



SELECTIVE[®]

Supplemental Investor Package

First Quarter 2012

Investor Contact:

Jennifer DiBerardino

Senior Vice President, Investor Relations and Treasurer

Tel: 973-948-1364

jennifer.diberardino@selective.com

SELECTIVE INSURANCE GROUP, INC.
FIRST QUARTER 2012 INVESTOR PACKAGE
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Selective Insurance Group, Inc.
40 Wantage Avenue
Branchville, New Jersey 07890
www.selective.com

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Investor Contact: Jennifer DiBerardino
973-948-1364, jennifer.diberardino@selective.com

Media Contact: Gail Petersen
973-948-1307, gail.petersen@selective.com

Selective Insurance Group Reports
First Quarter 2012 Earnings

Branchville, NJ – April 25, 2012 – Selective Insurance Group, Inc. (NASDAQ: SIGI) today reported its financial results for the first quarter ended March 31, 2012. Net income per diluted share was \$0.33 and operating income¹ was \$0.28 per diluted share.

“Overall, we are pleased with our first quarter performance and the progress we continue to drive throughout the organization,” said Chairman, President and Chief Executive Officer Gregory E. Murphy. “There is clear evidence of more rational commercial lines pricing, terms and conditions by almost all competitors who are now seeking increases on renewal business. Our nimbleness, combined with pricing sophistication and outstanding agency relationships, provides us with high-quality growth and underwriting opportunities.

“For the quarter, our statutory combined ratio was a profitable 99.1% with both personal and commercial lines achieving combined ratios under 100%,” said Murphy. “Commercial lines price was up 5.1% for the quarter, with March generating a 6% increase, and commercial lines retention for the quarter improved 3 points to a very strong 83%.

“Overall net premiums written (NPW) grew 16% in the quarter compared to 2011,” continued Murphy. “Excess and surplus (E&S) lines contributed 7 points, with the remainder attributable to renewal price increases in personal and commercial lines that were over 5%; direct new business that rose 36% or \$22 million; and overall retention that improved 2 points to a solid 84%.

“Our personal lines operations continue to grow due to filed rate increases that were effective for the quarter that averaged 5.9%, while retention improved 1 point from a year ago to 87%,” said Murphy. “The personal lines statutory combined ratio for the quarter was profitable at 97.7%.”

Selective's first quarter 2012 highlights compared to first quarter 2011:

- Net income was \$18.1 million, or \$0.33 per diluted share, compared to net income of \$20.5 million, or \$0.37 per diluted share;
- Operating income¹ was \$15.3 million, or \$0.28 per diluted share, compared to operating income¹ of \$16.8 million, or \$0.30 per diluted share;
- Combined ratio: GAAP: 100.4% compared to 103.6%; Statutory: 99.1% compared to 102.6%;
- Total net premiums written were up 16% to \$420.2 million:
 - o Commercial Lines NPW were up 18% to \$354.6 million, including \$25.8 million from E&S lines;
 - o Personal Lines NPW were up 7% to \$65.6 million;
- Non-catastrophe property losses were \$33.7 million, after tax, versus \$39.7 million;
- Favorable prior year statutory reserve development on our casualty lines totaled \$3 million pre-tax compared to \$4 million;
- Net investment income, after tax, decreased 23% to \$24.8 million; and
- Total revenue was \$419.3 million compared to \$403.5 million.

Balance Sheet and Guidance

At March 31, 2012, Selective's assets were \$5.6 billion, down 1% over December 31, 2011. Selective's investment portfolio was \$4.2 billion, which increased 1% in the quarter.

Stockholders' equity was up 2% for the quarter, to \$1.1 billion, and book value per share increased 2% to \$19.76 for the quarter. Statutory surplus was up 2% for the quarter to \$1.1 billion.

Selective's Board of Directors declared a \$0.13 per share quarterly cash dividend on common stock payable June 1, 2012 to stockholders of record as of May 15, 2012.

In the first quarter, some positive variances in underwriting results and some negative variances in investments led to overall earnings within expectations. After only one quarter, Selective is maintaining the 2012 guidance as follows:

- A statutory combined ratio of 101.5% and a GAAP combined ratio of 102.5%, which do not include any additional reserve development assumptions, either favorable or unfavorable, and catastrophe losses of 2.5 points – about a point higher than the historical average to reflect the more severe weather patterns;
- Investment income expected to be approximately flat with 2011 levels; and
- Weighted average shares outstanding of 55.6 million.

The supplemental investor packet, 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 8:00 a.m. ET, on April 26, 2012 at www.selective.com. The webcast will be available for rebroadcast until the close of business on May 25, 2012.

About Selective Insurance Group, Inc.

Selective Insurance Group, Inc. is a holding company for eight 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 income differs from net income by the exclusion of realized gains or losses on investments. 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, could distort the analysis of trends. Operating income is not intended as a substitute for net income prepared in accordance with U.S. generally accepted accounting principles (GAAP). A reconciliation of operating income to net 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)

3 months ended March 31:	2012	2011
Net premiums written	\$ 420,172	361,835
Net premiums earned	378,829	351,343
Net investment income earned	32,628	43,473
Net realized gains	4,358	5,760
Total revenues	419,348	403,456
Operating income ¹	15,260	16,756
Capital gains, net of tax	2,833	3,744
Net income ¹	<u>\$ 18,093</u>	<u>20,500</u>
Statutory combined ratio	99.1%	102.6%
Statutory combined ratio, excluding catastrophe losses	97.3%	100.7%
GAAP combined ratio ¹	100.4%	103.6%
Operating income per diluted share ¹	\$ 0.28	0.30
Net income per diluted share ¹	0.33	0.37
Weighted average diluted shares	55,605	55,054
Book value per share	\$ 19.76	19.06

¹ Prior year data has been restated to reflect the adoption of ASU 2010-26, "Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts."

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

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

	March 31,			March 31,			December 31,		
	2012			2011			2011		
	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	\$ 2,072,573	2,086,423	85,230	\$ 1,743,751	1,763,993	33,499	\$ 1,967,498	1,981,909	73,085
Gov't Municipal bonds	1,629,130	1,659,819	101,166	1,846,872	1,865,194	71,228	1,642,223	1,673,508	108,694
Total bonds	3,701,703	3,746,242	186,396	3,590,623	3,629,187	104,727	3,609,721	3,655,417	181,779
Equities	152,986	152,986	22,773	77,138	77,138	9,034	157,355	157,355	13,529
Short-term investments	174,472	174,472	-	156,437	156,437	-	217,044	217,044	-
Other investments	125,140	125,140	(4,989)	136,148	136,148	(2,500)	128,301	128,301	(4,520)
Total invested assets	4,154,301	4,198,840	204,180	3,960,346	3,998,910	111,261	4,112,421	4,158,117	190,788
Invested assets per \$ of stockholders' equity ²	3.84			3.85			3.89		
Total assets ²	5,629,597			5,221,109			5,685,469		
Liabilities:									
Reserve for losses and loss expenses	3,035,773			2,864,889			3,144,924		
Unearned premium reserve	937,909			833,823			906,991		
Total liabilities	4,546,679			4,191,573			4,627,141		
Stockholders' equity ²	1,082,918			1,029,536			1,058,328		
Total debt to capitalization ratio ²	22.1%			20.3%			22.5%		
Adjusted total debt to capitalization ratio ^{2,3}	15.6%			13.3%			15.9%		
Book value per share ²	19.76			19.06			19.45		
Book value per share excluding unrealized gain or loss on bond portfolio ²	18.08			18.26			17.82		
NPW per insurance segment employee (excludes E&S)	807			760			791		
Statutory premiums to surplus ratio	1.4x			1.3x			1.4x		
Statutory surplus	1,083,174			1,083,848			1,062,707		

¹ Includes mortgage-backed and asset-backed securities.

² Prior year results have been restated to reflect the adoption of ASU 2010-26, "Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts."

³ 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)
March 2012
(\$ in thousands, except per share amounts)

		THREE MONTHS ENDED March 31,			
		2012		2011	
		Per diluted share		Per diluted share	
Consolidated					
Revenue	\$	419,348		\$	403,456
Operating income ¹		15,260	0.28		16,756
Net realized gains, after tax		2,833	0.05		3,744
Net income ¹		18,093	0.33		20,500
Operating return on equity ¹		5.7%			6.5%
Insurance Operations					
Gross premiums written		497,955			428,995
Net premiums written		420,172			361,835
Net premiums earned		378,829			351,343
Underwriting loss ¹	- before tax	(1,363)			(12,698)
	- after tax	(886)	(0.02)		(8,254)
GAAP combined ratio ¹		100.4%			103.6%
Commercial lines					
Net premiums earned		310,220			286,763
GAAP combined ratio ¹		101.4%			102.2%
Personal lines					
Net premiums earned		68,609			64,580
GAAP combined ratio ¹		95.5%			110.1%
Investments					
Net investment income	- before tax	32,628			43,473
	- after tax	24,775	0.45		32,125
Effective tax rate		24.1%			26.1%
Annual after-tax yield on investment portfolio		2.4%			3.3%
Annual after-tax, after-interest expense yield		2.1%			3.0%
Invested assets per \$ of stockholders' equity		3.84			3.85
Other expenses (net of other income)					
Interest expense	- before tax	(4,700)			(4,557)
	- after tax	(3,055)	(0.05)		(2,962)
Other Expense - after tax	\$	(5,574)	(0.10)	\$	(4,153)
Diluted weighted avg shares outstanding		55,605			55,054

¹ Prior year results have been restated to reflect the adoption of ASU 2010-26, "Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts."

Selective Insurance Group, Inc. and Consolidated Subsidiaries

GAAP Investment Income

(unaudited)

(\$ in thousands)

	Year to Date		%
	March 2012	March 2011	Increase (Decrease)
Investment Income:			
Interest:			
Fixed Maturity Securities	\$ 31,350	33,123	(5)
Short-term	38	62	(39)
Other Investments:			
Alternative Investments	2,295	11,641	(80)
Other	(295)	-	N/M
Dividends	1,237	317	290
Miscellaneous	39	25	56
	<u>34,664</u>	<u>45,168</u>	<u>(23)</u>
Investment Expense	<u>2,036</u>	<u>1,695</u>	<u>20</u>
Net Investment Income Before Tax	32,628	43,473	(25)
Tax	7,853	11,348	(31)
Net Investment Income After Tax	\$ 24,775	32,125	(23)
Net Investment Income per Share	\$ 0.45	0.58	(22)
Effective Tax Rate	24.1%	26.1%	
Average Yields :			
Fixed Maturity Securities:			
Pre Tax	3.43%	3.71%	
After Tax	2.59%	2.84%	
Portfolio:			
Pre Tax	3.16%	4.41%	
After Tax	2.40%	3.26%	

	Year to date:	
	March 2012	March 2011
Net Realized Gains(Losses)		
Fixed Maturities	184	(443)
Equity Securities	4,176	6,203
Short-term Investments	(2)	-
Total	4,358	5,760
Net of Tax	2,833	3,744

As of March 31, 2012 new money rates for fixed maturity securities were 2.51% on a pre-tax basis and 1.86% on an after-tax basis.

Selective Insurance Group, Inc.
2012 Statutory Results by Line of Business
March 2012 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>2012</u>	<u>Combined Ratio</u> <u>2011</u>	<u>Underwriting</u> <u>Gain/(Loss)</u>
Personal Lines:											
Homeowners	\$ 25,208	13.6%	\$ 27,958	13.9%	45.4%	12.2%	34.3%	0.0%	91.9%	112.0%	\$ 3,212
Auto	37,275	2.4%	37,456	1.3%	67.5%	12.1%	30.2%	0.0%	109.8%	118.8%	(3,625)
Other (including flood)	3,063	5.3%	3,195	4.3%	50.2%	4.2%	(46.3)%	0.0%	8.1%	19.5%	2,874
Total	\$ 65,546	6.6%	\$ 68,609	6.2%	57.6%	11.8%	28.3%	0.0%	97.7%	111.5%	\$ 2,462
Commercial Lines:											
Commerical property	\$ 53,027	9.7%	\$ 49,371	2.4%	40.3%	6.2%	37.5%	(0.1)%	83.9%	86.8%	\$ 6,580
Workers compensation	73,188	8.0%	65,811	5.3%	68.2%	16.2%	24.7%	1.8%	110.9%	122.8%	(8,991)
General liability	100,628	13.4%	90,143	9.2%	50.9%	17.4%	31.9%	0.0%	100.2%	100.3%	(3,530)
Auto	75,838	5.7%	70,484	1.2%	58.0%	8.4%	30.5%	(0.3)%	96.6%	92.3%	723
Business owners policies	18,231	10.7%	16,857	2.3%	43.7%	14.1%	41.6%	0.0%	99.4%	112.0%	(465)
Bonds	4,644	2.7%	4,663	(2.2)%	17.5%	7.8%	62.8%	0.0%	88.1%	73.2%	568
Other	29,069	959.0%	12,891	404.5%	40.6%	17.3%	42.8%	0.0%	100.7%	47.1%	(7,017)
Total	\$ 354,626	18.1%	\$ 310,220	8.2%	53.1%	13.0%	32.8%	0.3%	99.2%	100.6%	\$ (12,133)
Grand Total	\$ 420,172	16.1%	\$ 378,829	7.8%	54.0%	12.7%	32.2%	0.2%	99.1%	102.6%	\$ (9,671)

Note: Some amounts may not foot due to rounding.

	<u>2012</u>	<u>2011</u>
Losses Paid	\$ 206,893	\$ 188,841
LAE Paid	43,536	38,014
Total Paid	<u>\$ 250,429</u>	<u>\$ 226,855</u>

SELECTIVE INSURANCE GROUP, INC.	Unaudited	
CONSOLIDATED BALANCE SHEETS	March 31,	December 31,
(\$ in thousands, except share amounts)	2012	2011
ASSETS		
Investments:		
Fixed maturity securities, held-to-maturity – at carrying value (fair value: \$711,731 – 2012; \$758,043 – 2011)	\$ 667,192	712,348
Fixed maturity securities, available-for-sale – at fair value (amortized cost: \$2,897,522 – 2012; \$2,766,856 – 2011)	3,034,511	2,897,373
Equity securities, available-for-sale – at fair value (cost of: \$130,213 – 2012; \$143,826 – 2011)	152,986	157,355
Short-term investments (at cost which approximates fair value)	174,472	217,044
Other investments	125,140	128,301
Total investments	<u>4,154,301</u>	<u>4,112,421</u>
Cash	261	762
Interest and dividends due or accrued	35,369	35,842
Premiums receivable, net of allowance for uncollectible accounts of: \$3,730 – 2012; \$3,768 – 2011	491,401	466,294
Reinsurance recoverables, net	446,393	561,855
Prepaid reinsurance premiums	137,262	147,686
Current federal income tax	-	731
Deferred federal income tax	116,417	120,094
Property and equipment – at cost, net of accumulated depreciation and amortization of: \$162,559 – 2012; \$160,294 – 2011	43,918	43,947
Deferred policy acquisition costs	144,331	135,761
Goodwill	7,849	7,849
Other assets	52,095	52,227
Total assets	<u>\$ 5,629,597</u>	<u>5,685,469</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Reserve for losses and loss expenses	\$ 3,035,773	3,144,924
Unearned premiums	937,909	906,991
Notes payable	307,366	307,360
Current federal income tax	5,576	-
Accrued salaries and benefits	113,941	119,297
Other liabilities	146,114	148,569
Total liabilities	<u>\$ 4,546,679</u>	<u>4,627,141</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: 97,809,949 – 2012; 97,246,711 – 2011	195,620	194,494
Additional paid-in capital	262,336	257,370
Retained earnings	1,127,142	1,116,319
Accumulated other comprehensive income	52,984	42,294
Treasury stock – at cost (shares: 43,004,815 – 2012; 42,836,201 – 2011)	(555,164)	(552,149)
Total stockholders' equity	<u>1,082,918</u>	<u>1,058,328</u>
Commitments and contingencies		
Total liabilities and stockholders' equity	<u>\$ 5,629,597</u>	<u>5,685,469</u>

SELECTIVE INSURANCE GROUP, INC.**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**Quarter ended
March 31,

(\$ in thousands, except per share amounts)

2012 2011

Revenues:

Net premiums earned	\$ 378,829	351,343
Net investment income earned	32,628	43,473
Net realized gains (losses):		
Net realized investment gains	4,779	6,390
Other-than-temporary impairments	(257)	(532)
Other-than-temporary impairments on fixed maturity securities recognized in other comprehensive income	(164)	(98)
Total net realized gains	4,358	5,760
Other income	3,533	2,880
Total revenues	419,348	403,456

Expenses:

Losses and loss expenses incurred	252,906	249,206
Policy acquisition costs	127,958	115,044
Interest expense	4,700	4,557
Other expenses	10,593	8,491
Total expenses	396,157	377,298

Income before federal income tax	23,191	26,158
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Federal income tax expense (benefit):

Current	7,178	4,276
Deferred	(2,080)	1,382
Total federal income tax expense	5,098	5,658

Net income	\$ 18,093	20,500
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Earnings per share:

Basic net income	\$ 0.33	0.38
Diluted net income	\$ 0.33	0.37
Dividends to stockholders	\$ 0.13	0.13

SELECTIVE INSURANCE GROUP, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME

(\$ in thousands)	Quarter ended March 31,	
	2012	2011
Net income	\$ 18,093	20,500
Other comprehensive income (loss), net of tax:		
<i>Unrealized gains (losses) on investment securities:</i>		
Unrealized holding gains (losses) arising during period	12,873	(606)
Non-credit portion of other-than-temporary impairments recognized in other comprehensive income	238	117
Amortization of net unrealized gains on held-to-maturity securities	(516)	(764)
Less: reclassification adjustment for gains included in net income	<u>(2,833)</u>	<u>(3,737)</u>
Total unrealized gains (losses) on investment securities	9,762	(4,990)
<i>Defined benefit pension plans:</i>		
Amortization of net actuarial loss included in net income	903	718
Amortization of prior service cost included in net income	<u>25</u>	<u>24</u>
Total defined benefit pension plans	<u>928</u>	<u>742</u>
Other comprehensive income (loss)	10,690	(4,248)
Comprehensive income	<u>\$ 28,783</u>	<u>16,252</u>

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

(\$ in thousands)	Quarter ended March 31,	
	2012	2011
Common stock:		
Beginning of year	\$ 194,494	192,725
Dividend reinvestment plan (shares: 22,916 – 2012; 22,697 – 2011)	46	46
Stock purchase and compensation plans (shares: 540,322 – 2012; 453,409 – 2011)	1,080	907
End of period	<u>195,620</u>	<u>193,678</u>
Additional paid-in capital:		
Beginning of year	257,370	244,613
Dividend reinvestment plan	358	360
Stock purchase and compensation plans	4,608	3,602
End of period	<u>262,336</u>	<u>248,575</u>
Retained earnings:		
Beginning of year, as previously reported		1,176,155
Add: Adjustment for the cumulative effect on prior years of applying retroactively the new method of accounting for deferred policy acquisition costs		(53,068)
Balance at beginning of year, as adjusted	1,116,319	1,123,087
Net income	18,093	20,500
Dividends to stockholders (\$0.13 per share – 2012 and 2011)	(7,270)	(7,176)
End of period	<u>1,127,142</u>	<u>1,136,411</u>
Accumulated other comprehensive income:		
Beginning of year	42,294	7,024
Other comprehensive income (loss)	10,690	(4,248)
End of period	<u>52,984</u>	<u>2,776</u>
Treasury stock:		
Beginning of year	(552,149)	(549,408)
Acquisition of treasury stock (shares: 168,614 – 2012; 135,095 – 2011)	(3,015)	(2,496)
End of period	<u>(555,164)</u>	<u>(551,904)</u>
Total stockholders' equity	\$ <u>1,082,918</u>	<u>1,029,536</u>

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

Quarter ended
March 31,

(\$ in thousands)	2012	2011
Operating Activities		
Net income	\$ 18,093	20,500
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation and amortization	9,748	8,001
Stock-based compensation expense	3,329	3,135
Undistributed losses (income) of equity method investments	764	(2,482)
Net realized gains	(4,358)	(5,760)
<i>Changes in assets and liabilities:</i>		
Increase in reserves for losses and loss expenses, net of reinsurance recoverables	6,311	22,196
Increase in unearned premiums, net of prepaid reinsurance and advance premiums	41,769	11,297
Decrease in net federal income taxes	4,227	5,663
Increase in premiums receivable	(25,107)	(15,958)
(Increase) decrease in deferred policy acquisition costs	(8,570)	996
Decrease in interest and dividends due or accrued	1,108	355
Decrease in accrued salaries and benefits	(5,356)	(4,976)
Decrease in accrued insurance expenses	(13,476)	(17,082)
Other-net	7,373	2,105
Net adjustments	17,762	7,490
Net cash provided by operating activities	35,855	27,990
Investing Activities		
Purchase of fixed maturity securities, available-for-sale	(226,525)	(114,320)
Purchase of equity securities, available-for-sale	(39,724)	(59,780)
Purchase of other investments	(2,990)	(5,008)
Purchase of short-term investments	(368,210)	(316,769)
Purchase of subsidiary	255	-
Sale of subsidiary	287	415
Sale of fixed maturity securities, available-for-sale	14,308	14,907
Sale of short-term investments	410,780	321,487
Redemption and maturities of fixed maturity securities, held-to-maturity	38,879	38,483
Redemption and maturities of fixed maturity securities, available-for-sale	84,124	19,771
Sale of equity securities, available-for-sale	57,513	56,836
Distributions from other investments	5,299	9,122
Sale of other investments	-	16,357
Purchase of property and equipment	(2,263)	(1,366)
Net cash used in investing activities	(28,267)	(19,865)
Financing Activities		
Dividends to stockholders	(6,713)	(6,605)
Acquisition of treasury stock	(3,015)	(2,496)
Net proceeds from stock purchase and compensation plans	769	1,008
Excess tax benefits from share-based payment arrangements	870	(181)
Net cash used in financing activities	(8,089)	(8,274)
Net decrease in cash	(501)	(149)
Cash, beginning of year	762	645
Cash, end of period	\$ 261	496

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

	<u>Mar-31</u> <u>2012</u>	<u>Dec-31 *</u> <u>2011</u>
ASSETS		
Bonds	\$ 3,534,562	3,452,204
Common stocks	152,986	157,355
Affiliated mortgage loan	37,962	38,131
Other investments	191,227	197,409
Short-term investments	137,871	183,070
Total investments	<u>4,054,608</u>	<u>4,028,169</u>
Cash on hand and in banks	(33,319)	(20,701)
Interest and dividends due and accrued	35,381	35,880
Premiums receivable	490,119	461,482
Reinsurance recoverable on paid losses and expenses	8,565	12,365
Deferred tax recoverable	143,453	137,659
EDP equipment	1,711	1,804
Equities and deposits in pools and associations	6,520	4,837
Receivable for sold securities	21	644
Other assets	28,006	27,964
Total assets	<u>\$ 4,735,065</u>	<u>4,690,103</u>
LIABILITIES		
Reserve for losses	\$ 2,170,597	2,173,028
Reinsurance payable on paid loss and loss expense	1,260	1,285
Reserve for loss expenses	423,330	418,542
Unearned premiums	800,647	759,304
Reserve for commissions payable	34,182	44,488
Ceded balances payable	15,569	21,871
Federal income tax payable	21,770	12,176
Premium and other taxes payable	20,419	23,588
Borrowed money	58,044	58,043
Reserve for dividends to policyholders	3,486	3,470
Reserves for unauthorized reinsurance	1,785	1,785
Funds withheld on account of others	5,927	6,538
Accrued salaries and benefits	75,336	80,601
Other liabilities	19,539	22,677
Total liabilities	<u>3,651,891</u>	<u>3,627,396</u>
POLICYHOLDERS' SURPLUS		
Capital	32,325	32,325
Aggregate write-ins for special surplus funds	-	44,296
Paid in surplus	307,022	307,022
Unassigned surplus	743,827	679,064
Total policyholders' surplus	<u>1,083,174</u>	<u>1,062,707</u>
Total liabilities and policyholders' surplus	<u>\$ 4,735,065</u>	<u>4,690,103</u>

* Includes the December 31, 2011 acquisition of Montpelier U.S. Insurance Company (now known as Mesa Underwriters Specialty Insurance Company). Combined statutory filings for 2011 do not reflect the acquisition as this Company was not included in our intercompany pooling until January 1, 2012.

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

	Three Months Ended March			
<u>UNDERWRITING</u>	<u>2012</u>		<u>2011</u>	
Net premiums written	\$ 420,172		361,835	
Net premiums earned	378,829		351,343	
Net losses paid	206,893		188,841	
Change in reserve for losses	(2,430)		21,335	
Net losses incurred	204,463	54.0%	210,176	59.8%
Net loss expenses paid	43,536		38,014	
Change in reserve for loss expenses	4,788		1,092	
Net loss expenses incurred	48,324	12.7%	39,106	11.1%
Net underwriting expenses incurred	136,519	32.6%	114,809	31.7%
Total deductions	389,306		364,091	
Statutory underwriting loss	(10,477)		(12,748)	
Net loss from premium balances charged off	(1,241)		(1,358)	
Finance charges and other income	2,961		2,859	
Total other income	1,720	-0.4%	1,501	-0.4%
Policyholders' dividends incurred	(914)	0.2%	(1,286)	0.4%
Total underwriting loss	(9,671)	99.1%	(12,533)	102.6%
 INVESTMENT				
Net investment income earned	33,479		41,258	
Net realized gain	4,358		5,760	
Total income before income tax	28,166		34,485	
Federal income tax expense	9,593		9,270	
Net income	\$ 18,573		25,215	
 Policyholders' Surplus				
Surplus, beginning of period	\$ 1,062,707		1,073,025	
Net income	18,573		25,215	
Change in deferred taxes	2,086		447	
Change in unrealized gains	4,958		51	
Dividends to stockholders	(15,765)		(14,506)	
Change in cum. effect of acctg principle	44,296		-	
Change in non-admitted assets	10,559		2,784	
Change in additional admitted deferred taxes	(44,296)		(3,168)	
Surplus adjustments	56		-	
Net change in surplus for period	20,467		10,823	
Surplus, end of period	\$ 1,083,174		1,083,848	
 Statutory underwriting loss				
	\$ (9,671)		(12,533)	
<u>Adjustments under GAAP:</u>				
Deferred policy acquisition costs ¹	8,570		(996)	
Pension costs	70		903	
Other, net	(332)		(72)	
GAAP underwriting loss	\$ (1,363)		(12,698)	

¹ Prior year results have been restated to reflect the adoption of ASU 2010-26, "Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts."

Note: Some amounts or ratios may not foot due to rounding.

Selective Insurance Group, Inc. and Consolidated Subsidiaries
Alternative Investments
as of March 31, 2012
(unaudited)

Fund	Inception Year	Original Commitment	Remaining Commitment	Current Market Value	YTD Income	DPI⁽¹⁾ Ratio	TVP⁽²⁾ Ratio
Real Estate							
Silverpeak RE II	2005	20,000,000	2,409,941	9,599,050	51,228	0.49	0.96
Silverpeak RE III	2008	15,000,000	8,095,585	3,225,766	(151,616)	0.02	0.49
Total - Real Estate		35,000,000	10,505,526	12,824,816	(100,388)	0.38	0.84
Mezzanine Financing							
Neovara Euro Mezz	2004	9,000,000	-	973,174	(99,119)	0.95	1.02
GS Mezz V	2007	25,000,000	15,255,707	8,193,985	449,623	0.60	1.20
Total - Mezz. Financing		34,000,000	15,255,707	9,167,159	350,504	0.77	1.11
Distressed Debt							
Varde VIII	2006	10,000,000	-	6,464,522	(2,012)	0.47	1.12
GS Distressed Opp III	2007	15,000,000	3,074,247	8,616,443	(368,513)	0.30	0.96
Total - Distressed Debt		25,000,000	3,074,247	15,080,965	(370,525)	0.37	1.03
Private Equity							
Prospector	1997	5,000,000	-	410,898	(223)	2.79	2.88
Trilantic Capital Partners III	2004	10,000,000	1,215,319	3,935,305	123,539	1.29	1.71
NB Co-Invest	2006	15,000,000	1,818,701	10,009,566	567,442	0.55	1.26
Trilantic Capital Partners IV	2007	11,098,351	1,354,691	8,819,402	424,765	0.37	1.23
Total - Private Equity		41,098,351	4,388,711	23,175,171	1,115,523	0.97	1.57
Private Equity, Secondary Market							
NB SOF	2005	12,000,000	899,494	6,549,726	90,433	0.66	1.25
GS Vintage IV	2007	20,000,000	4,708,983	14,508,415	(257,500)	0.41	1.19
NB SOF II	2008	12,000,000	2,981,636	8,703,071	190,100	0.38	1.32
Total - Pvt. Eq. Sec. Mkt.		44,000,000	8,590,113	29,761,213	23,033	0.47	1.24
Energy/Power Generation							
ArcLight I	2002	15,000,000	1,655,505	152,319	(34,880)	1.80	1.81
ArcLight II	2003	15,000,000	2,295,492	2,767,518	(205,265)	1.23	1.37
ArcLight III	2006	15,000,000	2,037,794	8,532,737	55,237	0.71	1.25
Quintana Energy	2006	10,000,000	1,714,174	7,977,770	1,023,094	0.23	1.19
ArcLight IV	2007	10,000,000	2,717,373	4,718,699	254,610	0.86	1.34
Total - Energy/Power Generation		65,000,000	10,420,338	24,149,043	1,092,796	1.07	1.42
Venture Capital							
Venture V	2001	10,000,000	800,000	7,326,758	183,740	0.32	1.12
Total - Venture Capital		10,000,000	800,000	7,326,758	183,740	0.32	1.12
TOTAL - ALTERNATIVE INVESTMENTS		\$ 254,098,351	53,034,641	121,485,124	2,294,683	0.74	1.26

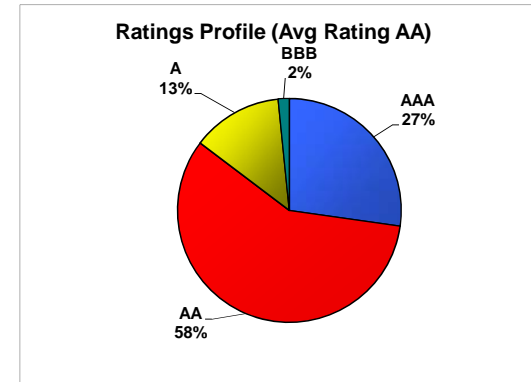
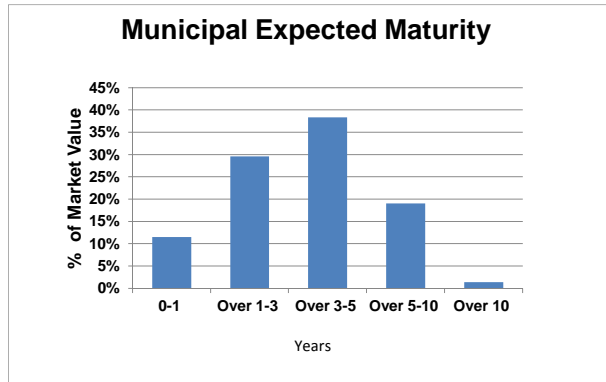
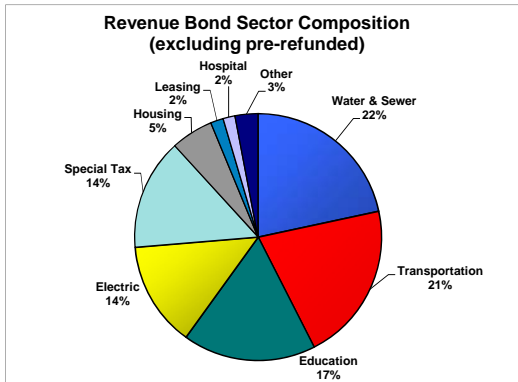
⁽¹⁾ Distributed to paid in ratio

⁽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
March 31, 2012
(\$ in thousands)
(unaudited)

Exposure = 48% Held-to-Maturity; 52% Available-for-Sale



Repayment Source Composition by State
Market Values

State	Revenue	% of State	General Obligation (GO)-Local	% of State	General Obligation (GO)-State	% of State	TX - Permanent School Fund (PSF)	% of State	Total	% of Total
TX	54,479	54%	44,538	45%	1,100	1%	-	0%	100,117	8%
TX-PSF	-	0%	-	0%	-	0%	40,738	100%	40,738	3%
NY	81,008	100%	-	0%	-	0%	-	0%	81,008	6%
WA	28,890	36%	49,461	62%	1,983	2%	-	0%	80,334	6%
AZ	65,459	90%	7,003	10%	-	0%	-	0%	72,462	6%
FL	52,938	94%	-	0%	3,545	6%	-	0%	56,483	4%
OH	29,865	59%	13,489	27%	7,196	14%	-	0%	50,550	4%
CO	17,239	35%	30,456	61%	1,795	4%	-	0%	49,490	4%
IL	28,259	58%	20,460	42%	-	0%	-	0%	48,719	4%
NC	23,977	58%	13,603	33%	3,705	9%	-	0%	41,285	3%
MO	21,026	55%	17,010	45%	-	0%	-	0%	38,036	3%
Pre-refunded	49,964	58%	20,884	24%	12,295	14%	3,629	4%	86,772	7%
Other	327,297	61%	108,835	20%	99,240	19%	-	0%	535,372	42%
Grand Total	780,401	61%	325,739	25%	130,859	10%	44,367	4%	1,281,366	100%

Selective Insurance Group, Inc. and Consolidated Subsidiaries
Credit Quality of Available-for-Sale Fixed Maturity Securities
March 31, 2012

(\$ in millions)
(unaudited)

	Fair Value	Unrealized Gain (Loss)	Average Credit Quality
AFS Fixed Maturity Portfolio:			
U.S. government obligations ¹	\$ 335.2	18.7	AA+
Foreign government obligations	37.8	0.9	AA
State and municipal obligations	669.1	40.1	AA
Corporate securities	1,294.9	58.0	A
Mortgage-backed securities ("MBS")	602.8	17.9	AA
Asset-backed securities ("ABS")	94.7	1.4	AAA
Total AFS fixed maturity portfolio	\$ 3,034.5	137.0	AA-
State and Municipal Obligations:			
Government obligations	\$ 304.2	20.0	AA+
Special revenue obligations	364.9	20.1	AA
Total state and municipal obligations	\$ 669.1	40.1	AA
Corporate Securities:			
Financial	\$ 420.6	12.9	A
Industrials	86.3	6.8	A-
Utilities	82.5	3.8	BBB+
Consumer discretion	113.0	5.6	A-
Consumer staples	141.8	7.3	A
Healthcare	153.0	8.6	AA-
Materials	69.4	3.3	A-
Energy	82.7	3.6	A-
Information technology	80.0	2.8	A
Telecommunications services	54.3	2.0	BBB+
Other	11.3	1.3	AA+
Total corporate securities	\$ 1,294.9	58.0	A
MBS:			
Government Guaranteed Agency commercial mortgage-backed securities ("CMBS")	\$ 68.4	3.4	AA+
Non-agency CMBS	43.7	(1.3)	A
Government Guaranteed Agency residential mortgage-backed securities ("RMBS")	102.8	4.8	AA+
Other Agency RMBS	340.1	10.6	AA+
Non-agency RMBS	40.7	0.3	BBB+
Alternative-A ("Alt-A") RMBS	7.1	0.1	AA+
Total MBS	\$ 602.8	17.9	AA
ABS:			
ABS	\$ 93.4	1.4	AAA
Alt-A ABS ³	0.6	-	D
Sub-prime ABS ^{2,3}	0.7	-	D
Total ABS	\$ 94.7	1.4	AAA

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
March 31, 2012

(\$ in millions)
(unaudited)

	Fair Value	Carry Value	Unrecognized Holding Gain (Loss)	Unrealized Gain (Loss) in Accumulated Other Comprehensive Income	Total Unrealized Unrecognized 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	612.3	581.5	30.8	10.5	41.3	AA
Corporate securities	69.0	62.8	6.2	(1.8)	4.4	A
MBS	17.0	10.8	6.2	(2.7)	3.5	AA-
ABS	7.9	6.5	1.4	(1.4)	-	A
Total HTM fixed maturity portfolio	<u>\$ 711.7</u>	<u>667.2</u>	<u>44.5</u>	<u>4.9</u>	<u>49.4</u>	<u>AA</u>
State and Municipal Obligations:						
Government obligations	\$ 196.7	187.6	9.1	5.5	14.6	AA
Special revenue obligations	415.6	393.9	21.7	5.0	26.7	AA
Total state and municipal obligations	<u>\$ 612.3</u>	<u>581.5</u>	<u>30.8</u>	<u>10.5</u>	<u>41.3</u>	<u>AA</u>
Corporate Securities:						
Financial	\$ 20.7	18.7	2.0	(1.3)	0.7	A-
Industrials	20.0	17.8	2.2	(0.5)	1.7	A
Utilities	15.3	13.7	1.6	(0.1)	1.5	A
Consumer discretion	5.8	5.6	0.2	0.1	0.3	AA-
Consumer staples	5.1	5.0	0.1	-	0.1	A
Materials	2.1	2.0	0.1	-	0.1	BBB
Total corporate securities	<u>\$ 69.0</u>	<u>62.8</u>	<u>6.2</u>	<u>(1.8)</u>	<u>4.4</u>	<u>A</u>
MBS:						
Non-agency CMBS	17.0	10.8	6.2	(2.7)	3.5	AA-
Total MBS	<u>\$ 17.0</u>	<u>10.8</u>	<u>6.2</u>	<u>(2.7)</u>	<u>3.5</u>	<u>AA-</u>
ABS:						
ABS	\$ 5.6	4.9	0.7	(0.5)	0.2	BBB+
Alt-A ABS	2.3	1.6	0.7	(0.9)	(0.2)	AAA
Total ABS	<u>\$ 7.9</u>	<u>6.5</u>	<u>1.4</u>	<u>(1.4)</u>	<u>-</u>	<u>A</u>