



**SELECTIVE**<sup>®</sup>

## **Supplemental Investor Package**

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### **First Quarter 2017**

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**Selective Insurance Group, Inc. & Consolidated Subsidiaries**  
**First Quarter 2017 Supplemental Investor Package**  
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**Selective Reports First Quarter 2017 Net Income per Diluted Share of \$0.85 and Operating Income<sup>1</sup> per Diluted Share of \$0.86**

**Strong Underwriting Results with Statutory Combined Ratio of 89.7%**

In the first quarter of 2017:

- Net premiums written grew 6%
- GAAP combined ratio was 91.2%
- Statutory combined ratio was 89.7%
- After-tax net investment income was \$27.5 million
- Annualized return on average equity (“ROE”) was 12.9% and operating ROE<sup>1</sup> was 13.1%

**Branchville, NJ – April 26, 2017** – Selective Insurance Group, Inc. (NASDAQ: SIGI) today reported its financial results for the first quarter ended March 31, 2017. Net income per diluted share was \$0.85, compared to \$0.63 a year ago, and operating income<sup>1</sup> per diluted share was \$0.86, compared to \$0.66 a year ago.

“We are very proud of the quarter’s financial results, which reflect continued momentum from our record levels of profitability in 2016. Our consolidated statutory combined ratio was 89.7% and annualized operating ROE was 13.1%,” said Gregory E. Murphy, Chairman and Chief Executive Officer. “We continue to grow new business and are successfully balancing rate increases with retention on a very granular level. Net premiums written grew 6%, benefiting from standard commercial lines renewal pure price increases averaging 3.0% in the quarter, strong retention rates, and new business opportunities.”

Mr. Murphy continued, “We are off to a strong start in 2017 and will continue to execute on our strategy of disciplined, profitable growth. We remain focused on enhancing what truly distinguishes Selective in the marketplace – our relationships with “ivy-league” distribution partners, sophisticated underwriting tools and technologies, and the superior experience we provide to our customers and agents through our best-in-class employees.”

**Operating Highlights**

<b>Consolidated Financial Results</b> <i>\$ in millions, except per share data</i>	<i>Quarter Ended March 31,</i>		<b>Change</b>
	<b>2017</b>	<b>2016</b>	
Net premiums written	\$598.7	\$565.4	6%
Net premiums earned	\$560.9	\$522.5	7%
Net investment income earned	\$37.4	\$30.8	22%
Net realized (losses), pre-tax	\$(1.0)	\$(2.7)	61%
Total revenues	\$600.5	\$551.5	9%
Net underwriting income, after-tax	\$32.0	\$26.6	20%
Net investment income, after-tax	\$27.5	\$23.6	17%
Net income	\$50.4	\$37.0	36%
Operating income <sup>1</sup>	\$51.1	\$38.8	32%
GAAP combined ratio	91.2%	92.2%	(1.0) pts
Statutory combined ratio	89.7%	90.7%	(1.0) pts
Catastrophe losses	2.2 pts	2.8 pts	(0.6) pts
Non-catastrophe property losses	12.7 pts	12.7 pts	-
(Favorable) prior year statutory reserve development on casualty lines	(2.6) pts	(3.3) pts	0.7 pts
Net income per diluted share	\$0.85	\$0.63	35%
Operating income per diluted share <sup>1</sup>	\$0.86	\$0.66	30%
Weighted average diluted shares	59.1M	58.5M	1%
Book value per share	\$27.34	\$25.61	7%

## Standard Commercial Lines

Standard Commercial Lines premiums, which represent 81% of total first quarter 2017 net premiums written, were up 6% compared to the first quarter of 2016. The growth reflects strong renewal pure price increases of 3.0%, retention of 85%, and a 2% increase in new business to \$89.5 million. The quarter's statutory combined ratio was 88.3%, which compares favorably to 89.7% a year ago and reflects a 0.9 point reduction in the expense ratio and a 1.3 point reduction in catastrophe losses. These benefits were partially offset by a lower level of favorable casualty reserve development of 3.7 points.

Standard Commercial Lines \$ in millions, statutory results	Quarter Ended March 31,		Change
	2017	2016	
Net premiums written	\$483.5	\$455.1	6%
Net premiums earned	\$438.4	\$402.9	9%
GAAP combined ratio	90.3%	92.3%	(2.0) pts
Statutory loss & loss expense ratio	55.1%	55.2%	(0.1) pts
Statutory underwriting expense ratio	33.2%	34.1%	(0.9) pts
Statutory dividends to policyholders ratio	-	0.4%	(0.4) pts
Statutory combined ratio	88.3%	89.7%	(1.4) pts
Catastrophe losses	1.6 pts	2.9 pts	(1.3) pts
(Favorable) prior year statutory reserve development on casualty lines	(3.7) pts	(4.5) pts	0.8 pts

## Standard Personal Lines

Standard Personal Lines premiums, which represent 11% of total first quarter 2017 net premiums written, increased 4% in first quarter 2017 compared to the first quarter of 2016, largely driven by a 55% increase in new business to \$11.4 million. The statutory combined ratio in the first quarter for Standard Personal Lines was 93.9%, a 3.3 point increase from the same period last year. Catastrophe losses were 5.5 points in the first quarter of 2017 compared to 3.2 points in the first quarter last year. In addition, adverse prior year casualty reserve development added 2.8 points to the combined ratio while there was no prior year casualty reserve development in the first quarter last year. These impacts were partially offset by a reduction in the expense ratio of 2.4 points driven by lower direct commissions and other underwriting expense initiatives.

Standard Personal Lines \$ in millions, statutory results	Quarter Ended March 31,		Change
	2017	2016	
Net premiums written	\$64.7	\$62.0	4%
Net premiums earned	\$71.2	\$70.2	1%
GAAP combined ratio	92.8%	87.7%	5.1 pts
Statutory loss & loss expense ratio	62.2%	56.5%	5.7 pts
Statutory underwriting expense ratio	31.7%	34.1%	(2.4) pts
Statutory combined ratio	93.9%	90.6%	3.3 pts
Catastrophe losses	5.5 pts	3.2 pts	2.3 pts
Unfavorable prior year statutory reserve development on casualty lines	2.8 pts	-	2.8 pts

## Excess and Surplus Lines

Excess and Surplus Lines premiums, which account for 8% of total first quarter 2017 net premiums written, increased by 4% in first quarter 2017. The principal drivers of net premiums written growth were a 7.1% overall price increase coupled with a 6% increase in new business. The statutory combined ratio for the first quarter was 95.9%, down 2.5 points from a year ago primarily due to non-catastrophe property losses that were lower by 2.8 points and no prior year casualty reserve development, which was 2.0 points unfavorable a year ago. These improvements were partially offset by catastrophe losses that were 1.7 points higher than last year. We continue to focus our efforts to improve margins by shifting our mix of business, improving claims outcomes, and implementing more aggressive price increases in challenged classes.

Excess and Surplus Lines \$ in millions, statutory results	Quarter Ended March 31,		Change
	2017	2016	
Net premiums written	\$50.5	\$48.3	4%
Net premiums earned	\$51.2	\$49.4	4%
GAAP combined ratio	96.9%	97.1%	(0.2) pts
Statutory loss & loss expense ratio	61.8%	68.9%	(7.1) pts
Statutory underwriting expense ratio	34.1%	29.5%	4.6 pts
Statutory combined ratio	95.9%	98.4%	(2.5) pts
Catastrophe losses	2.7 pts	1.0 pts	1.7 pts
Unfavorable prior year statutory reserve development on casualty lines	-	2.0 pts	(2.0) pts

## Investment Income

After-tax investment income in the first quarter was \$27 million, up 17% compared to a year ago. The improvement was driven by higher yields on our core fixed income portfolio coupled with an increasing invested asset base from cash flows from operations. In addition, our alternative investment portfolio generated \$1.6 million in pre-tax income compared to a \$1.1 million loss in the first quarter of 2016. After-tax new money yields averaged 2.1% during the quarter.

Investments \$ in millions, except per share data	Quarter Ended March 31,		Change
	2017	2016	
Net investment income earned, after-tax	\$27.5	\$23.6	17%
Net investment income per share	\$0.46	\$0.40	15%
Effective tax rate	26.6%	23.4%	3.2 pts
Average yields:			
Fixed Income Securities:			
Pre-tax	3.0%	2.7%	0.3 pts
After-tax	2.2%	2.0%	0.2 pts
Portfolio:			
Pre-tax	2.8%	2.4%	0.4 pts
After-tax	2.0%	1.8%	0.2 pts

## Balance Sheet

<b>Balance Sheet</b> <i>\$ in millions, except per share data</i>	<i>March 31,</i>	<i>December 31,</i>	<b>Change</b>
	<b>2017</b>	<b>2016</b>	
Total assets	\$7,404.1	\$7,355.8	1%
Total investments	\$5,460.8	\$5,364.9	2%
Debt	\$438.8	\$438.7	-
Stockholders' equity	\$1,592.6	\$1,531.4	4%
Invested assets per dollar of stockholders' equity	3.43	3.50	(2)%
Statutory surplus	\$1,622.3	\$1,583.8	2%
Book value per share	\$27.34	\$26.42	3%

The increase in book value per share reflects net income and unrealized gains on our investment portfolio, partially offset by dividends to shareholders.

Selective's Board of Directors declared a \$0.16 per share quarterly cash dividend on common stock that is payable June 1, 2017, to stockholders of record as of May 15, 2017.

### Guidance

After one quarter of better than expected results, we are maintaining our full-year expectations as follows:

- A statutory combined ratio excluding catastrophe losses of 90.5%. This assumes no additional prior year reserve development;
- Catastrophe losses of 3.5 points;
- After-tax investment income of \$110 million; and
- Weighted average shares outstanding of 59.2 million.

The supplemental investor package, including financial information that is not part of this press release, is available on the Investors page of Selective's website at [www.Selective.com](http://www.Selective.com). Selective's quarterly analyst conference call will be simulcast at 8:30 a.m. ET, on Thursday, April 27, 2017 at [www.Selective.com](http://www.Selective.com). The webcast will be available for rebroadcast until the close of business on May 30, 2017.

### About Selective Insurance Group, Inc.

Selective Insurance Group, Inc. is a holding company for ten property and casualty insurance companies rated "A" (Excellent) by A.M. Best. Through independent agents, the insurance companies offer standard and specialty insurance for commercial and personal risks, and flood insurance underwritten by the National Flood Insurance Program. Selective maintains a website at [www.Selective.com](http://www.Selective.com).

### <sup>1</sup>Reconciliation of Net Income to Operating Income and Certain Other Non-GAAP Measures

Operating income, operating earnings per share, and operating return on equity differ from net income, earnings per share, and return on equity, respectively, by the exclusion of after-tax net realized gains and losses on investments and the results of discontinued operations, if any. They are used as important financial measures by management, analysts, and investors, because the realization of net investment gains and losses in any given period is largely discretionary as to timing. In addition, these net realized investment gains and losses, as well as other-than-temporary investment impairments that are charged to earnings and the results of discontinued operations, could distort the analysis of trends. These operating measurements are not intended as a substitute for net income, earnings per share, or return on equity prepared in accordance with U.S. generally accepted accounting principles (GAAP). Reconciliations of net income, earnings per share, and return on equity to operating income, operating earnings per share, and operating return on equity, respectively, are provided in the tables below. 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.

Note: All amounts included in this release exclude intercompany transactions.

#### Reconciliation of Net Income to Operating Income

<i>\$ in millions</i>	<i>Quarter Ended March 31,</i>	
	<b>2017</b>	<b>2016</b>
Net income	\$50.4	\$37.0
Exclude: Net realized losses	\$1.0	\$2.7
Exclude: Tax on net realized losses	\$(0.3)	\$(0.9)
Operating income	\$51.1	\$38.8

#### Reconciliation of Net Income per Diluted Share to Operating Income per Diluted Share

	<i>Quarter Ended March 31,</i>	
	<b>2017</b>	<b>2016</b>
Net income per diluted share	\$0.85	\$0.63
Exclude: Net realized losses	\$0.02	\$0.05
Exclude: Tax on net realized losses	\$(0.01)	\$(0.02)
Operating income per diluted share	\$0.86	\$0.66

#### Reconciliation of ROE and Operating ROE

	<i>Quarter Ended March 31,</i>	
	<b>2017</b>	<b>2016</b>
Return on Average Equity	12.9%	10.3%
Exclude: Net realized losses	0.3%	0.8%
Exclude: Tax on net realized losses	(0.1)%	(0.3)%
Operating Return on Average Equity	13.1%	10.8%

## **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;
- 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 Investors page of Selective's website, [www.Selective.com](http://www.Selective.com), or through the SEC's EDGAR Database at [www.sec.gov](http://www.sec.gov) (Selective EDGAR CIK No. 0000230557).

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**Selective Insurance Group, Inc. & Consolidated Subsidiaries**  
**Selected Balance Sheet Data**  
**(unaudited)**

(\$ in thousands, except per share amounts)	March 31,			March 31,			December 31,		
	2017			2016			2016		
	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain
Invested Assets:									
Corporate bonds <sup>1</sup>	\$ 3,480,965	3,482,488	34,897	3,073,489	3,076,144	53,348	\$ 3,332,522	3,334,044	24,339
Government and Municipal bonds	1,470,876	1,472,856	30,350	1,690,552	1,695,583	70,315	1,561,574	1,563,707	18,255
Total fixed income securities	4,951,841	4,955,344	65,247	4,764,041	4,771,727	123,663	4,894,096	4,897,751	42,594
Equities	154,918	154,918	30,304	215,789	215,789	21,611	146,753	146,753	25,864
Short-term investments	247,207	247,207	-	103,132	103,132	-	221,701	221,701	-
Other investments	106,796	106,796	-	80,916	80,916	-	102,397	102,397	-
Total invested assets	\$ 5,460,762	5,464,265	95,551	5,163,878	5,171,564	145,274	\$ 5,364,947	5,368,602	68,458
Invested assets per \$ of stockholders' equity	3.43			3.50			3.50		
Total assets	7,404,096			7,022,492			7,355,848		
Liabilities:									
Reserve for losses and loss expenses	3,679,471			3,575,496			3,691,719		
Unearned premium reserve	1,299,823			1,209,377			1,262,819		
Total liabilities	5,811,517			5,546,527			5,824,478		
Stockholders' equity	1,592,579			1,475,965			1,531,370		
Total debt-to-capitalization ratio	21.6%			20.8%			22.3%		
Book value per share	27.34			25.61			26.42		
Book value per share excluding unrealized gain or loss on bond portfolio	26.65			24.30			25.98		
NPW per insurance segment employee	1,043			999			1,028		
Statutory premiums to surplus ratio	1.4x			1.4x			1.4x		
Statutory surplus	1,622,268			1,461,326			1,583,781		

<sup>1</sup> Includes mortgage-backed and asset-backed securities.

**Selective Insurance Group, Inc. & Consolidated Subsidiaries**  
**Selected Income Statement Data**  
**(unaudited)**

	Quarter Ended March 31,			
	2017		2016	
	Per diluted share		Per diluted share	
(\$ in thousands, except per share amounts)				
<b>Consolidated</b>				
Revenue	\$	600,469	\$	551,474
Net income		50,440	0.85	37,032
Exclude: Net realized losses		1,045	0.02	2,704
Exclude: Tax on net realized losses		(366)	(0.01)	(946)
Operating income		51,119	0.86	38,790
				0.66
<b>Total Insurance Operations</b>				
Gross premiums written	\$	689,511		652,598
Net premiums written		598,704		565,359
Net premiums earned		560,854		522,458
Underwriting gain		49,222		40,955
		- before tax		
		- after tax	0.54	26,621
				0.46
<b>GAAP combined ratio</b>		<b>91.2%</b>		<b>92.2%</b>
<b>Standard Commercial Lines</b>				
Net premiums earned	\$	438,414		402,889
<b>GAAP combined ratio</b>		<b>90.3%</b>		<b>92.3%</b>
<b>Standard Personal Lines</b>				
Net premiums earned	\$	71,201		70,205
<b>GAAP combined ratio</b>		<b>92.8%</b>		<b>87.7%</b>
<b>Excess and Surplus Lines</b>				
Net premiums earned	\$	51,239		49,364
<b>GAAP combined ratio</b>		<b>96.9%</b>		<b>97.1%</b>
<b>Investments</b>				
Net investment income		- before tax		30,769
		- after tax	0.46	23,560
				0.40
Effective tax rate		26.6%		23.4%
<b>Annual after-tax yield on investment portfolio</b>		<b>2.0%</b>		<b>1.8%</b>
<b>Annual after-tax, after-interest expense yield</b>		<b>1.7%</b>		<b>1.6%</b>
<b>Invested assets per \$ of stockholders' equity</b>		<b>3.43</b>		<b>3.50</b>
<b>Other expenses (net of other income)</b>				
Interest expense	\$	(6,106)		(5,606)
		- before tax		
		- after tax	(0.07)	(3,644)
				(0.06)
Other expense - after tax		(4,357)	(0.07)	(7,747)
				(0.14)
<b>Diluted weighted avg shares outstanding</b>		<b>59,148</b>		<b>58,507</b>

**Selective Insurance Group, Inc. & Consolidated Subsidiaries**  
**GAAP Insurance Operations Results**  
(unaudited)

(\$ in thousands)

Quarter Ended March 31, 2017

Quarter Ended March 31, 2016

	Standard Commercial Lines	Standard Personal Lines	Excess & Surplus Lines	Grand Total		Standard Commercial Lines	Standard Personal Lines	Excess & Surplus Lines	Grand Total
Net Premiums Written	\$ 483,548	64,696	50,460	598,704		\$ 455,063	61,969	48,327	565,359
Net Premiums Earned	438,414	71,201	51,239	560,854		402,889	70,205	49,364	522,458
Losses and Loss Expenses Incurred	241,564	44,290	31,618	317,472		223,350	39,695	34,099	297,144
Net Underwriting Expenses Incurred	154,401	21,805	18,051	194,257		146,954	21,905	13,847	182,706
Dividends to Policyholders	(97)	-	-	(97)		1,653	-	-	1,653
<b>GAAP Underwriting Gain</b>	<b>\$ 42,546</b>	<b>5,106</b>	<b>1,570</b>	<b>49,222</b>		<b>\$ 30,932</b>	<b>8,605</b>	<b>1,418</b>	<b>40,955</b>
<b>GAAP Ratios</b>									
Loss and Loss Expense Ratio	55.1%	62.2%	61.7%	56.6%		55.4%	56.5%	69.1%	56.9%
Underwriting Expense Ratio	35.2%	30.6%	35.2%	34.6%		36.5%	31.2%	28.0%	35.0%
Dividends to Policyholders Ratio	0.0%	0.0%	0.0%	0.0%		0.4%	0.0%	0.0%	0.3%
<b>Combined Ratio</b>	<b>90.3%</b>	<b>92.8%</b>	<b>96.9%</b>	<b>91.2%</b>		<b>92.3%</b>	<b>87.7%</b>	<b>97.1%</b>	<b>92.2%</b>

**Selective Insurance Group, Inc. and Consolidated Subsidiaries**  
**GAAP Investment Income**  
**March 2017 (unaudited)**

(\$ in thousands, except per share data)	Quarter Ended		% Increase (Decrease)
	March 2017	March 2016	
Investment Income:			
Interest:			
Fixed Income Securities	\$ 36,891	31,644	17
Short-term	250	159	57
Other Investments	1,603	(1,066)	250
Dividends	1,468	2,230	(34)
	40,212	32,967	22
Investment Expense	2,793	2,198	27
Net Investment Income Before Tax	37,419	30,769	22
Tax	9,968	7,209	38
<b>Net Investment Income After Tax</b>	<b>\$ 27,451</b>	23,560	17
<b>Net Investment Income per Share</b>	<b>\$ 0.46</b>	0.40	15
Effective Tax Rate	26.6%	23.4%	
Average Yields:			
Fixed Income Securities:			
Pre Tax	3.00%	2.70%	
After Tax	2.18%	2.02%	
Portfolio:			
Pre Tax	2.77%	2.40%	
After Tax	2.03%	1.84%	

	Quarter Ended	
	March 2017	March 2016
Net Realized Losses		
Fixed Income Securities	(196)	(390)
Equity Securities	(1,314)	(2,310)
Other Investments	465	(4)
Total	(1,045)	(2,704)
Net of Tax	(679)	(1,758)

Year-to-date as of March 31, 2017, new money rates for fixed income securities were 3.1% on a pre-tax basis and 2.1% on an after-tax basis.

**Selective Insurance Group, Inc.**  
**Combined Insurance Company Subsidiaries**  
**2017 Statutory Results by Line of Business**  
**Quarter Ended March 2017 (unaudited)**

(\$ in thousands)	Net Premiums Written	Percent Change	Net Premiums Earned	Percent Change	Loss Ratio	LAE Ratio	Underwriting Expense Ratio	Dividends to Policyholders Ratio	Combined Ratio 2017	Combined Ratio 2016	Underwriting Gain/(Loss)
<b>Standard Personal Lines:</b>											
Homeowners	\$ 26,535	(0.1)%	\$ 32,700	(0.6)%	38.8%	8.5%	39.2%	0.0%	86.5%	86.5%	\$ 6,830
Auto	36,719	7.9%	36,950	3.3%	65.9%	10.9%	33.4%	0.0%	110.1%	104.9%	(3,673)
Other (including flood)	1,441	5.1%	1,551	1.7%	54.9%	(24.6)%	(151.2)%	0.0%	(120.9)%	(142.0)%	3,260
<b>Total</b>	<b>\$ 64,696</b>	<b>4.4%</b>	<b>\$ 71,201</b>	<b>1.4%</b>	<b>53.2%</b>	<b>9.0%</b>	<b>31.7%</b>	<b>0.0%</b>	<b>93.9%</b>	<b>90.6%</b>	<b>\$ 6,418</b>
<b>Standard Commercial Lines:</b>											
Commercial property	\$ 80,503	6.4%	\$ 76,391	8.9%	43.3%	5.2%	37.6%	(0.4)%	85.8%	91.8%	\$ 9,319
Workers compensation	91,840	0.6%	79,326	4.4%	54.9%	13.6%	26.0%	1.1%	95.6%	81.1%	245
General liability	155,137	7.2%	139,984	9.3%	31.9%	7.5%	34.1%	(0.2)%	73.2%	83.4%	32,295
Auto	117,387	8.5%	107,129	12.3%	63.7%	10.4%	32.0%	(0.3)%	105.7%	104.9%	(9,384)
Businessowners' policies	26,201	5.7%	24,845	3.9%	46.3%	11.3%	37.2%	0.0%	94.8%	95.0%	793
Bonds	7,792	31.5%	6,498	18.9%	11.1%	6.5%	51.9%	0.0%	69.4%	81.6%	1,315
Other	4,690	4.8%	4,241	10.5%	(0.2)%	0.3%	54.8%	0.0%	55.1%	53.8%	1,660
<b>Total</b>	<b>\$ 483,548</b>	<b>6.3%</b>	<b>\$ 438,414</b>	<b>8.8%</b>	<b>46.0%</b>	<b>9.1%</b>	<b>33.2%</b>	<b>(0.0)%</b>	<b>88.3%</b>	<b>89.7%</b>	<b>\$ 36,244</b>
<b>E&amp;S</b>	<b>50,460</b>	<b>4.4%</b>	<b>51,239</b>	<b>3.8%</b>	<b>45.5%</b>	<b>16.3%</b>	<b>34.1%</b>	<b>0.0%</b>	<b>95.9%</b>	<b>98.4%</b>	<b>2,347</b>
<b>Total Insurance Operations</b>	<b>\$ 598,704</b>	<b>5.9%</b>	<b>\$ 560,854</b>	<b>7.3%</b>	<b>46.9%</b>	<b>9.7%</b>	<b>33.1%</b>	<b>(0.0)%</b>	<b>89.7%</b>	<b>90.7%</b>	<b>\$ 45,009</b>

Note: Some amounts may not foot due to rounding.

	2017	2016
Losses Paid	241,979	210,673
LAE Paid	48,513	46,124
<b>Total Paid</b>	<b>\$ 290,492</b>	<b>\$ 256,797</b>

**Selective Insurance Group, Inc.**  
**Combined Insurance Company Subsidiaries**  
**2017 Net Catastrophe Losses and Prior Year Casualty Reserve Development**  
**Statutory Results by Line of Business**  
**(unaudited)**

<b><u>Net Catastrophe Losses Incurred</u></b>	<b>Quarter Ended</b>			
	<b>March 31, 2017</b>		<b>March 31, 2016</b>	
	Losses and Loss Expenses Incurred	Impact on Losses and Loss Expense Ratio	Losses and Loss Expenses Incurred	Impact on Losses and Loss Expense Ratio
(\$ in thousands)				
Standard Personal Lines	\$ 3,909	5.5%	\$ 2,225	3.2%
Standard Commercial Lines	6,899	1.6%	11,649	2.9%
E&S	1,403	2.7%	495	1.0%
<b>Total Insurance Operations</b>	<b>\$ 12,212</b>	<b>2.2%</b>	<b>\$ 14,369</b>	<b>2.8%</b>

<b><u>Prior Year Casualty Reserve Development</u></b> <b>(Favorable) / Unfavorable</b>	<b>Quarter Ended</b>			
	<b>March 31, 2017</b>		<b>March 31, 2016</b>	
	Losses and Loss Expenses Incurred	Impact on Losses and Loss Expense Ratio	Losses and Loss Expenses Incurred	Impact on Losses and Loss Expense Ratio
(\$ in thousands)				
Standard Personal Lines	\$ 2,000	2.8%	\$ -	0.0%
Standard Commercial Lines	(16,400)	(3.7)%	(18,000)	(4.5)%
E&S	-	0.0%	1,000	2.0%
<b>Total Insurance Operations</b>	<b>\$ (14,400)</b>	<b>(2.6)%</b>	<b>\$ (17,000)</b>	<b>(3.3)%</b>

Note: Some amounts may not foot due to rounding.

**Selective Insurance Group, Inc. & Consolidated Subsidiaries**  
**Consolidated Balance Sheets**

	Unaudited	
	March 31, 2017	December 31, 2016
(\$ in thousands, except share amounts)		
<b>ASSETS</b>		
<b>Investments:</b>		
Fixed income securities, held-to-maturity – at carrying value (fair value: \$88,339 – 2017; \$105,211 – 2016)	\$ 84,836	101,556
Fixed income securities, available-for-sale – at fair value (amortized cost: \$4,805,368 – 2017; \$4,753,759 – 2016)	4,867,005	4,792,540
Equity securities, available-for-sale – at fair value (cost: \$124,614 – 2017; \$120,889 – 2016)	154,918	146,753
Short-term investments (at cost which approximates fair value)	247,207	221,701
Other investments	106,796	102,397
Total investments	<u>5,460,762</u>	<u>5,364,947</u>
Cash	483	458
Interest and dividends due or accrued	40,239	40,164
Premiums receivable, net of allowance for uncollectible accounts of: \$6,613 – 2017; \$5,980 – 2016	707,677	681,611
Reinsurance recoverable, net of allowance for uncollectible accounts of: \$5,000 – 2017; \$5,500 – 2016	580,386	621,537
Prepaid reinsurance premiums	145,436	146,282
Current federal income tax	—	2,486
Deferred federal income tax	72,218	84,840
Property and equipment – at cost, net of accumulated depreciation and amortization of: \$202,917 – 2017; \$198,729 – 2016	68,503	69,576
Deferred policy acquisition costs	227,622	222,564
Goodwill	7,849	7,849
Other assets	92,921	113,534
Total assets	<u>\$ 7,404,096</u>	<u>7,355,848</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities:</b>		
Reserve for losses and loss expenses	\$ 3,679,471	3,691,719
Unearned premiums	1,299,823	1,262,819
Long-term debt	438,782	438,667
Current federal income tax	11,552	—
Accrued salaries and benefits	96,322	132,880
Other liabilities	285,567	298,393
Total liabilities	<u>\$ 5,811,517</u>	<u>5,824,478</u>
<b>Stockholders' Equity:</b>		
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: 102,028,447 – 2017; 101,620,436 – 2016	204,057	203,241
Additional paid-in capital	354,239	347,295
Retained earnings	1,609,862	1,568,881
Accumulated other comprehensive income (loss)	2,090	(15,950)
Treasury stock – at cost (shares: 43,780,884 – 2017; 43,653,237 – 2016)	(577,669)	(572,097)
Total stockholders' equity	<u>\$ 1,592,579</u>	<u>1,531,370</u>
Commitments and contingencies		
Total liabilities and stockholders' equity	<u>\$ 7,404,096</u>	<u>7,355,848</u>

**Selective Insurance Group, Inc. & Consolidated Subsidiaries**  
**Unaudited Consolidated Statements of Income**

(\$ in thousands, except per share amounts)	Quarter Ended March 31,	
	2017	2016
<b>Revenues:</b>		
Net premiums earned	\$ 560,854	522,458
Net investment income earned	37,419	30,769
Net realized losses:		
Net realized investment gains	2,430	889
Other-than-temporary impairments	(3,475)	(3,593)
Total net realized losses	(1,045)	(2,704)
Other income	3,241	951
Total revenues	<u>600,469</u>	<u>551,474</u>
<b>Expenses:</b>		
Losses and loss expenses incurred	317,472	297,144
Policy acquisition costs	196,228	183,227
Interest expense	6,106	5,606
Other expenses	13,089	13,622
Total expenses	<u>532,895</u>	<u>499,599</u>
Income before federal income tax	<u>67,574</u>	<u>51,875</u>
<b>Federal income tax expense:</b>		
Current	14,273	14,084
Deferred	2,861	759
Total federal income tax expense	<u>17,134</u>	<u>14,843</u>
Net income	<u>\$ 50,440</u>	<u>37,032</u>
<b>Earnings per share:</b>		
Basic net income	<u>\$ 0.87</u>	<u>0.64</u>
Diluted net income	<u>\$ 0.85</u>	<u>0.63</u>
Dividends to stockholders	\$ 0.16	0.15



**Selective Insurance Group, Inc. & Consolidated Subsidiaries**  
**Unaudited Consolidated Statements of Comprehensive Income**

(\$ in thousands)	Quarter Ended March 31,	
	2017	2016
Net income	\$ 50,440	37,032
<b>Other comprehensive income, net of tax:</b>		
<i>Unrealized gains on investment securities:</i>		
Unrealized holding gains arising during period	16,761	42,729
Amounts reclassified into net income:		
Held-to-maturity securities	(32)	(47)
Realized losses on available-for-sale securities	981	1,754
Total unrealized gains on investment securities	<u>17,710</u>	<u>44,436</u>
<i>Defined benefit pension and post-retirement plans:</i>		
Amounts reclassified into net income:		
Net actuarial loss	330	986
Total defined benefit pension and post-retirement plans	<u>330</u>	<u>986</u>
Other comprehensive income	<u>18,040</u>	<u>45,422</u>
Comprehensive income	<u>\$ 68,480</u>	<u>82,454</u>

**Selective Insurance Group, Inc. & Consolidated Subsidiaries**

**Unaudited Consolidated Statements of Stockholders' Equity**

(\$ in thousands)	Quarter Ended March 31,	
	2017	2016
<b>Common stock:</b>		
Beginning of year	\$ 203,241	201,723
Dividend reinvestment plan (shares: 8,249 – 2017; 10,931 – 2016)	16	22
Stock purchase and compensation plans (shares: 399,762 – 2017; 386,567 – 2016)	800	773
End of period	<u>204,057</u>	<u>202,518</u>
<b>Additional paid-in capital:</b>		
Beginning of year	347,295	326,656
Dividend reinvestment plan	348	351
Stock purchase and compensation plans	6,596	6,958
End of period	<u>354,239</u>	<u>333,965</u>
<b>Retained earnings:</b>		
Beginning of year	1,568,881	1,446,192
Net income	50,440	37,032
Dividends to stockholders (\$0.16 per share – 2017; \$0.15 per share – 2016)	(9,459)	(8,789)
End of period	<u>1,609,862</u>	<u>1,474,435</u>
<b>Accumulated other comprehensive income:</b>		
Beginning of year	(15,950)	(9,425)
Other comprehensive income	18,040	45,422
End of period	<u>2,090</u>	<u>35,997</u>
<b>Treasury stock:</b>		
Beginning of year	(572,097)	(567,105)
Acquisition of treasury stock (shares: 127,647 – 2017; 122,250 – 2016)	(5,572)	(3,845)
End of period	<u>(577,669)</u>	<u>(570,950)</u>
Total stockholders' equity	<u>\$ 1,592,579</u>	<u>1,475,965</u>

**Selective Insurance Group, Inc. & Consolidated Subsidiaries**  
**Unaudited Consolidated Statements of Cash Flows**

(\$ in thousands)	Quarter Ended March 31,	
	2017	2016
<b>Operating Activities</b>		
Net income	\$ 50,440	37,032
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation and amortization	12,882	14,627
Stock-based compensation expense	5,273	4,377
Undistributed (gains) losses of equity method investments	(665)	1,066
Loss on disposal of fixed assets	998	—
Net realized losses	1,045	2,704
<i>Changes in assets and liabilities:</i>		
Increase in reserve for losses and loss expenses, net of reinsurance recoverable	28,903	42,390
Increase in unearned premiums, net of prepaid reinsurance	37,850	42,901
Decrease in net federal income taxes	16,946	5,296
Increase in premiums receivable	(26,066)	(39,180)
Increase in deferred policy acquisition costs	(5,058)	(7,789)
(Increase) decrease in interest and dividends due or accrued	(218)	528
Decrease in accrued salaries and benefits	(36,558)	(27,115)
Decrease (increase) in other assets	15,998	(10,128)
Decrease in other liabilities	(55,175)	(52,902)
Net cash provided by operating activities	<u>46,595</u>	<u>13,807</u>
<b>Investing Activities</b>		
Purchase of fixed income securities, available-for-sale	(724,880)	(264,828)
Purchase of equity securities, available-for-sale	(14,083)	(7,574)
Purchase of other investments	(11,211)	(12,723)
Purchase of short-term investments	(1,027,885)	(303,228)
Sale of fixed income securities, available-for-sale	594,805	12,905
Sale of short-term investments	1,010,917	394,915
Redemption and maturities of fixed income securities, held-to-maturity	16,527	37,400
Redemption and maturities of fixed income securities, available-for-sale	116,357	130,641
Sale of equity securities, available-for-sale	5,503	4,285
Distributions from other investments	6,428	7,994
Purchase of property and equipment	(4,937)	(3,439)
Net cash used in investing activities	<u>(32,459)</u>	<u>(3,652)</u>
<b>Financing Activities</b>		
Dividends to stockholders	(8,955)	(8,270)
Acquisition of treasury stock	(5,572)	(3,845)
Net proceeds from stock purchase and compensation plans	1,563	1,478
Proceeds from borrowings	64,000	25,000
Repayments of borrowings	(64,000)	(25,000)
Excess tax benefits from share-based payment arrangements	—	1,361
Repayments of capital lease obligations	(1,147)	(1,094)
Net cash used in financing activities	<u>(14,111)</u>	<u>(10,370)</u>
Net increase (decrease) in cash	25	(215)
Cash, beginning of year	458	898
Cash, end of period	\$ <u>483</u>	<u>683</u>

**Selective Insurance Group, Inc.**  
**Combined Insurance Company Subsidiaries**  
**Statutory Balance Sheets**  
**(unaudited)**

(\$ in thousands)	March 31, 2017	March 31, 2016	December 31, 2016
<b>ASSETS</b>			
Bonds	\$ 4,824,921	4,583,540	4,780,269
Common stocks	138,331	202,619	130,608
Preferred stocks	16,107	12,807	15,871
Affiliated mortgage loan	34,108	34,957	34,324
Other investments	151,770	130,365	147,364
Short-term investments	221,505	81,011	203,924
<b>Total investments</b>	<u>5,386,742</u>	<u>5,045,299</u>	<u>5,312,360</u>
Cash on hand and in banks	(4,415)	(12,429)	13,911
Interest and dividends due and accrued	40,102	37,891	40,038
Premiums receivable	699,630	649,660	673,649
Reinsurance recoverable on paid losses and expenses	8,455	9,025	10,337
Deferred tax recoverable	159,702	144,761	161,165
EDP equipment	1,732	397	549
Equities and deposits in pools and associations	12,050	10,864	12,683
Receivable for sold securities	373	647	5,176
Other assets	30,153	28,245	29,040
<b>Total assets</b>	<u>\$ 6,334,524</u>	<u>5,914,360</u>	<u>6,258,908</u>
<b>LIABILITIES</b>			
Reserve for losses	\$ 2,518,967	2,456,286	2,497,916
Reinsurance payable on paid loss and loss expense	3,400	3,057	3,163
Reserve for loss expenses	570,944	534,949	564,976
Unearned premiums	1,154,386	1,071,722	1,116,536
Reserve for commissions payable	53,402	50,382	92,763
Ceded balances payable	40,690	41,112	62,939
Federal income tax payable	38,411	34,247	17,394
Premium and other taxes payable	21,741	19,411	24,149
Borrowed money	110,214	60,031	110,212
Reserve for dividends to policyholders	4,111	6,439	5,706
Reserves for unauthorized reinsurance	1,755	2,030	1,755
Payable for securities	86,288	25,563	41,603
Funds withheld on account of others	10,776	7,928	7,501
Accrued salaries and benefits	48,280	52,230	83,718
Other liabilities	48,891	87,647	44,796
<b>Total liabilities</b>	<u>4,712,256</u>	<u>4,453,034</u>	<u>4,675,127</u>
<b>POLICYHOLDERS' SURPLUS</b>			
Capital	42,725	42,725	42,725
Paid in surplus	492,869	492,869	492,869
Unassigned surplus	1,086,674	925,732	1,048,187
Total policyholders' surplus	<u>1,622,268</u>	<u>1,461,326</u>	<u>1,583,781</u>
<b>Total liabilities and policyholders' surplus</b>	<u>\$ 6,334,524</u>	<u>5,914,360</u>	<u>6,258,908</u>

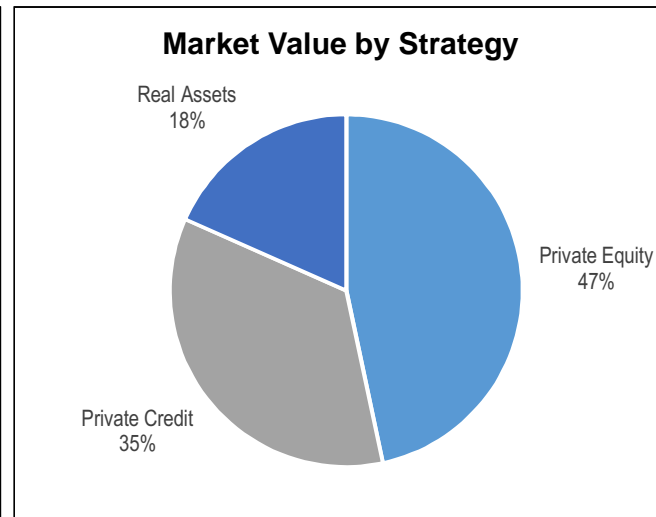
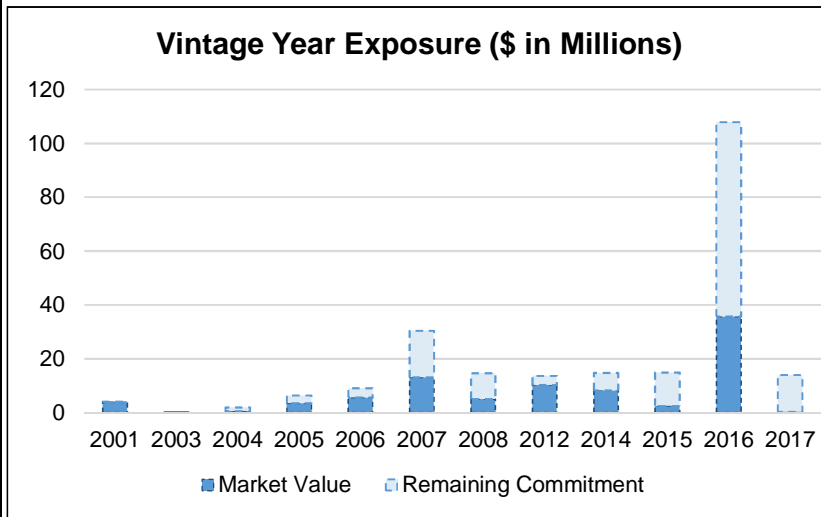
**Selective Insurance Group, Inc.**  
**Combined Insurance Company Subsidiaries**  
**Statutory Statements of Income**  
(unaudited)

(\$ in thousands)	Quarter Ended																												
	2017		March 2016																										
<b>UNDERWRITING</b>																													
<b>Net premiums written</b>	\$	598,704		565,359																									
<b>Net premiums earned</b>		560,854		522,458																									
Net losses paid		241,979		210,673																									
Change in reserve for losses		21,051		29,703																									
<b>Net losses incurred</b>		263,030	46.9%	240,376 46.0%																									
Net loss expenses paid		48,513		46,124																									
Change in reserve for loss expenses		5,969		9,627																									
<b>Net loss expenses incurred</b>		54,482	9.7%	55,751 10.7%																									
<b>Net underwriting expenses incurred</b>		201,060	33.5%	190,917 33.7%																									
Total deductions		518,572		487,044																									
<b>Statutory underwriting gain</b>		42,282		35,414																									
Net loss from premium balances charged off		(645)		(691)																									
Finance charges and other income		3,275		962																									
<b>Total other income</b>		2,630	-0.4%	271 0.0%																									
Policyholders' dividends incurred		97	0.0%	(1,653) 0.3%																									
<b>Total underwriting gain</b>		45,009	89.7%	34,032 90.7%																									
<b>INVESTMENT</b>																													
Net investment income earned		35,757		30,623																									
Net realized losses		(1,082)		(2,704)																									
<b>Total income before income tax</b>		79,684		61,951																									
Federal income tax expense		21,016		16,603																									
<b>Net income</b>	\$	58,668		45,348																									
<b>Policyholders' surplus</b>																													
Surplus, beginning of period	\$	1,583,781		1,426,320																									
Net income		58,668		45,348																									
Change in deferred taxes		(1,752)		352																									
Change in net unrealized capital losses		3,771		5,311																									
Dividends to stockholders		(20,024)		(15,254)																									
Change in non-admitted assets		(2,656)		(2,182)																									
Change in Overfunded Contra Asset		(1,282)		(1,047)																									
Qual Pen Trans Liab		1,744		2,456																									
Excess Plan Trans Liab		8		19																									
PRL Plan Trans Liab		10		3																									
<b>Net change in surplus for period</b>		38,487		35,006																									
<b>Surplus, end of period</b>	\$	1,622,268		1,461,326																									
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Statutory underwriting gain</td> <td style="width: 5%;">\$</td> <td style="width: 20%;">45,009</td> <td style="width: 10%;"></td> <td style="width: 15%;">34,032</td> </tr> <tr> <td colspan="5"><i>Adjustments under GAAP:</i></td> </tr> <tr> <td>Deferred policy acquisition costs</td> <td></td> <td style="text-align: right;">5,058</td> <td></td> <td style="text-align: right;">7,789</td> </tr> <tr> <td>Other, net</td> <td></td> <td style="text-align: right;">(845)</td> <td></td> <td style="text-align: right;">(866)</td> </tr> <tr> <td><b>GAAP underwriting gain</b></td> <td style="text-align: right;">\$</td> <td style="text-align: right;">49,222</td> <td></td> <td style="text-align: right;">40,955</td> </tr> </table>					Statutory underwriting gain	\$	45,009		34,032	<i>Adjustments under GAAP:</i>					Deferred policy acquisition costs		5,058		7,789	Other, net		(845)		(866)	<b>GAAP underwriting gain</b>	\$	49,222		40,955
Statutory underwriting gain	\$	45,009		34,032																									
<i>Adjustments under GAAP:</i>																													
Deferred policy acquisition costs		5,058		7,789																									
Other, net		(845)		(866)																									
<b>GAAP underwriting gain</b>	\$	49,222		40,955																									

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

**Selective Insurance Group, Inc. and Consolidated Subsidiaries**  
**Alternative Investments**  
**March 31, 2017**  
**(unaudited)**

Strategy	Number of Funds	Original Commitment	Remaining Commitment	Current Market Value
Private Equity	20	176,515,538	74,669,031	41,354,303
Private Credit	10	109,000,000	40,745,221	31,026,212
Real Assets	7	92,000,000	27,763,706	16,264,503
<b>TOTAL - ALTERNATIVE INVESTMENTS</b>	<b>37</b>	<b>377,515,538</b>	<b>143,177,958</b>	<b>88,645,018</b>



*Exhibit may not foot due to rounding*