



NEWS RELEASE

A.M. BEST COMPANY, INC., OLDWICK, NJ • A.M. BEST EUROPE, LTD., LONDON
A.M. BEST ASIA-PACIFIC, LTD., HONG KONG

FOR IMMEDIATE RELEASE

CONTACTS: Analysts

Edward Keane
(908) 439-2200, ext. 5291
edward.keane@ambest.com

Michelle Baurkot
(908) 439-2200, ext. 5507
michelle.baurkot@ambest.com

Public Relations

Jim Peavy
(908) 439-2200, ext. 5644
james.peavy@ambest.com

Rachelle Morrow
(908) 439-2200, ext. 5378
rachelle.morrow@ambest.com

A.M. Best Revises Outlook to Negative for Selective Insurance Group, Inc. and Its Subsidiaries

OLDWICK, N.J., May 20, 2009—A.M. Best Co. has revised the outlook to negative from stable and affirmed the financial strength rating (FSR) of A+ (Superior) and issuer credit ratings (ICR) of “aa-” of **Selective Insurance Group** (Selective) and its seven property/casualty pooling members. Concurrently, A.M. Best has revised the outlook to negative from stable and affirmed the ICR of “a-” and the various debt ratings of Selective’s parent holding company, **Selective Insurance Group, Inc.** (SIGI) (Branchville, NJ) [NASDAQ:SIGI]. (See below for a detailed listing of the companies and ratings.)

The revised outlook reflects Selective’s weakened operating results as well as its sizable investment losses and impairment charges at year-end 2008, which resulted in deteriorating risk-adjusted capitalization. In 2008, Selective reported \$27.1 million in realized investment losses, primarily driven by other than temporary impairment charges related to residential mortgage-backed securities, commercial mortgage-backed securities, asset-backed securities, corporate bonds, common stock and limited partnerships, as well as \$97.9 million in unrealized investment losses (after-tax), primarily driven by a decline in market values of its equity portfolio and alternative investment portfolio. The outlook further considers the challenges Selective faces to improve operating results and bolster overall capitalization through organic growth, given the competitive market environment in the commercial lines segment and the group’s susceptibility

—MORE—



NEWS RELEASE

A.M. BEST COMPANY, INC., OLDWICK, NJ • A.M. BEST EUROPE, LTD., LONDON
A.M. BEST ASIA-PACIFIC, LTD., HONG KONG

—2—

to additional losses in its alternative investment portfolio as evidenced through first quarter 2009 results. Consequently, additional downward rating pressure may be evidenced should overall capitalization and operating measures exhibit further deterioration.

Selective ranks among the top 50 property/casualty organizations in the United States based on net premiums written and maintains a favorable market presence and strong franchise value within its targeted regional markets. The group benefits from its successful field-based operating model and technology infrastructure, which allows the group the ability to leverage its strong agency relationships. Selective also benefits from the financial flexibility provided by SIGI.

The FSR of A+ (Superior) and ICRs of “aa-” have been affirmed for **Selective Insurance Group** and its following property/casualty pooling members:

- **Selective Insurance Company of America**
- **Selective Way Insurance Company**
- **Selective Insurance Company of the Southeast**
- **Selective Insurance Company of New York**
- **Selective Insurance Company of South Carolina**
- **Selective Insurance Company of New England**
- **Selective Auto Insurance Company of New Jersey**

The ICR of “a-” has been affirmed for **Selective Insurance Group, Inc.**

The following debt ratings have been affirmed:

Selective Insurance Group, Inc. —

- “a-” on \$24.6 million 8.87% senior unsecured notes, due 2010
- “a-” on \$49.9 million 7.25% senior unsecured notes, due 2034
- “a-” on \$99.4 million 6.70% senior unsecured notes, due 2035
- “bbb” on \$100 million 7.50% junior subordinated notes, due 2066

The following indicative ratings on the shelf registration have been affirmed:

Selective Insurance Group, Inc. —

- “a-” on senior debt

—MORE—



NEWS RELEASE

A.M. BEST COMPANY, INC., OLDWICK, NJ • A.M. BEST EUROPE, LTD., LONDON
A.M. BEST ASIA-PACIFIC, LTD., HONG KONG

—3—

- “bbb+” on subordinated debt
- “bbb” on preferred stock

For Best’s Ratings, an overview of the rating process and rating methodologies, please visit www.ambest.com/ratings.

The principal methodologies used in determining these ratings, including any additional methodologies and factors that may have been considered, can be found at www.ambest.com/ratings/methodology.

Founded in 1899, A.M. Best Company is a global full-service credit rating organization dedicated to serving the financial and health care service industries, including insurance companies, banks, hospitals and health care system providers. For more information, visit www.ambest.com.

####