Selective Insurance Group, Inc.

The Association of Insurance and Financial Analysts
34th Annual Conference

March 2, 2009

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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.

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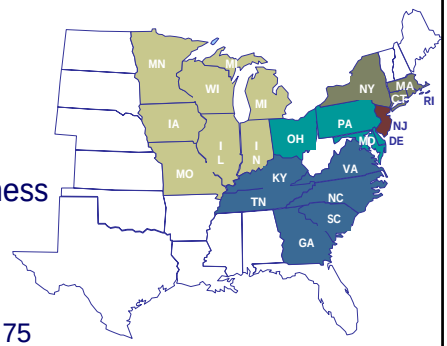
Selective Profile

- 22-state super-regional
  - $1.5B NPW
    - 86% commercial lines
    - 14% personal lines
- Distribution partner with 940 independent agents
- High-Tech, High-Touch™ business model
- History of financial strength
  - A.M. Best rated "A" or better for 75 years, and "A+" for past 47 years



Only 10% of P&C carriers rated A+ or better

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A Foundation of Financial Strength

- Conservative investment portfolio
- Disciplined reserving practices
- Strong reinsurance program
- High-quality capital

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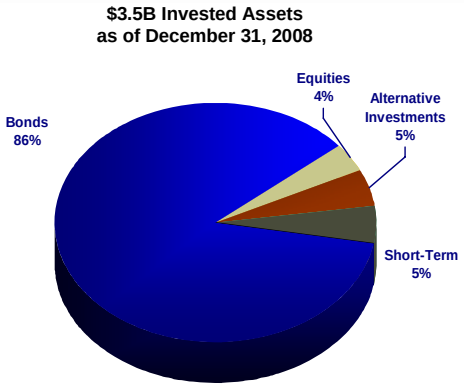
Conservative Investment Portfolio

- Average "AA+" bond quality
- Approximately 3.5 year average duration
- Equities outperformed S&P 500 for past nine years
- Alternative investments outperformed S&P 500: by 2700 bps in 2008 and nearly 1000 bps since 1997



Most asset classes became correlated in 2008

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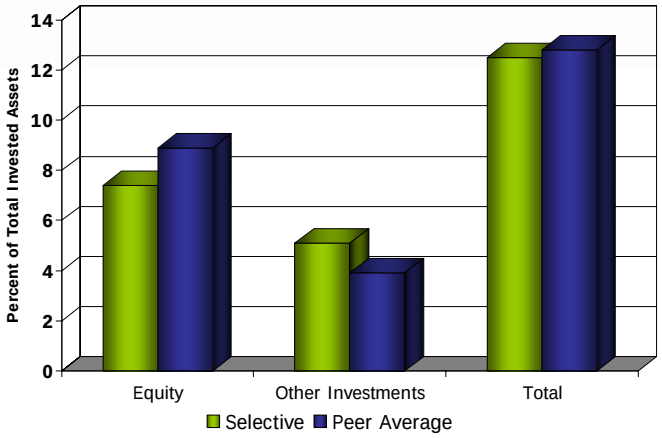
Asset Allocation to Equities and Other Investments
As of December 2007



Economic benefit of alternative investments: $30M over 10 years

Source: A.M. Best, Barclays Capital
Peers include: CB, CINF, CNA, THG, HIG, Liberty Mutual, PHLY, SAF, STFC, TRV, WRB

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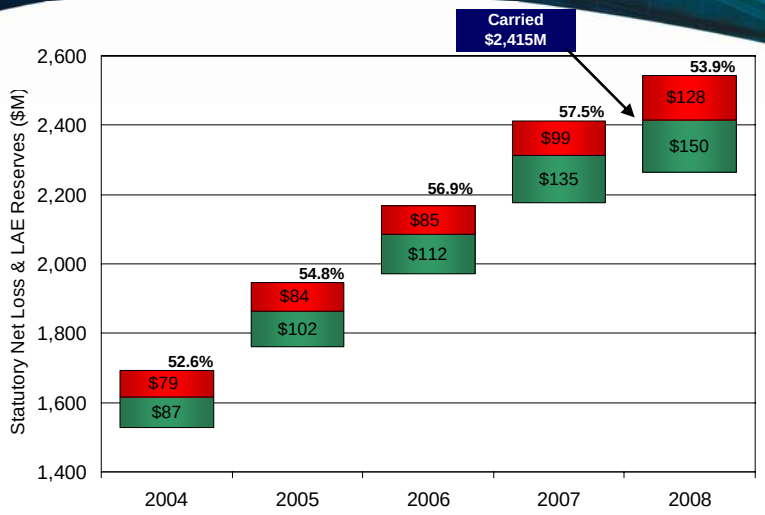
Disciplined Reserving Practices

Actuarial Reserve Ranges



Calendar Year Reserve Development (p/t)	($10M)	($5M)	$7M	$16M	$18M

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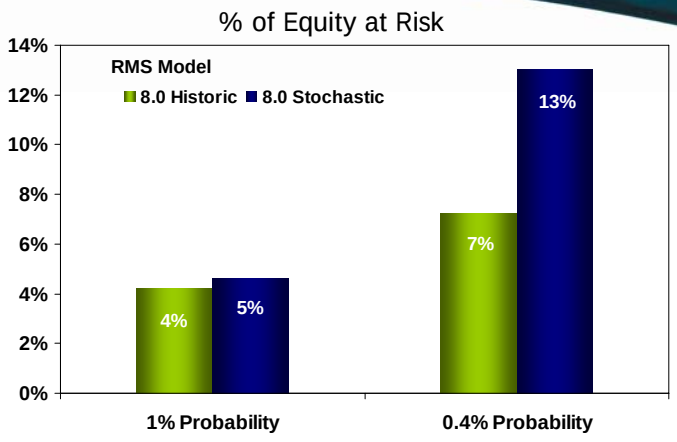
Strong Natural Catastrophe Program



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

Percentages are net of tax, reinsurance and reinstatement premium.
RMS data as of 6/30/08; Equity data as of 12/31/08.

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High Quality Capital
Strong Liquidity Position

- Premium to surplus: 1.7x
- Debt to total capitalization:
  - Total: 23.5%
  - Adjusted: 17.0%
- Weighted average life of debt: 36 years
- Ended 2008 with $200 million cash
  - $60 million at holding company
  - $140 million at insurance subsidiaries
- $50 million syndicated line of credit

Sustainable growth rate of 5%

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Long-Term Shareholder Value Creation

Investment portfolio recovered approximately $30M or $0.57 per share in January 2009

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Lew Dryfoos, III
President,
Dryfoos Insurance Agency, Inc.

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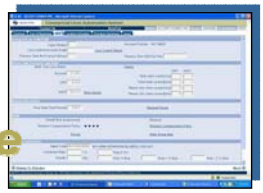
Cycle Management

Greg Murphy



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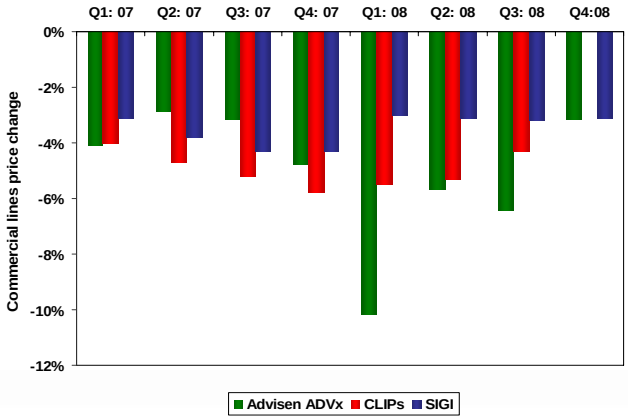
Commercial Lines Pricing Continues to Decline

Selective gave up less price than competitors in 2008:
(3.1)% versus (5.8)%



Sources: Advisen and Tillinghast CLIPs

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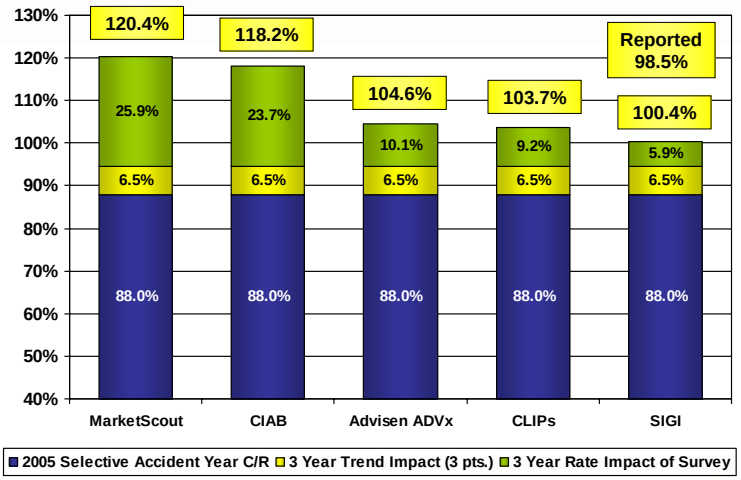
Estimated Commercial Lines Statutory Combined Ratios
Based on Various Rating Surveys Pricing Impact



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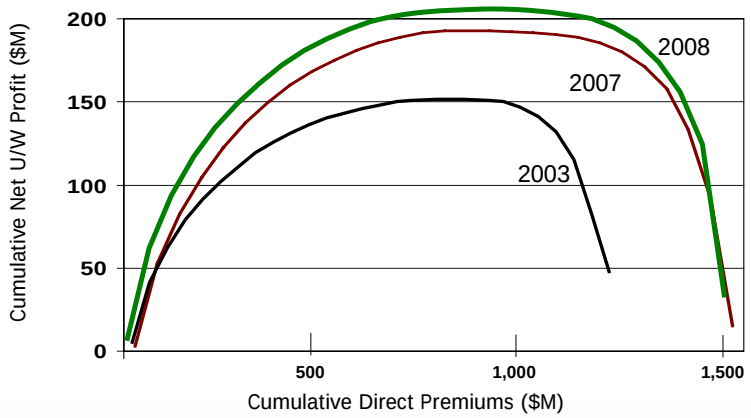
Agent's Profitability 2003, 2007, and 2008



Note: Active agents only, calendar-year basis

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Profitable Growth through Segmentation

Business Segments	12/31/08 3 year Combined Ratio	Growth	Market Penetration	FY 2008 DPW Growth by Quartile
Segment 1	68.7%			New & Renewal +4%
Segment 20	85.8%			
Segment 21	86.3%			New & Renewal +1%
Segment 40	95.3%			
Segment 41	95.6%			New & Renewal -2%
Segment 60	101.0%			
Segment 61	101.2%			New & Renewal -5%
Segment 80	120.2%			

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Knowledge Management
Predictive Modeling

Commercial Lines	Operating Return on Equity		
% C/L Book	New (%)	Renewal (%)	Total (%)
Worst 5% (1 Diamond)	(43.3)	(59.3)	(57.4)
Best 95%	0.7	13.4	10.6
Total Commercial	(0.5)	11.0	8.5

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Profitability Drivers

- Predictive modeling
  - 1 & 2 diamond: minimum 8% rate increase, reduce number of accounts
  - 5 diamond: increase number of accounts
- Unprofitable agent strategy
  - Tactical underwriting of renewal books
    - Overall rate level of book
    - Quality distribution by diamond score
  - Focus new business opportunities in targeted segments
- Segmentation
  - Granular performance analyses
  - Targeted price increases
- Increase pricing

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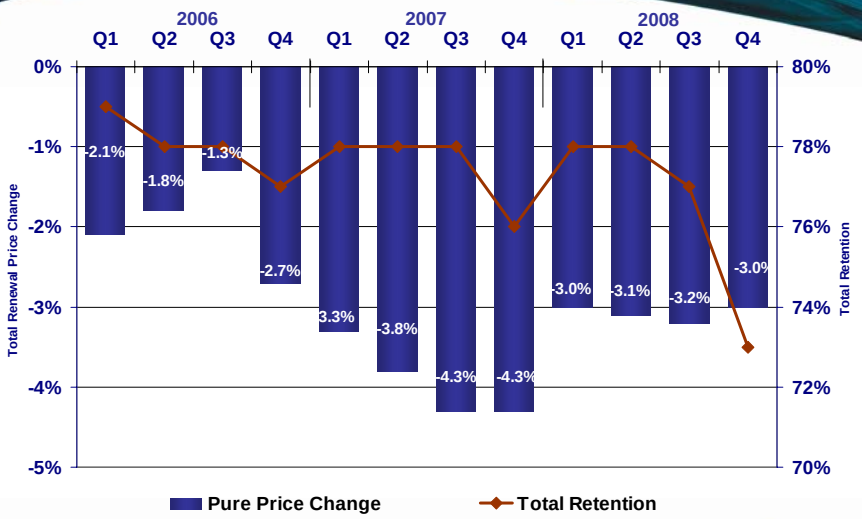
Commercial Lines Pure Price vs. Retention



January 2009 pure price decline of -1.5%

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Growth Opportunities

- State expansion MA and TN: $8.5B commercial lines premium potential
- Agency appointments: 300 since 2005
- One & Done® small business: new business up 7% in 2008
- Leads Program:
  - Leverages power of predictive models and information assets
  - Infuses quality prospects into the agency sales pipeline
  - 360 participating agents

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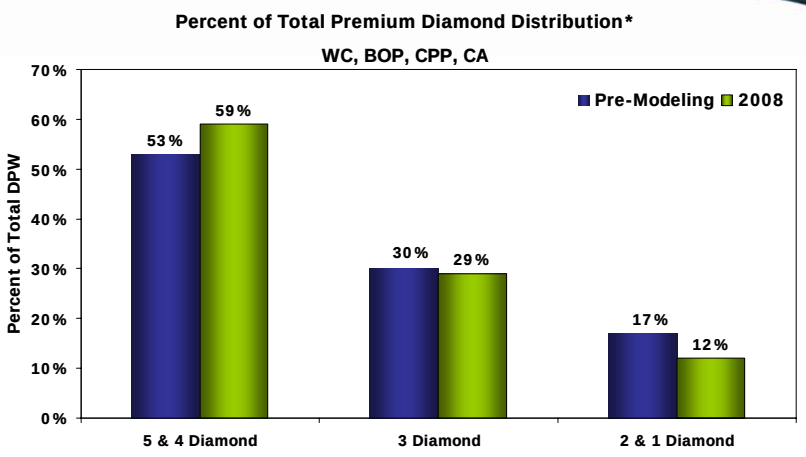
Quality of New Business



*For lines < $50,000

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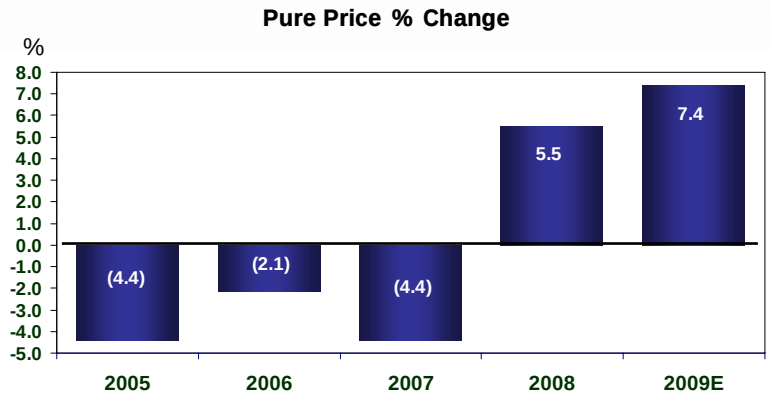
Personal Auto Pricing



MATRIX improving quality and pricing of book

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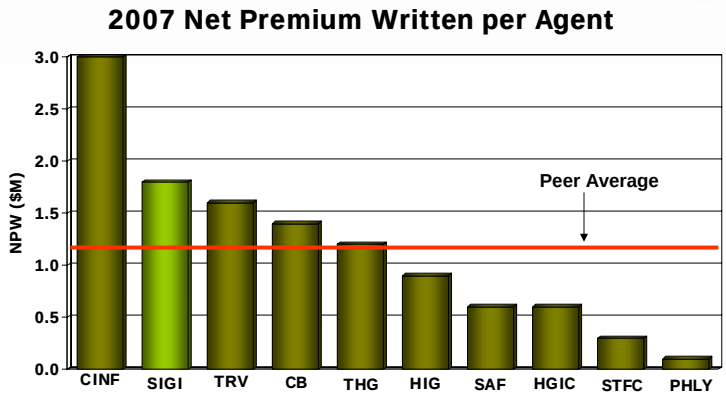
Agency Penetration



2008 Agency Survey Results
8.5 on a 10 pt. scale

Source: SNL Financial and Company Reports

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"There will be a flight to quality..."

"...super-regionals like Selective are attracting the top independent agents in the country, there's going to be a flight to good companies like Selective [who have] taken on the role that nationals used to play as far as loyalty and quality of service and excellence"

Robert Rusboldt
President and CEO
Independent Insurance Agents
and Brokers of America

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