SELECTIVE®

2014 ANNUAL REPORT

Achieving our goals.
Achieving success.

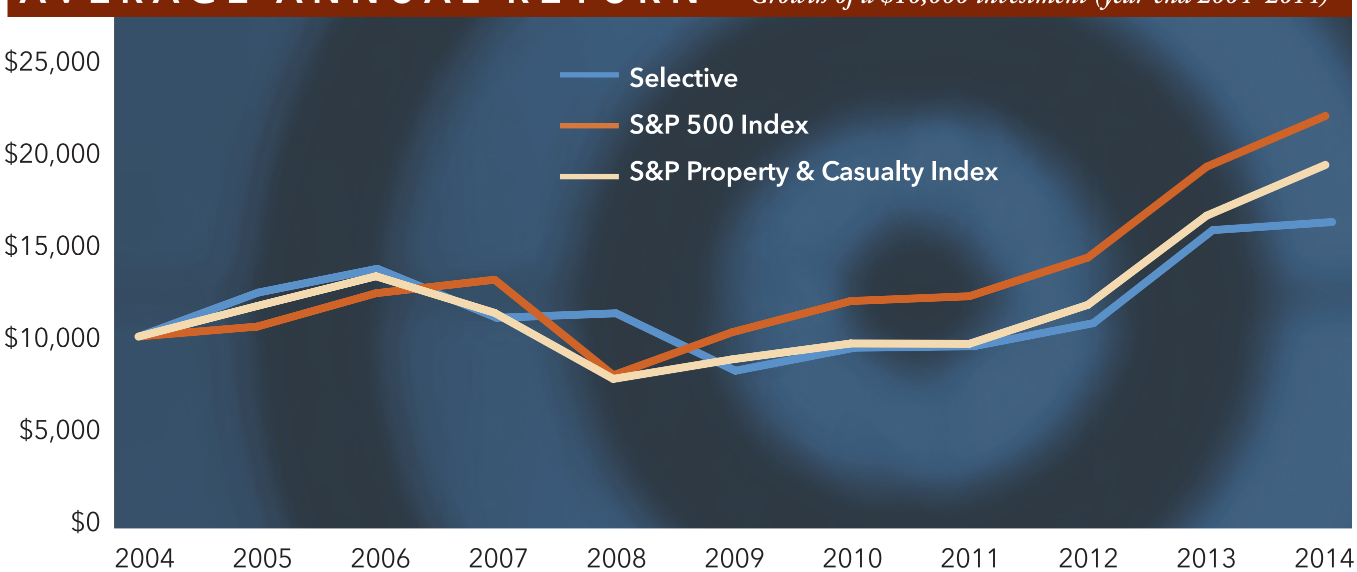
2014 GAAP Financial Highlights

($ in millions, except per share data)	2014	2013	% or Point Change Better (Worse)
Insurance Operations			
Net premiums written	$1,885.3	$1,810.2	4%
Net premiums earned	1,852.6	1,736.1	7%
Underwriting gain before tax	78.1	38.8	102%
Combined ratio	95.8%	97.8%	2.0 pts
Statutory combined ratio	95.7%	97.5%	1.8 pts
Investments			
Net investment income before tax	138.7	134.6	3%
Net realized gain before tax	26.6	20.7	28%
Invested assets per dollar of stockholders' equity	3.77	3.97	(5)%
Summary Data			
Total revenues	2,034.9	1,903.7	7%
Net income	141.8	106.4	33%
Return on average equity	11.7%	9.5%	2.2 pts
Operating income (non-GAAP)	124.5	93.9	33%
Operating return on average equity (non-GAAP)	10.3%	8.4%	1.9 pts
Total assets	6,581.6	6,270.2	5%
Stockholders' equity	1,275.6	1,153.9	11%
Per Share Data			
Diluted net income	2.47	1.87	32%
Operating income (non-GAAP)	2.17	1.65	32%
Dividends	0.53	0.52	2%
Stockholders' equity	22.54	20.63	9%

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
Operating income is reconciled to net income in the Company's Form 10-K.

AVERAGE ANNUAL RETURN

Growth of a $10,000 investment (year-end 2004–2014)



To Our Shareholders

2014 was an excellent year for Selective. All three of our insurance reporting segments – Standard Commercial Lines, Standard Personal Lines, and Excess and Surplus (E&S) Lines – produced statutory combined ratios under 100%. We are also extremely proud to report that we ended the year at a 92.5% statutory combined ratio excluding catastrophe losses, in line with our 92% expectation based on our aggressive three-year profitability plan – announced in 2012.

Over the past three years, we rose to meet our very public self-imposed challenge. We implemented underwriting improvement initiatives, restructured our workers compensation claims handling, managed expenses, enhanced the customer experience, and continued to increase rates while maintaining strong retention. Credit for these achievements is jointly due – and justly given – to both our employees and our distribution partners.

Our vision is to deliver high-tech, high-touch insurance solutions to our distribution partners and customers. If we deliver on our vision, our shareholders will benefit from consistent, high value returns on their investment – despite challenging economic and interest rate conditions that require strong underwriting results.

Gregory E. Murphy

Chairman and Chief Executive Officer

John J. Marchioni

President and Chief Operating Officer

In this low-interest environment, our leverage (3.8x invested assets to equity) combined with profitable underwriting is a competitive advantage over the industry. We can generate a 12% return on equity (ROE) at a 94% combined ratio, while the broad industry must generate an 87% combined ratio for the same return.

Our overall 2014 statutory combined ratio, including catastrophes, was 95.7%. This strong result was due, in part, to renewal pure price increases of 5.6%, as well as claims and underwriting improvements. Total net premiums written (NPW) grew 4% to $1.9 billion, or 6% excluding the strategic sale of our self-insured group business renewal rights in March of 2014.

In Standard Commercial Lines, NPW grew 4% to $1.4 billion. This strong performance reflects renewal pure price increases of 5.6% and stable retention of 82%. Earned rate for 2014 exceeded loss trend and lowered the loss ratio, driving the Standard Commercial Lines statutory combined ratio's improvement to 92.8%, excluding catastrophes. Our many initiatives to improve claim outcomes lowered our overall cost of goods sold. In addition, we continued to improve our mix of business and to release new products into the commercial lines marketplace.

In Standard Personal Lines, NPW were $292 million, driven by 6.5% in renewal pure price increases. The statutory combined ratio, excluding catastrophes, was 88.0%. Homeowners produced a statutory combined ratio of 96.9%, and we continue to increase rate to improve the profitability of this book, which accounts for nearly 50% of Standard Personal Lines NPW. The Automobile line delivered a statutory combined ratio of 101.5%, an 8.6 point improvement from 2013, achieved rate above loss trend, and improved its mix of business. In 2014, we launched new products like The Selective Edge℠ to attract consultative personal lines buyers who want broader coverages and the advice independent agents provide.

Our E&S Lines business grew 16% year-on-year, ending 2014 with $152 million in NPW. New business was up 13%, as we increased our promotion of E&S products to our retail distribution partners. We continued to improve underwriting practices and automated key systems for increased efficiency and ease of doing business. The E&S statutory combined ratio, excluding catastrophes, was 97.2%, 2.0 points better than in 2013.

Our invested assets increased 5% in 2014 to $4.8 billion. Net investment income, after tax, was $104 million. Total after-tax yield on the portfolio was 2.2%. Our high quality fixed income portfolio has an average "AA-" rating and a 3.7 year duration, including short-term investments. With $3.77 of invested assets per dollar of shareholders' equity, our portfolio delivered 8.6 points of our 10.3% overall operating ROE. We maintain a conservative fixed income securities portfolio with a focus on diversification, credit quality, and liquidity to maximize the risk adjusted yield.

We could not achieve our profitability or growth goals without our 1,100 retail distribution partners. They are the best in the industry and appreciate our franchise value. We know this from annual independent third party surveys. In 2014, our distribution partners rated their overall satisfaction with Selective at 8.6 out of a possible 10. Our relationship with our distribution partners is extremely strong because we provide them with the products and services they and our customers want. Our unique team of expert field underwriters, or agency management specialists (AMS), delivers our products and services, with underwriting authority that enhances our capability to write new business. Our AMSs are a significant competitive advantage because of their underwriting skills and their local proximity to our retail distribution partners and customers.

In the last several years, we have focused on enhancing the experience of our customers. This effort should increase customer loyalty and ultimately improve retention and profitability. Our goal is to provide our customers with the service they want and expect in the manner most convenient for them. That's why we are working to provide 24/7 access to transactional capabilities and information. We created a web-based portal so customers can access account information, have consistently added functionality to our mobile app, invested in our key systems, and distributed surveys to customers to learn what they think and expect. In 2015, a number of programs and initiatives will be introduced that are geared toward providing our customers a seamless "omni-channel" experience so we can earn their retention through high quality service.

In 2015, the clear focus will be on profitable growth and increasing our share of our distribution partners' wallet. To increase production, regional small business teams have been created with full underwriting authority, our local presence strengthened by fine-tuning our field model, a more aggressive marketing plan was developed, and our E&S systems were further automated for timely and accurate bindable quoting. We are listening to employees, distribution partners, and customers, and delivering the tools and services they need to remain committed to Selective for the long-term while increasing shareholder value. Challenging our highly engaged employees and aligning our resources for profitable growth will drive our long-term success.

We are fortunate to have a strong Board with diverse leaders who help shape our strategy and contribute to our success. In 2014, two new talented directors joined the Board:

> John S. Scheid, principal of the Scheid Group, LLC. Recently retired as a senior partner in the insurance and asset management businesses at PricewaterhouseCoopers LLP, John's financial experience and keen sense of the industry trends will be extremely valuable to Selective; and

> Philip H. Urban, retired president and chief executive officer of Grange Insurance. Phil's property and casualty insurance experience will be very beneficial as we forge ahead in an ever-changing competitive marketplace.

We will greatly miss the two directors leaving the Board in 2015, who made significant contributions over their many years of dedicated service:

> Joan M. Lamm-Tennant, who left the Board in January after 21 years of service due to her recent appointment as CEO-elect of a micro insurance venture incubator. Joan always provided guidance and support to the management team, particularly on enterprise risk management, and led several committees, including the Audit Committee.

> A. David Brown will be retiring from the Board in April due to our mandatory retirement age. David joined our Board in 1996, served on and chaired several committees, and was our Lead Independent Director for four years.

Selective was most recently ranked as the 44th largest property casualty group in the United States by A.M. Best Company. In 2015, we will drive long-term success by building on our profitable foundation and growing new business. By hiring the best talent in the industry, improving the experience of our customers and distribution partners, and continuing to increase our data and analytic capabilities, we have the key strategies that will help us anticipate the market's evolving demands and ensure we remain an industry leader.

Gregory E. Murphy
Chairman and Chief Executive Officer

John J. Marchioni
President and Chief Operating Officer

Investor Information

Annual Meeting
Wednesday, April 29, 2015
Selective Insurance Group, Inc.
40 Wantage Avenue
Branchville, New Jersey 07890

Investor Relations
Jennifer W. DiBerardino
Senior Vice President,
Investor Relations and Treasurer
Telephone (973) 948-1364
investor.relations@selective.com

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:
Wells Fargo Shareowner Services
P.O. Box 64854
St. Paul, Minnesota 55164-0854
Telephone (866) 877-6351

Registrar and Transfer Agent
Wells Fargo Shareowner Services
P.O. Box 64854
St. Paul, Minnesota 55164-0854
Telephone (866) 877-6351

Auditors
KPMG LLP
345 Park Avenue
New York, New York 10154-0102

Internal Audit Department
Chief Audit Executive
Martin Hollander
internal.audit@selective.com

Executive Office
40 Wantage Avenue
Branchville, New Jersey 07890
Telephone (973) 948-3000

Shareholder Relations
Robyn P. Turner
Corporate Secretary
Telephone (973) 948-1766
shareholder.relations@selective.com

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

Form 10-K
Selective's Form 10-K, as filed with the U.S. Securities and Exchange Commission, is provided as part of this 2014 Annual Report.

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

SELECTIVE®

SELECTIVE INSURANCE GROUP, INC.

40 Wantage Avenue

Branchville, New Jersey 07890

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