Selective Insurance Group, Inc.

1st Quarter Investor Presentation

Current as of January 30, 2015

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Forward Looking Statements

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.

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Greg Murphy
Chairman and Chief Executive Officer

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Who We Are

- 44th largest U.S. property & casualty carrier*
- Rated "A" or higher by A.M. Best for 84 consecutive years
- Unique "High-tech, High-touch" operating model
- Higher operating leverage: 1 point of combined ratio = 1 point of ROE

NPW

76% Standard Commercial Lines

16% Standard Personal Lines

8% Excess & Surplus Lines

*Source: A.M. Best, based on 2013 Net Premiums Written

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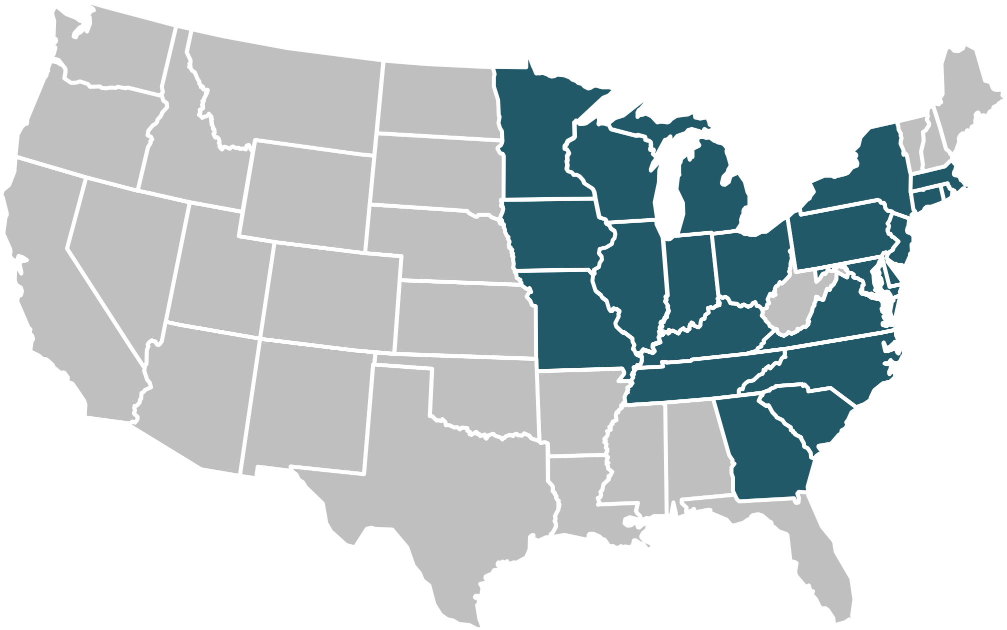
Standard Commercial Lines



- Franchise value model with 1,100 independent agents
- 100 field based underwriters
- Diversified product portfolio
- Average account size of $10K

2014 Statutory Combined Ratio = 95.5%

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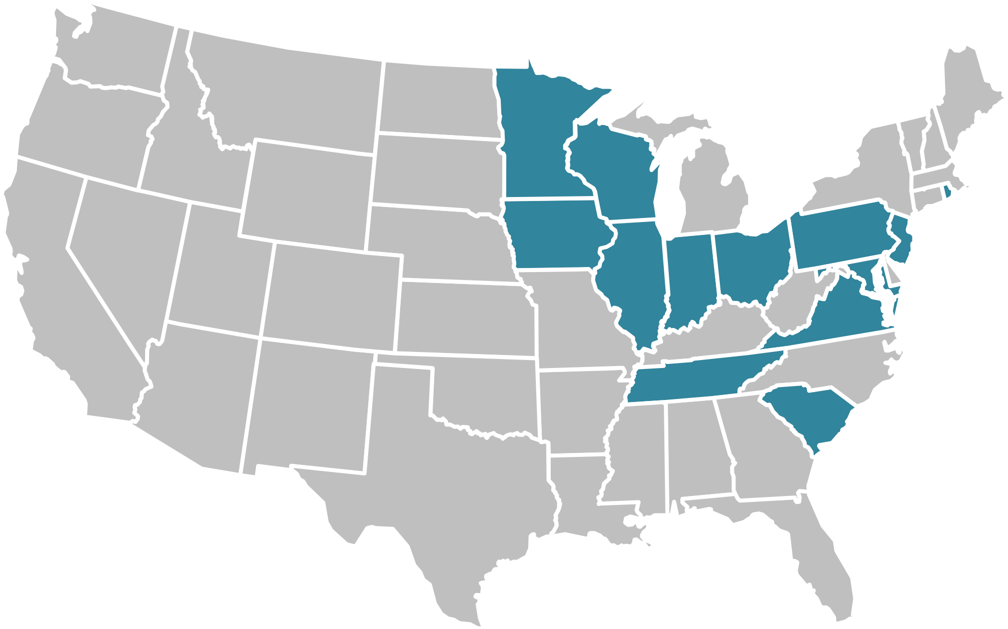
Standard Personal Lines



- 700 independent agents
- Focus on the "Consultative Buyer"
- The Selective Edge™ product

2014 Statutory Combined Ratio = 94.5%

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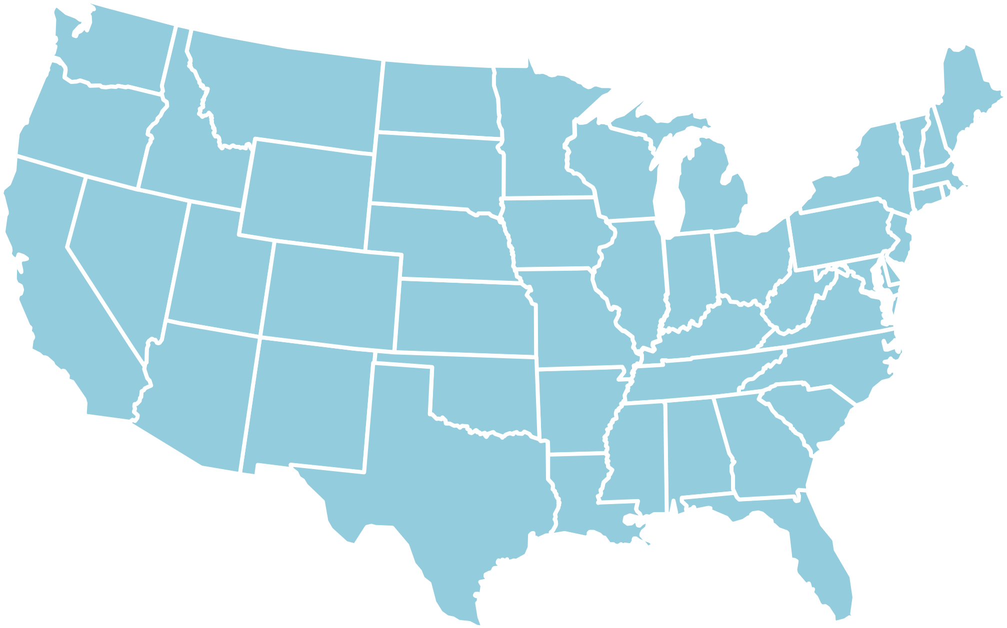
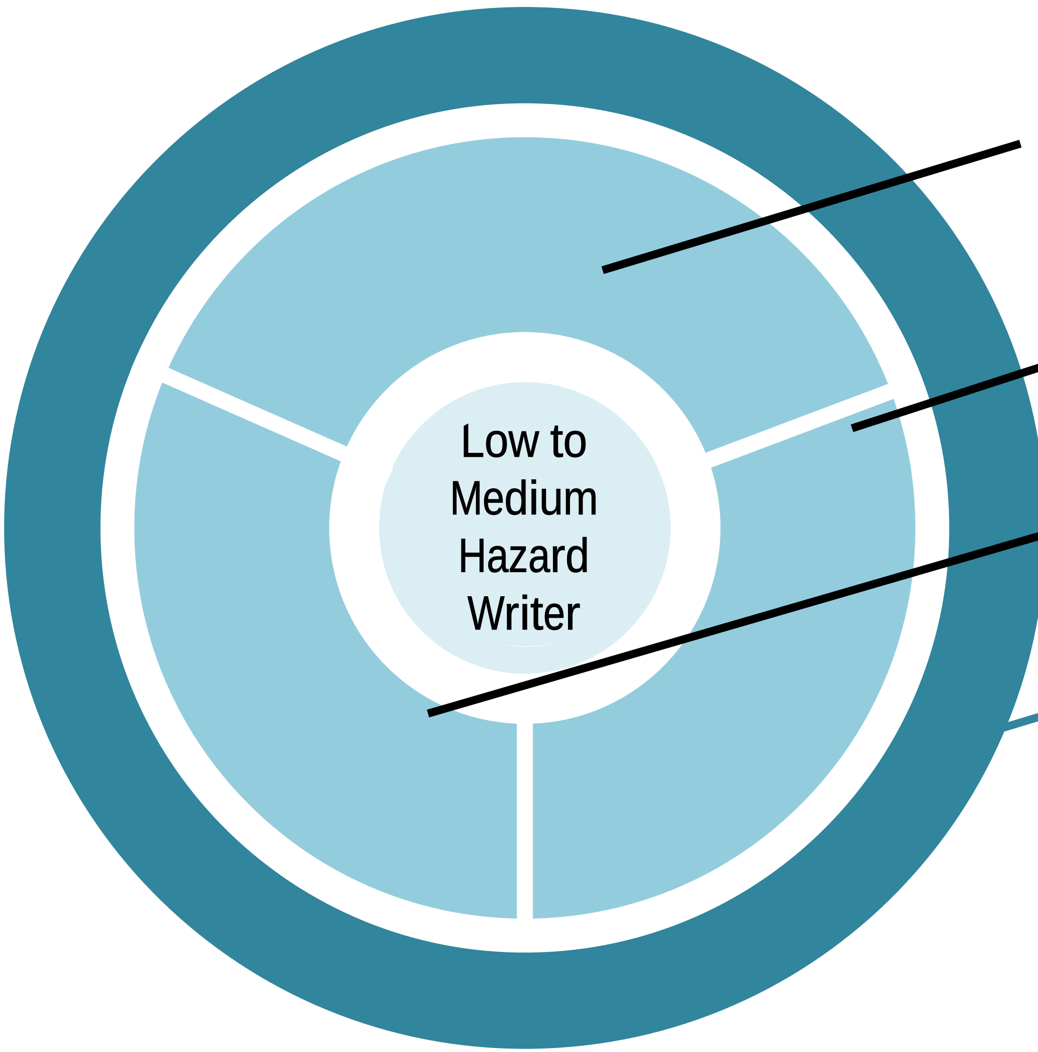
Excess & Surplus Lines



- 80 wholesale general agents
- 70% general liability
- 97% with limits of $1M or lower
- Average policy size of $3,100

2014 Statutory Combined Ratio = 99.2%

Risk and Return Strategy



Conservative Reinsurance Program

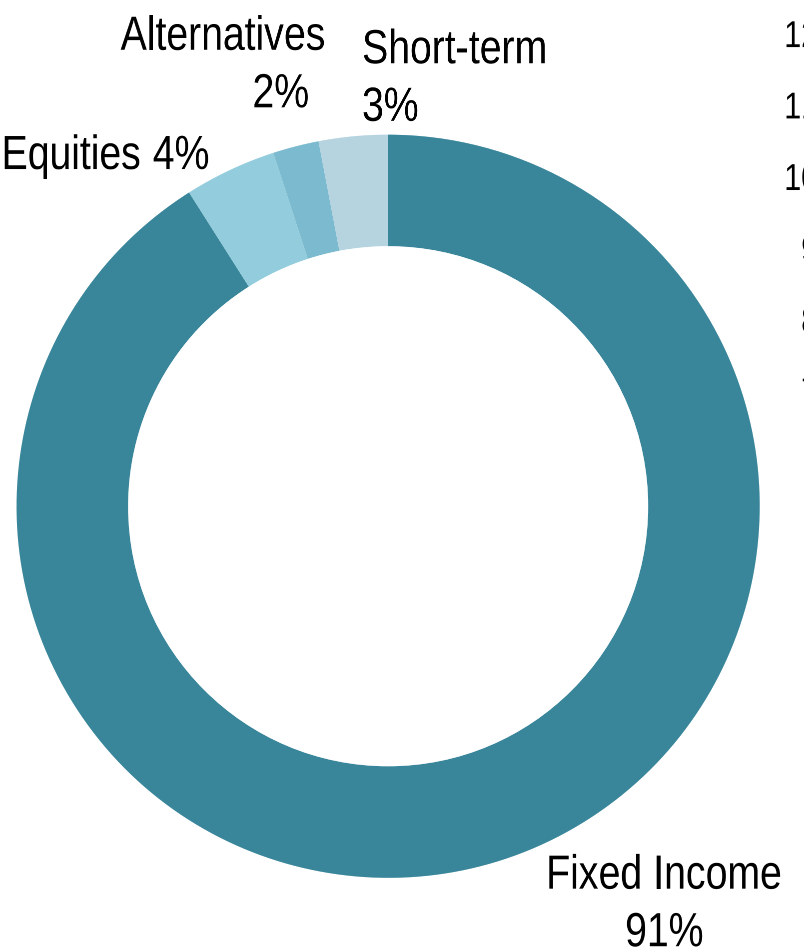
Conservative Investment Portfolio

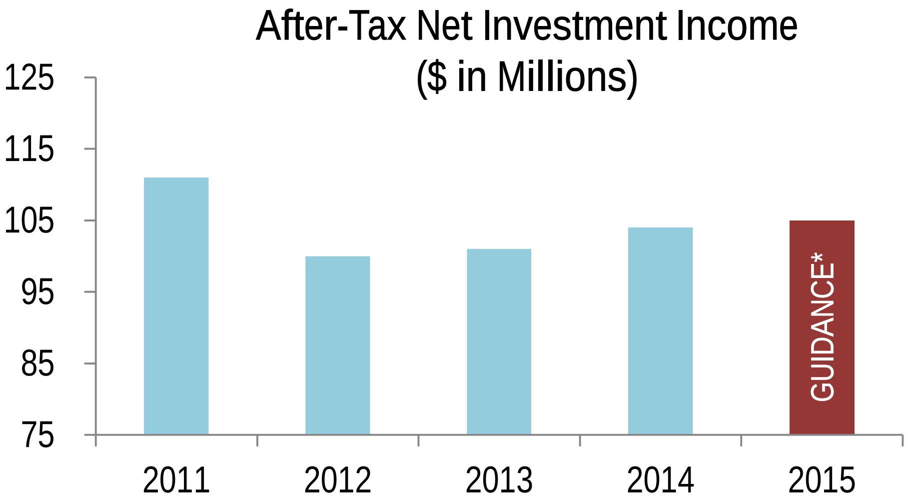
Superior Management Information & Analytical Capabilities

Higher than Average Operational Leverage

- 1.4x NPW to Surplus
- 3.8x Invested Assets to Equity

Conservative Investment Portfolio





- ♦ "AA-" average credit quality
- ♦ 3.7 year duration (incl. short-term)
- ♦ Investment ROE

Yield of 2.2% x Leverage of 3.8 = 8.5%

As of December 31, 2014

**Guidance as of January 30, 2015*

Conservative CAT Reinsurance

Renewed January 1, 2015
$685M in excess of $40M retention

Reduced gross PML through CAT management actions

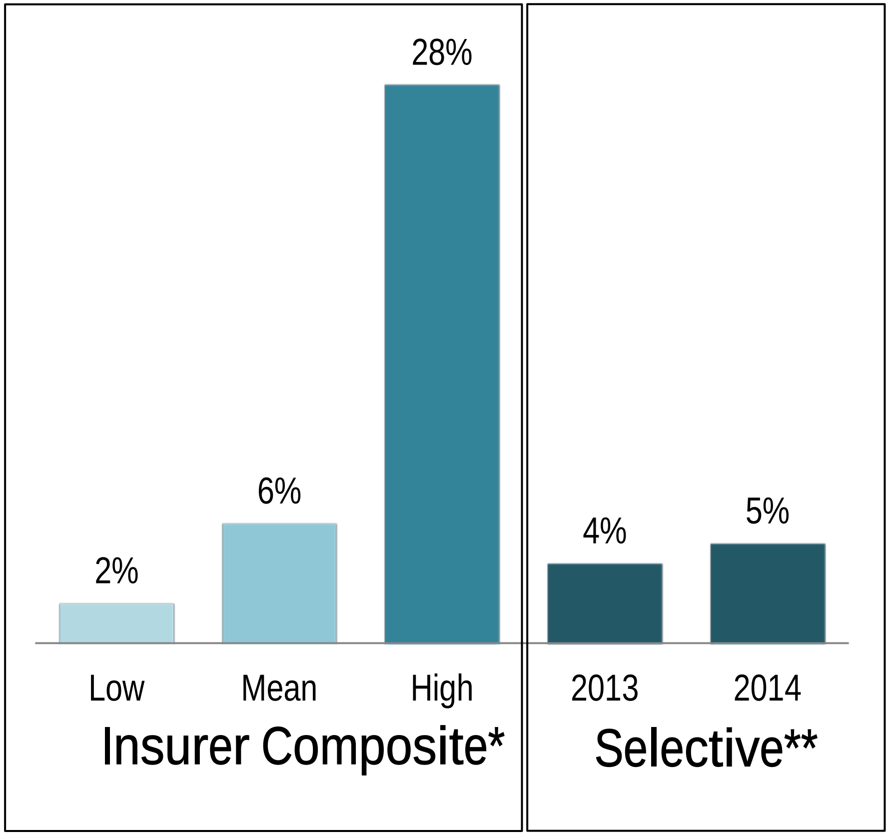
Exhausts at approximately 1-in-273 year event

2015 Property Catastrophe Treaty

Average reinsurer rating "A+"

$196 million collateralized

% of Equity at Risk
1 in 250 Year Event



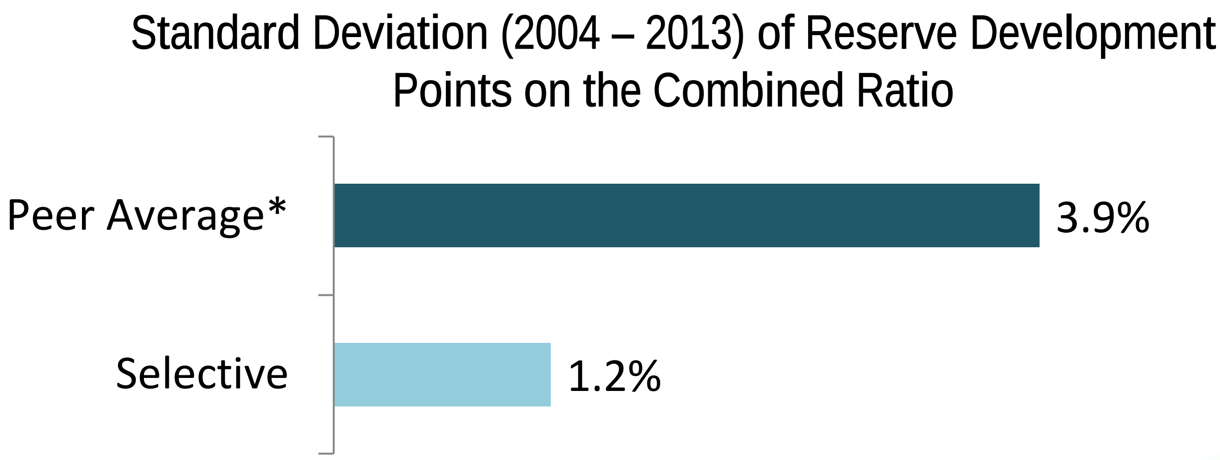
*Source: AonBenfield 2013 CAT Risk Tolerance Disclosure Trend Analysis
Composite of 20 insurers who disclosed actual or target PML
**Blended Model Results (RMS & AIR)

Reserve Strength

Disciplined reserving practices

Quarterly ground-up reserve reviews

3 evaluations per year by independent auditor



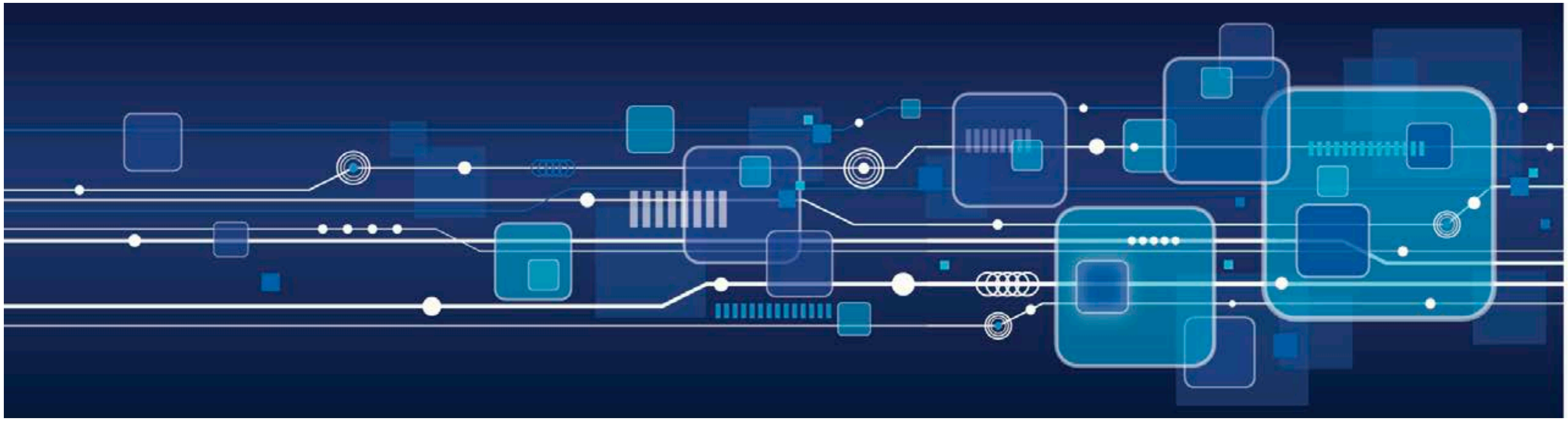
*Source: SNL Financial, Statutory Filings
Peers include CINF, THG, STFC, UFCS, CNA, HIG, TRV, and WRB

High-Tech

Easy-to-use agency technology

Investing in omni-channel customer experience

Leader in modeling and business intelligence



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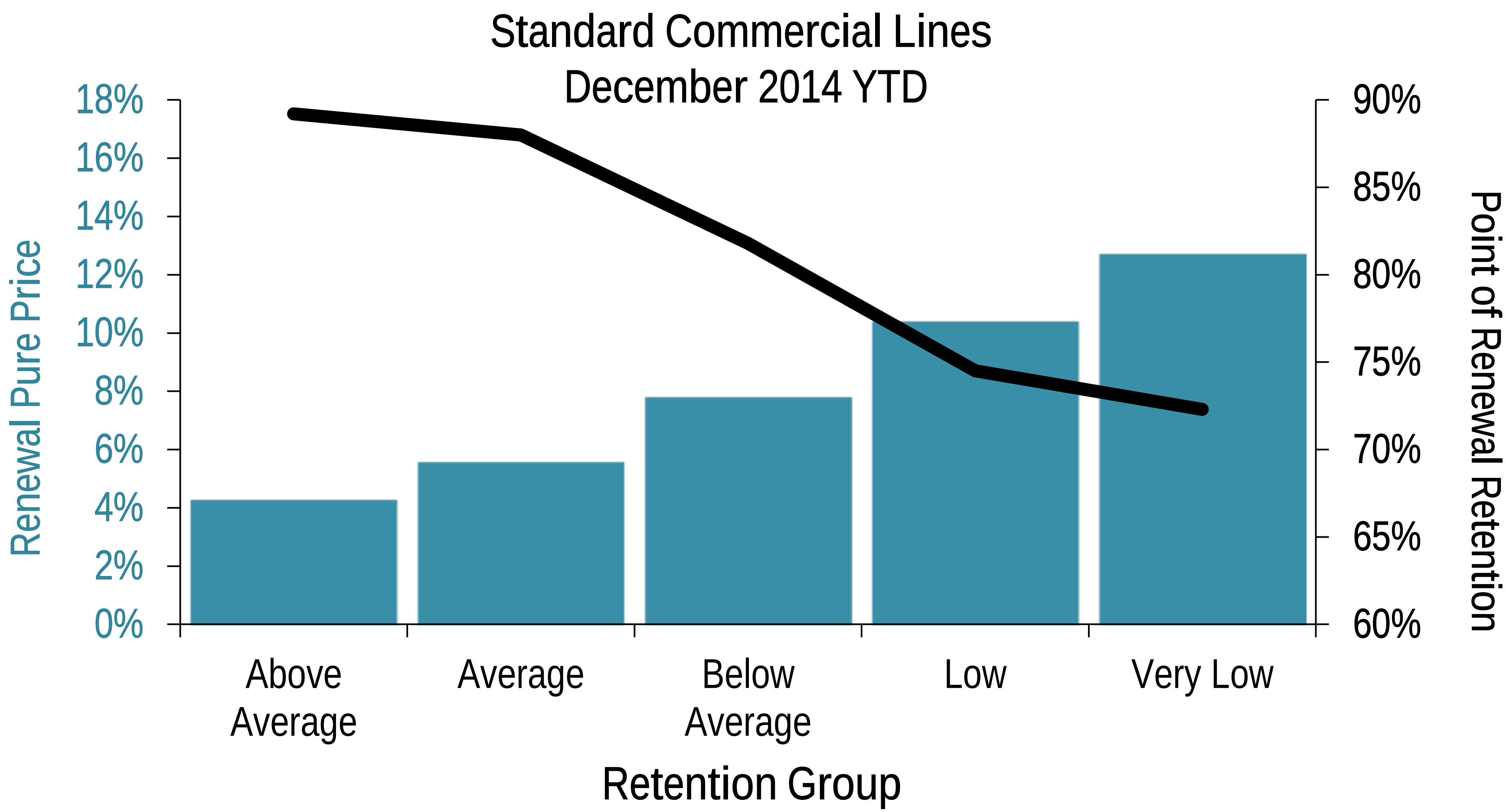
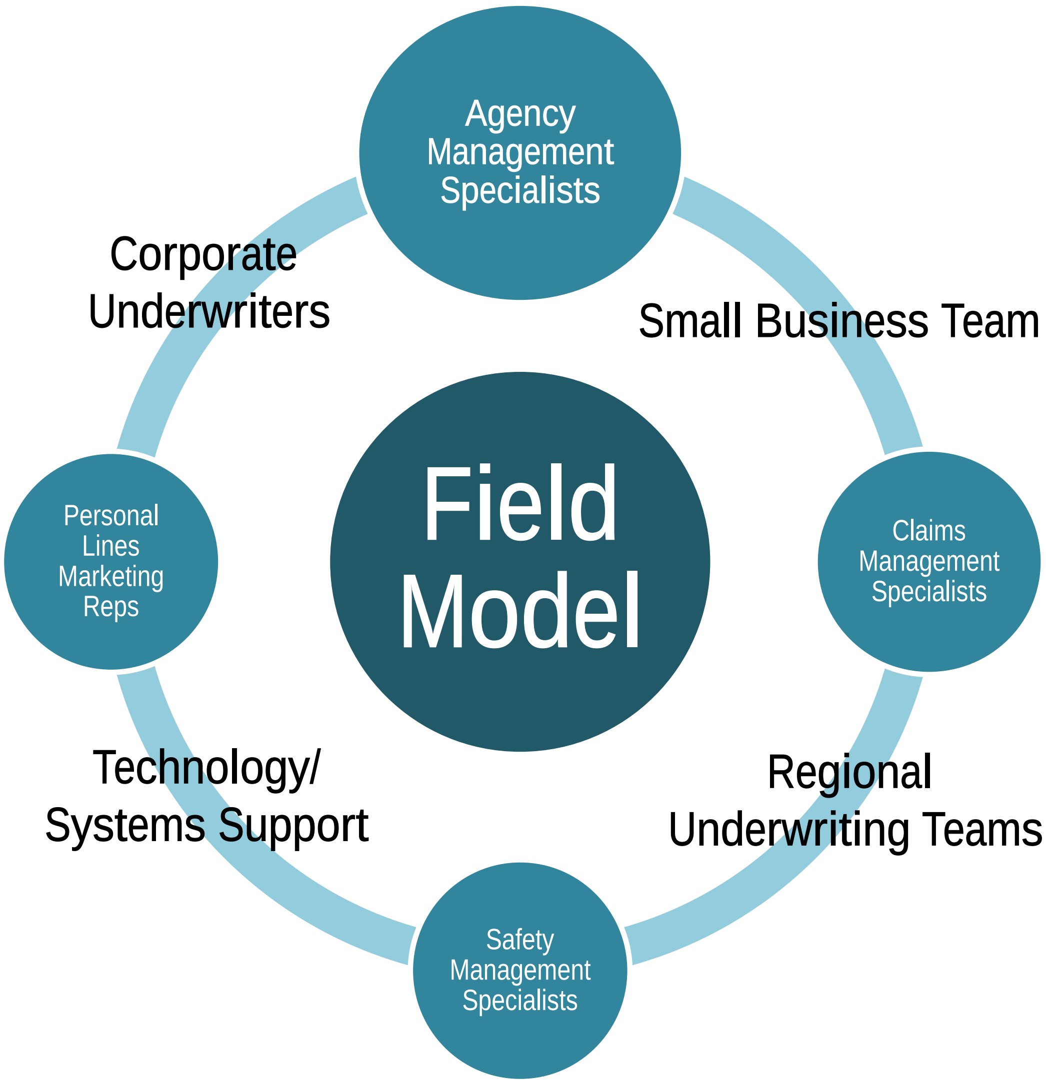
Highly Granular Pricing Capability



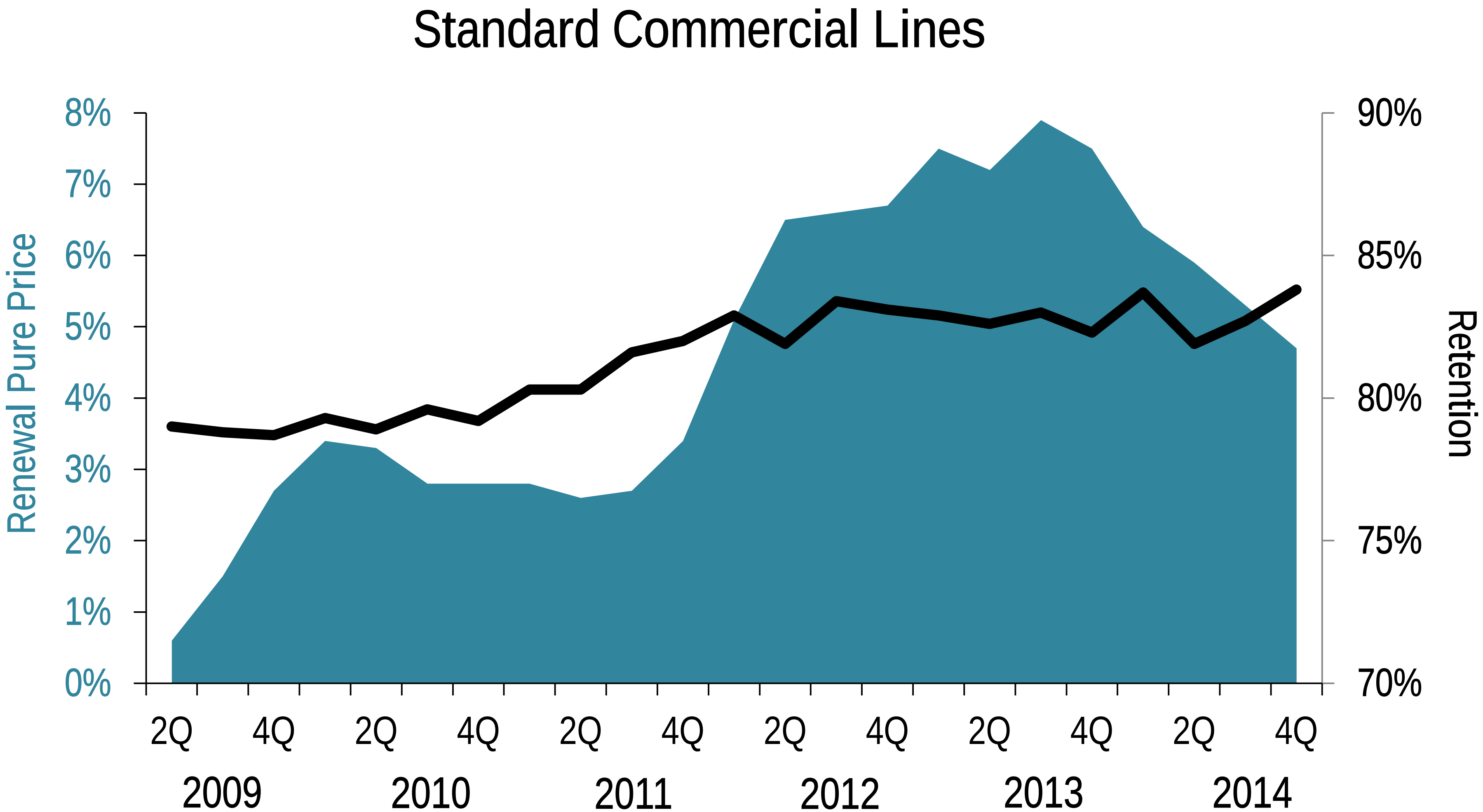
% of Premium	54%	27%	10%	6%	2%

High-Touch



- Responsive, field-based model
- Supported by regional & corporate expertise
- Focus on customer experience

Balancing Rate and Retention



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John Marchioni
President and Chief Operating Officer

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2014: What We Achieved

3-Year Plan established in 2012

	Measure	Target (Time)	2014 Actual Results
1.	Combined **Ratio**	• 92% ex-CAT combined ratio (2014) • 3 points of CAT losses (2014)	✓Ex-CAT combined ratio of 92.5% ✓3.2 points of CAT losses
2.	Renewal Pricing	• Renewal pure price increases between 5% and 8% (2012-2014)	✓2012: 6.3% ✓2013: 7.6% ✓2014: 5.6%
3.	Return on Equity	• 12% ROE (Longer-term)	▪ 10.3% Operating ROE ▪ 11.7% Total ROE

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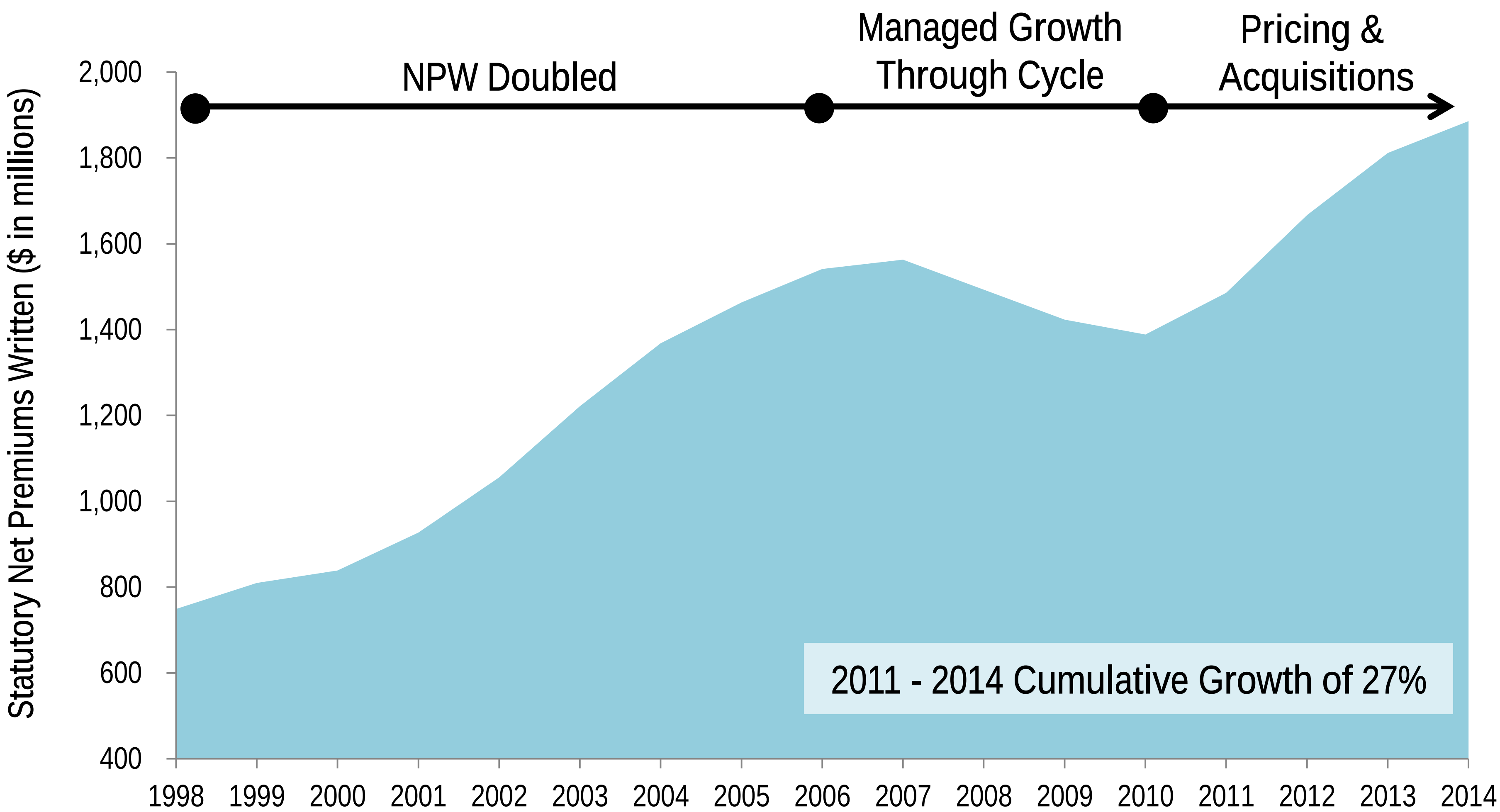
History of Disciplined Growth



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Standard Commercial Lines Growth Opportunities

1. **Middle Market:** Addition of agency management specialists throughout the footprint
2. **Small Business:** Expanded underwriting authority for regional small business teams; straight-through processing
3. Increasing share of wallet within agency plant
4. Addition of new agents

New business capacity exceeds $400M

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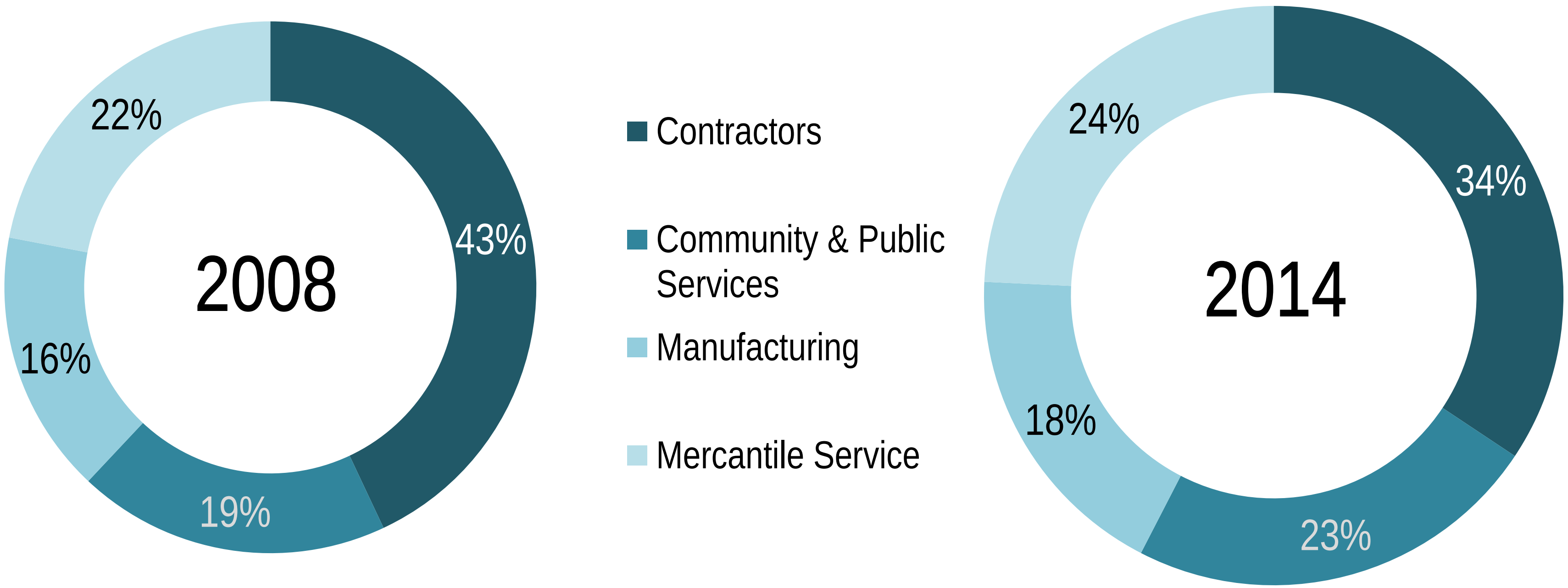
Strategic Business Unit Diversification

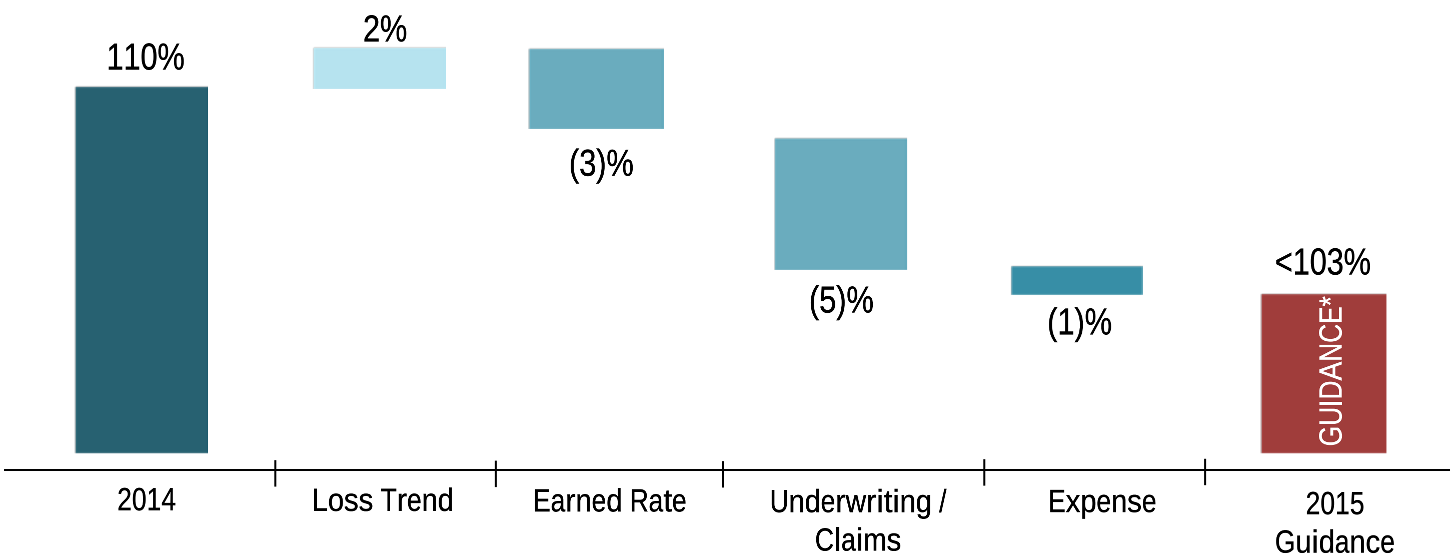


Improved mix of business

Percentages based on Direct Premiums Written

Workers Compensation Results

- Improved mix of business by focusing on lower hazard accounts
- Centralized handling of workers compensation claims
- Formation of Strategic Case Management Unit and escalation modeling
- Renewal pure price increases in excess of expected claim inflation



Statutory Combined Ratio

**Guidance as of January 30, 2015*

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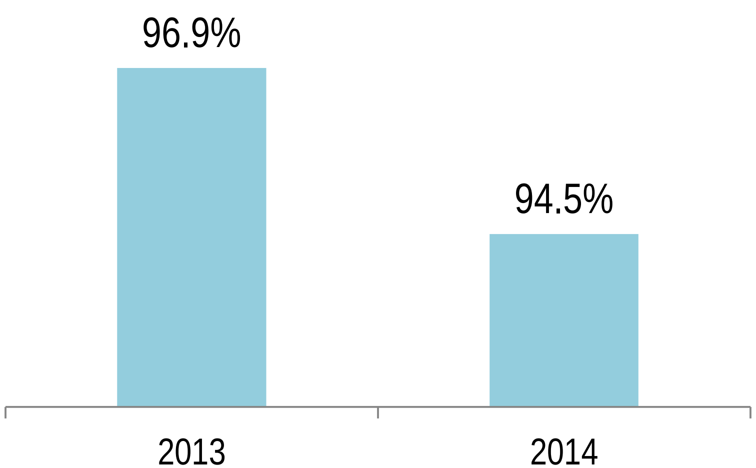
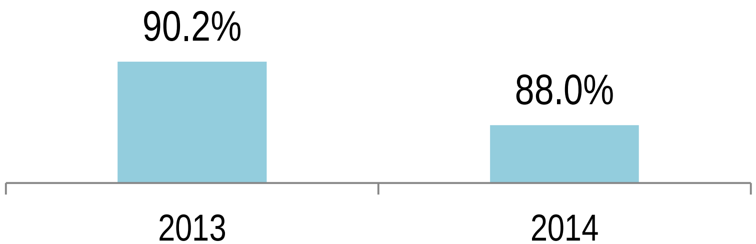
Standard Personal Lines Growth Opportunities

- Improved profitability through rate and targeted underwriting actions
- The Selective Edge™ product
    - Targets consultative buyers across the wealth spectrum who shop on overall value and service & combined auto and home policies



Statutory Combined Ratio



Statutory Combined Ratio
Excluding Catastrophe Losses

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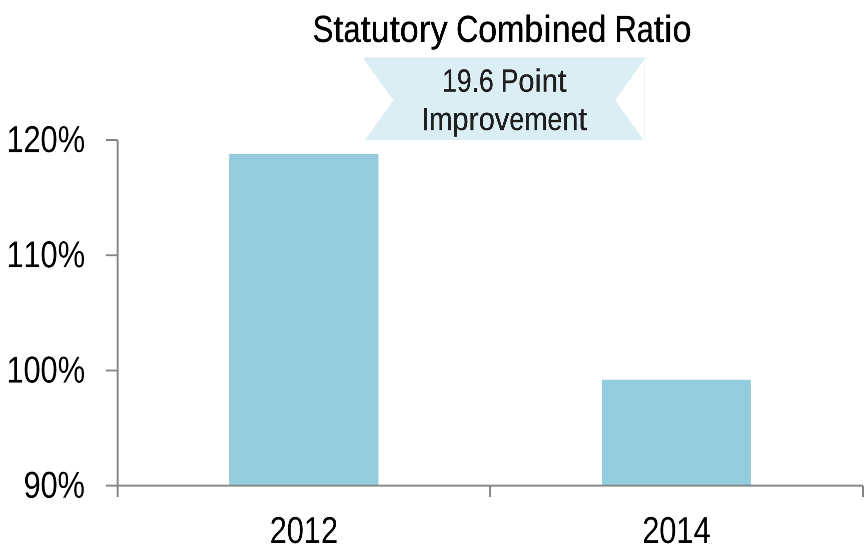
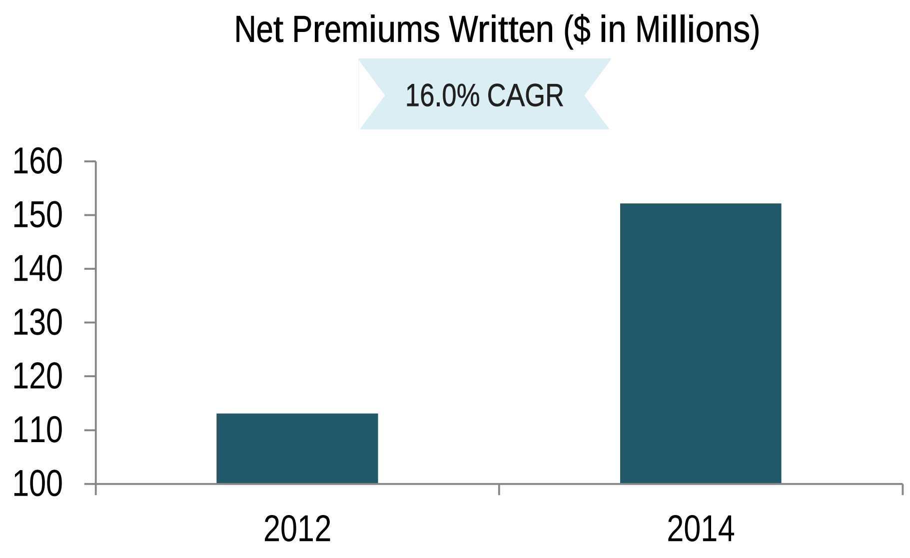
Excess and Surplus Lines Growth Opportunity

- Increase wholesale agent share of wallet
- New online quoting capability
- New business incentives to retail partners





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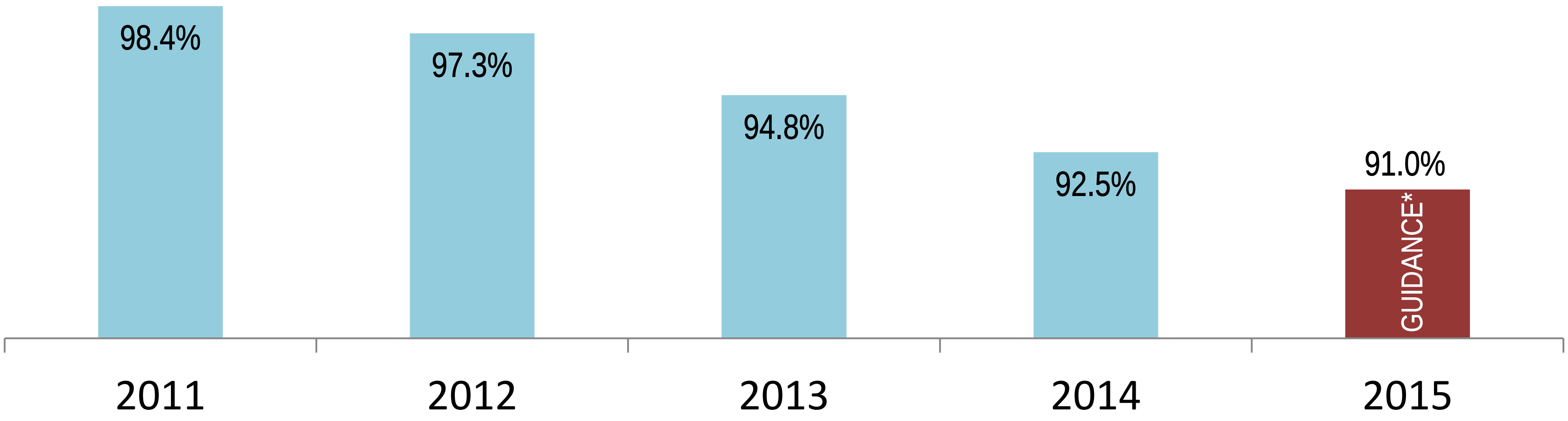
2015 Guidance

- 4 points of catastrophe losses
- 4% overall renewal pure price
- $105 million of after-tax investment income
- 58 million weighted average shares outstanding



Statutory Combined Ratio excluding Catastrophe Losses

*Guidance as of January 30, 2015

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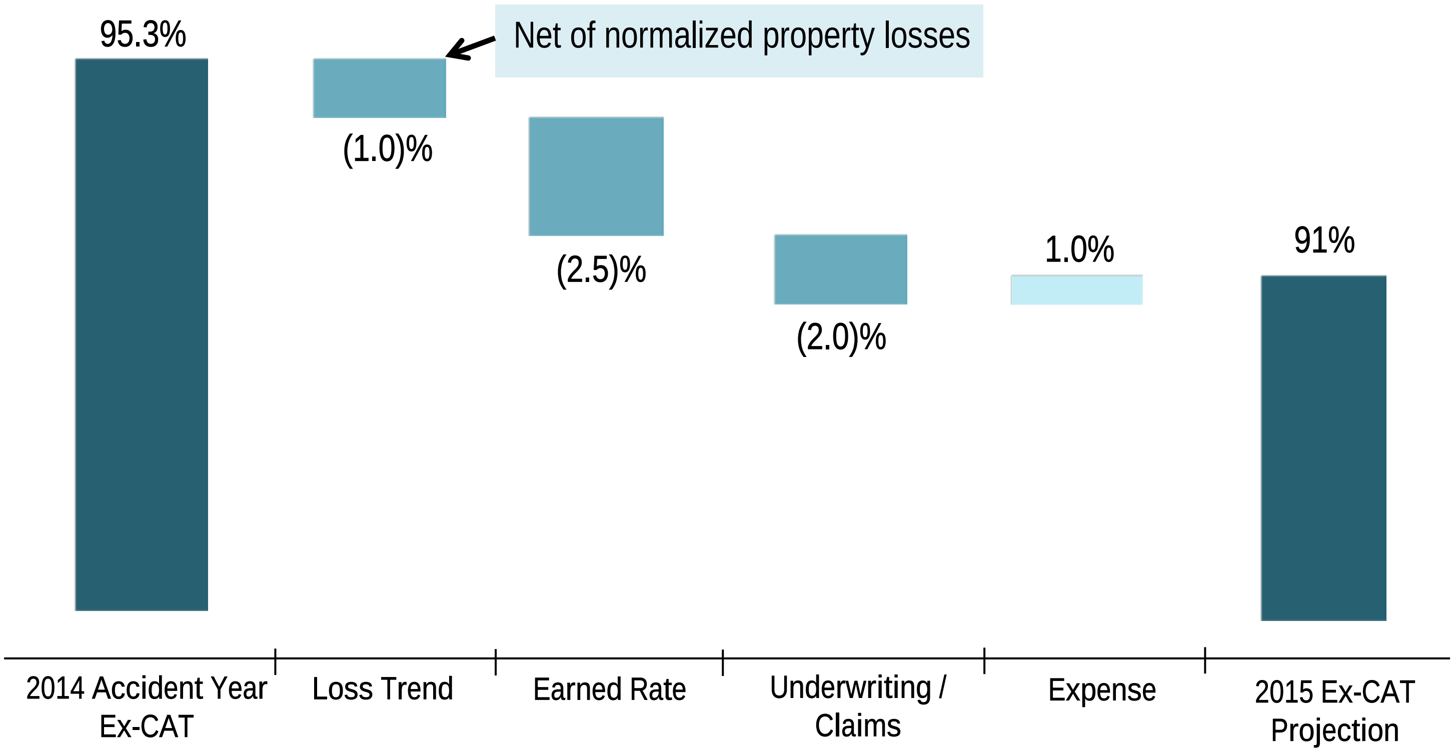
2015 Ex-CAT Statutory Combined Ratio Plan



Given current low interest rate environment, a 94% combined ratio = 12% ROE

Guidance as of January 30, 2015
May not foot due to rounding

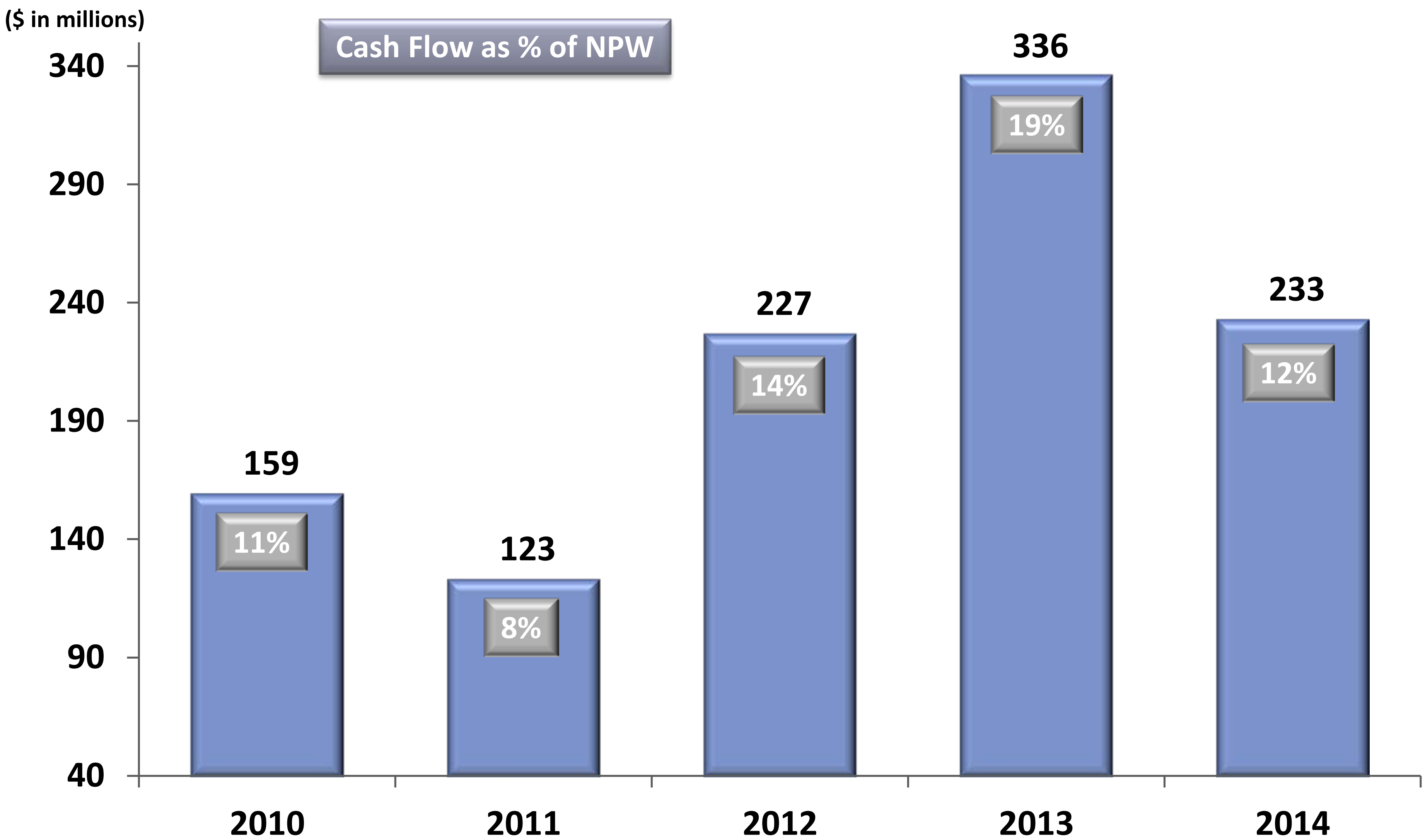
Additional Information

Financial Highlights 2010 – 2014

	2010	2011	2012	2013	2014
Statutory NPW Growth	(2.4)%	7.0%	12.2%	8.7%	4.1%
Operating EPS*	$1.38	$0.38	$0.58	$1.65	$2.17
Net Income per Share*	$1.23	$0.40	$0.68	$1.87	$2.47
Dividend per Share	$0.52	$0.52	$0.52	$0.52	$0.53
Book Value per Share*	$18.97	$19.45	$19.77	$20.63	$22.54
Return on Average Equity*	6.8%	2.1%	3.5%	9.5%	11.7%
Operating Return on Average Equity*	7.7%	2.0%	3.0%	8.4%	10.3%
Statutory Combined Ratio - Total	101.6%	106.7%	103.5%	97.5%	95.7%
- Standard Commercial Lines	100.8%	103.9%	103.0%	97.1%	95.5%
- Standard Personal Lines	106.4%	117.3%	100.7%	96.9%	94.5%
- Excess and Surplus Lines	NA	131.3%	118.8%	102.9%	99.2%
GAAP Combined Ratio - Total*	101.4%	107.2%	104.0%	97.8%	95.8%
- Standard Commercial Lines*	100.0%	104.3%	103.3%	97.4%	95.7%
- Standard Personal Lines*	108.3%	117.8%	101.3%	97.1%	94.4%
- Excess and Surplus Lines*	NA	270.2%	124.7%	103.0%	99.7%

**Historical values (2010-2011) have been restated to reflect impact of deferred policy acquisition cost accounting change*

Net Operating Cash Flow



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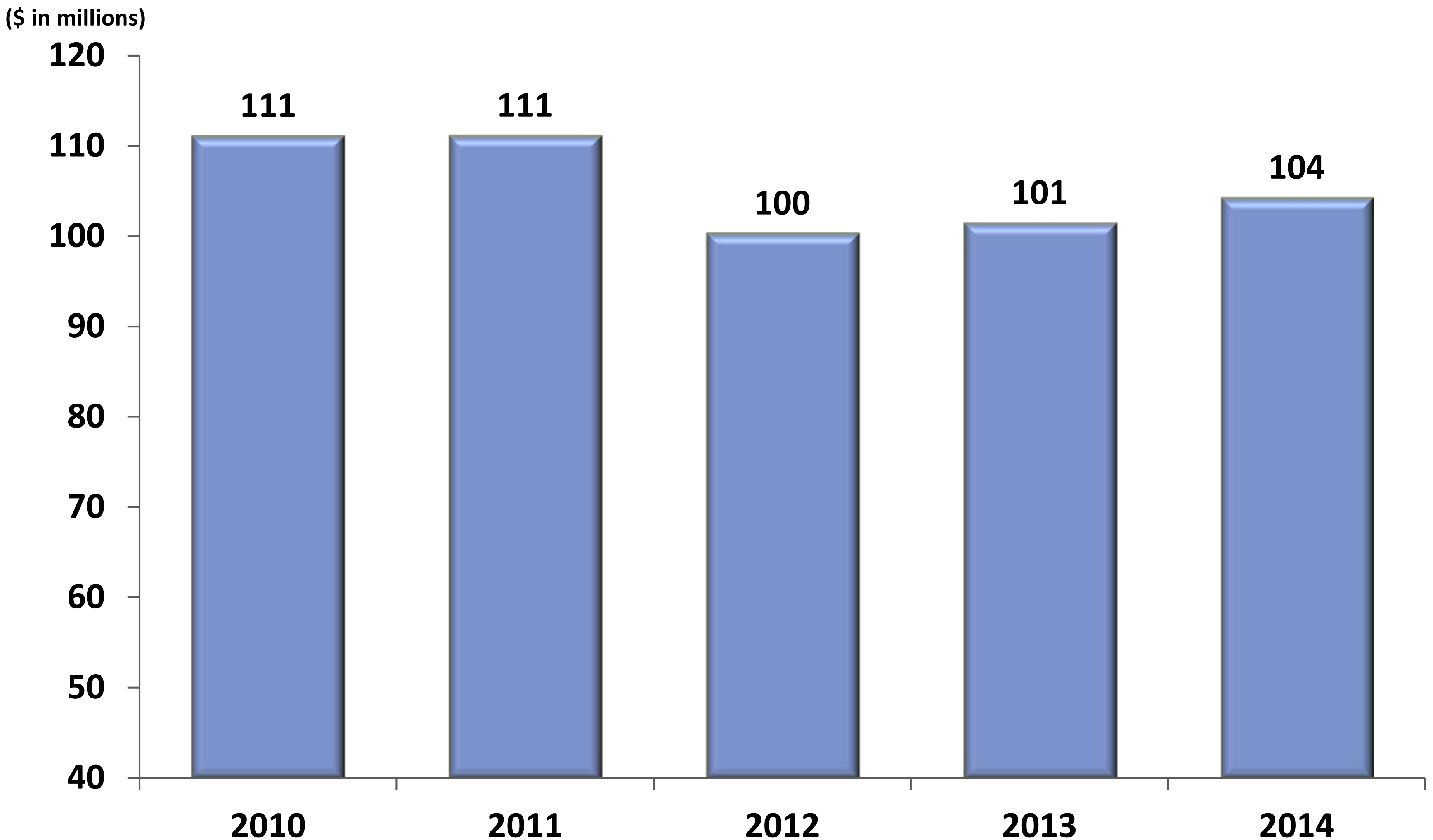
Investment Income – After-tax



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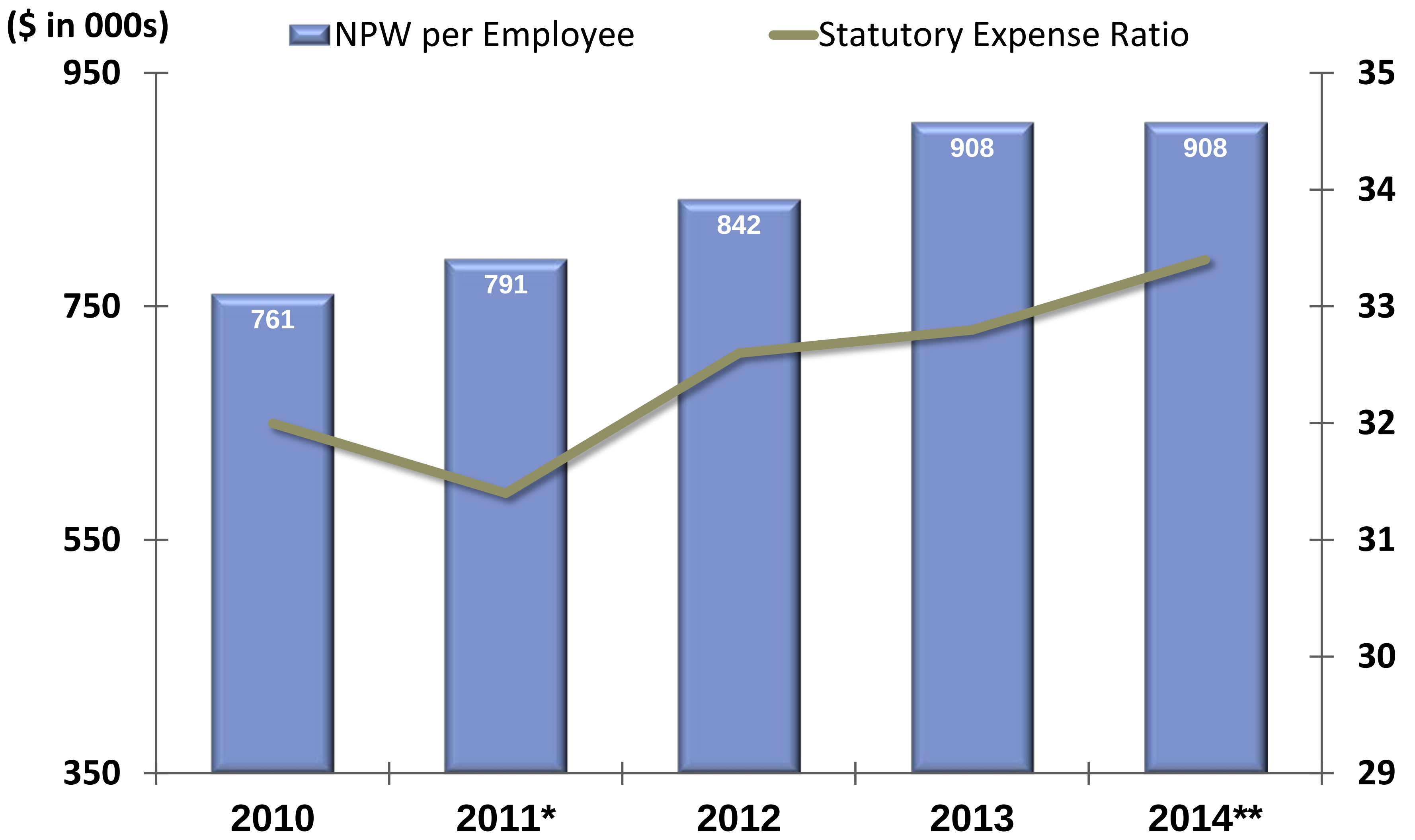
Insurance Operations Productivity



*Excludes Excess & Surplus Lines

**Expense ratio excludes 0.4 point benefit from self-insured group sale

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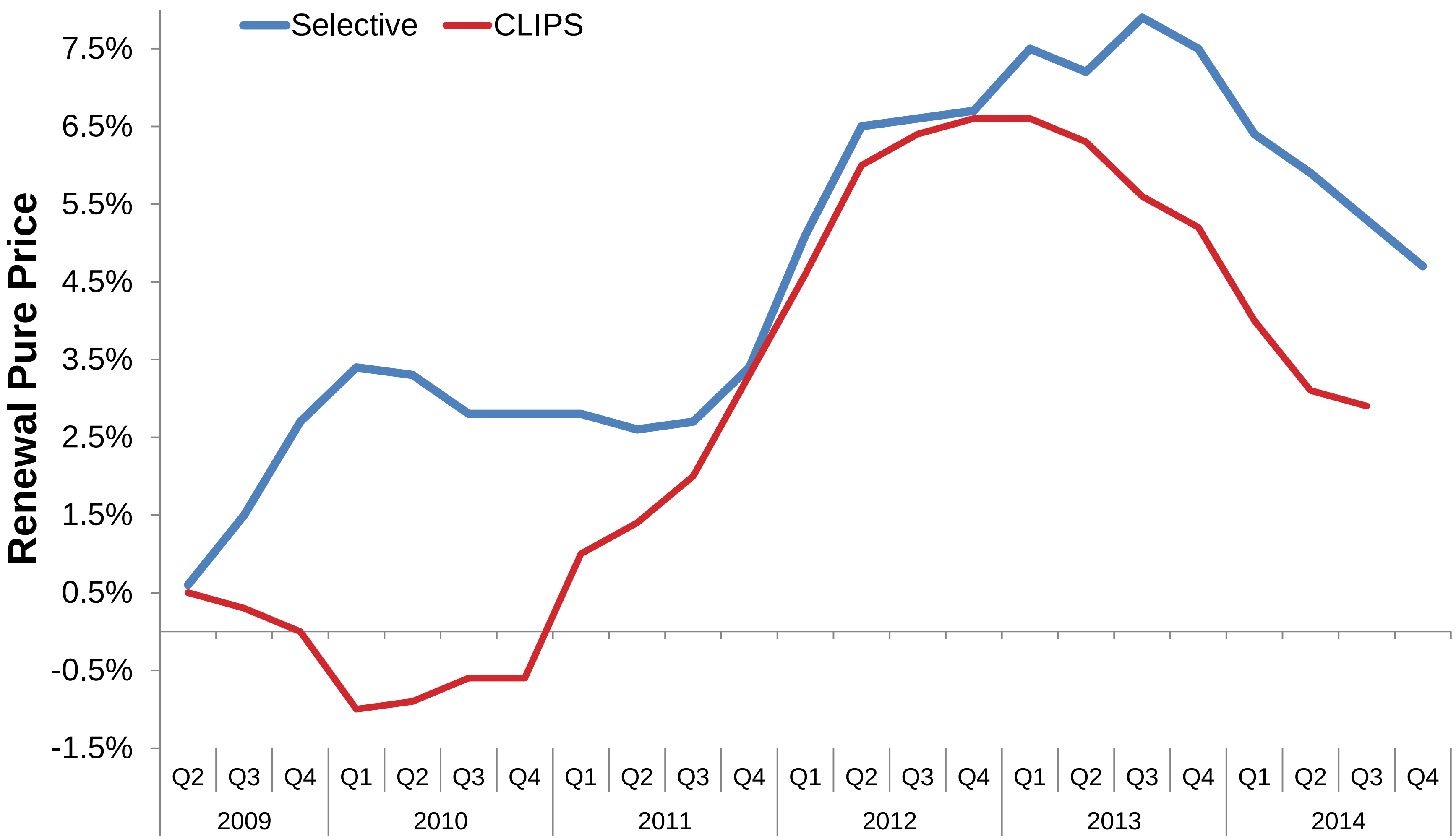
Standard Commercial Lines Pricing



Industry Source: Towers Watson Commercial Lines Insurance Pricing Survey

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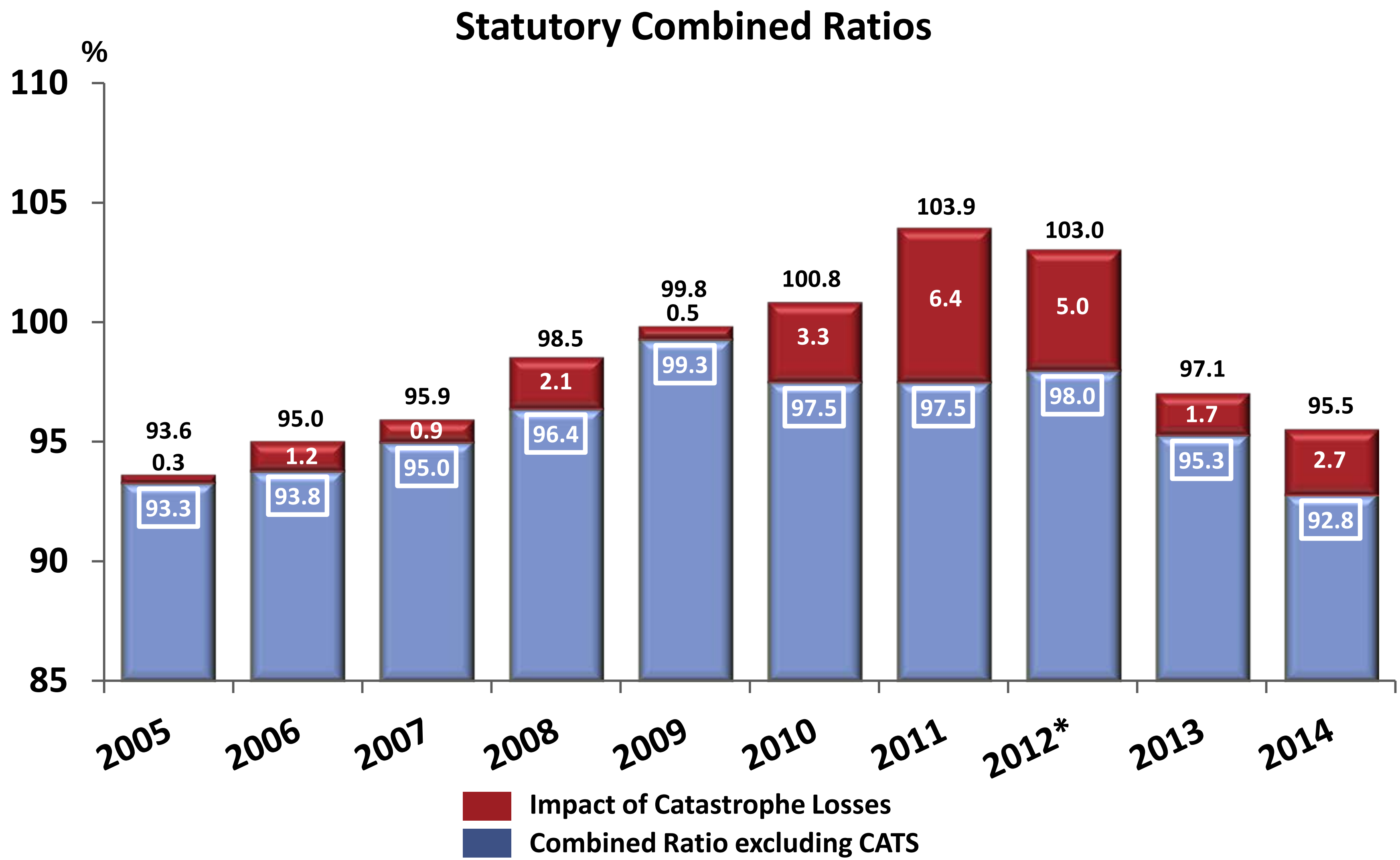
Standard Commercial Lines Profitability



**Includes impact of reinstatement premium on catastrophe reinsurance program as a result of Hurricane Sandy*

Some amounts may not foot due to rounding

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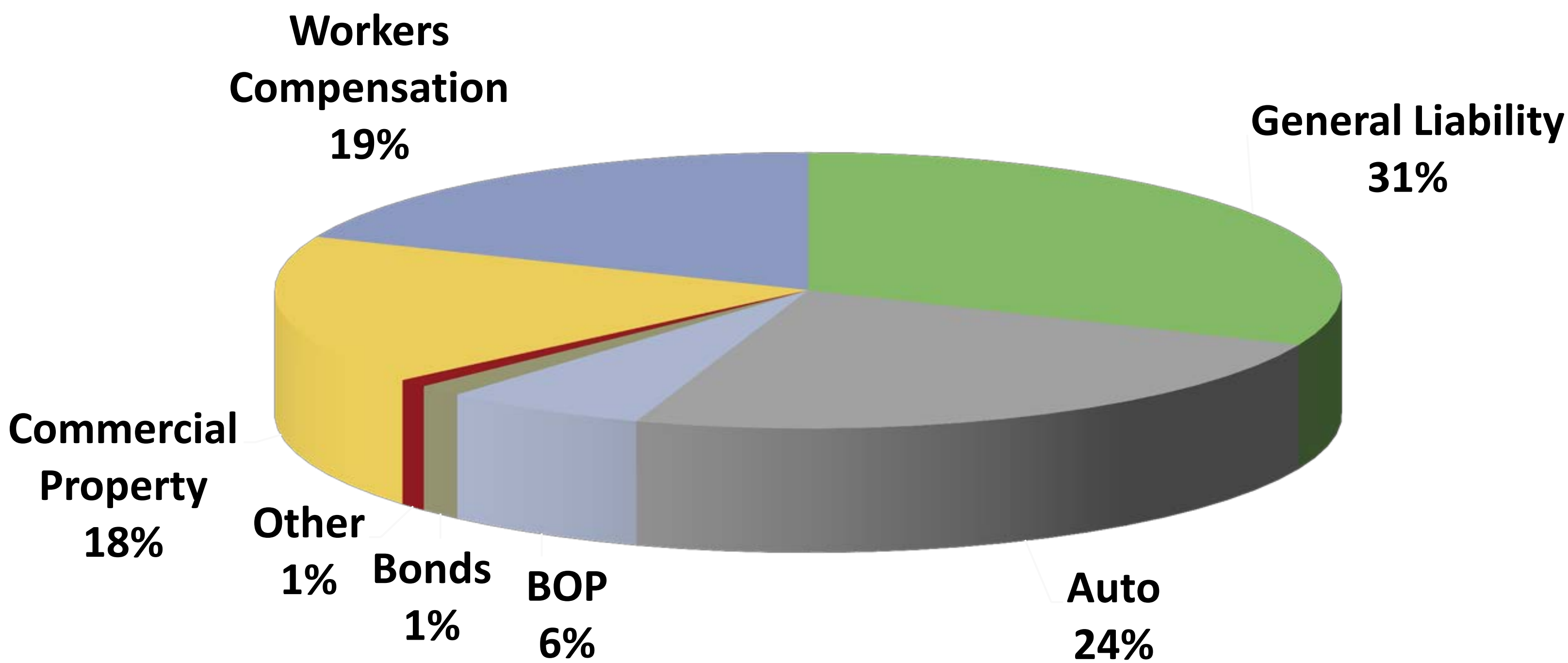
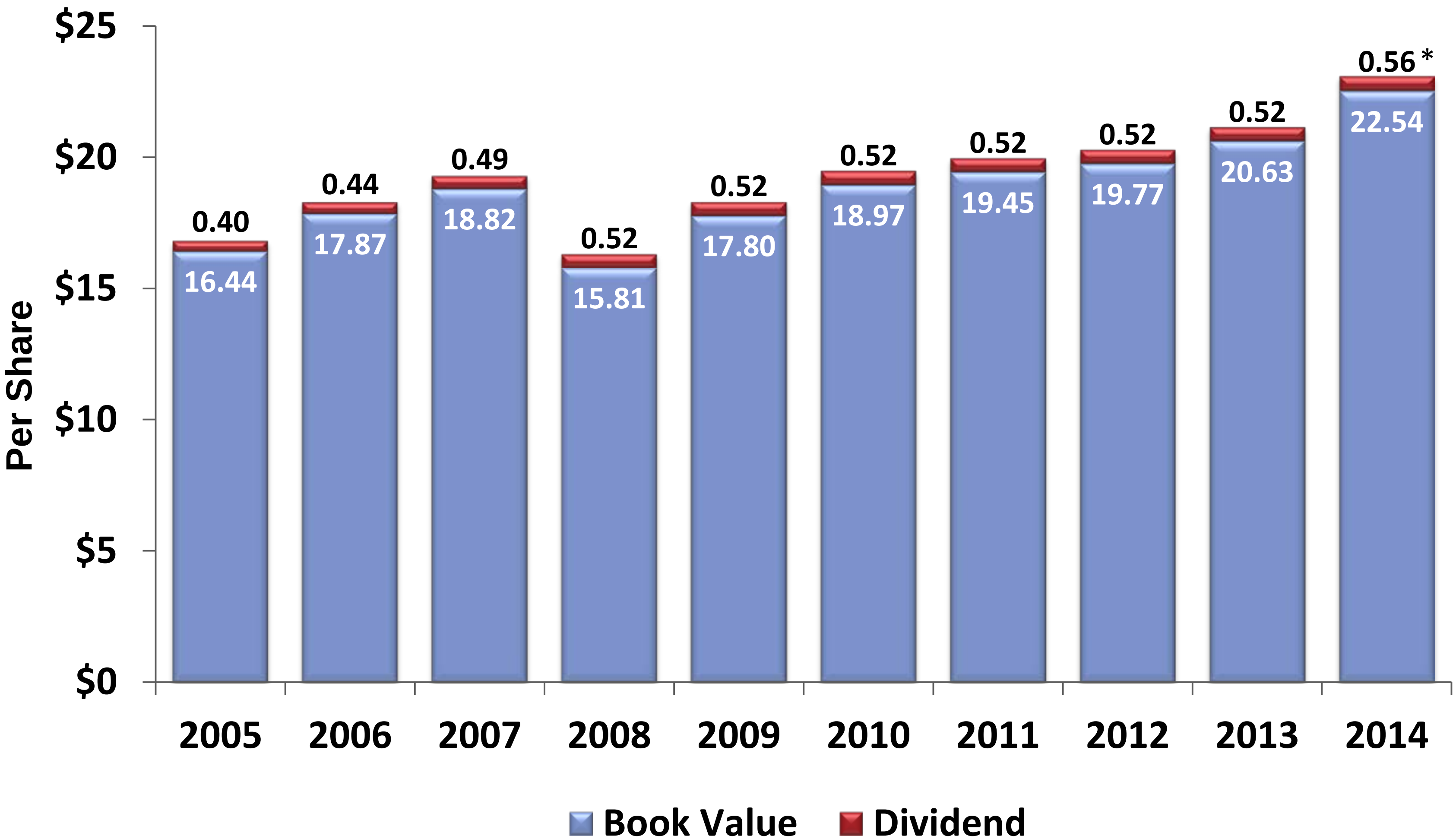
Premium by Line of Business

2014 Standard Commercial Lines Net Premium Written



Long-Term Shareholder Value Creation



*Annualized indicated dividend

Note: Book value restated for change in deferred policy acquisition costs (2005-2006 Estimated)

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