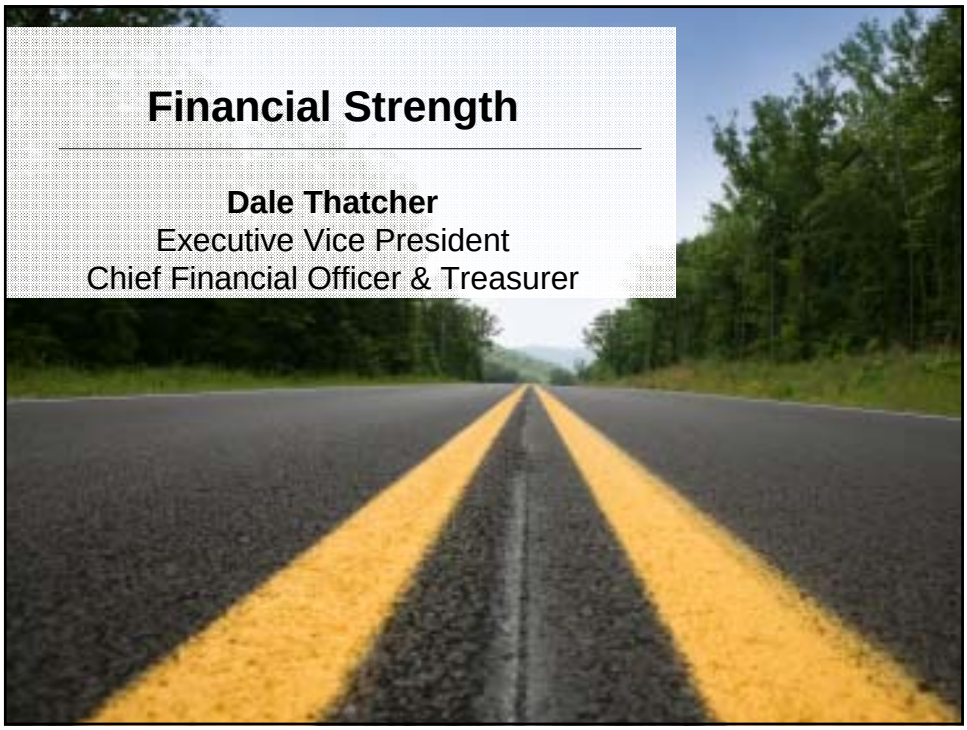
Selective Insurance Group, Inc.
Keefe, Bruyette & Woods
Insurance Conference
September 10, 2009


Financial Strength
Dale Thatcher
Executive Vice President
Chief Financial Officer & Treasurer

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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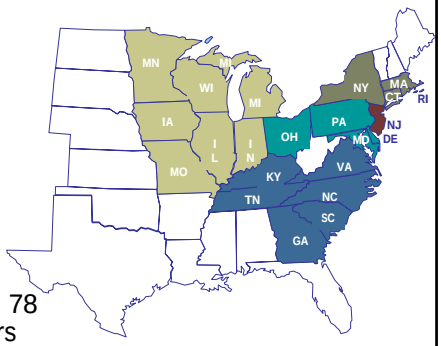
Selective Profile

- 22-state super-regional
  - $1.5B NPW
    - 86% commercial lines
    - 14% personal lines
- Distribution partner with 960 independent agents
- Best in class field model
- History of financial strength
  - A.M. Best rated “A” or better for 78 years, and “A+” for past 48 years



Only 9% of P&C carriers rated A+ or better

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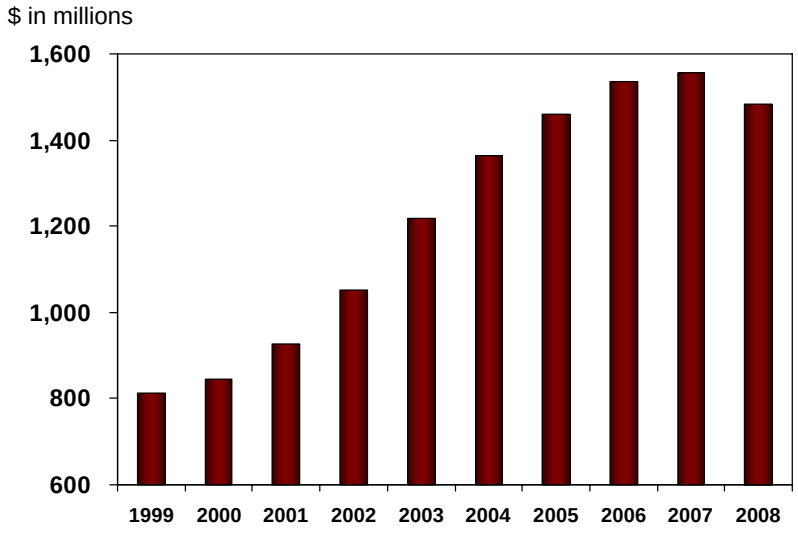
Net Premium Written



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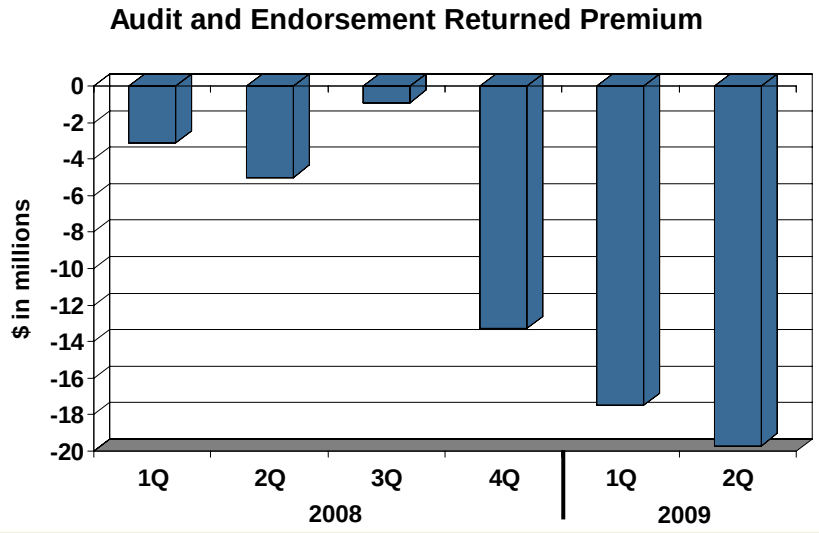
Current Economic Impact on Premium Growth



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A Foundation of Financial Strength

- Focused expense management
- Conservative investment portfolio
- Disciplined reserving practices
- Strong reinsurance program
- Proactively managed capital

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Focused Expense Management

	Initiative	Savings
2008	Targeted commission reductions	$7 million
	Restructuring	$7 million
	Indiana re-domestication	$2 million
2009	Benefits changes	$4 million, one time
	Vendor consolidation project	$1 million
	Tax credits and incentives	$1 million

Next expense focus area is claims

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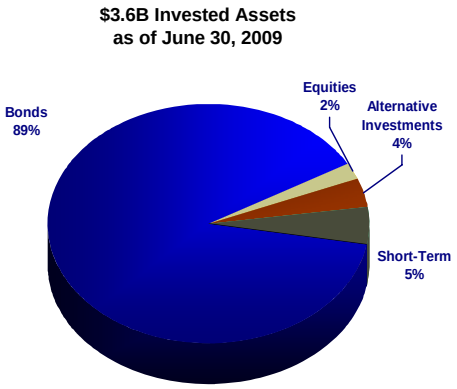
Conservative Investment Portfolio

- Average "AA+" bond quality
- Approximately 3.5 year average duration, including short-term & cash
- Equities outperformed S&P 500 for nine consecutive years
- Alternative investments have outperformed S&P 500 since 1997



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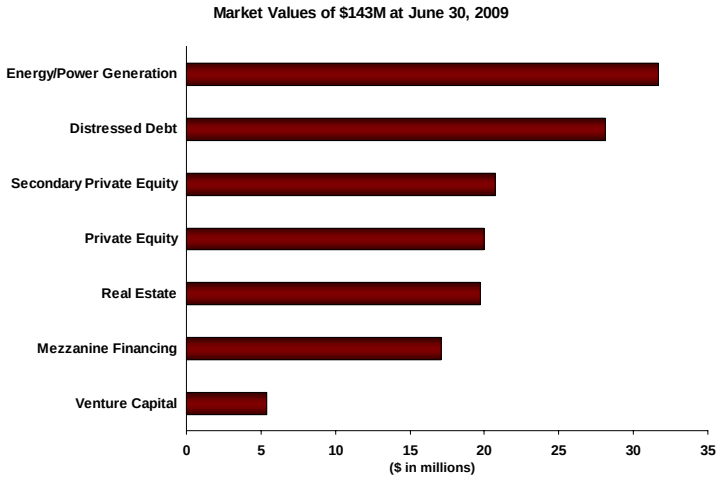
Alternative Investment Strategies



Alternative strategies generated $7 million in additional equity over S&P 500 since 1997

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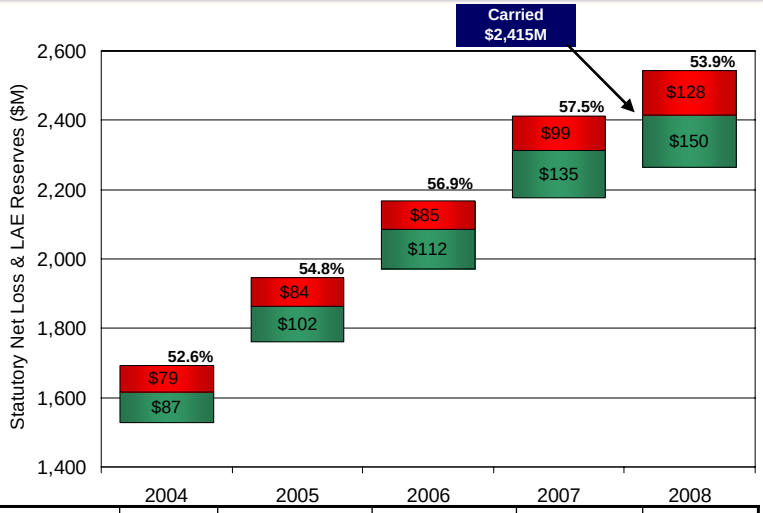
Disciplined Reserving Practices
Actuarial Reserve Ranges



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

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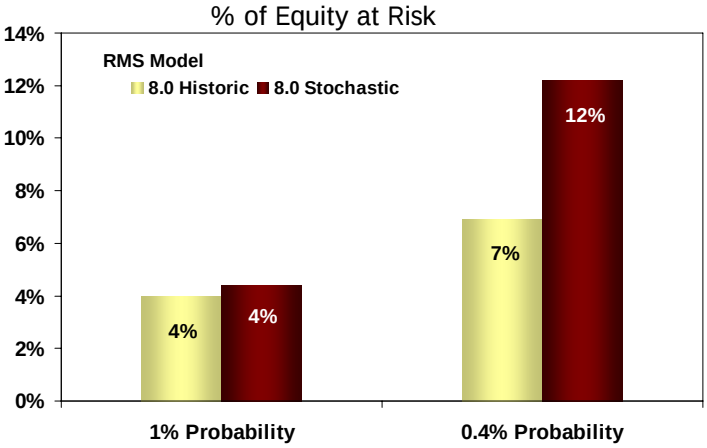
Strong Natural Catastrophe Program



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

Percentages are net of tax, reinsurance and reinstatement premium.
RMS data as of 7/1/07; Equity data as of 6/30/09.

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Capital Position

- Premium to surplus: 1.7x
- Debt to total capitalization:
  - Total: 21.7%
  - Adjusted: 15.4%
- Weighted average life of debt: 35 years
- Book value per share $17.85

As of June 30, 2009

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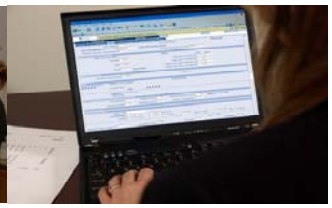
Profitability Improvement

Greg Murphy
Chairman, President & CEO

Strategies for Long-Term Profitable Growth

- Best in class agency relationships and field model
- Commercial lines pricing power
- Quality of new business through predictive modeling
- Diversification of commercial lines book
- Personal lines improvement plan
- Best in class claims practices



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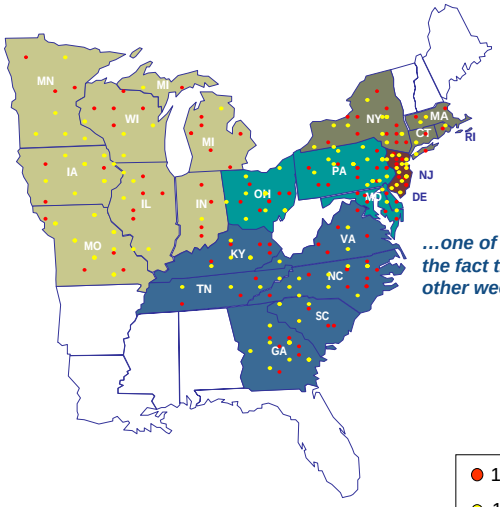
Best in Class Field Model



…one of the great things with the AMS field model is the fact that our AMS is out visiting with us every other week…looking at new opportunities…
Mark Levine of Eastern Insurance

- 100 Agency Management Specialists
- 140 Claims Management Specialists

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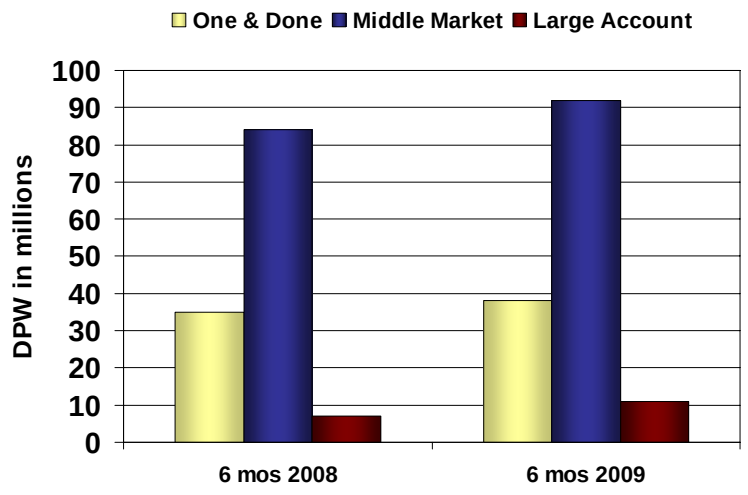
Commercial Lines New Business



Commercial lines new business up 12% YTD

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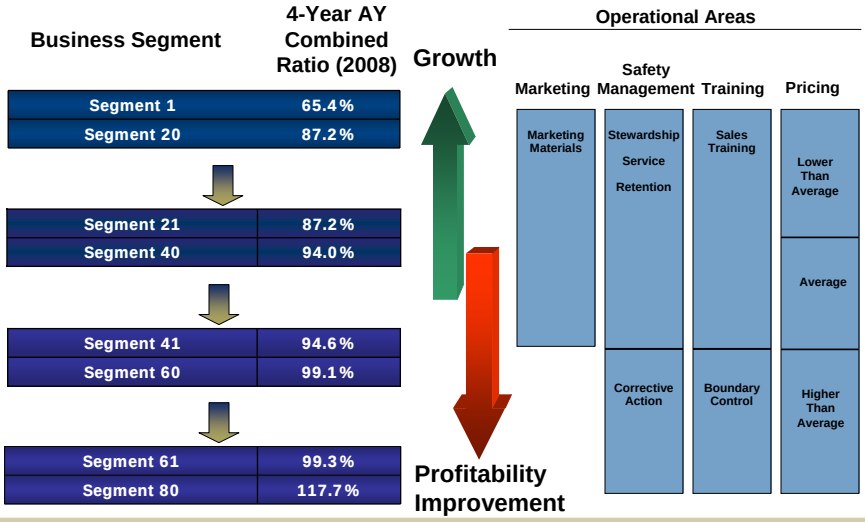
Profitability Monitoring



Predictive modeling improves performance on an account basis

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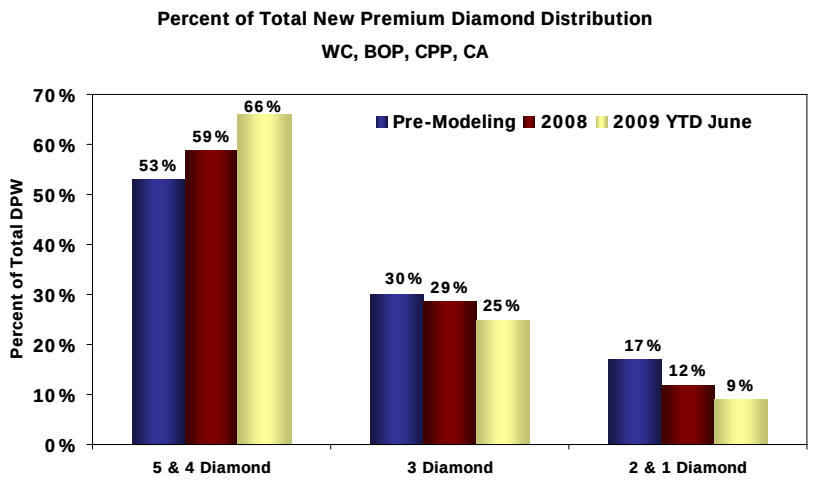
Commercial Lines Quality Improvement



For lines < $50,000

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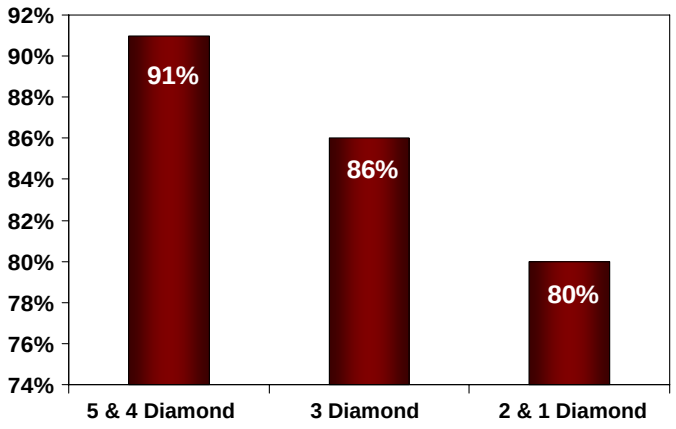
Retaining our Best Commercial Business



Retention at point of renewal as of June 30, 2009

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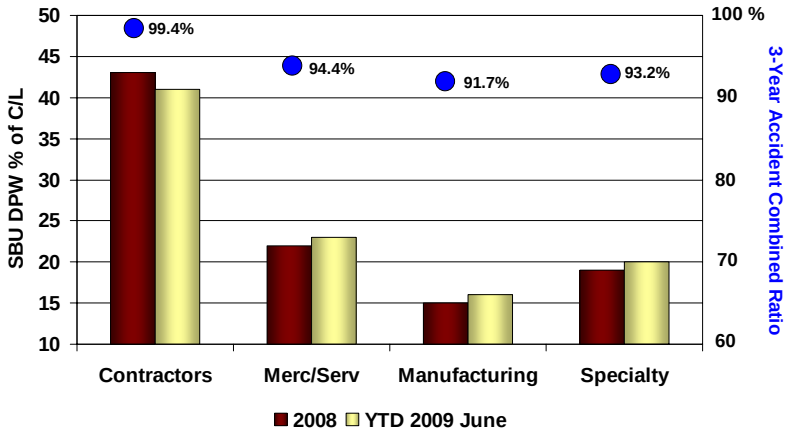
Commercial Lines Diversification



Further diversification results in lower combined ratio

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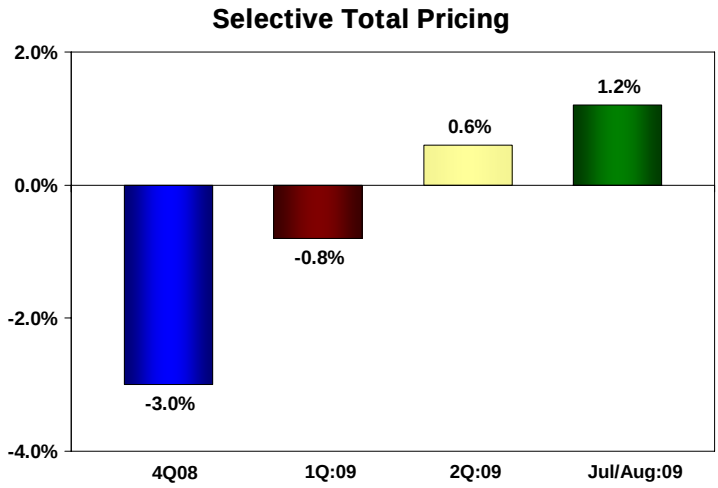
Commercial Lines Pricing Power



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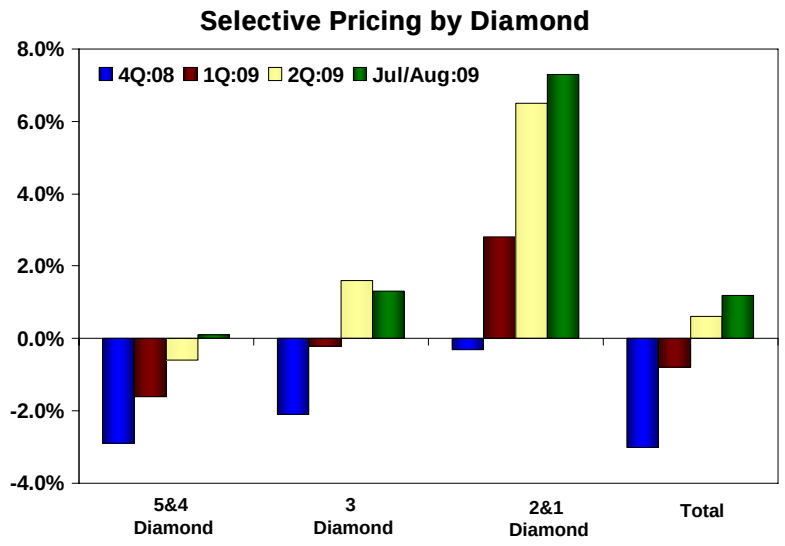
Commercial Lines Pricing Power



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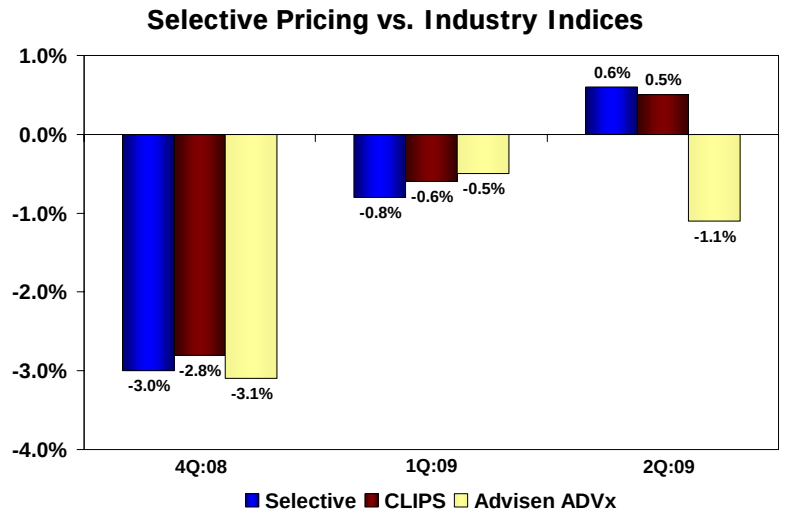
Commercial Lines Pricing Power



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Personal Lines

- $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

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Key Claims Strategies

- Litigation management
- Vendor management
- Integrated outcomes
  - Workers compensation
  - Other casualty lines
- Heightened fraud monitoring

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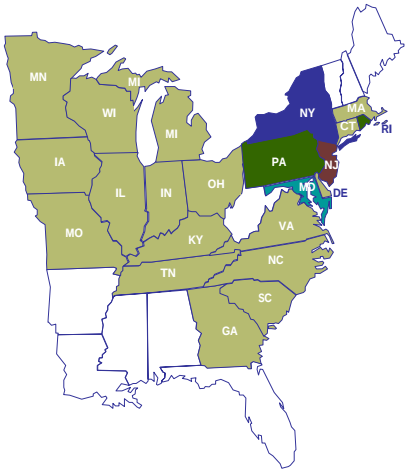
Commercial Lines
State Market Opportunity

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 4% market share, premiums would be > $5B

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Commercial Lines
Agency Market Opportunity

State	Current Share of Wallet	Most Recent Agency Commercial Lines Premium Volume ($M)
NJ	13.6%	2,655
MD	10.0	1,174
RI	18.5	283
PA	11.4	2,215
NY	8.3	2,060
All other	5.9	10,733
Total	8.3	19,120

18% Share of Wallet Results in $3.4 Billion DPW

*Includes agents appointed prior to 2006 only
Source: Highline Data

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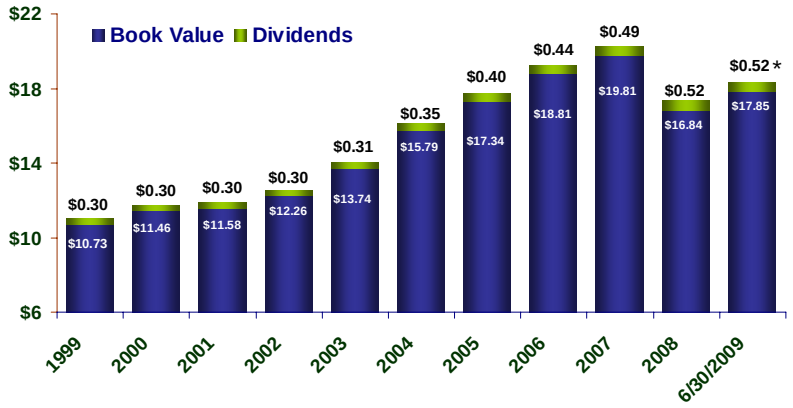
Long-Term Shareholder Value Creation



*Fiscal-year dividend

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