

SELECTIVE INSURANCE GROUP INC
Form 10-Q
July 27, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 2017
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-33067
SELECTIVE INSURANCE GROUP, INC.
(Exact Name of Registrant as Specified in Its Charter)

New Jersey 22-2168890
(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

40 Wantage Avenue
Branchville, New Jersey 07890
(Address of Principal Executive Offices) (Zip Code)
(973) 948-3000
(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Emerging growth company Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of July 14, 2017, there were 58,364,187 shares of common stock, par value \$2.00 per share, outstanding.

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ITEM 1. FINANCIAL STATEMENTS.SELECTIVE INSURANCE GROUP, INC.
CONSOLIDATED BALANCE SHEETS

	Unaudited	
	June 30, 2017	December 31, 2016
(\$ in thousands, except share amounts)		
ASSETS		
Investments:		
Fixed income securities, held-to-maturity – at carrying value (fair value: \$75,540 – 2017; \$105,211 – 2016)	\$72,514	101,556
Fixed income securities, available-for-sale – at fair value (amortized cost: \$4,923,005 – 2017; \$4,753,759 – 2016)	5,018,722	4,792,540
Equity securities, available-for-sale – at fair value (cost: \$131,463 – 2017; \$120,889 – 2016)	161,694	146,753
Short-term investments (at cost which approximates fair value)	133,706	221,701
Other investments	116,411	102,397
Total investments (Note 4 and 6)	5,503,047	5,364,947
Cash	8,628	458
Interest and dividends due or accrued	40,231	40,164
Premiums receivable, net of allowance for uncollectible accounts of: \$6,627 – 2017; \$5,980 – 2016	764,340	681,611
Reinsurance recoverable, net of allowance for uncollectible accounts of: \$5,200 – 2017; \$5,500 – 2016	601,887	621,537
Prepaid reinsurance premiums	151,898	146,282
Current federal income tax	—	2,486
Deferred federal income tax	60,388	84,840
Property and equipment – at cost, net of accumulated depreciation and amortization of: \$206,847 – 2017; \$198,729 – 2016	66,255	69,576
Deferred policy acquisition costs	234,903	222,564
Goodwill	7,849	7,849
Other assets	88,778	113,534
Total assets	\$7,528,204	7,355,848
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Reserve for losses and loss expenses (Note 8)	\$3,731,221	3,691,719
Unearned premiums	1,352,068	1,262,819
Long-term debt	438,894	438,667
Current federal income tax	2,104	—
Accrued salaries and benefits	103,177	132,880
Other liabilities	248,184	298,393
Total liabilities	\$5,875,648	5,824,478
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: 102,150,866 – 2017; 101,620,436 – 2016	204,302	