



Supplemental Investor Package

Fourth Quarter and Full Year 2016

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Selective Insurance Group, Inc. & Consolidated Subsidiaries
Fourth Quarter and Full Year 2016 Investor Package
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Selective Reports Fourth Quarter 2016 Net Income per Diluted Share of \$0.67 and Operating Income¹ per Diluted Share of \$0.75

Achieves Record Underwriting Results with 2016 Statutory Combined Ratio of 91.8%

In the fourth quarter of 2016:

- Net premiums written grew 9%
- GAAP combined ratio was 93.6%
- Statutory combined ratio was 93.4%
- After-tax net investment income was \$26 million
- Annualized return on average equity (“ROE”) was 10.1% and operating ROE¹ was 11.4%

Branchville, NJ – February 2, 2017 – Selective Insurance Group, Inc. (NASDAQ: SIGI) today reported its financial results for the fourth quarter ended December 31, 2016. Net income per diluted share was \$0.67, compared to \$0.78 a year ago, and operating income¹ per diluted share was \$0.75, compared to \$0.81 a year ago.

“We are very proud of our financial results, including our full-year operating ROE of 11%, which is in line with our long-term financial targets,” said Gregory E. Murphy, Chairman and Chief Executive Officer. “We had another record year of underwriting profitability even as we grew our business in 2016 by an impressive 8%, well above industry growth. In addition, net premiums growth reflected standard commercial lines price increases averaging 2.6% in 2016, strong retention rates, and new business opportunities.”

Mr. Murphy continued, “Looking back on our 90-year history, I am particularly gratified that Selective today is in its strongest position from financial and strategic perspectives. We are proud of our track record of generating solid returns for our shareholders over time. This has only been achievable due to our strong relationships with “ivy league” distribution partners and best in class employees who strive each day to serve our agents and customers efficiently. We will continue to invest in the tools and technologies required to achieve our long-term operating ROE target.”

Consolidated Financial Results <i>\$ in millions, except per share data</i>	<i>Quarter Ended December 31,</i>		Change	<i>Year Ended December 31,</i>		Change
	2016	2015		2016	2015	
Net premiums written	\$515.0	\$474.7	9%	\$2,237.3	\$2,069.9	8%
Net premiums earned	\$552.8	\$516.1	7%	\$2,149.6	\$1,989.9	8%
Net investment income earned	\$35.4	\$30.1	18%	\$130.8	\$121.3	8%
Net realized (losses) gains, pre-tax	\$(7.7)	\$(2.6)	(196)%	\$(4.9)	\$13.2	(137)%
Total revenues	\$582.4	\$545.5	7%	\$2,284.3	\$2,131.9	7%
Net underwriting income, after-tax	\$22.9	\$31.9	(28)%	\$98.8	\$96.9	2%
Net investment income, after-tax	\$26.4	\$23.3	13%	\$98.4	\$93.8	5%
Net income	\$39.4	\$45.4	(13)%	\$158.5	\$165.9	(4)%
Operating income ¹	\$44.4	\$47.1	(6)%	\$161.7	\$157.3	3%
GAAP combined ratio	93.6%	90.5%	3.1 pts	92.9%	92.5%	0.4 pts
Statutory combined ratio	93.4%	93.2%	0.2 pts	91.8%	92.4%	(0.6) pts
Catastrophe losses	4.8 pts	0.6 pts	4.2 pts	2.8 pts	3.0 pts	(0.2) pts
Non-catastrophe property losses	12.7 pts	11.4 pts	1.3 pts	13.0 pts	13.3 pts	(0.3) pts
(Favorable) prior year statutory reserve development on casualty lines	(4.2) pts	(2.3) pts	(1.9) pts	(3.2) pts	(3.4) pts	0.2 pts
Net income per diluted share	\$0.67	\$0.78	(14)%	\$2.70	\$2.85	(5)%
Operating income per diluted share ¹	\$0.75	\$0.81	(7)%	\$2.75	\$2.70	2%
Weighted average diluted shares	58.9M	58.4M	1%	58.7M	58.2M	1%
Book value per share				\$26.42	\$24.37	8%

Operating Highlights

Standard Commercial Lines

Standard Commercial Lines premiums, which represent 78% of total net premiums written, were up 10% in the fourth quarter, reflecting renewal pure price increases of 2.7%, steady retention of 84%, and a 10% increase in new business to \$85 million. The quarter's statutory combined ratio was 89.5% compared to 89.2% last year. Catastrophe losses, primarily related to Hurricane Matthew and the Tennessee wildfires, accounted for 3.2 points on the statutory combined ratio in the fourth quarter compared to 0.3 points in the fourth quarter last year. Favorable prior year casualty reserve development, driven by the workers' compensation and general liability lines of business, accounted for 6.6 points on the statutory combined ratio in the fourth quarter, relative to 5.0 points in the year ago period.

For full year 2016, premiums were up 9% driven by a 5% increase in new business and renewal pure price increases of 2.6%. The statutory combined ratio was 89.9% compared to 89.2% last year. Favorable prior year casualty reserve development, driven by the workers' compensation and general liability lines of business accounted for 4.7 points on the statutory combined ratio during the year, relative to 5.3 points last year.

Standard Commercial Lines <i>\$ in millions, statutory results</i>	Quarter Ended December 31,		Change	Year Ended December 31,		Change
	2016	2015		2016	2015	
Net premiums written	\$392.2	\$356.9	10%	\$1,745.8	\$1,597.0	9%
Net premiums earned	\$429.7	\$397.2	8%	\$1,665.5	\$1,529.4	9%
GAAP combined ratio	89.5%	86.1%	3.4 pts	91.2%	89.2%	2.0 pts
Statutory loss & loss expense ratio	53.6%	50.2%	3.4 pts	54.8%	53.6%	1.2 pts
Statutory underwriting expense ratio	35.9%	38.8%	(2.9) pts	34.9%	35.2%	(0.3) pts
Statutory dividends to policyholders ratio	-	0.2%	(0.2) pts	0.2%	0.4%	(0.2) pts
Statutory combined ratio	89.5%	89.2%	0.3 pts	89.9%	89.2%	0.7 pts
Catastrophe losses	3.2 pts	0.3 pts	2.9 pts	2.1 pts	2.2 pts	(0.1) pts
(Favorable) prior year statutory reserve development on casualty lines	(6.6) pts	(5.0) pts	(1.6) pts	(4.7) pts	(5.3) pts	0.6 pts

Standard Personal Lines

Standard Personal Lines premiums, which represent 13% of total net premiums written, increased 3% compared to the fourth quarter of 2015, largely driven by higher levels of new business. The statutory combined ratio in the fourth quarter for Standard Personal Lines was 108.5%, a 13.8 point increase from the same period last year. Similar to our Standard Commercial Lines, this segment was impacted by Hurricane Matthew and the Tennessee wildfires. In total, catastrophe losses were 16.0 points in the fourth quarter of 2016 compared to 1.9 points in the fourth quarter last year.

For full year 2016, premiums were down 1%. The statutory combined ratio was 95.2%, a 4.7 point decrease from last year. The improvement was largely driven by a reduction in non-catastrophe property losses of \$16 million, or 4.9 points.

Standard Personal Lines \$ in millions, statutory results	Quarter Ended December 31,		Change	Year Ended December 31,		Change
	2016	2015		2016	2015	
Net premiums written	\$68.1	\$66.0	3%	\$281.8	\$283.9	(1)%
Net premiums earned	\$70.9	\$71.5	(1)%	\$280.6	\$288.1	(3)%
GAAP combined ratio	109.3%	92.1%	17.2 pts	95.6%	99.5%	(3.9) pts
Statutory loss & loss expense ratio	76.5%	61.2%	15.3 pts	63.4%	69.6%	(6.2) pts
Statutory underwriting expense ratio	32.0%	33.5%	(1.5) pts	31.8%	30.3%	1.5 pts
Statutory combined ratio	108.5%	94.7%	13.8 pts	95.2%	99.9%	(4.7) pts
Catastrophe losses	16.0 pts	1.9 pts	14.1 pts	6.5 pts	7.5 pts	(1.0) pts
Unfavorable (Favorable) prior year statutory reserve development on casualty lines	3.5 pts	(2.8) pts	6.3 pts	0.9 pts	(0.7) pts	1.6 pts

Excess and Surplus Lines

Excess and Surplus Lines premiums, which accounted for 9% of total net premiums written, increased by 6% in the quarter. The principal drivers of net premiums written growth were a 4.6% overall price increase for the segment coupled with a 10% increase in new business. The statutory combined ratio for the fourth quarter was 105.5%, which was 20.1 points lower than a year ago. The improvement was principally driven by a 15.3 point reduction in adverse prior year casualty reserve development. Additionally, lower current year loss costs were partially offset by higher catastrophe losses in this segment. Efforts to improve margins include shifting our mix of business, improving claims outcomes, and implementing more aggressive price increases in challenged segments.

For full year 2016, premiums were up 11%. The statutory combined ratio improved to 102.1% from 2015's 108.4%, which was driven by lower unfavorable prior year reserve development of \$6 million, or 2.9 points, compared to \$16 million, or 9.3 points, last year.

Excess and Surplus Lines \$ in millions, statutory results	Quarter Ended December 31,		Change	Year Ended December 31,		Change
	2016	2015		2016	2015	
Net premiums written	\$54.8	\$51.8	6%	\$209.7	\$189.0	11%
Net premiums earned	\$52.1	\$47.4	10%	\$203.5	\$172.3	18%
GAAP combined ratio	106.6%	124.8%	(18.2) pts	103.4%	109.8%	(6.4) pts
Statutory loss & loss expense ratio	73.5%	91.6%	(18.1) pts	70.5%	74.7%	(4.2) pts
Statutory underwriting expense ratio	32.0%	34.0%	(2.0) pts	31.6%	33.7%	(2.1) pts
Statutory combined ratio	105.5%	125.6%	(20.1) pts	102.1%	108.4%	(6.3) pts
Catastrophe losses	3.1 pts	1.0 pts	2.1 pts	3.2 pts	1.9 pts	1.3 pts
Unfavorable prior year statutory reserve development on casualty lines	5.8 pts	21.1 pts	(15.3) pts	2.9 pts	9.3 pts	(6.4) pts

Investment Income

After-tax investment income in the fourth quarter was \$26 million, up 13% compared to a year ago. For full year 2016, after-tax investment income was \$98 million, up 5% from the prior year. The improvements in both periods were driven by returns on our alternative investment portfolio, coupled with a higher invested asset base from cash flow from operations, and a slightly increased allocation to high yield fixed income securities. After-tax new money yields averaged 2.09% in 2016.

Investments <i>\$ in millions, except per share data</i>	Quarter Ended December 31,		Change	Year Ended December 31,		Change
	2016	2015		2016	2015	
Net investment income earned, after-tax	\$26.4	\$23.3	13%	\$98.4	\$93.8	5%
Net investment income per share	\$0.45	\$0.40	13%	\$1.68	\$1.61	4%
Effective tax rate	25.5%	22.6%	2.9 pts	24.7%	22.7%	2.0 pts
Average yields:						
Fixed Income Securities:						
Pre-tax				2.7%	2.7%	-
After-tax				2.0%	2.1%	(0.1) pts
Portfolio:						
Pre-tax				2.5%	2.5%	-
After-tax				1.9%	1.9%	-

Balance Sheet

Balance Sheet <i>\$ in millions, except per share data</i>	December 31,	December 31,	Change
	2016	2015	
Total assets	\$7,355.8	\$6,904.4	7%
Total investments	\$5,364.9	\$5,089.3	5%
Debt	\$438.7	\$388.2	13%
Stockholders' equity	\$1,531.4	\$1,398.0	10%
Invested assets per dollar of stockholders' equity	3.50	3.64	(4)%
Statutory surplus	\$1,583.8	\$1,426.3	11%
Book value per share	\$26.42	\$24.37	8%

The increase in book value per share reflects full year 2016 net income offset partially by dividends to shareholders.

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

Guidance

For 2017, Selective expects to generate the following result:

- A statutory combined ratio excluding catastrophe losses of 90.5%. This assumes no 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. Selective's quarterly analyst conference call will be simulcast at 8:30 a.m. ET, on Friday, February 3, 2017 at www.Selective.com. The webcast will be available for rebroadcast until the close of business on March 7, 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.

¹Reconciliation 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 December 31,</i>		<i>Year Ended December 31,</i>	
	2016	2015	2016	2015
Net income	\$39.4	\$45.4	\$158.5	\$165.9
Exclude: Net realized losses (gains)	\$7.7	\$2.6	\$4.9	\$(13.2)
Exclude: Tax on net realized losses (gains)	\$(2.7)	\$(0.9)	\$(1.7)	\$4.6
Operating income	\$44.4	\$47.1	\$161.7	\$157.3

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

	<i>Quarter Ended December 31,</i>		<i>Year Ended December 31,</i>	
	2016	2015	2016	2015
Net income per diluted share	\$0.67	\$0.78	\$2.70	\$2.85
Exclude: Net realized losses (gains)	\$0.13	\$0.04	\$0.08	\$(0.23)
Exclude: Tax on net realized losses (gains)	\$(0.05)	\$(0.01)	\$(0.03)	\$0.08
Operating income per diluted share	\$0.75	\$0.81	\$2.75	\$2.70

Reconciliation of ROE and Operating ROE

	<i>Quarter Ended December 31,</i>		<i>Year Ended December 31,</i>	
	2016	2015	2016	2015
Return on Average Equity	10.1%	13.2%	10.8%	12.4%
Exclude: Net realized losses (gains)	2.0%	0.8%	0.3%	(1.0)%
Exclude: Tax on net realized losses (gains)	(0.7)%	(0.3)%	(0.1)%	0.4%
Operating Return on Average Equity	11.4%	13.7%	11.0%	11.8%

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, or through the SEC's EDGAR Database at 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)	December 31,			December 31,		
	2016			2015		
	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain	Balance Sheet	Market Value	Unrecognized/ Unrealized Gain
Invested Assets:						
Corporate bonds ¹	\$ 3,332,522	3,334,044	24,339	\$ 2,955,001	2,957,427	8,276
Government and Municipal bonds	1,561,574	1,563,707	18,255	1,654,556	1,660,320	55,901
Total fixed income securities	4,894,096	4,897,751	42,594	4,609,557	4,617,747	64,177
Equities	146,753	146,753	25,864	207,051	207,051	13,235
Short-term investments	221,701	221,701	-	194,819	194,819	-
Other investments	102,397	102,397	-	77,842	77,842	-
Total invested assets	\$ 5,364,947	5,368,602	68,458	\$ 5,089,269	5,097,459	77,412
Invested assets per \$ of stockholders' equity	3.50			3.64		
Total assets	7,355,848			6,904,433		
Liabilities:						
Reserve for losses and loss expenses	3,691,719			3,517,728		
Unearned premium reserve	1,262,819			1,169,710		
Total liabilities	5,824,478			5,506,392		
Stockholders' equity	1,531,370			1,398,041		
Total debt to capitalization ratio	22.3%			21.7%		
Book value per share	26.42			24.37		
Book value per share excluding unrealized gain or loss on bond portfolio	25.98			23.74		
NPW per insurance segment employee	1,028			979		
Statutory premiums to surplus ratio	1.4x			1.5x		
Statutory surplus	1,583,781			1,426,320		

¹ Includes mortgage-backed and asset-backed securities.

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

	Quarter Ended December 31,				Year-to-Date December 31,				
	2016		2015		2016		2015		
	Per diluted share		Per diluted share		Per diluted share		Per diluted share		
(\$ in thousands, except per share amounts)									
Consolidated									
Revenue	\$	582,358	\$	545,530	\$	2,284,270	\$	2,131,852	
Net income		39,360	0.67	45,389	0.78	158,495	2.70	165,861	2.85
Exclude: Net realized losses (gains)		7,686	0.13	2,600	0.04	4,937	0.08	(13,171)	(0.23)
Exclude: Tax on net realized losses (gains)		(2,690)	(0.05)	(910)	(0.01)	(1,728)	(0.03)	4,610	0.08
Operating income		44,356	0.75	47,079	0.81	161,704	2.75	157,300	2.70
Total Insurance Operations									
Gross premiums written	\$	602,302		558,607		2,606,038		2,427,367	
Net premiums written		515,016		474,658		2,237,288		2,069,904	
Net premiums earned		552,753		516,087		2,149,572		1,989,909	
Underwriting gain		35,168		49,053		151,933		149,029	
		- before tax							
		- after tax	0.39	31,885	0.55	98,756	1.68	96,869	1.67
GAAP combined ratio		93.6%		90.5%		92.9%		92.5%	
Standard Commercial Lines									
Net premiums earned	\$	429,731		397,162		1,665,483		1,529,442	
GAAP combined ratio		89.5%		86.1%		91.2%		89.2%	
Standard Personal Lines									
Net premiums earned	\$	70,888		71,496		280,607		288,134	
GAAP combined ratio		109.3%		92.1%		95.6%		99.5%	
Excess and Surplus Lines									
Net premiums earned	\$	52,134		47,429		203,482		172,333	
GAAP combined ratio		106.6%		124.8%		103.4%		109.8%	
Investments									
Net investment income	\$	35,428		30,108		130,754		121,316	
		- before tax							
		- after tax	0.45	23,294	0.40	98,405	1.68	93,836	1.61
Effective tax rate		25.5%		22.6%		24.7%		22.7%	
Annual after-tax yield on investment portfolio						1.9%		1.9%	
Annual after-tax, after-interest expense yield						1.6%		1.6%	
Invested assets per \$ of stockholders' equity						3.50		3.64	
Other expenses (net of other income)									
Interest expense	\$	(5,831)		(5,603)		(22,771)		(22,428)	
		- before tax							
		- after tax	(0.06)	(3,641)	(0.06)	(14,801)	(0.25)	(14,578)	(0.25)
Other expense - after tax		(1,120)	(0.03)	(4,459)	(0.08)	(20,656)	(0.36)	(18,827)	(0.33)
Diluted weighted avg shares outstanding		58,902		58,387		58,747		58,156	

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

Fourth Quarter

(\$ in thousands)

Quarter Ended December 31, 2016

Quarter Ended December 31, 2015

	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	\$ 392,167	68,052	54,797	515,016		\$ 356,855	65,989	51,814	474,658
Net Premiums Earned	429,731	70,888	52,134	552,753		397,162	71,496	47,429	516,087
Losses and Loss Expense Incurred	230,323	54,260	38,333	322,916		199,716	43,747	43,357	286,820
Net Underwriting Expenses Incurred	154,366	23,210	17,257	194,833		141,325	22,118	15,842	179,285
Dividends to Policyholders	(164)	-	-	(164)		929	-	-	929
GAAP Underwriting Gain (Loss)	\$ 45,206	(6,582)	(3,456)	35,168		\$ 55,192	5,631	(11,770)	49,053
GAAP Ratios									
Loss and Loss Expense Ratio	53.6%	76.5%	73.5%	58.4%		50.3%	61.2%	91.4%	55.6%
Underwriting Expense Ratio	35.9%	32.8%	33.1%	35.2%		35.6%	30.9%	33.4%	34.7%
Dividends to Policyholders Ratio	0.0%	0.0%	0.0%	0.0%		0.2%	0.0%	0.0%	0.2%
Combined Ratio	89.5%	109.3%	106.6%	93.6%		86.1%	92.1%	124.8%	90.5%

Year-to-Date

(\$ in thousands)

Year-to-Date December 31, 2016

Year-to-Date December 31, 2015

	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	\$ 1,745,782	281,822	209,684	2,237,288		\$ 1,596,965	283,926	189,013	2,069,904
Net Premiums Earned	1,665,483	280,607	203,482	2,149,572		1,529,442	288,134	172,333	1,989,909
Losses and Loss Expense Incurred	913,506	177,749	143,542	1,234,797		819,573	200,237	128,731	1,148,541
Net Underwriting Expenses Incurred	601,894	90,439	66,861	759,194		539,154	86,561	60,405	686,120
Dividends to Policyholders	3,648	-	-	3,648		6,219	-	-	6,219
GAAP Underwriting Gain (Loss)	\$ 146,435	12,419	(6,921)	151,933		\$ 164,496	1,336	(16,803)	149,029
GAAP Ratios									
Loss and Loss Expense Ratio	54.8%	63.3%	70.5%	57.4%		53.6%	69.5%	74.7%	57.7%
Underwriting Expense Ratio	36.2%	32.3%	32.9%	35.3%		35.2%	30.0%	35.1%	34.5%
Dividends to Policyholders Ratio	0.2%	0.0%	0.0%	0.2%		0.4%	0.0%	0.0%	0.3%
Combined Ratio	91.2%	95.6%	103.4%	92.9%		89.2%	99.5%	109.8%	92.5%

Selective Insurance Group, Inc. and Consolidated Subsidiaries
GAAP Investment Income
December 2016 (unaudited)

(\$ in thousands, except per share data)	<u>Quarter Ended</u>		%	<u>Year Ended</u>		%
	<u>December</u>	December		<u>December</u>	December	
	2016	2015	Increase (Decrease)	2016	2015	Increase (Decrease)
Investment Income:						
Interest:						
Fixed Income Securities	\$ 33,456	31,003	8	\$ 129,306	123,230	5
Short-term	193	40	383	686	112	513
Other Investments	2,989	(1,109)	370	2,940	(1,890)	256
Dividends	1,428	2,615	(45)	7,368	9,161	(20)
	38,066	32,549	17	140,300	130,613	7
Investment Expense	2,638	2,441	8	9,546	9,297	3
Net Investment Income Before Tax	35,428	30,108	18	130,754	121,316	8
Tax	9,021	6,814	32	32,349	27,480	18
Net Investment Income After Tax	\$ 26,407	23,294	13	\$ 98,405	93,836	5
Net Investment Income per Share	\$ 0.45	0.40	13	\$ 1.68	1.61	4
Effective Tax Rate	25.5%	22.6%		24.7%	22.7%	
Average Yields :						
Fixed Income Securities:						
Pre Tax				2.72%	2.74%	
After Tax				2.03%	2.07%	
Portfolio:						
Pre Tax				2.50%	2.45%	
After Tax				1.88%	1.90%	

	<u>Quarter Ended</u>		<u>Year Ended</u>	
	<u>December</u>	December	<u>December</u>	December
	2016	2015	2016	2015
Net Realized Gains (Losses)				
Fixed Income Securities	\$ (10,793)	1,431	\$ (8,849)	2,018
Equity Securities	3,120	(4,193)	3,926	11,645
Short Term	(13)	-	(13)	-
Other Investments	-	162	(1)	(492)
Total	(7,686)	(2,600)	(4,937)	13,171
Net of Tax	(4,996)	(1,690)	(3,209)	8,561

As of December 31, 2016 year-to-date new money rates for fixed income securities were 3.0% on a pre-tax basis and 2.1% on an after-tax basis.

**Selective Insurance Group, Inc.
 Combined Insurance Company Subsidiaries
 2016 Statutory Results by Line of Business
 Quarter Ended December 2016 (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 2016	Combined Ratio 2015	Underwriting Gain/(Loss)
Standard Personal Lines:											
Homeowners	\$ 30,816	0.4%	\$ 32,631	(1.9)%	68.3%	5.7%	36.9%	0.0%	110.8%	78.6%	\$ (2,868)
Auto	35,331	5.4%	36,349	(0.2)%	74.7%	7.5%	35.3%	0.0%	117.5%	116.1%	(6,003)
Other (including flood)	1,905	7.2%	1,907	4.5%	60.2%	(47.2)%	(111.5)%	0.0%	(98.5)%	(31.8)%	3,783
Total	\$ 68,052	3.1%	\$ 70,888	(0.8)%	71.3%	5.2%	32.0%	0.0%	108.5%	94.7%	\$ (5,088)
Standard Commercial Lines:											
Commercial property	\$ 70,448	11.1%	\$ 75,617	9.1%	38.3%	5.6%	39.0%	(0.2)%	82.6%	70.8%	\$ 15,161
Workers compensation	67,776	2.7%	78,386	3.0%	22.6%	20.7%	31.0%	0.5%	74.7%	90.1%	23,081
General liability	121,828	10.7%	136,510	8.5%	35.0%	12.2%	36.7%	(0.2)%	83.8%	88.8%	27,526
Auto	96,261	13.9%	104,014	11.7%	67.2%	10.1%	33.8%	(0.2)%	110.8%	103.7%	(8,614)
Businessowners' policies	25,442	3.9%	24,737	3.8%	66.3%	10.4%	36.7%	0.0%	113.4%	86.7%	(3,565)
Bonds	6,439	34.5%	6,303	20.9%	(11.0)%	(0.9)%	61.4%	0.0%	49.5%	97.5%	3,101
Other	3,972	9.3%	4,163	11.9%	0.3%	0.2%	57.0%	0.0%	57.6%	61.6%	1,875
Total	\$ 392,167	9.9%	\$ 429,731	8.2%	41.9%	11.7%	35.9%	(0.0)%	89.5%	89.2%	\$ 58,565
E&S	54,797	5.8%	52,134	9.9%	71.7%	1.8%	32.0%	0.0%	105.5%	125.6%	(3,738)
Total Insurance Operations	\$ 515,016	8.5%	\$ 552,753	7.1%	48.5%	9.9%	35.0%	(0.0)%	93.4%	93.2%	\$ 49,738

Note: Some amounts may not foot due to rounding.

	2016	2015
Losses Paid	247,144	234,802
LAE Paid	51,339	53,288
Total Paid	\$ 298,483	\$ 288,090

Selective Insurance Group, Inc.
Combined Insurance Company Subsidiaries
2016 Statutory Results by Line of Business
Year Ended December 2016 (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 2016	Combined Ratio 2015	Underwriting Gain/(Loss)
Standard Personal Lines:											
Homeowners	\$ 129,513	(2.3)%	\$ 130,973	(2.5)%	46.8%	7.8%	37.1%	0.0%	91.7%	100.6%	\$ 11,384
Auto	145,425	0.5%	142,876	(2.7)%	63.6%	10.2%	35.4%	0.0%	109.3%	108.1%	(14,124)
Other (including flood)	6,885	2.0%	6,758	(3.0)%	62.5%	(49.9)%	(145.6)%	0.0%	(133.0)%	(88.3)%	15,931
Total	\$ 281,822	(0.7)%	\$ 280,607	(2.6)%	55.7%	7.7%	31.8%	0.0%	95.2%	99.9%	\$ 13,193
Standard Commercial Lines:											
Commercial property	\$ 308,140	9.0%	\$ 293,438	9.1%	40.7%	5.1%	38.2%	0.2%	84.3%	82.6%	\$ 40,347
Workers compensation	319,807	6.7%	308,233	6.3%	35.7%	15.6%	28.6%	0.7%	80.7%	88.2%	56,301
General liability	553,579	9.4%	527,859	9.2%	34.6%	13.4%	35.7%	0.1%	83.8%	82.1%	76,347
Auto	422,013	12.2%	398,942	11.2%	66.4%	9.8%	33.1%	0.1%	109.3%	101.9%	(44,892)
Businessowners' policies	99,497	3.4%	97,754	4.6%	49.6%	11.3%	38.6%	0.0%	99.4%	103.3%	(87)
Bonds	25,933	22.4%	23,227	14.1%	6.4%	5.1%	57.7%	0.0%	69.3%	89.8%	5,564
Other	16,812	11.0%	16,030	11.6%	(0.1)%	0.2%	56.8%	0.0%	57.1%	57.4%	6,433
Total	\$ 1,745,782	9.3%	\$ 1,665,483	8.9%	43.7%	11.1%	34.9%	0.2%	89.9%	89.2%	\$ 140,014
E&S	209,684	10.9%	203,482	18.1%	55.7%	14.8%	31.6%	0.0%	102.1%	108.4%	(6,199)
Total Insurance Operations	\$ 2,237,288	8.1%	\$ 2,149,572	8.0%	46.4%	11.0%	34.2%	0.2%	91.8%	92.4%	\$ 147,006

Note: Some amounts may not foot due to rounding.

	2016	2015
Losses Paid	925,574	891,485
LAE Paid	196,843	197,433
Total Paid	\$ 1,122,417	\$ 1,088,918

Selective Insurance Group, Inc.
Combined Insurance Company Subsidiaries
2016 Net Catastrophe Losses and Prior Year Casualty Reserve Development
Statutory Results by Line of Business
(unaudited)

Net Catastrophe Losses Incurred	Quarter Ended				Year-to-Date			
	December 31, 2016		December 31, 2015		December 31, 2016		December 31, 2015	
(\$ in thousands)	Losses and Loss Expenses Incurred	Impact on Losses and Loss Expense Ratio	Losses and Loss Expenses Incurred	Impact on Losses and Loss Expense Ratio	Losses and Loss Expenses Incurred	Impact on Losses and Loss Expense Ratio	Losses and Loss Expenses Incurred	Impact on Losses and Loss Expense Ratio
Standard Personal Lines	\$ 11,366	16.0%	\$ 1,354	1.9%	\$ 18,175	6.5%	\$ 21,735	7.5%
Standard Commercial Lines	13,565	3.2%	1,072	0.3%	35,041	2.1%	34,089	2.2%
E&S	1,625	3.1%	479	1.0%	6,519	3.2%	3,231	1.9%
Total Insurance Operations	\$ 26,555	4.8%	\$ 2,906	0.6%	\$ 59,735	2.8%	\$ 59,055	3.0%

Prior Year Casualty Reserve Development (Favorable) / Unfavorable	Quarter Ended				Year-to-Date			
	December 31, 2016		December 31, 2015		December 31, 2016		December 31, 2015	
(\$ in thousands)	Losses and Loss Expenses Incurred	Impact on Losses and Loss Expense Ratio	Losses and Loss Expenses Incurred	Impact on Losses and Loss Expense Ratio	Losses and Loss Expenses Incurred	Impact on Losses and Loss Expense Ratio	Losses and Loss Expenses Incurred	Impact on Losses and Loss Expense Ratio
Standard Personal Lines	\$ 2,500	3.5%	\$ (2,000)	(2.8)%	\$ 2,500	0.9%	\$ (2,000)	(0.7)%
Standard Commercial Lines	(28,500)	(6.6)%	(20,000)	(5.0)%	(77,500)	(4.7)%	(81,000)	(5.3)%
E&S	3,000	5.8%	10,000	21.1%	6,000	2.9%	16,000	9.3%
Total Insurance Operations	\$ (23,000)	(4.2)%	\$ (12,000)	(2.3)%	\$ (69,000)	(3.2)%	\$ (67,000)	(3.4)%

Note: Some amounts may not foot due to rounding.

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

December 31, (\$ in thousands, except share amounts)	Unaudited 2016	2015
ASSETS		
Investments:		
Fixed income securities, held-to-maturity – at carrying value (fair value: \$105,211 – 2016; \$209,544 – 2015)	\$ 101,556	201,354
Fixed income securities, available-for-sale – at fair value (amortized cost: \$4,753,759 – 2016; \$4,352,514 – 2015)	4,792,540	4,408,203
Equity securities, available-for-sale – at fair value (cost: \$120,889 – 2016; \$193,816 – 2015)	146,753	207,051
Short-term investments (at cost which approximates fair value)	221,701	194,819
Other investments	102,397	77,842
Total investments	<u>5,364,947</u>	<u>5,089,269</u>
Cash	458	898
Interest and dividends due or accrued	40,164	38,501
Premiums receivable, net of allowance for uncollectible accounts of: \$5,980 – 2016; \$4,422 – 2015	681,611	615,164
Reinsurance recoverable, net of allowance for uncollectible accounts of: \$5,500 – 2016; \$5,700 – 2015	621,537	561,968
Prepaid reinsurance premiums	146,282	140,889
Current federal income tax	2,486	—
Deferred federal income tax	84,840	92,696
Property and equipment – at cost, net of accumulated depreciation and amortization of: \$198,729 – 2016; \$188,548 – 2015	69,576	65,701
Deferred policy acquisition costs	222,564	213,159
Goodwill	7,849	7,849
Other assets	113,534	78,339
Total assets	<u>\$ 7,355,848</u>	<u>6,904,433</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Reserve for losses and loss expenses	\$ 3,691,719	3,517,728
Unearned premiums	1,262,819	1,169,710
Short-term debt	—	60,000
Long-term debt	438,667	328,192
Current federal income tax	—	7,442
Accrued salaries and benefits	132,880	167,336
Other liabilities	298,393	255,984
Total liabilities	<u>\$ 5,824,478</u>	<u>5,506,392</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: 101,620,436 – 2016; 100,861,372 – 2015	203,241	201,723
Additional paid-in capital	347,295	326,656
Retained earnings	1,568,881	1,446,192
Accumulated other comprehensive loss	(15,950)	(9,425)
Treasury stock – at cost (shares: 43,653,237 – 2016; 43,500,642 – 2015)	(572,097)	(567,105)
Total stockholders' equity	<u>\$ 1,531,370</u>	<u>1,398,041</u>
Commitments and contingencies		
Total liabilities and stockholders' equity	<u>\$ 7,355,848</u>	<u>6,904,433</u>

Selective Insurance Group, Inc. & Consolidated Subsidiaries Consolidated Statements of Income	Unaudited Quarter ended December 31,		Year Ended December 31,	
	2016	2015	Unaudited 2016	2015
(\$ in thousands, except per share amounts)				
Revenues:				
Net premiums earned	\$ 552,753	516,087	2,149,572	1,989,909
Net investment income earned	35,428	30,108	130,754	121,316
Net realized (losses) gains:				
Net realized investment (losses) gains	(3,671)	7,939	3,562	31,537
Other-than-temporary impairments	(4,015)	(10,539)	(8,509)	(18,366)
Other-than-temporary impairments on fixed income securities recognized in other comprehensive income	—	—	10	—
Total net realized (losses) gains	(7,686)	(2,600)	(4,937)	13,171
Other income	1,863	1,935	8,881	7,456
Total revenues	582,358	545,530	2,284,270	2,131,852
Expenses:				
Losses and loss expenses incurred	322,916	286,820	1,234,797	1,148,541
Policy acquisition costs	195,965	180,525	763,758	689,820
Interest expense	5,831	5,603	22,771	22,428
Other expenses	7,320	8,784	42,989	38,371
Total expenses	532,032	481,732	2,064,315	1,899,160
Income before federal income tax	50,326	63,798	219,955	232,692
Federal income tax expense:				
Current	10,554	16,219	48,581	45,347
Deferred	412	2,190	12,879	21,484
Total federal income tax expense	10,966	18,409	61,460	66,831
Net income	\$ 39,360	45,389	158,495	165,861
Earnings per share:				
Basic net income	\$ 0.68	0.79	2.74	2.90
Diluted net income	\$ 0.67	0.78	2.70	2.85
Dividends to stockholders	\$ 0.16	0.15	0.61	0.57

Selective Insurance Group, Inc. & Consolidated Subsidiaries Consolidated Statements of Comprehensive Income	Unaudited Quarter ended		Year ended	
	December 31,		December 31,	
	2016	2015	Unaudited 2016	2015
(\$ in thousands)				
Net income	\$ 39,360	45,389	158,495	165,861
Other comprehensive (loss) income, net of tax:				
<i>Unrealized (losses) gains on investment securities:</i>				
Unrealized holding losses arising during period	(76,450)	(8,011)	(5,977)	(26,143)
Non-credit portion of other-than-temporary impairments recognized in other comprehensive income	—	—	(6)	—
Amounts reclassified into net income:				
Held-to-maturity securities	(24)	(24)	(92)	(377)
Non-credit other-than-temporary impairments	138	—	138	232
Realized losses (gains) on available-for-sale securities	4,850	1,796	3,064	(9,110)
Total unrealized losses on investment securities	(71,486)	(6,239)	(2,873)	(35,398)
<i>Defined benefit pension and post-retirement plans:</i>				
Net actuarial (loss) gain	(7,852)	1,585	(7,852)	1,585
Amounts reclassified into net income:				
Net actuarial loss	1,179	1,268	4,200	4,600
Total defined benefit pension and post-retirement plans	(6,673)	2,853	(3,652)	6,185
Other comprehensive loss	(78,159)	(3,386)	(6,525)	(29,213)
Comprehensive (loss) income	\$ (38,799)	42,003	151,970	136,648

Selective Insurance Group, Inc. & Consolidated Subsidiaries
Consolidated Statements of Stockholders' Equity

December 31, (\$ in thousands, except share amounts)	Unaudited		
	2016	2015	2014
Common stock:			
Beginning of year	\$ 201,723	199,896	198,240
Dividend reinvestment plan (shares: 38,741 – 2016; 50,013 – 2015; 58,309 – 2014)	77	100	117
Stock purchase and compensation plans (shares: 720,323 – 2016; 863,426 – 2015; 769,389 – 2014)	1,441	1,727	1,539
End of year	203,241	201,723	199,896
Additional paid-in capital:			
Beginning of year	326,656	305,385	288,182
Dividend reinvestment plan	1,389	1,374	1,306
Stock purchase and compensation plans	19,250	19,897	15,897
End of year	347,295	326,656	305,385
Retained earnings:			
Beginning of year	1,446,192	1,313,440	1,202,015
Net income	158,495	165,861	141,827
Dividends to stockholders (\$0.61 per share – 2016; \$0.57 per share – 2015; \$0.53 per share – 2014)	(35,806)	(33,109)	(30,402)
End of year	1,568,881	1,446,192	1,313,440
Accumulated other comprehensive (loss) income:			
Beginning of year	(9,425)	19,788	24,851
Other comprehensive loss	(6,525)	(29,213)	(5,063)
End of year	(15,950)	(9,425)	19,788
Treasury stock:			
Beginning of year	(567,105)	(562,923)	(559,360)
Acquisition of treasury stock (shares: 152,595 – 2016; 147,461 – 2015; 154,559 – 2014)	(4,992)	(4,182)	(3,563)
End of year	(572,097)	(567,105)	(562,923)
Total stockholders' equity	\$ 1,531,370	1,398,041	1,275,586

Selective Insurance Group, Inc. & Consolidated Subsidiaries
Consolidated Statements of Cash Flow

December 31, (\$ in thousands)	Unaudited 2016	2015	2014
Operating Activities			
Net income	\$ 158,495	165,861	141,827
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>			
Depreciation and amortization	61,671	59,688	45,346
Sale of renewal rights	—	—	(8,000)
Stock-based compensation expense	10,449	8,973	8,702
Undistributed (gains) losses of equity method investments	(2,316)	1,889	(153)
Net realized losses (gains)	4,937	(13,171)	(26,599)
Net gain on disposal of property and equipment	—	—	(104)
<i>Changes in assets and liabilities:</i>			
Increase in reserves for losses and loss expenses, net of reinsurance recoverables	114,422	59,438	97,449
Increase in unearned premiums, net of prepaid reinsurance	87,716	79,995	32,671
Decrease in net federal income taxes	11,150	25,004	31,323
Increase in premiums receivable	(66,447)	(56,386)	(33,908)
Increase in deferred policy acquisition costs	(9,405)	(27,551)	(12,627)
(Increase) decrease in interest and dividends due or accrued	(1,473)	407	(1,536)
(Decrease) increase in accrued salaries and benefits	(46,536)	11,392	(7,182)
(Increase) decrease in other assets	(30,071)	(11,523)	1,186
Increase (decrease) in other liabilities	9,191	77,564	(35,632)
Net cash provided by operating activities	<u>301,783</u>	<u>381,580</u>	<u>232,763</u>
Investing Activities			
Purchase of fixed income securities, held-to-maturity	(4,235)	(3,316)	—
Purchase of fixed income securities, available-for-sale	(1,982,023)	(1,041,916)	(843,616)
Purchase of equity securities, available-for-sale	(35,490)	(195,720)	(186,019)
Purchase of other investments	(66,164)	(12,170)	(10,617)
Purchase of short-term investments	(3,499,380)	(1,602,327)	(1,410,123)
Sale of fixed income securities, available-for-sale	926,470	61,571	51,002
Sale of short-term investments	3,470,022	1,539,480	1,452,402
Redemption and maturities of fixed income securities, held-to-maturity	102,868	106,621	73,415
Redemption and maturities of fixed income securities, available-for-sale	641,524	567,445	482,816
Sale of equity securities, available-for-sale	119,617	172,561	208,008
Distributions from other investments	26,837	32,457	20,774
Purchase of property and equipment	(18,147)	(16,229)	(15,510)
Sale of renewal rights	—	—	8,000
Net cash used in investing activities	<u>(318,101)</u>	<u>(391,543)</u>	<u>(169,468)</u>
Financing Activities			
Dividends to stockholders	(33,758)	(31,052)	(28,428)
Acquisition of treasury stock	(4,992)	(4,182)	(3,563)
Net proceeds from stock purchase and compensation plans	7,811	10,089	7,283
Proceeds from borrowings	165,000	15,000	—
Repayment of borrowings	(115,000)	—	(13,000)
Excess tax benefits from share-based payment arrangements	1,819	1,736	1,020
Repayment of capital lease obligations	(5,002)	(4,689)	(2,841)
Net cash provided by (used in) financing activities	<u>15,878</u>	<u>(13,098)</u>	<u>(39,529)</u>
Net (decrease) increase in cash	(440)	(23,061)	23,766
Cash, beginning of year	898	23,959	193
Cash, end of year	<u>\$ 458</u>	<u>898</u>	<u>23,959</u>

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

(\$ in thousands)	December 31, 2016	December 31, 2015
ASSETS		
Bonds	\$ 4,780,269	4,491,136
Common stocks	130,608	194,789
Preferred stocks	15,871	11,856
Affiliated mortgage loan	34,324	35,163
Other investments	147,364	128,788
Short-term investments	203,924	165,678
Total investments	<u>5,312,360</u>	<u>5,027,410</u>
Cash on hand and in banks	13,911	(34,378)
Interest and dividends due and accrued	40,038	38,466
Premiums receivable	673,649	609,146
Reinsurance recoverable on paid losses and expenses	10,337	10,949
Deferred tax recoverable	161,165	142,066
EDP equipment	549	390
Equities and deposits in pools and associations	12,683	10,920
Receivable for sold securities	5,176	17
Other assets	29,040	28,300
Total assets	<u>\$ 6,258,908</u>	<u>5,833,286</u>
LIABILITIES		
Reserve for losses	\$ 2,497,916	2,426,583
Reinsurance payable on paid loss and loss expense	3,163	2,841
Reserve for loss expenses	564,976	525,322
Unearned premiums	1,116,536	1,028,820
Reserve for commissions payable	92,763	89,740
Ceded balances payable	62,939	37,222
Federal income tax payable	17,394	25,644
Premium and other taxes payable	24,149	23,998
Borrowed money	110,212	60,031
Reserve for dividends to policyholders	5,706	5,805
Reserves for unauthorized reinsurance	1,755	2,030
Payable for securities	41,603	6,204
Funds withheld on account of others	7,501	6,806
Accrued salaries and benefits	83,718	77,933
Other liabilities	44,796	87,987
Total liabilities	<u>4,675,127</u>	<u>4,406,966</u>
POLICYHOLDERS' SURPLUS		
Capital	42,725	42,725
Paid in surplus	492,869	492,869
Unassigned surplus	1,048,187	890,726
Total policyholders' surplus	<u>1,583,781</u>	<u>1,426,320</u>
Total liabilities and policyholders' surplus	<u>\$ 6,258,908</u>	<u>5,833,286</u>

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

(\$ in thousands)	Quarter Ended				Year Ended			
	December		December		December		December	
	2016	2015	2016	2015	2016	2015	2016	2015
UNDERWRITING								
Net premiums written	\$ 515,016	474,658	2,237,288	2,069,904				
Net premiums earned	552,753	516,087	2,149,572	1,989,909				
Net losses paid	247,144	234,802	925,574	891,485				
Change in reserve for losses	20,871	(441)	71,334	28,052				
Net losses incurred	268,015	48.5%	234,361	45.4%	996,908	46.4%	919,537	46.2%
Net loss expenses paid	51,339	53,288	196,843	197,433				
Change in reserve for loss expenses	3,455	(931)	39,653	31,813				
Net loss expenses incurred	54,794	9.9%	52,357	10.2%	236,496	11.0%	229,246	11.5%
Net underwriting expenses incurred	181,624	35.2%	179,153	37.6%	771,802	34.5%	716,172	34.6%
Total deductions	504,433	465,871	2,005,206	1,864,955				
Statutory underwriting gain	48,320	50,216	144,366	124,954				
Net loss from premium balances charged off	(653)	(773)	(2,711)	(2,919)				
Finance charges and other income	1,907	1,983	8,999	7,671				
Total other income	1,254	-0.2%	1,210	-0.2%	6,288	-0.3%	4,752	-0.2%
Policyholders' dividends incurred	164	0.0%	(929)	0.2%	(3,648)	0.2%	(6,219)	0.3%
Total underwriting gain	49,738	93.4%	50,497	93.2%	147,006	91.8%	123,487	92.4%
INVESTMENT								
Net investment income earned	32,159	29,455	126,079	120,558				
Net realized (loss) / gain	(7,466)	(2,600)	(4,719)	13,170				
Total income before income tax	74,431	77,352	268,366	257,215				
Federal income tax expense	18,771	23,648	66,054	61,377				
Net income	\$ 55,660	53,704	202,312	195,838				
Policyholders' Surplus								
Surplus, beginning of period	\$ 1,551,227	1,367,343	1,426,320	1,307,842				
Net income	55,660	53,704	202,312	195,838				
Change in deferred taxes	2,938	(2,236)	(6,064)	(13,637)				
Change in net unrealized capital losses	2,223	7,522	9,382	(12,579)				
Dividends to stockholders	(15,253)	(14,438)	(61,014)	(57,752)				
Change in reserve for unauthorized	275	5,631	275	5,631				
Change in non-admitted assets	(2,926)	4,510	18,545	(8,151)				
Change in Overfunded Contra Asset	257	562	(51,851)	(280)				
Qual Pen Trans Liab	(9,890)	2,677	46,535	8,211				
Excess Plan Trans Liab	(330)	748	(270)	878				
PRL Plan Trans Liab	(400)	297	(389)	319				
Net change in surplus for period	32,554	58,977	157,461	118,478				
Surplus, end of period	\$ 1,583,781	1,426,320	1,583,781	1,426,320				
Statutory underwriting gain	\$ 49,738	50,497	147,006	123,487				
<i>Adjustments under GAAP:</i>								
Deferred policy acquisition costs	(13,370)	(507)	9,405	27,551				
Other, net	(1,200)	(937)	(4,478)	(2,009)				
GAAP underwriting gain	\$ 35,168	49,053	151,933	149,029				

Selective Insurance Group, Inc. and Consolidated Subsidiaries
Alternative Investments
December 31, 2016
(unaudited)

Strategy	Number of Funds	Original Commitment	Remaining Commitment	Current Market Value
Private Equity	20	175,810,557	76,773,613	41,135,099
Private Credit	9	102,000,000	40,613,172	28,192,694
Real Assets	7	100,000,000	22,898,707	14,485,965
TOTAL - ALTERNATIVE INVESTMENTS	36	377,810,557	140,285,492	83,813,758

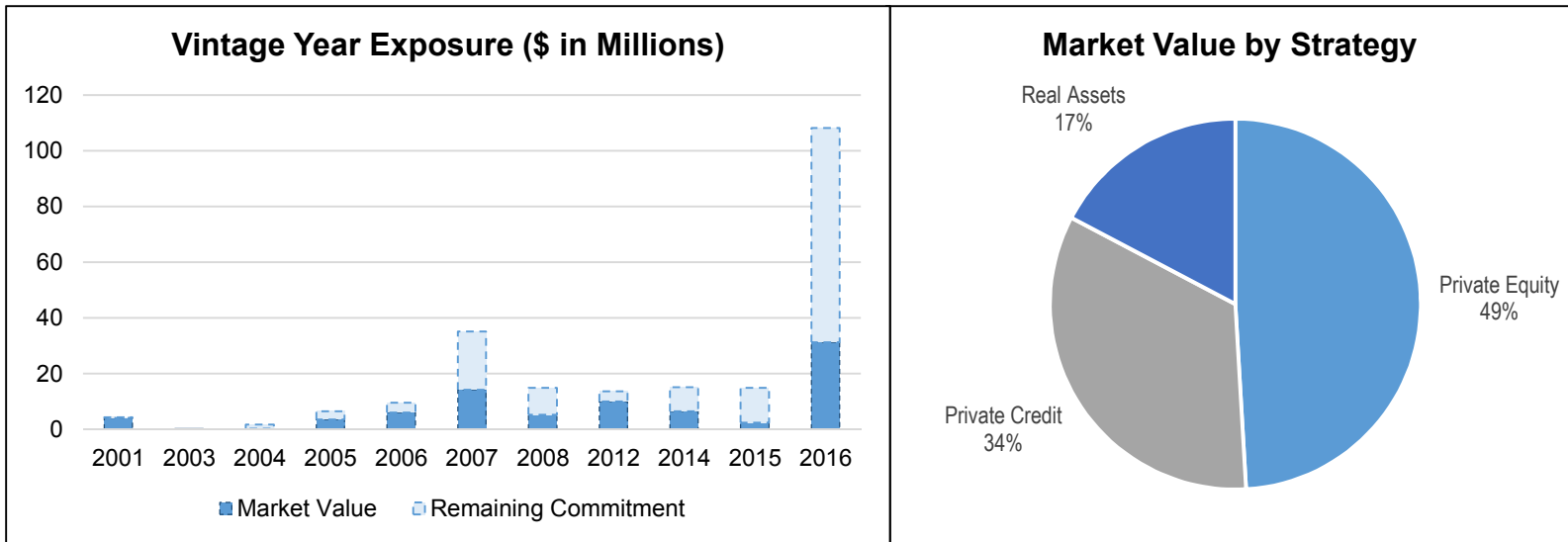


Exhibit may not foot due to rounding