SELECTIVE®

2013 Annual Report

2013 GAAP Financial Highlights

($ in millions, except per share data)	2013	2012	% or Point Change Better (Worse)
Insurance Operations			
Net premiums written	$1,810.2	$1,666.9	9%
Net premiums earned	1,736.1	1,584.1	10%
Underwriting gain (loss) before tax	38.8	(64.0)	161%
Combined ratio	97.8	104.0	6.2 pts
Statutory combined ratio	97.5	103.5	6.0 pts
Investments			
Net investment income before tax	134.6	131.9	2%
Net realized gain (loss) before tax	20.7	9.0	131%
Invested assets per dollar of stockholders' equity	3.97	3.97	—
Summary Data			
Total revenues	1,903.7	1,734.1	10%
Net income	106.4	38.0	180%
Net income from continuing operations	107.4	38.0	183%
Total assets	6,270.2	6,794.2	(8)%
Stockholders' equity	1,153.9	1,090.6	6%
Per Share Data			
Diluted net income from continuing operations	1.89	0.68	178%
Diluted net income	1.87	0.68	175%
Dividends	0.52	0.52	—
Stockholders' equity	20.63	19.77	4%

Refer to Glossary of Terms attached as Exhibit 99.1 to the Company's Form 10-K for definitions of specific measures.
GAAP: U.S. Generally Accepted Accounting Principles

Average Annual Return

Growth of a $10,000 investment (year-end 2003–2013)

To Our Shareholders

Gregory E. Murphy

Chairman and Chief Executive Officer

As the 44th largest property/casualty insurance carrier in the U.S., Selective has a long history of being a leading super regional in the industry. In 2013, everyone at Selective contributed to very strong progress on our three-year profitability improvement plan. Through our initiatives, we achieved our major objectives for the year and paved the way toward our goal of a statutory combined ratio, excluding catastrophes, of 92% by year-end 2014. We generated an underwriting profit, which is critical in this low interest rate environment, and cautiously managed our investment portfolio for steady returns.

With an "A" or better rating from A.M. Best for more than 80 years, our financial strength is the result of steady performance. In 2013, overall net premiums written (NPW) grew 9% to $1.8 billion. Our overall statutory combined ratio was 97.5%, including 2.7 points of catastrophe losses. The catastrophe losses were lower than our expected 3 points for the year due to fewer weather events. The profitable statutory combined ratio was due, in part, to overall standard renewal pure price increases of 7.6% and solid standard lines retention of 83%. We continued to achieve significant rate increases, aided by our sophisticated underwriting tools, unique field model and the superior relationships we have with approximately 1,100 independent agents.

Our strategy is to have the capabilities of a national insurance company, including a robust product portfolio and appetite and a high level of underwriting and pricing sophistication, while realizing the benefits of being a regional carrier by pursuing low hazard, small- to mid-sized business in select geographical areas – all delivered through our high-touch regional field model that delivers strong returns.

Our standard commercial lines NPW grew 9% to $1.4 billion, about twice the industry's expected growth rate for the year. This strong performance reflects renewal pure price increases of 7.6% and very stable retention of 82%. Our earned rate for 2013 exceeded loss trend and lowered the loss ratio as the statutory combined ratio improved to 97.1%.

In standard personal lines, NPW were $298 million, up 3% over 2012, driven by renewal pure price increases of 7.8% and very solid retention of 85%. The statutory combined ratio was a profitable 96.9%. We are driving profitability in the homeowners' line by increasing rate and implementing enhanced underwriting initiatives. For automobile, we expect ongoing rate increases above loss trend and mix of business improvements to achieve long-term growth and profitability.

Our binding authority excess and surplus (E&S) lines business operates in all 50 states and contributed $132 million in NPW in 2013, up 16% over 2012. E&S writes small commercial lines policies ($2,700 average premium) through approximately 90 wholesale general agents and increases our product offerings and business volume with our retail agents. In 2013, we improved our underwriting practices, automated key systems and completed the integration of our Pennsylvania and Arizona offices. The E&S statutory combined ratio was 102.9%, down 15.9 points from 2012. Business continues to migrate back to this market from standard lines, and over time, we expect E&S combined ratios will be better than our standard commercial lines business.

John J. Marchioni

President and Chief Operating Officer

To Our Shareholders (continued)

The two keys to driving underwriting improvement are rate increases and operations initiatives. To improve our loss and loss adjustment expense ratio, we strive to generate price above estimated loss trend. In 2012, we set a three-year overall renewal pure price target of between 5% - 8% and we achieved overall price increases of 7.6% in 2013 and 6.3% in 2012. Both of these increases were above our average 3 points of loss trend. As for operations initiatives, we implemented programs to better manage risk factors; established special handling for claims with high exposure levels; and fortified our sophisticated fraud and recovery predictive models to further reduce losses. We also launched new products; took steps to improve straight-through processing for agents to write more business with us; and expanded the services of our safety management teams.

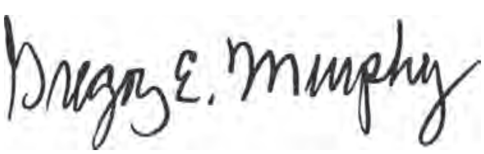
Turning to investments, for 2013, our invested assets increased 6% over 2012 to $4.6 billion, in part, due to strong operating cash flow. Operating cash flow as a percent of NPW was 19%, up from 14% in 2012. Net investment income, after tax, was $101 million and the total after-tax yield on the portfolio was 2.3%. We maintain a conservative portfolio with a focus on diversification, quality and liquidity to maximize the risk adjusted yield on our fixed maturity securities portfolio.

Early in the year, we reduced the rate on our borrowing by issuing $185 million in senior notes and redeeming the $100 million aggregate principal amount of our junior subordinated notes. The remaining proceeds were used for general corporate purposes, including a $57 million capital contribution to our insurance subsidiaries. In addition, we curtailed our pension plan effective as of March 2016, producing an after-tax increase to equity and a corresponding reduction in liability of $29 million or $0.52 per share.

Every day we enhance our customers' experience with programs designed to promote loyalty – which results in better retention and profitability. Our new policy guides make it easier for customers to understand their policies and our newsletters provide customers with information specific to their geographic region. We also provide our customers who are "on-the-go" with mobile applications for billing and payment transactions.

Our agents are the best in the industry and ranked Selective 8.6 on a scale of 1-10 (10 being excellent) in an independently administered survey in 2013. Their feedback demonstrates appreciation of our products, services and unique field model. Notably, they value Selective's unique benefit – field teams that work right in the agent's office, alongside their own staff, to help customers.

Most importantly, our employees know how to make a difference in the lives of our customers and agents. We receive many compliments on the extraordinary service our staff provides – from our agency and safety management specialists to our customer service and claims teams. For 86 years, employees have been the heart of Selective – and their commitment is the key to our success.



Gregory E. Murphy
Chairman and
Chief Executive Officer

John J. Marchioni
President and
Chief Operating Officer

Investor Information

Annual Meeting
Wednesday, April 23, 2014
Selective Insurance Group, Inc.
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Dividend Reinvestment Plan
Selective Insurance Group, Inc. makes available to holders of its common stock an automatic dividend reinvestment and stock purchase plan.

For Information Contact:
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Common Stock Information
Selective Insurance Group, Inc.'s common stock trades on the NASDAQ Global Select Market under the symbol: SIGI.

At February 14, 2014, there were approximately 2,136 registered stockholders.

Form 10-K
Selective's Form 10-K, as filed with the U.S. Securities and Exchange Commission, is provided as part of this 2013 Annual Report.

Website
Visit us at www.selective.com for information about Selective, including our latest financial news.

SELECTIVE®

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