



NEWS RELEASE

A.M. BEST COMPANY, INC., OLDWICK, NJ • A.M. BEST EUROPE – RATING SERVICES LIMITED, LONDON
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FOR IMMEDIATE RELEASE

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A.M. Best Affirms Ratings of Selective Insurance Group, Inc. and Its Subsidiaries

OLDWICK, N.J., May 27, 2014—A.M. Best has affirmed the financial strength rating (FSR) of A (Excellent) and the issuer credit ratings (ICR) of “a+” of **Selective Insurance Company of America** and its nine pooled affiliates, collectively referred to as Selective. In addition, A.M. Best has affirmed the ICR of “bbb+” and the debt ratings of Selective’s parent, **Selective Insurance Group, Inc.** (SIGI) [NASDAQ: SIGI]. The outlook for all ratings is stable. All companies are headquartered in Branchville, NJ. (Please see below for a detailed listing of companies and ratings.)

The ratings reflect Selective’s strong risk-adjusted capitalization, which results from its consistent and profitable operating results, partially offset by payment of shareholder dividends. Those operating results are derived from the group’s disciplined underwriting focus and increasing use of predictive modeling technology. Selective’s established presence in its targeted regional markets is reinforced by its strong independent agency relationships, which the company fosters through its field-based operating model and technology infrastructure. The group’s balance sheet is strengthened by its consistently stable loss reserve position, and operating results have benefited from recognition of favorable development of loss reserves in eight straight calendar years. The ratings also consider Selective’s position as a top 50 U.S. property/casualty enterprise (based on net written premiums), its experienced management team and the financial flexibility afforded by SIGI.

Offsetting these positive rating factors are Selective’s variable underwriting results, which in recent years

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generated operating results that on average are not in line with the broad peer group or similarly rated enterprises; return measures and investment yield that generally trail the composite averages; and elevated levels of underwriting leverage.

SIGI's adjusted debt-to-total capital (excluding accumulated other comprehensive income or AOCI) of 25.5% and adjusted debt-to-total tangible capital (excluding AOCI) of 25.7% at March 31, 2014, were within A.M. Best's guidelines for the company's ratings. In addition, SIGI's interest coverage ratio remains adequate for its ratings.

Positive rating movement may result if Selective outperforms its peers for an extended period of time. Negative rating pressure could result if operating performance falls markedly short of A.M. Best's expectations or if there is a significant deterioration in the organization's risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR).

The FSR of A (Excellent) and the ICRs of "a+" have been affirmed for **Selective Insurance Company of America** and its following affiliates:

- **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**
- **Mesa Underwriters Specialty Insurance Company**
- **Selective Casualty Insurance Company**
- **Selective Fire & Casualty Insurance Company**

The following debt ratings have been affirmed:

Selective Insurance Group, Inc.—

- "bbb+" on \$49.9 million 7.25% senior unsecured notes, due 2034
- "bbb+" on \$99.5 million 6.70% senior unsecured notes, due 2035
- "bbb+" on \$185 million 5.875% senior unsecured notes, due 2043

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

Selective Insurance Group, Inc.—

- “bbb+” on senior debt
- “bbb” on subordinated debt
- “bbb-” on preferred stock

The methodology used in determining these ratings is Best’s Credit Rating Methodology, which provides a comprehensive explanation of A.M. Best’s rating process and contains the different rating criteria employed in the rating process. Best’s Credit Rating Methodology can be found at www.ambest.com/ratings/methodology.

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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