



Selective Insurance Group, Inc.

Investor Presentation
November 2010

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.

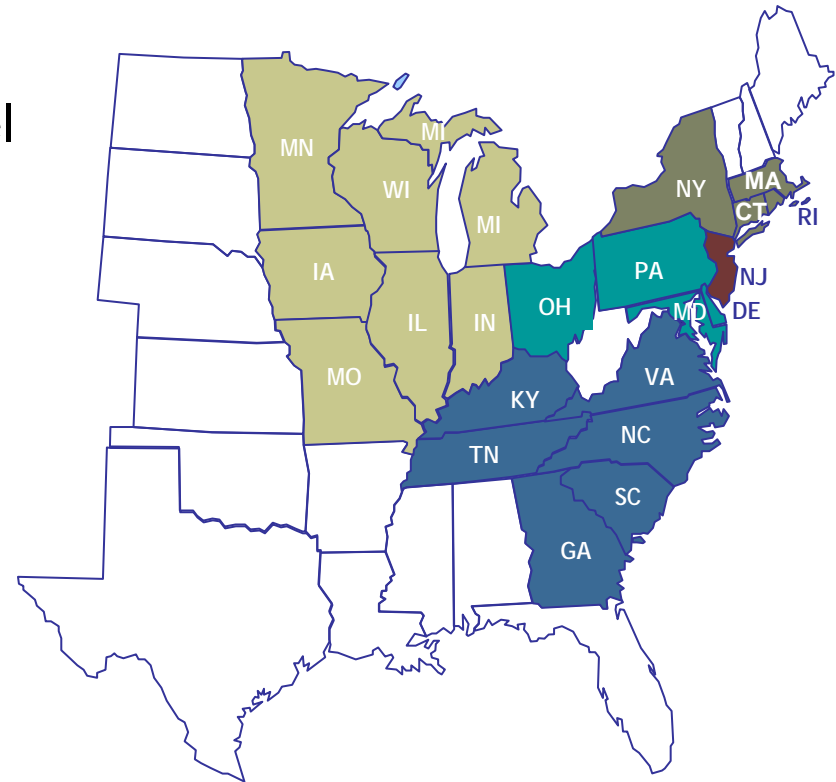
Factors, that could cause our actual results to differ materially from those projected, forecasted or estimated by us in forward-looking statements are discussed in further detail in Selective's public filings with the United States Securities and Exchange Commission. These risk factors may not be exhaustive. 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.



Financial Strength

Who We Are

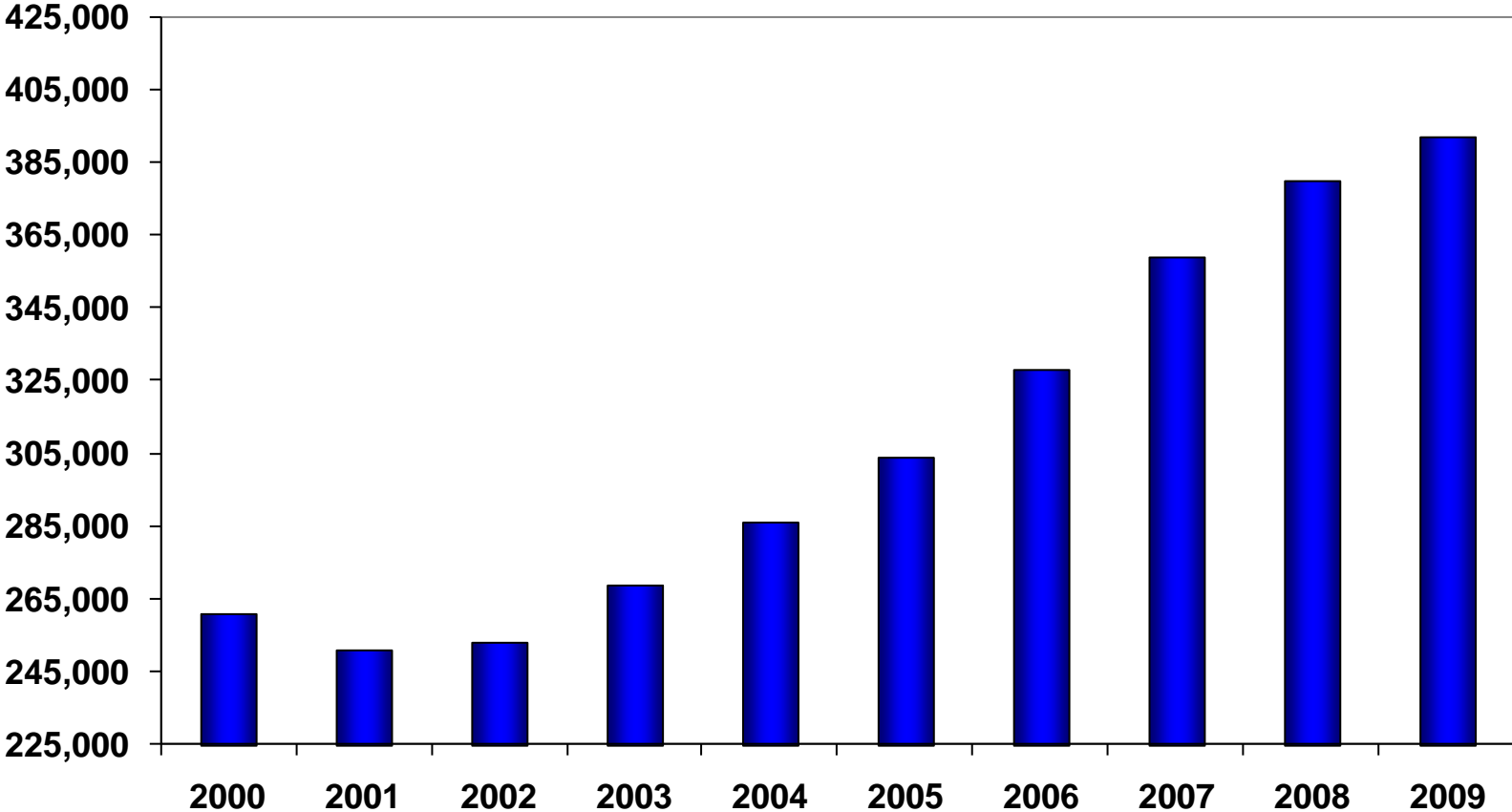
- 22-state super-regional
- High tech, high touch business model
- Partner of choice – 980 independent agents
- 2009: \$1.4B NPW
 - 84% commercial lines
 - 16% personal lines
- History of financial strength



Rated A+ by A.M. Best for 49 years

Selective: A Growth Company

Commercial Lines Policy Counts



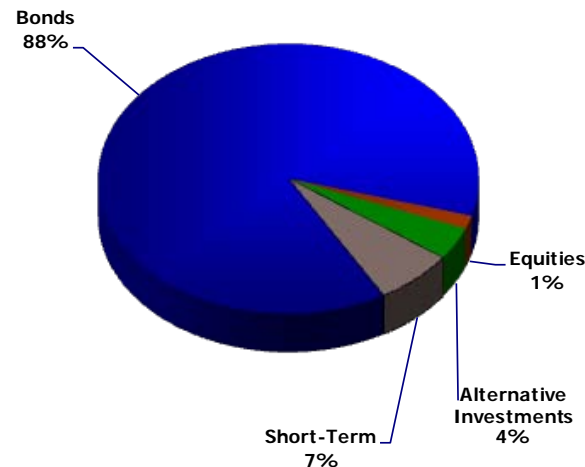
Selective: A Growth Company

- Return audit and endorsement premium of (\$13M) for third quarter 2010
 - Recently had been running at (\$18M) per quarter due to the state of the economy
- Without return premium, NPW would be up 1.6% September YTD compared to the same period in 2009
- Commercial and personal lines pricing is positive

High Quality Investment Portfolio

- Average "AA" bond quality
- Approximately 3.5 year average duration, including short-term & cash
- Rebalanced to address market risks
- Equities and alternative investments 5% of invested assets

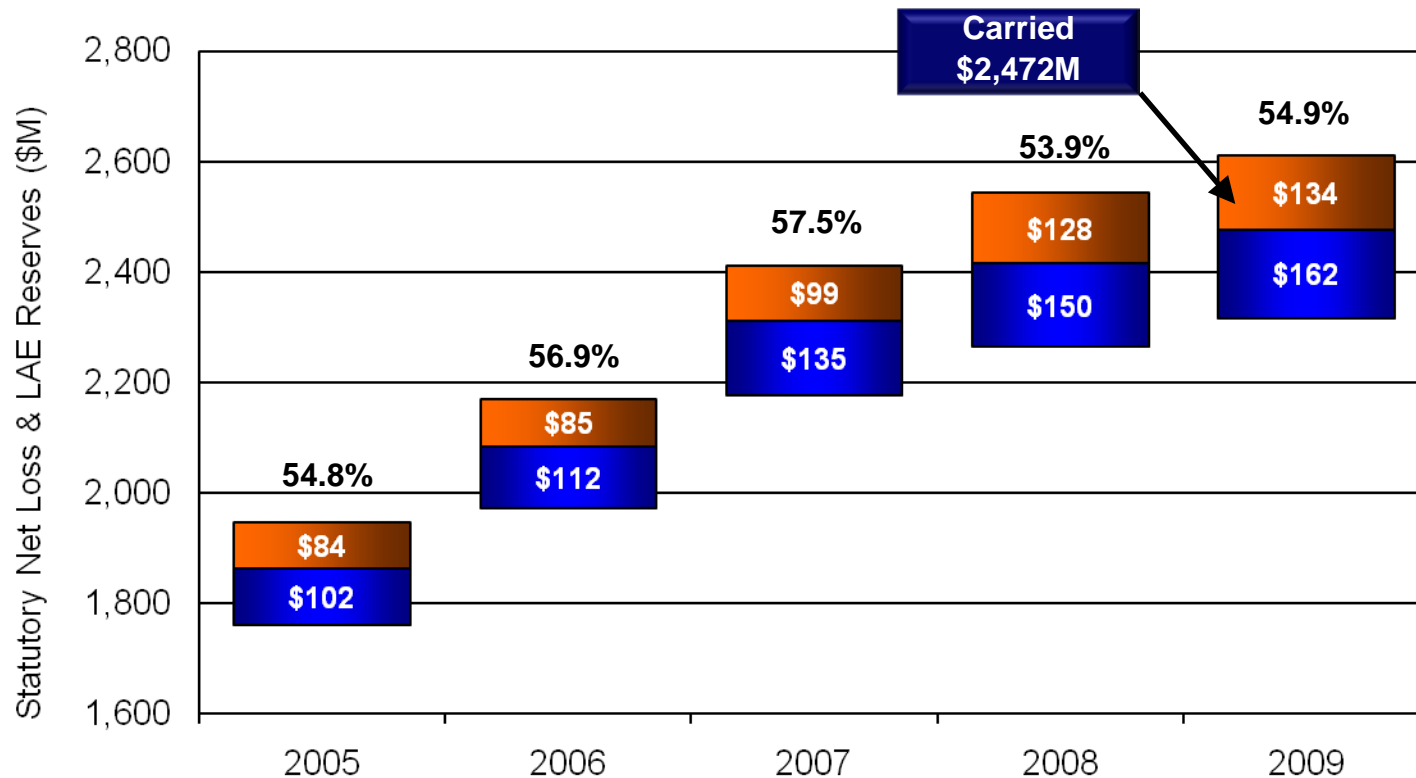
\$4.0B Invested Assets
September 30, 2010



Market-to-carry value on the fixed income portfolio improved to 105.2% as of September 30, 2010

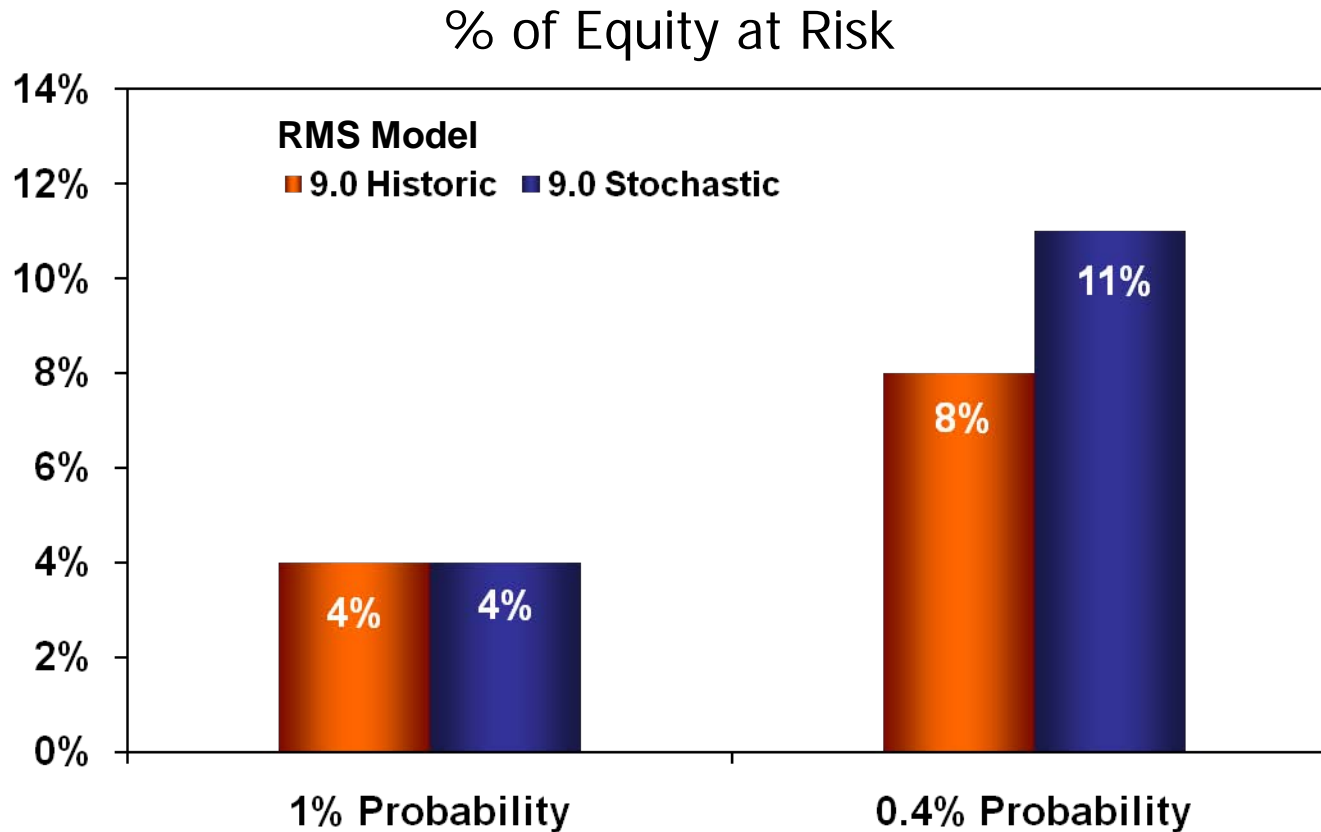
Disciplined Reserving Practices

Actuarial Reserve Ranges



| | | | | | |
|--|--------|------|-------|-------|-------|
| Calendar Year Reserve Development (p/t) | (\$5M) | \$7M | \$16M | \$18M | \$29M |
| Loss Ratio (pts) | (0.4) | 0.5 | 1.0 | 1.2 | 2.0 |

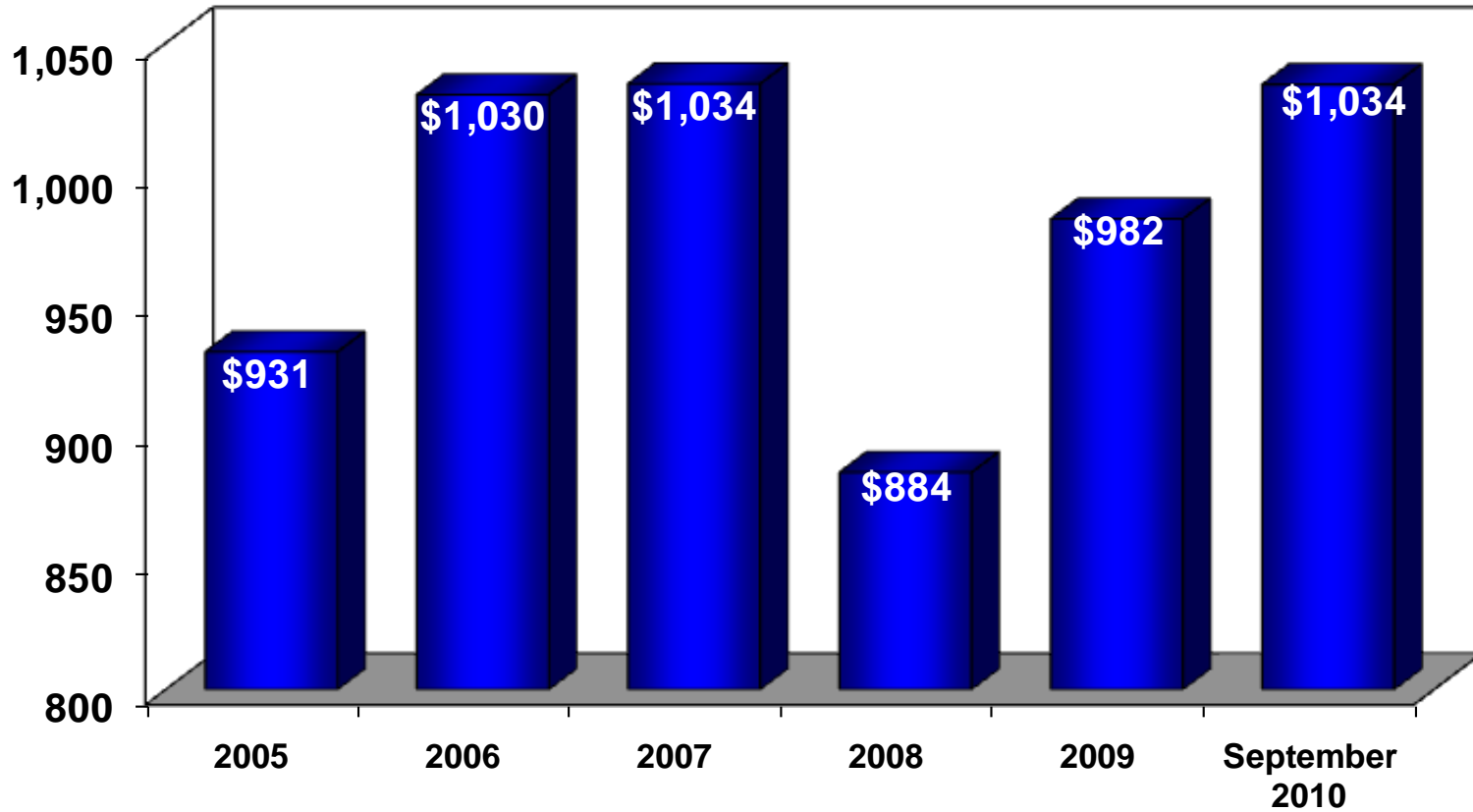
Strong Natural Catastrophe Reinsurance Program



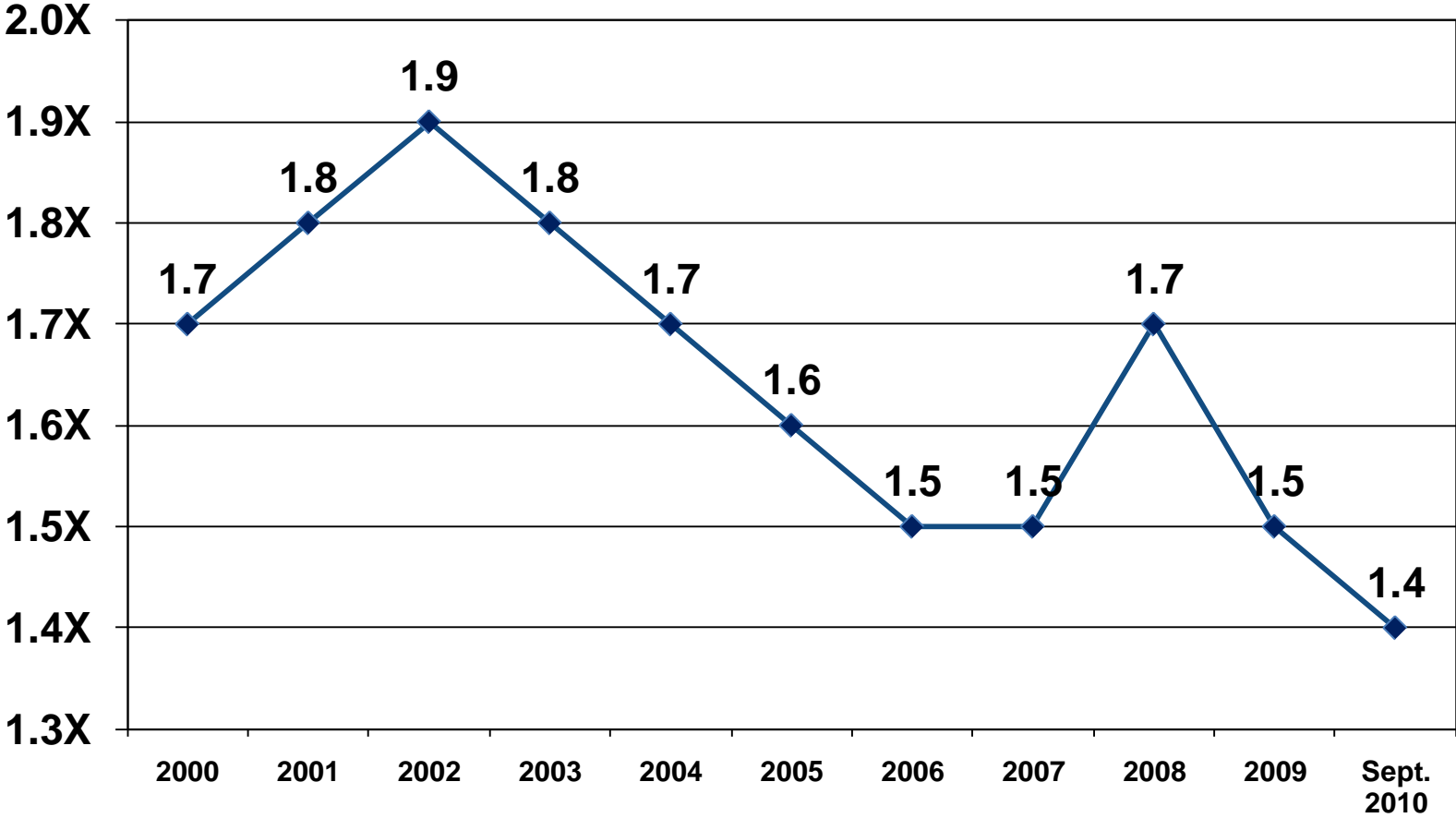
CAT cover: \$310M in excess of \$40M

Surplus Position Recovery

(\$ in millions)



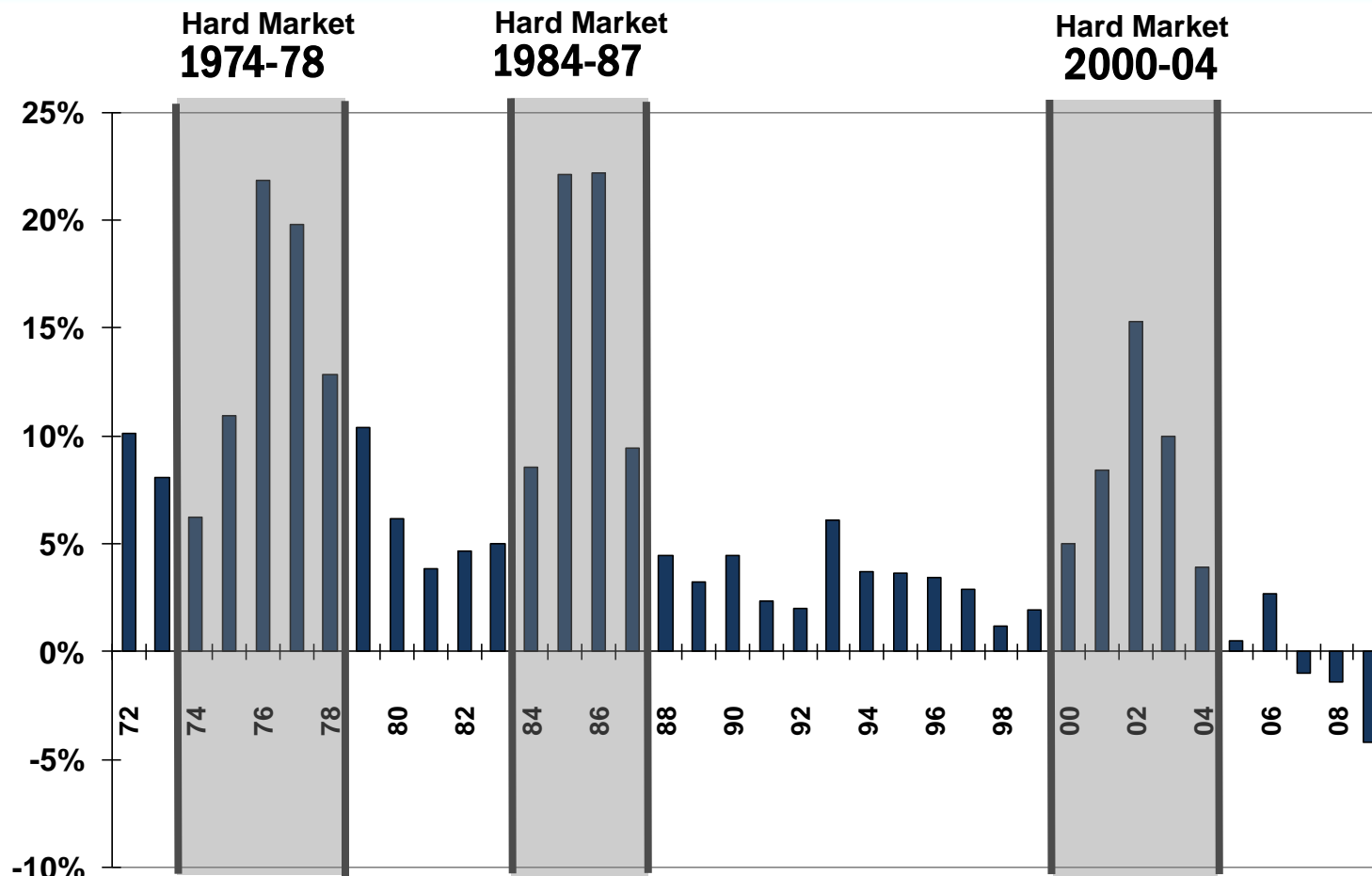
Premium-to-Surplus





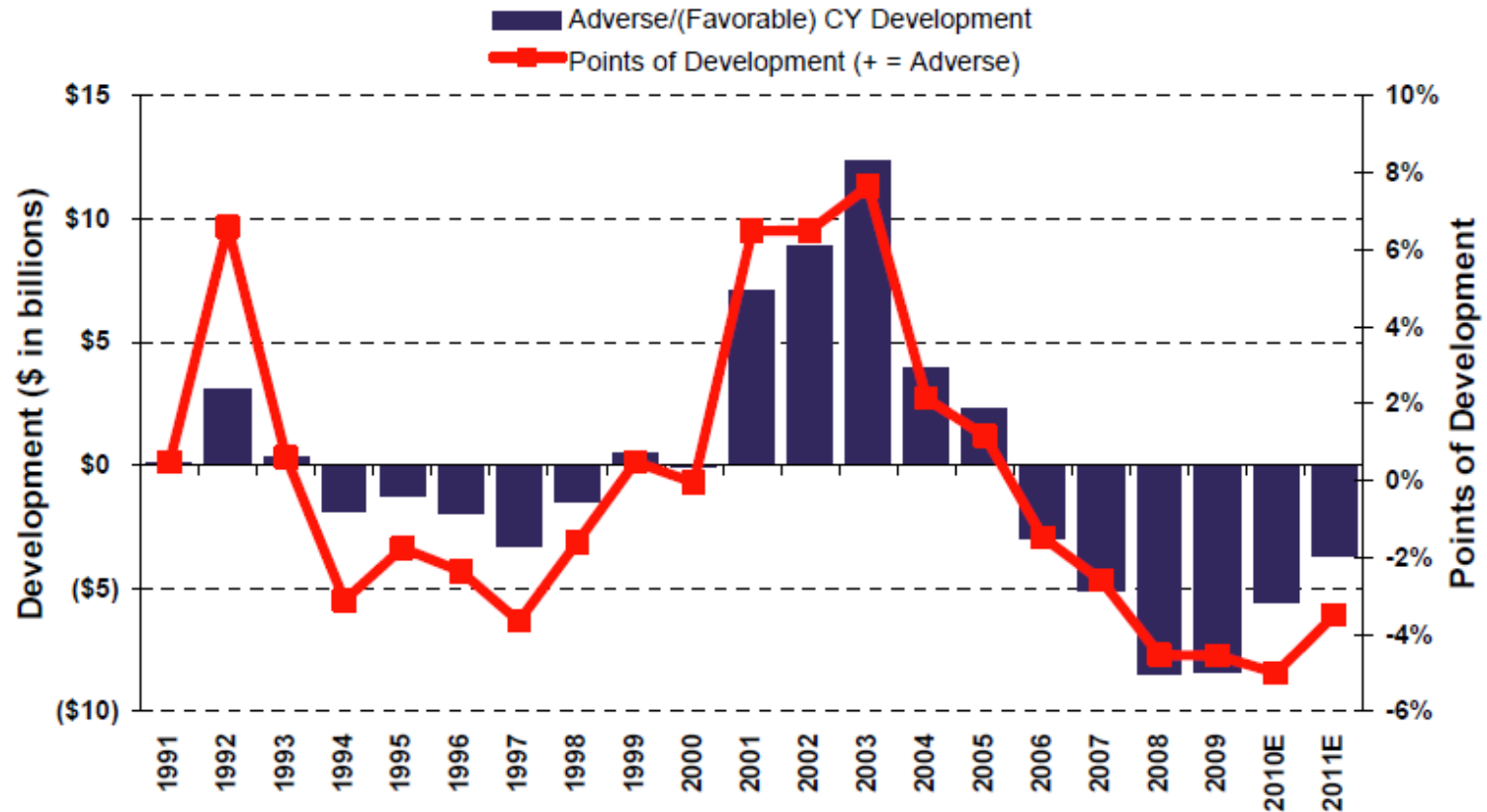
**Competitively Positioned for
the Market Turn**

P&C Industry NPW Growth Reflects Current Economic Situation



2007 – 1st Industry NPW decline since 1943

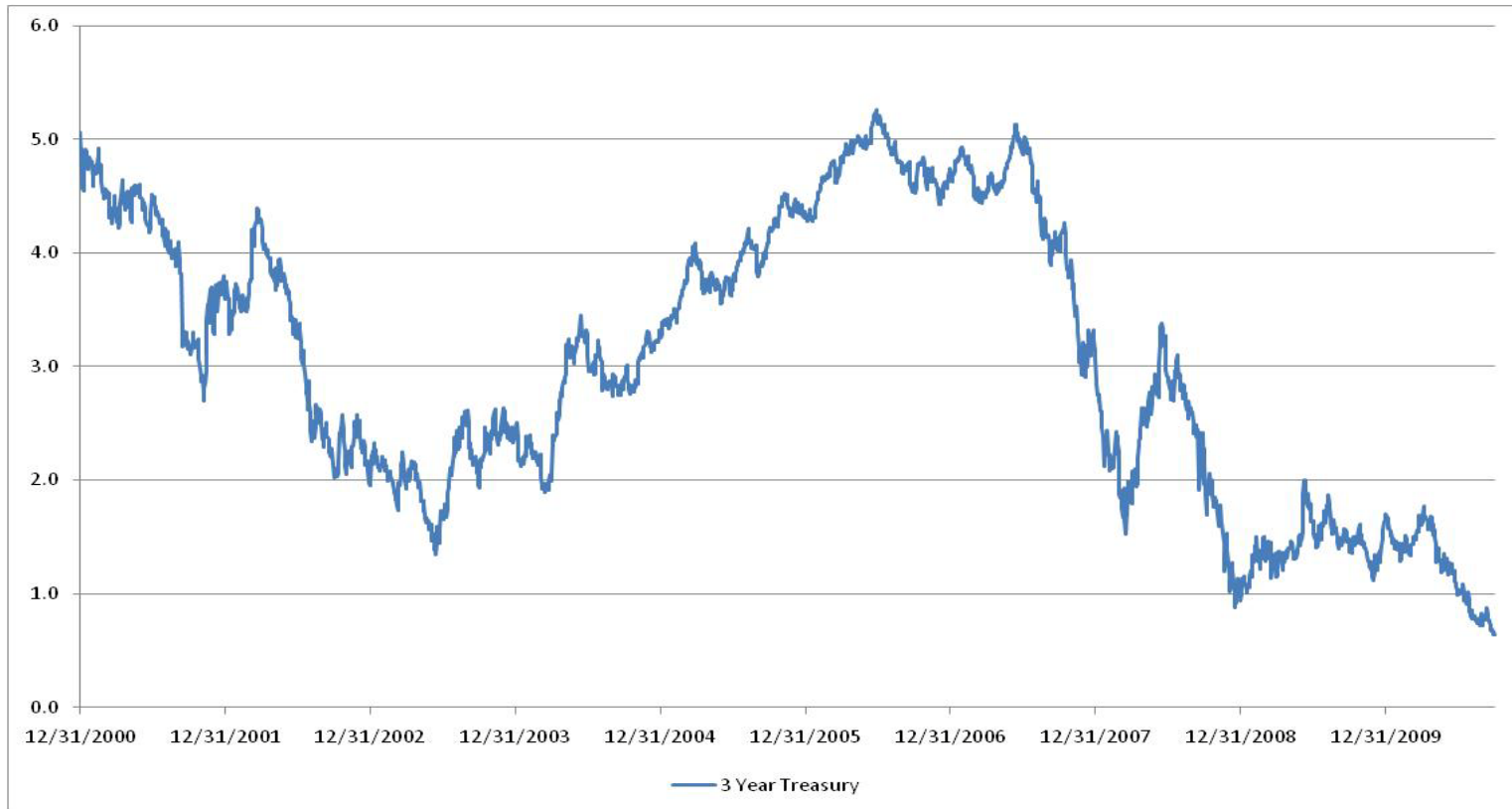
P&C Industry Adverse/(Favorable) Calendar Year Development



Note: GAAP development data includes publicly traded U.S. insurers (does not include AIG or BRK.A). 2010E and 2011E reflect KBW's coverage universe.

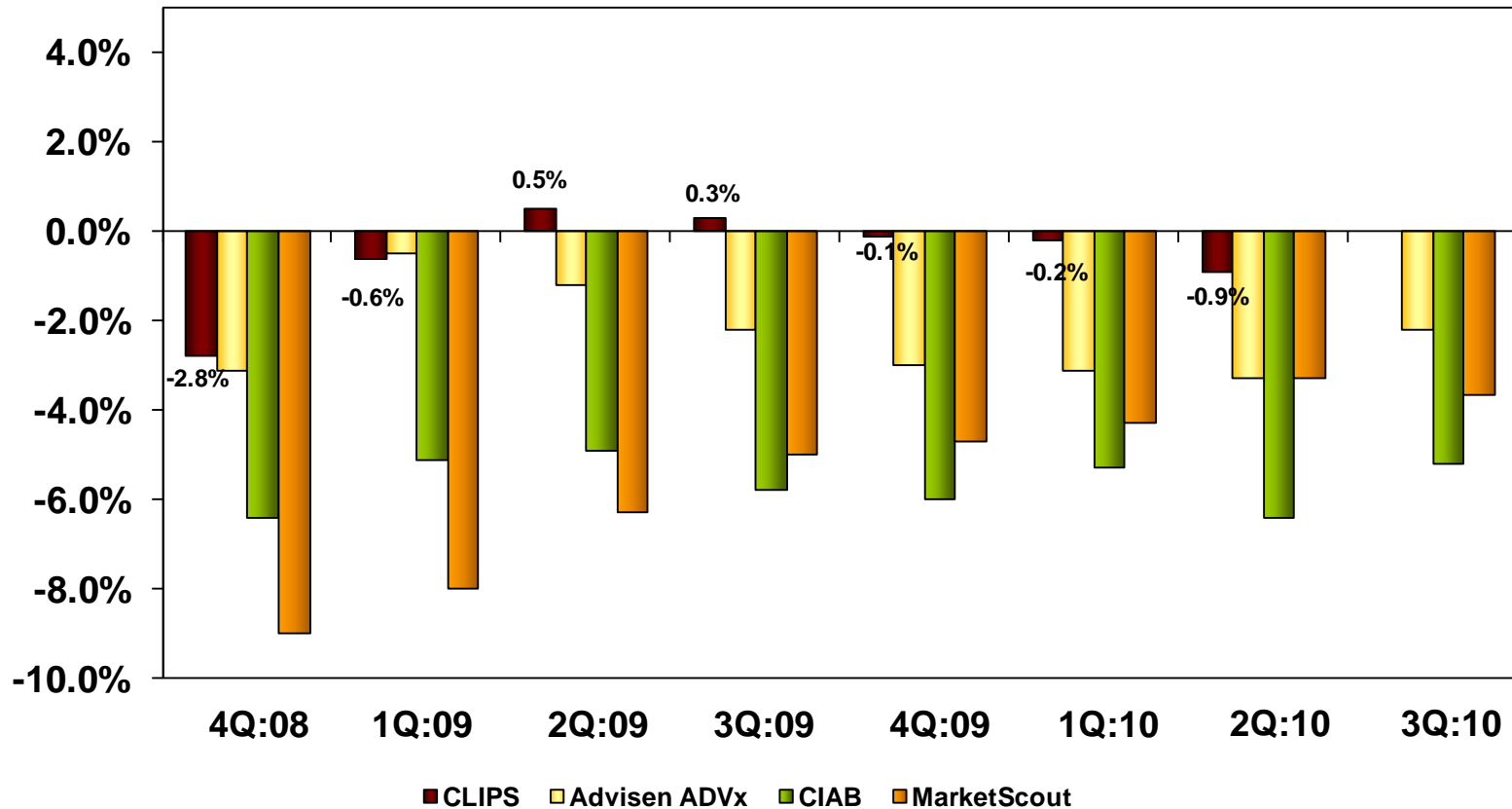
Declining New Money Rates

Percent Yield

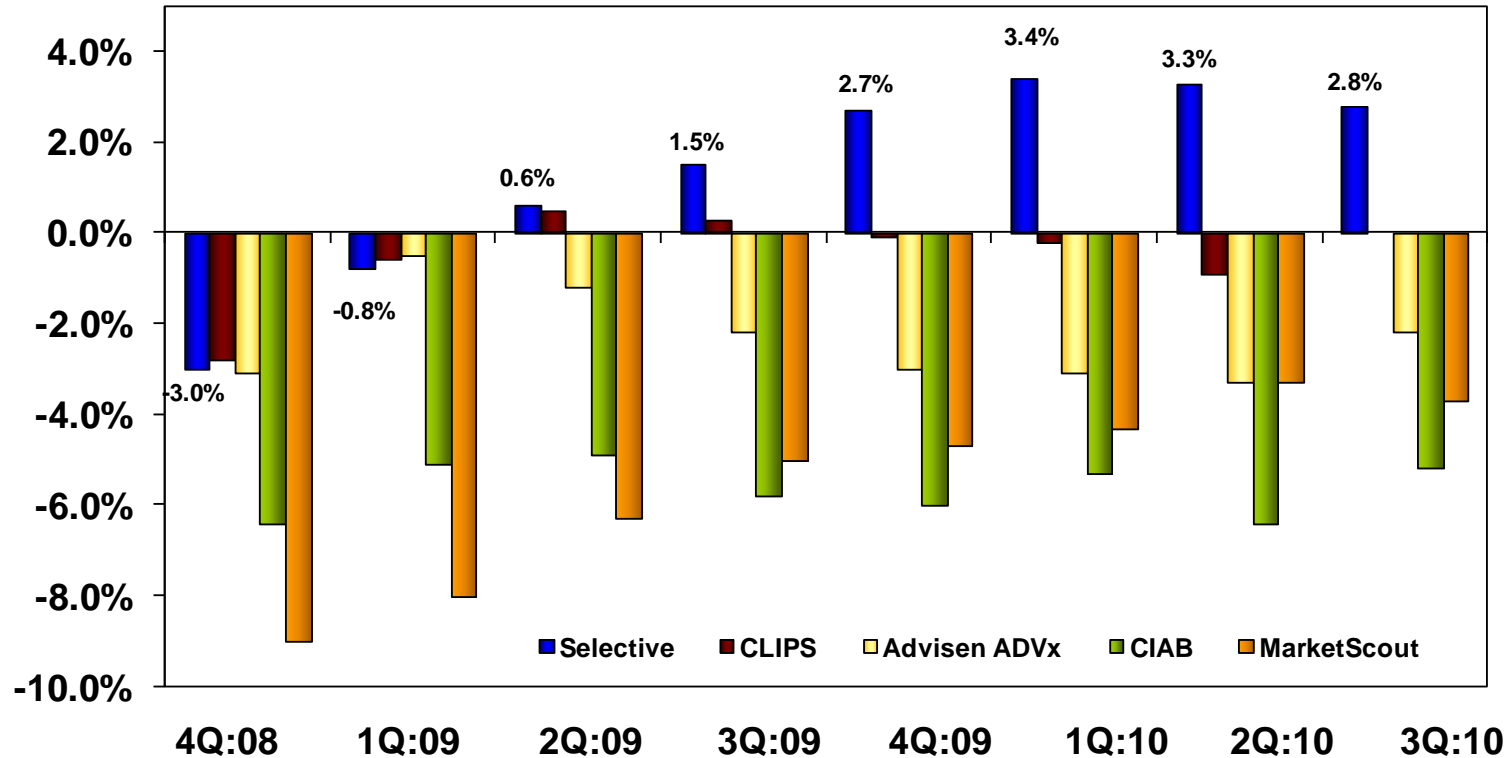


4 point decline in pre-tax yield requires 8 points in combined ratio reduction to maintain ROE

Commercial Lines Industry Pricing Indices



Selective's Commercial Lines Pricing Success



6 quarters of positive price

Why Can Selective Raise Prices?

- Sophisticated underwriting (modeling)
- Granular pricing capabilities
- Agency relationships



Competition continues to cut price

Sophisticated Underwriting Tools

- Desktop underwriting tool provides:
 - Aggregate diamond score by account
 - Reason code
 - Pricing range to achieve profitability
 - Pure rate
 - Underwriting risk– Multi-year loss ratios and number of claims
 - Agency risk
 - Link to CAT management tool

The screenshot displays a web-based interface for the SELECTIVE Commercial Lines Automation System. The main section is titled "Under Risk Experience Rating" and shows a summary of account information and a table of line items.

Account Summary:

- Account Score: 5.8
- Total state premium: 5417
- Account Range: 365 - 491
- Total Policy premium: 5417
- TOTAL ALL STATES Account Premium: 4902

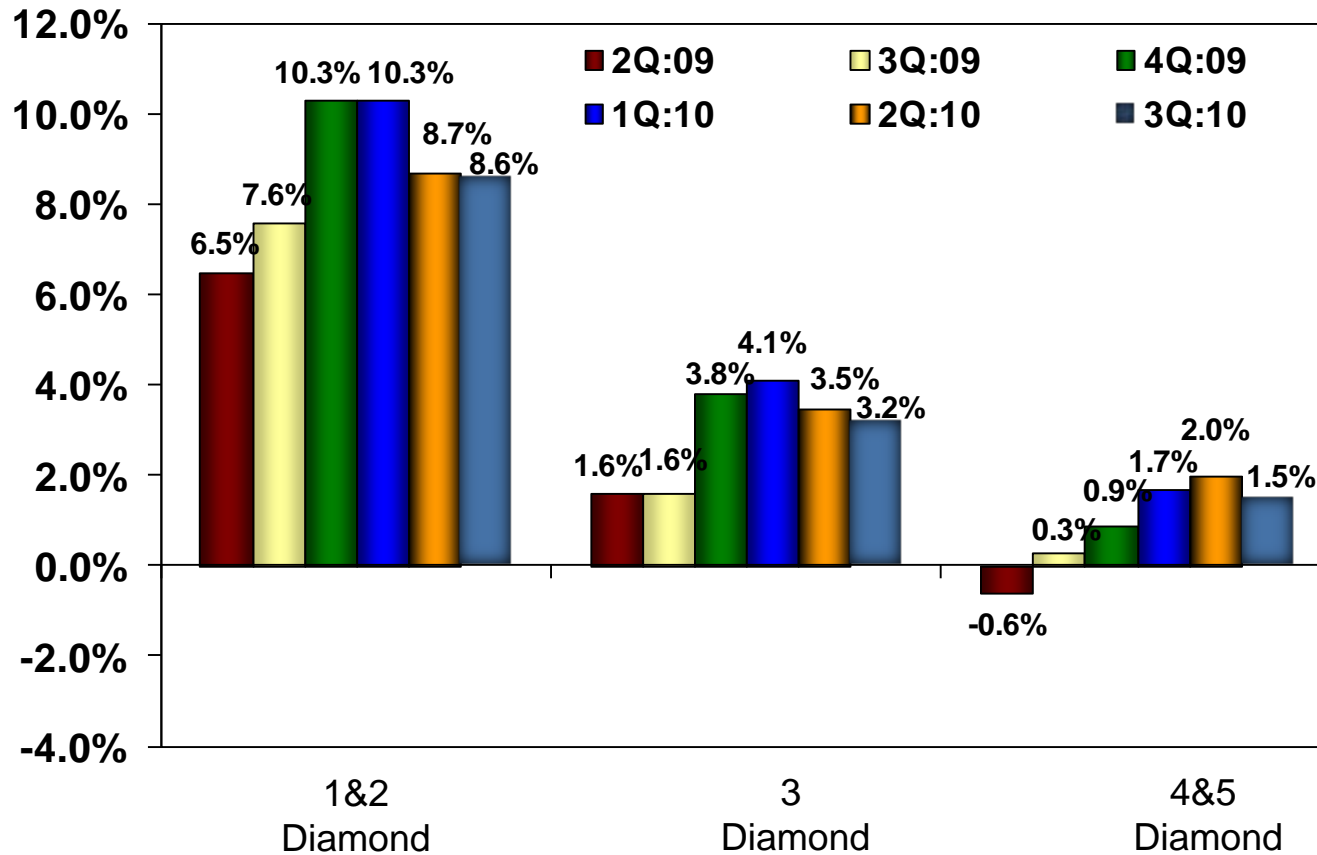
| Score | Line of Business | OSM Range | OSM Premium | Total Premium |
|-------|-------------------|-------------|-------------|---------------|
| ***** | General Liability | \$305 - 249 | \$249 | \$249 |
| ***** | Property | \$172 - 231 | \$231 | \$231 |
| ***** | Total CFP Range | \$177 - 473 | \$476 | |
| ***** | Admitted | \$58 - 91 | \$96 | |
| ***** | Umbrella | NA | | \$515 |

Below the table, there is a section for "Premiums shown below are estimated. They will be accurate when the policy is issued. See Rating Worksheet for PMS MOD overrides." This section contains a grid for various risk categories with input fields for values and checkboxes for "AUTO LAD" and "UMBRELLA".

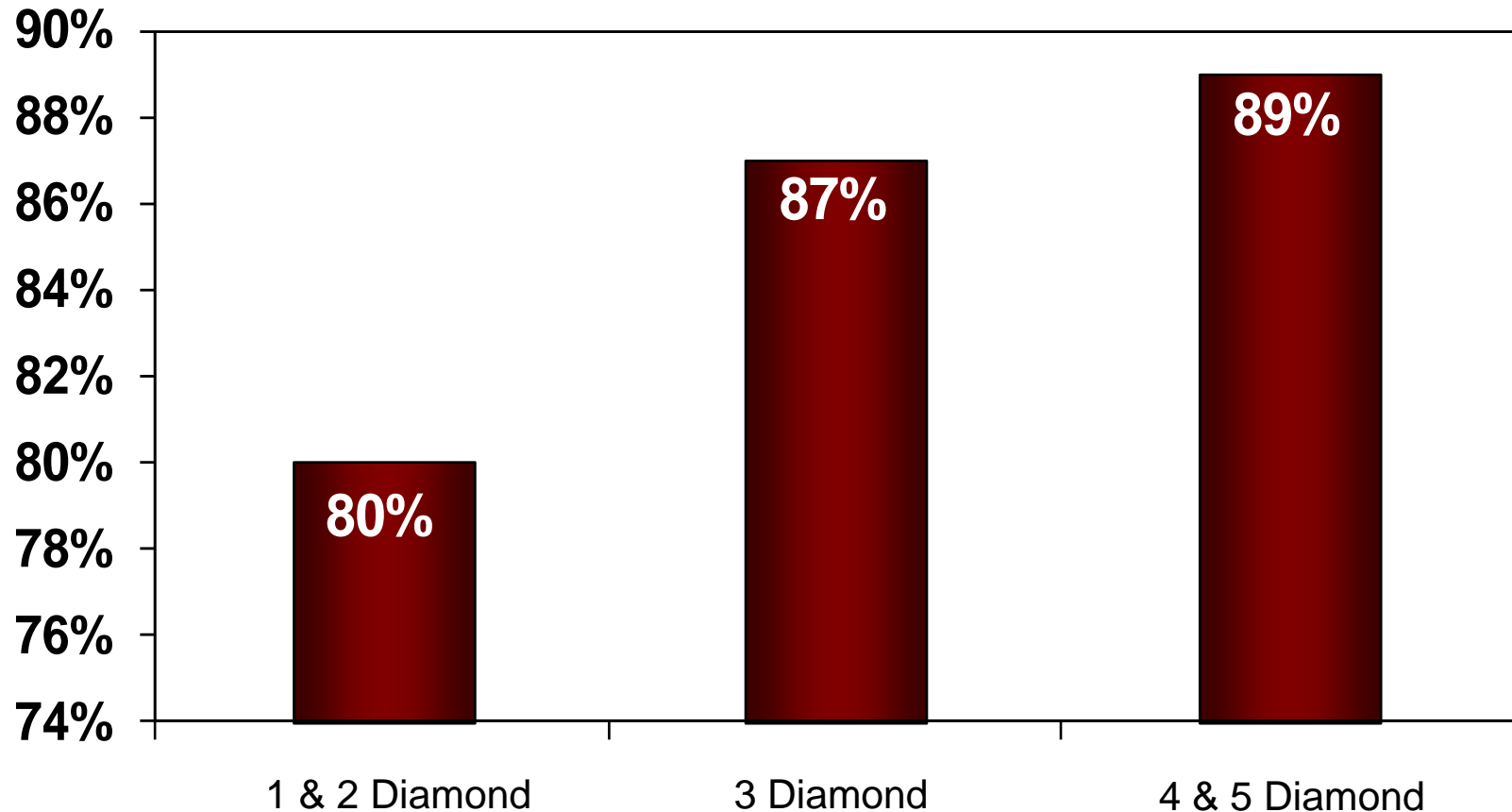
| Package | PROPERTY | GEN. LIAB. | AUTO LAD | UMBRELLA |
|------------|--------------------------|--------------------------|--------------------------|--------------------------|
| SchedBPPM | 0.70 | 0.70 | <input type="checkbox"/> | <input type="checkbox"/> |
| Experience | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| M/PDC | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| CO. EXP. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| IND. RISK | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| AG. EXP. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 1.00 |
| OTHER | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FRAND | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FACTORY | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| STATE ACD | 0.50 | 0.50 | <input type="checkbox"/> | <input type="checkbox"/> |
| LOSS FREE | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| CREDIT | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| INSURANCE | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| DEVI | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Granular Pricing Capabilities

Selective Pricing by Diamond



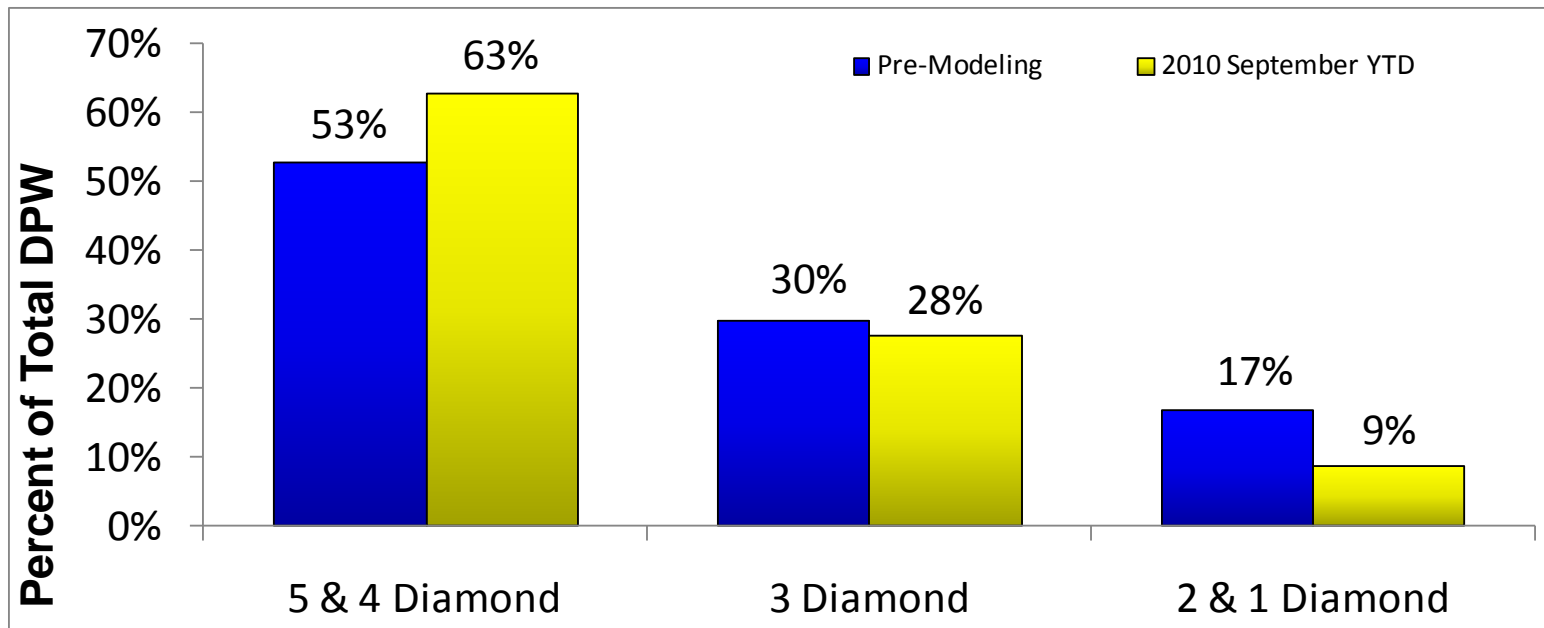
Retaining our Best Commercial Business



Commercial Lines New Business Quality Improvement

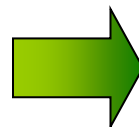
Percent of Total New Premium Diamond Distribution

WC, BOP, CPP, CA



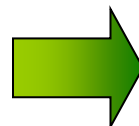
Commercial Lines Growth Opportunity

**980 Agents
Avg. Premium/Agent
\$1.5M**



**Goal
\$3M per Agent**

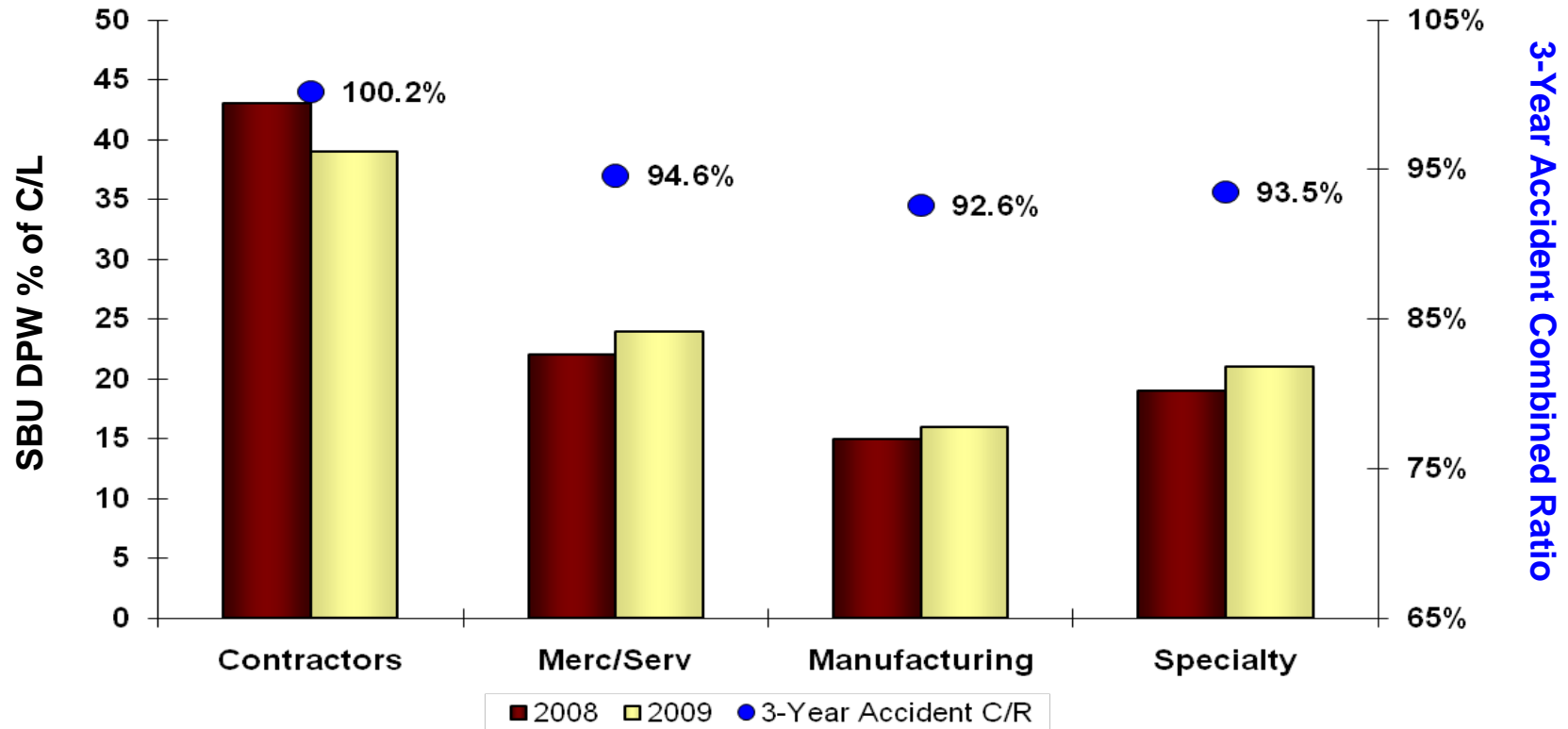
| State | Current Share of Wallet | Most Recent Agency Commercial Lines Premium Volume (\$M) |
|--------------|-------------------------|--|
| NJ | 12.5% | 2,209 |
| MD | 8.6 | 1,054 |
| RI | 8.0 | 257 |
| PA | 8.8 | 2,011 |
| NY | 7.4 | 2,014 |
| NC | 9.7 | 448 |
| VA | 11.8 | 800 |
| All other | 4.4 | 7,823 |
| Total | 7.2 | 16,616 |



**18% Share of
Wallet Results in
\$3.0 Billion DPW**

*Includes agents appointed in 2007 and prior;
Premium year end 2009

Commercial Lines Diversification



Further diversification results in lower combined ratio

Personal Lines: Why and How We Write It

- Independent agents control 35% of market
 - 13-state footprint opportunity – \$900 million
- Has historically reduced earnings volatility
- Underwriting and automation improvements reduced operating costs and increased data quality
 - 67% of total personal lines (91% of personal auto) premium in MatrixSM
- By-peril homeowners rating

Average insurance scores improving or stable

Personal Lines: New Business Penalty and In-force Rate

- Auto book currently has over a 7 point penalty due to age of policies
- Over the next 5 years there is a 4 point improvement solely due to aging of the book

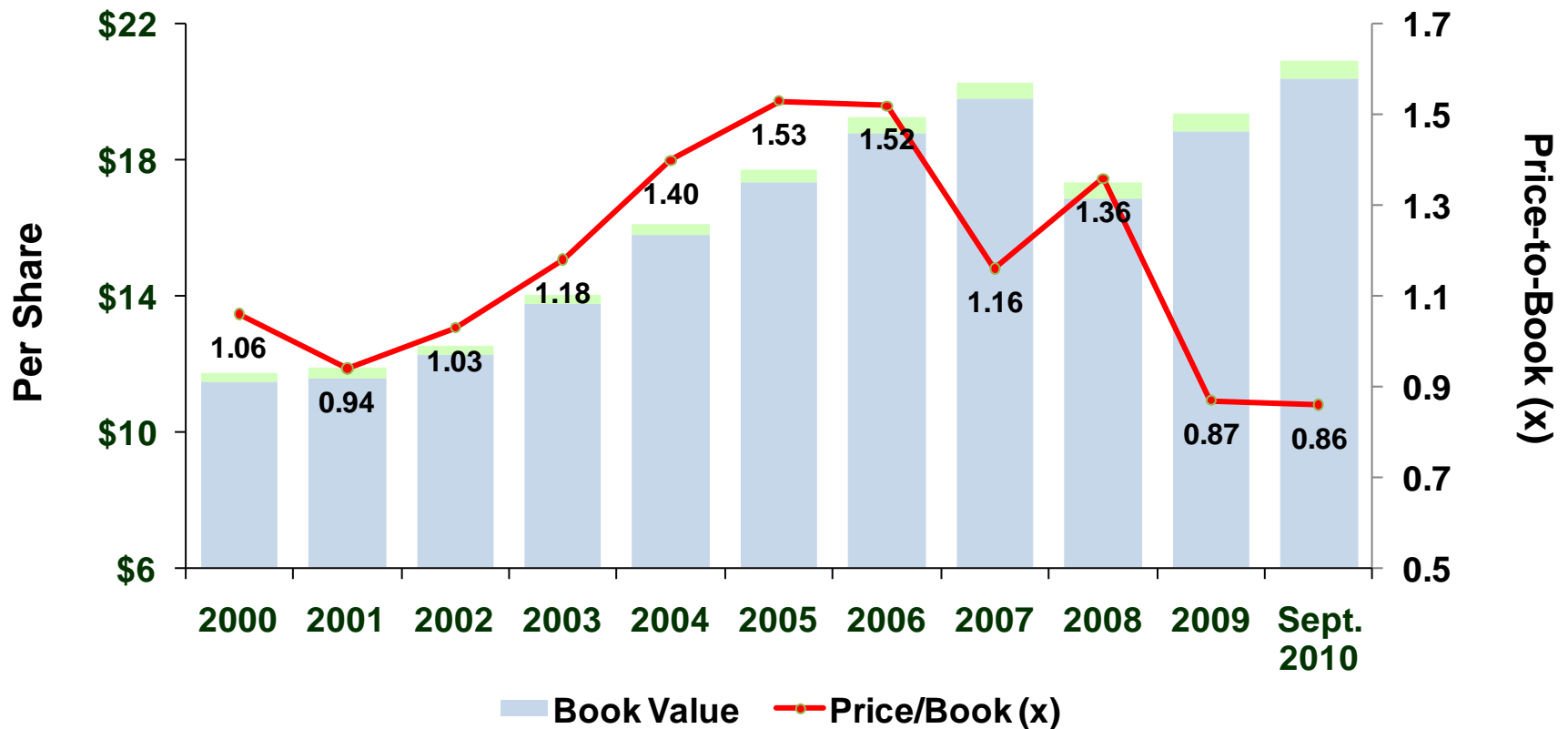
| In-force Rate and Premium | | | |
|---------------------------|-----------------------|--|------------------|
| (\$ in millions) | Blended In-force Rate | Potential Premium Based on In-force Book | New Business DPW |
| 2007 | 2.4% | \$ 5 | \$39 |
| 2008 | 7.1% | \$15 | \$43 |
| 2009 | 3.1% | \$ 7 | \$55 |
| 2010E | 6.0% | \$15 | -- |

Long-Term Shareholder Value Creation



*Indicated annualized dividend

Long-Term Shareholder Value Creation



Q3 2010: Book value as of 9/30/10, price as of 11/5/10

Why Selective? Why now?

- Dividend yield at 3.0%
- Trading at historically low multiple of 0.86x
- Clean capital-minimal intangibles
- Best in-class agency relationships
- Achieving positive pure price
- Sophisticated underwriting and pricing tools

Effectively managing the cycle