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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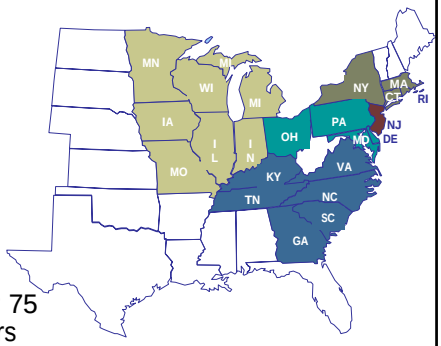
Financial Strength

Dale Thatcher
Executive Vice President
Chief Financial Officer & Treasurer

Selective Profile

- 22-state super-regional
  - $1.5B NPW
    - 86% commercial lines
    - 14% personal lines
- Distribution partner with 950 independent agents
- Best in class field model
- History of financial strength
  - A.M. Best rated “A” or better for 75 years, and “A+” for past 48 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

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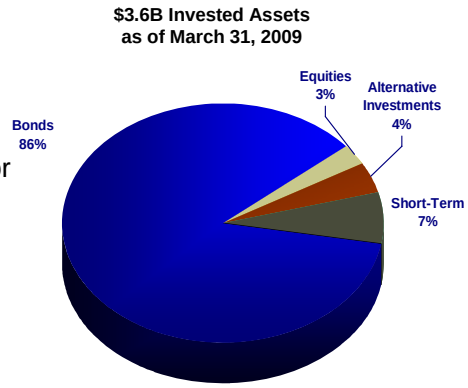
Conservative Investment Portfolio

- Average "AA+" bond quality
- Approximately 3.4 year average duration, including short-term
- 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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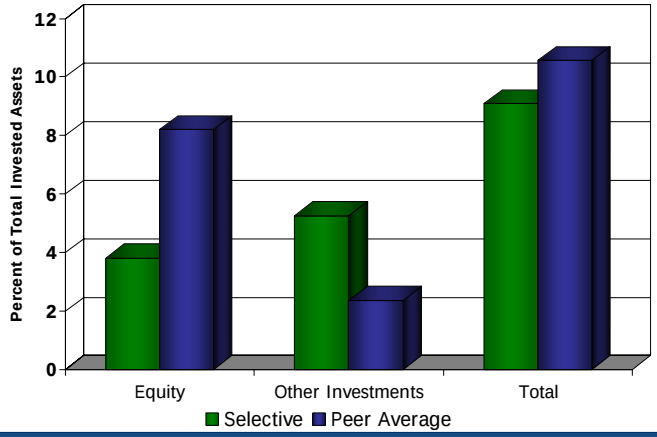
Asset Allocation to Equities and Other Investments

As of December 2008



If alternative investments were written down to $0 book value per share would decrease by only $1.80

Source: A.M. Best, Barclays Capital
Peers include: Auto-owners Insurance, CINF, CNA, THG, HGIC, Liberty Mutual, Main Street America, OB, STFC, UFCS, Utica, Westfield

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Investment Strategy for the Current Environment

- Recognition of current high risk investment environment
  - Preservation of capital is paramount
  - Increased allocation to government and agencies
  - Investment grade corporate bonds
  - Actively reducing portfolio risk where appropriate

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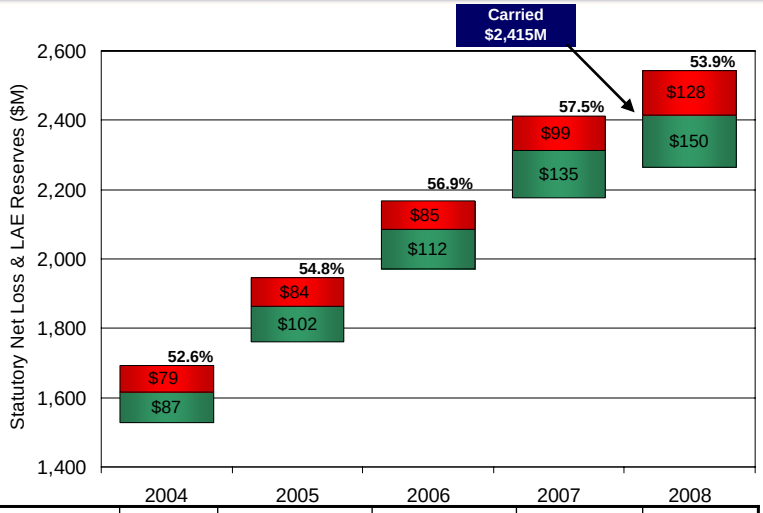
Disciplined Reserving Practices
Actuarial Reserve Ranges



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

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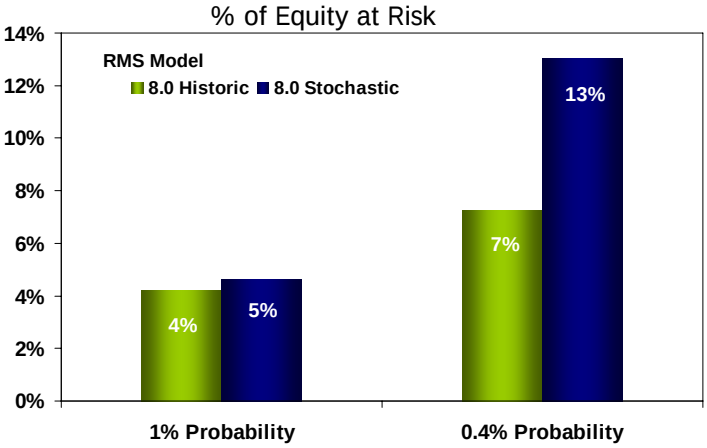
Strong Natural Catastrophe Program



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 3/31/09.

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Capital Position

- Premium to surplus: 1.8x
- Debt to total capitalization:
  - Total: 23.1%
  - Adjusted: 16.7%
- Weighted average life of debt: 35 years

As of March 31, 2009

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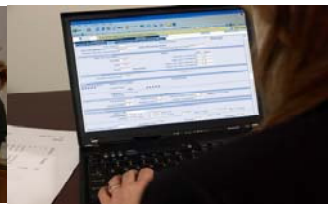
The Journey Continues with Sound Strategy

Greg Murphy
Chairman, President & CEO

Strategies for Long-Term Success

- Best in class agency relationships and field model
- Information rich ➡ actionable decisions
- Profitable organic growth opportunities
- Personal lines improvement plan
- Claims strategy to lower loss costs



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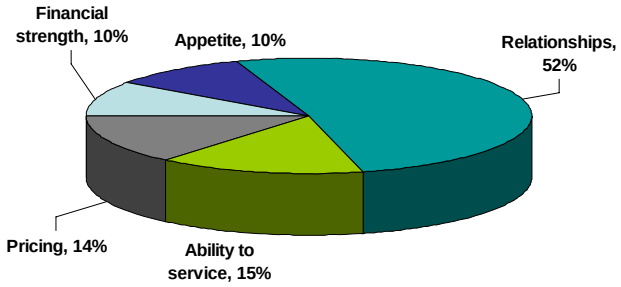
Strong Agency Relationships

In the current market, what do agents rank as "most important" when deciding where to place their best business?



While each of these factors is important, relationships drive the business

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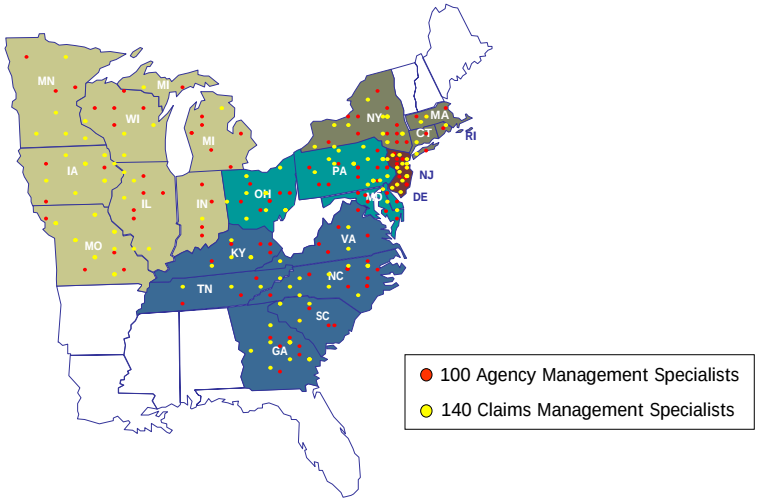
Best in Class Field Model



1Q2009 Commercial lines new business growth of 12%

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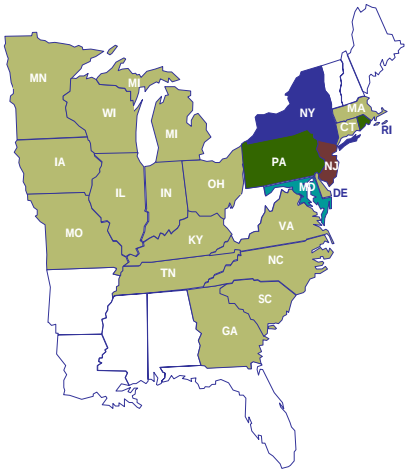
Selective's Current Market Share

- **>4%** (NJ)
- **3% to <4%** (MD)
- **2% to <3%** (RI & PA)
- **1% to <2%** (NY)
- **0% to <1%** (GA, KY, NC, SC, TN, VA, IA, IL, IN, MI, MN, MO, WI, OH, MA, CT, DE)
- **Not currently in footprint**



SIGI's current average market share = 1.1%.
At 5% market share, premiums would be > $6B

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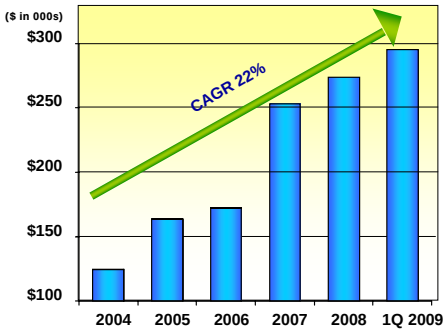
Automation Drives Growth & Efficiencies

One & Done®

- Quote, rate & issue in minutes
- Focus on improving amount of straight-through business
- More than 500 eligible classes
- Decision support models
- Best pricing provided up front

One & Done® Business Written per Day



March 2009: New small business per-day record of $316K

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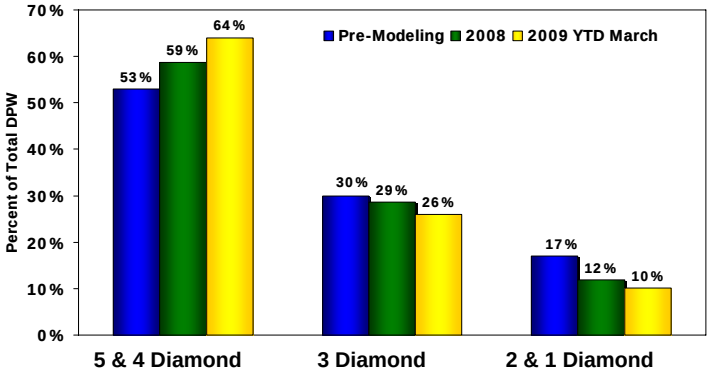
Knowledge Management Tools Make a Difference

Percent of Total New Premium Diamond Distribution

WC, BOP, CPP, CA



For lines < $50,000

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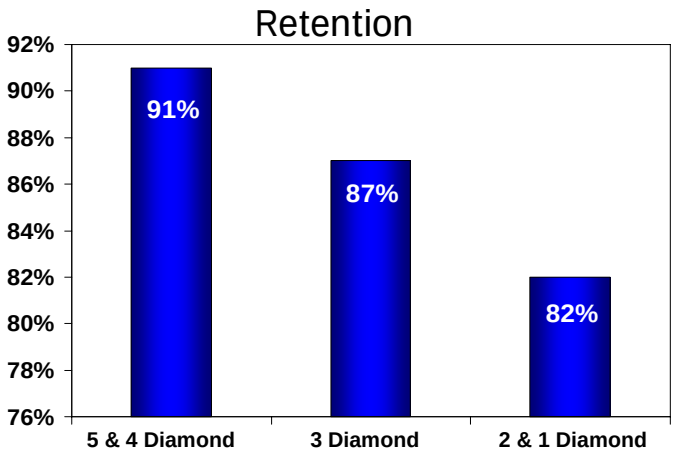
Knowledge Management Tools Make a Difference



As of March 31, 2009

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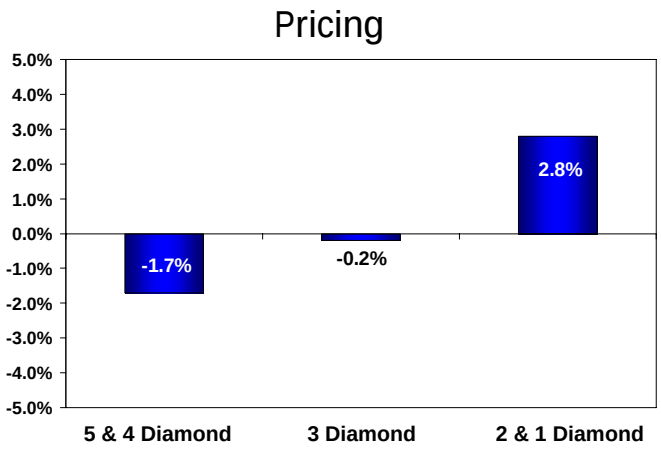
Knowledge Management Tools Make a Difference



As of March 31, 2009

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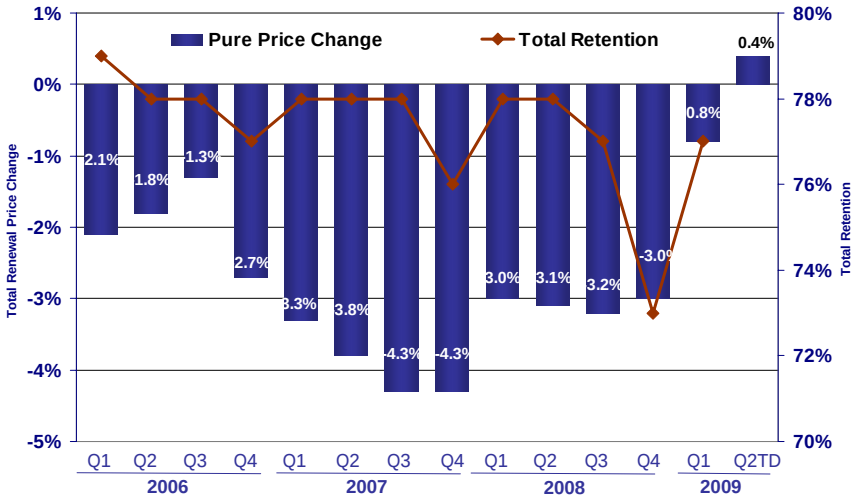
Commercial Lines Pure Price vs. Retention



April and May each +0.4%

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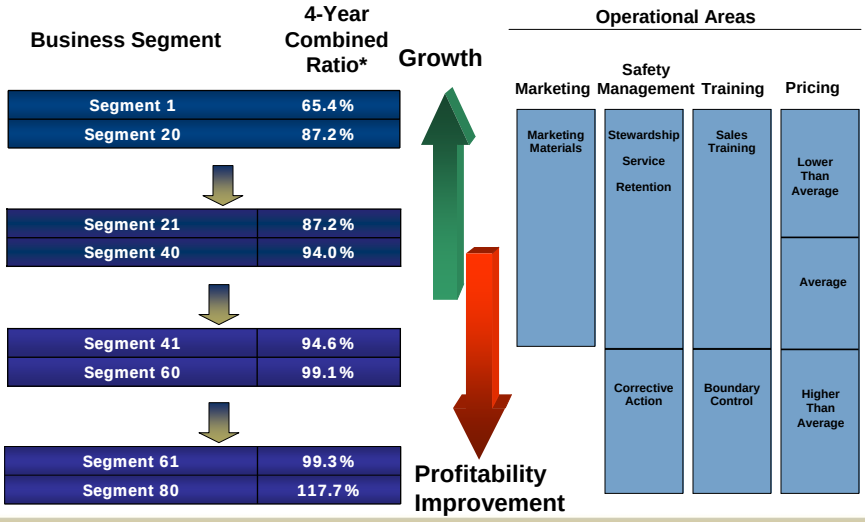
Broad Underwriting Appetite Enhanced through Knowledge Management



*Direct accident year combined ratio excluding umbrella, as of December 31, 2008

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Personal Lines

The Road to Profitability

- $24M in-force price change on $213M book
- Underwriting and automation improvements – reduced operating costs and increased data quality
- 13-state footprint opportunity – $900 million

Profitable by 2010

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Key Claims Strategies

- Litigation management
- Vendor management
- Integrated outcomes
  - Workers compensation
  - Other casualty lines

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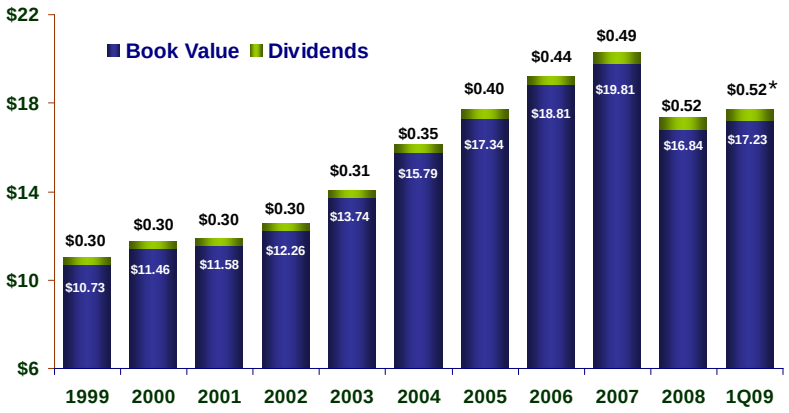
Long-Term Shareholder Value Creation



*Fiscal-year dividend

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Fox-Pitt Kelton Small & MidCap Bank & Insurance Conference

Selective Insurance Group, Inc.
June 17, 2009