Loss)	Average Credit Quality
HTM Fixed Maturity Portfolio:						
Foreign government obligations	\$ 5.5	5.6	(0.1)	0.3	0.2	AA+
State and municipal obligations	777.8	745.0	32.8	15.7	48.5	AA
Corporate securities	72.2	64.5	7.7	(2.6)	5.1	A
Mortgage-backed securities	37.6	30.9	6.7	(5.6)	1.1	AA
Asset-backed securities	8.3	6.8	1.5	(1.6)	(0.1)	A
Total HTM fixed maturity portfolio	<u>\$ 901.4</u>	<u>852.8</u>	<u>48.6</u>	<u>6.2</u>	<u>54.8</u>	<u>AA</u>
State and Municipal Obligations:						
Government obligations	\$ 235.4	226.0	9.4	7.4	16.8	AA
Special revenue obligations	542.4	519.0	23.4	8.3	31.7	AA
Total state and municipal obligations	<u>\$ 777.8</u>	<u>745.0</u>	<u>32.8</u>	<u>15.7</u>	<u>48.5</u>	<u>AA</u>
Corporate Securities:						
Financial	\$ 20.8	18.3	2.5	(1.7)	0.8	A-
Industrials	20.5	17.7	2.8	(0.8)	2.0	A
Utilities	17.8	15.9	1.9	(0.1)	1.8	A
Consumer discretion	5.8	5.7	0.1	0.1	0.2	AA-
Consumer staples	5.2	5.0	0.2	-	0.2	A
Materials	2.1	1.9	0.2	(0.1)	0.1	BBB
Total corporate securities	<u>\$ 72.2</u>	<u>64.5</u>	<u>7.7</u>	<u>(2.6)</u>	<u>5.1</u>	<u>A</u>
MBS:						
Non-agency CMBS	\$ 37.5	30.8	6.7	(5.6)	1.1	AA
Non-agency RMBS	0.1	0.1	-	-	-	BBB
Total MBS	<u>\$ 37.6</u>	<u>30.9</u>	<u>6.7</u>	<u>(5.6)</u>	<u>1.1</u>	<u>AA</u>
ABS:						
ABS	\$ 6.0	5.2	0.8	(0.6)	0.2	BBB+
Alt-A ABS	2.3	1.6	0.7	(1.0)	(0.3)	AAA
Total ABS	<u>\$ 8.3</u>	<u>6.8</u>	<u>1.5</u>	<u>(1.6)</u>	<u>(0.1)</u>	<u>A</u>