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FOR IMMEDIATE RELEASE

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A.M. Best Affirms Ratings of Selective Insurance Group, Inc. and Its Subsidiaries; Maintains Negative Outlook

OLDWICK, N.J., May 27, 2011—A.M. Best Co. has affirmed the financial strength rating (FSR) of A+ (Superior) and issuer credit ratings (ICR) of "aa-" of **Selective Insurance Group** (Selective) and its seven property/casualty pooling members. Concurrently, A.M. Best has affirmed the ICR of "a-" and debt ratings of Selective's parent holding company, **Selective Insurance Group, Inc.** (SIGI) (Branchville, NJ) [NASDAQ:SIGI]. The outlook for all ratings is negative. (See below for a detailed listing of the companies and ratings.)

The ratings reflect Selective's strong capitalization, solid level of operating profitability and established presence within its targeted regional markets. These positive attributes are driven by the group's experienced management team, disciplined underwriting focus, successful field-based operating model and growing use of sophisticated predictive analytic modeling tools. Furthermore, the group benefits from the financial flexibility provided by SIGI, which maintains financial leverage that is in line with its current ratings, as well as additional liquidity through its access to capital markets and lines of credit.

The rating outlook reflects Selective's relatively lackluster underwriting results in recent years, relatively higher underwriting leverage measures and narrow geographic concentration of risk. In addition, Selective's underwriting performance has been impacted by above-average catastrophe losses in recent years. Moreover, while Selective has reported favorable loss reserve development in recent calendar years, adverse development

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has continued in select accident years and in certain lines of business, all of which continues to influence underwriting results to some extent.

The outlook further considers Selective's operating performance measures, which fall short of similarly rated peers in the commercial casualty composite, and the ongoing challenges the group faces to improve underwriting results over the near term, given the current competitive market environment in the commercial lines segment, elevated catastrophe-related losses through April 2011 and its underperforming personal lines of business. Consequently, downward rating pressure may occur should Selective's underwriting and operating performance measures exhibit further material deterioration.

The FSR of A+ (Superior) and ICR of "aa-" have been affirmed for **Selective Insurance Group** and its following property/casualty pooling members:

- **Selective Insurance Company of America**
- **Selective Way Insurance Company**
- **Selective Insurance Company of the Southeast**
- **Selective Insurance Company of New York**
- **Selective Insurance Company of South Carolina**
- **Selective Insurance Company of New England**
- **Selective Auto Insurance Company of New Jersey**

The following debt ratings have been affirmed:

Selective Insurance Group, Inc.—
-- "a-" on $49.9 million 7.25% senior unsecured notes, due 2034
-- "a-" on $99.4 million 6.70% senior unsecured notes, due 2035
-- "bbb" on $100 million 7.50% junior subordinated notes, due 2066

The following indicative ratings on the shelf registration have been affirmed:

Selective Insurance Group, Inc.—
-- "a-" on senior debt
-- "bbb+" on subordinated debt
-- "bbb" on preferred stock

The principal methodology used in determining these ratings is Best's Credit Rating Methodology -- Global Life and Non-Life Insurance Edition, which provides a comprehensive explanation of A.M. Best's rating process and highlights the different rating criteria employed. Additional key criteria utilized include: "Understanding BCAR for Property/Casualty Insurers"; "Rating Members of Insurance Groups"; "The Treatment of Terrorism Risk in the Rating Evaluation"; "Natural Catastrophe Stress Test Methodology"; "Risk Management and the Rating Process for Insurance Companies"; "Catastrophe Risk Management Incorporated Within the Rating Analysis"; "Catastrophe Analysis in A.M. Best Ratings" and "A.M. Best's Ratings & the Treatment of Debt." Methodologies can be found at www.ambest.com/ratings/methodology.

Founded in 1899, A.M. Best Company is the world's oldest and most authoritative insurance rating and information source. For more information, visit www.ambest.com.

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