

SELECTIVE INSURANCE GROUP INC  
Form DEF 14A  
March 26, 2012

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

**SCHEDULE 14A**

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934**

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary proxy statement

☐ **Confidential, for use of the Commission Only** (as permitted by Rule 14a-6(e)(2))

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

**SELECTIVE INSURANCE GROUP, INC.**

**(Name of Registrant as Specified In Its Charter)**

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(4) Proposed maximum aggregate value of transaction:

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☐ Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Selective Insurance Group, Inc.  
40 Wantage Avenue  
Branchville, New Jersey 07890

(973) 948-3000  
**March 26, 2012**

**NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS  
AND PROXY STATEMENT**

**April 25, 2012**

The 2012 Annual Meeting of Stockholders of Selective Insurance Group, Inc. ("Selective") will be held at 3:00 PM Eastern Time on Wednesday, April 25, 2012, in the Auditorium at Selective's principal offices, which are located at, and have a mailing address of, 40 Wantage Avenue, Branchville, New Jersey 07890.

At the meeting, we will ask stockholders to:

1. Elect eleven directors for a one-year term expiring in 2013;
2. Approve a non-binding advisory resolution on the compensation of Selective's named executive officers; and
3. Ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

We plan a brief business meeting focused on these items and we will attend to any other business properly brought before the meeting and at any adjournments or postponements of the meeting. **The Board of Directors recommends that: (i) you vote "FOR" all of the nominees to the Board of Directors; and (ii) you vote in favor of Proposals 2 and 3.** These proposals are further described in the proxy statement.

Also enclosed is Selective's 2011 Annual Report to Stockholders. At the meeting, we will be making a brief presentation on operations and will offer time for your comments and questions.

Selective stockholders of record at the close of business on March 5, 2012 are entitled to notice of, and to vote at, the meeting and any adjournment of it. A quorum is a majority of outstanding shares. YOUR VOTE IS IMPORTANT. WE URGE YOU TO VOTE YOUR SHARES BY: (1) CALLING THE TOLL-FREE TELEPHONE NUMBER LISTED ON THE PROXY CARD; (2) ACCESSING THE INTERNET WEBSITE LISTED ON THE PROXY CARD; OR (3) COMPLETING, DATING, AND SIGNING THE PROXY CARD AND RETURNING IT IN THE ENCLOSED ENVELOPE. YOUR PROXY MAY BE REVOKED AT ANY TIME, AS DESCRIBED IN THE PROXY STATEMENT, PRIOR TO THE TIME IT IS VOTED AT THE 2012 ANNUAL MEETING.

Very truly yours,

Gregory E. Murphy

Chairman of the Board, President and Chief Executive Officer

By Order of the Board of Directors:

Robyn P. Turner

Corporate Secretary

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## **PROXY STATEMENT**

### **FOR THE 2012 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD APRIL 25, 2012**

### **GENERAL INFORMATION ABOUT SELECTIVE'S ANNUAL MEETING**

#### **WHEN AND WHERE IS THE ANNUAL MEETING?**

The 2012 Annual Meeting of Stockholders (the "Annual Meeting") of Selective Insurance Group, Inc. ("Selective") will be held on Wednesday, April 25, 2012, at 3:00 PM Eastern Time in the Auditorium at Selective's principal offices at 40 Wantage Avenue, Branchville, New Jersey 07890. Directions are on the back of this Proxy Statement. Our telephone number is (973) 948-3000.

#### **WHEN WAS THIS PROXY STATEMENT MAILED?**

This Proxy Statement is being mailed to stockholders on or about March 26, 2012.

#### **WHO IS ENTITLED TO VOTE AT THE ANNUAL MEETING?**

Anyone who owned Selective common stock as of the close of business on March 5, 2012, is entitled to one vote per share owned. There were 54,741,402 shares outstanding at the close of business on that date.

#### **WHO IS SOLICITING MY PROXY TO VOTE MY SHARES AND WHEN?**

Selective's Board of Directors ("Board of Directors" or the "Board") is soliciting your "proxy," or your authorization for our named proxies, Michael J. Morrissey and Cynthia S. Nicholson, to vote your shares. Unless revoked by

you, your proxy will be effective for the Annual Meeting and for any adjournments or postponements of that meeting.

**WHAT IS THE COST OF SOLICITING PROXIES AND WHO IS PAYING FOR THE COST?**

Selective is bearing the entire cost of soliciting proxies. Proxies will be solicited principally through the mail, but may also be solicited personally, by telephone, or in writing by Selective directors or officers, or employees of a Selective subsidiary, for no additional compensation. Selective has engaged Georgeson Inc. (“Georgeson”), a proxy solicitation firm, to assist in the solicitation of proxies and the distribution of proxy materials. Georgeson will provide such services for an estimated fee of approximately \$8,000 plus expenses. Selective will reimburse banks, brokerage firms, and other custodians, nominees, and fiduciaries for reasonable expenses incurred by them in sending proxy materials to their customers or principals who are the beneficial owners of shares of Selective common stock.

**WHAT ARE THE REQUIREMENTS FOR BUSINESS TO BE CONDUCTED AT THE ANNUAL MEETING?**

For business to be conducted at the Annual Meeting, owners of 27,370,702 shares of Selective common stock (a majority of the issued and outstanding shares entitled to vote) constituting a quorum, must be in attendance or represented by proxy. Our common stock is our only class of voting securities.



## PROPOSALS FOR STOCKHOLDER VOTE AND APPROVAL REQUIREMENTS

Management is presenting three proposals for a stockholder vote.

### PROPOSAL 1. ELECTION OF DIRECTORS

THE BOARD RECOMMENDS THAT YOU VOTE **FOR** THE FOLLOWING ELEVEN NOMINATED DIRECTORS FOR A TERM OF ONE YEAR: PAUL D. BAUER; ANNABELLE G. BEXIGA; A. DAVID BROWN; JOHN C. BURVILLE; JOAN M. LAMM-TENNANT; MICHAEL J. MORRISSEY; GREGORY E. MURPHY; CYNTHIA S. NICHOLSON; RONALD L. O'KELLEY; WILLIAM M. RUE; AND J. BRIAN THEBAULT.

You can find information about these nominees, Selective's Board of Directors, its committees, and other related matters beginning on page 6.

New Jersey law and Selective's By-Laws govern the vote on Proposal 1, on which you may:

- Vote "FOR" all the nominees;
- Vote "AGAINST" all of the nominees;
- Vote "FOR" or "AGAINST" specific nominees; or
- Abstain from voting.

Under our By-Laws, assuming a quorum is present, directors in uncontested elections must be elected by a majority of votes cast. A majority means that the number of votes cast "for" a director nominee must exceed the number of votes cast "against" the nominee. In an uncontested election, any director nominee who does not receive a majority of the "for" votes cast is required to tender his or her resignation from the Board of Directors within five days of certified election results. In such a case: (i) the Corporate Governance and Nominating Committee must make a recommendation to the Board of Directors as to whether it should accept the resignation; and (ii) the Board of Directors must decide whether to accept such resignation and disclose its decision-making process. Stockholders may not cumulate their votes. Under New Jersey law and consistent with the proxy rules of the United States Securities and Exchange Commission ("SEC"), abstentions and broker non-votes will not be taken into account in determining the outcome of the vote.

### PROPOSAL 2. APPROVAL OF NON-BINDING ADVISORY RESOLUTION ON COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

THE BOARD RECOMMENDS THAT YOU VOTE **FOR** THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS DISCLOSED IN THIS PROXY STATEMENT.

New Jersey law and Selective's By-Laws govern the vote on Proposal 2, on which you may:

- Vote in favor of Proposal 2;
- Vote against Proposal 2; or
- Abstain from voting.

Assuming a quorum is present, Proposal 2 will pass if approved by an affirmative vote of a majority of the votes cast at the Annual Meeting. Under New Jersey law and consistent with the SEC's proxy rules, abstentions and broker non-votes will not be taken into account in determining whether the proposal has received the requisite number of affirmative votes.

PROPOSAL 3. RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

THE BOARD RECOMMENDS THAT YOU VOTE **FOR** THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2012.

You can find information about Selective's relationship with KPMG LLP beginning on page 54.

New Jersey law and Selective's By-Laws govern the vote on Proposal 3, on which you may:

.	Vote in favor of Proposal 3;
.	Vote against Proposal 3; or
.	Abstain from voting.

Assuming a quorum is present, Proposal 3 will pass if it receives an affirmative vote of a majority of the votes cast at the Annual Meeting. Under New Jersey law and the SEC's proxy rules, abstentions will not be counted as votes cast and, accordingly, will not be taken into account in determining whether the proposal has received the requisite number of affirmative votes.

#### **OTHER MATTERS TO COME BEFORE THE ANNUAL MEETING**

The Board of Directors is not aware of any other business to be presented for a vote at the Annual Meeting. If any other matters are properly presented for a vote, the people named as proxies will have discretionary authority, to the extent permitted by applicable law and NASDAQ Stock Market ("NASDAQ") and SEC rules and regulations, to vote on such matters according to their best judgment.

The Chairman of the Annual Meeting may refuse to allow presentation of a proposal or nominee for the Board of Directors if the proposal or nominee is not properly submitted. The requirements for submitting proposals and nominations for this year's meeting are set forth in Selective's By-Laws.

## VOTING AND PROXY PROCEDURE

### HOW DO I VOTE?

You can vote four ways:

**BY MAIL.** Mark your voting instructions on, then sign and date the proxy card. Then return the proxy card in the 1. postage-paid envelope provided. If you mail your proxy card, we must receive it before the beginning of the meeting.

If we receive your signed proxy card, but you do not give voting instructions, the named proxies will vote your shares FOR each of the director nominees and FOR Proposals 2 and 3. If any other matters arise during the meeting that require a vote, the named proxies will exercise their discretion, to the extent permitted by applicable law and NASDAQ and SEC rules and regulations, in accordance with their best judgment.

**BY TELEPHONE.** Call the toll-free number on your proxy card to vote by telephone. Follow the instructions on 2. your proxy card and the voice prompts. IF YOU VOTE BY TELEPHONE, YOU DO NOT NEED TO RETURN YOUR PROXY CARD.

**BY INTERNET.** Go to the website listed on your proxy card to vote through the Internet. Follow the instructions on 3. your proxy card and the website. If you vote through the Internet, you may incur telephone and/or Internet access charges from your service providers. IF YOU VOTE BY INTERNET, YOU DO NOT NEED TO RETURN YOUR PROXY CARD.

4. **IN PERSON.** Attend the Annual Meeting, or send a personal representative with an appropriate proxy, in order to vote.

### HOW DO I REVOKE MY PROXY OR CHANGE MY VOTING INSTRUCTIONS?

You may revoke your proxy before the proxy is exercised by writing to Selective's Corporate Secretary, Robyn P. Turner, at the address in the meeting notice on the cover of this Proxy Statement. You may also change your vote before the proxy is exercised by entering a new vote via the Internet, by telephone, or by returning a properly executed proxy bearing a later date. Any subsequent timely and valid vote by any means will change your prior vote. For example, if you voted by telephone, a subsequent Internet vote will change your vote. The last vote received before

noon central time on April 24, 2012 will be the vote that is counted, except that you may also change your vote by voting in person at the Annual Meeting.

HOW WILL PROXIES BE VOTED IF I GIVE MY AUTHORIZATION?

If you properly execute your proxy on the accompanying form and return it to Selective or submit your proxy by telephone or Internet, and do not subsequently revoke your proxy, your shares of common stock will be voted at the Annual Meeting in accordance with your instructions. In the absence of instructions, the named proxies will vote your shares FOR each of the director nominees and FOR Proposals 2 and 3. If other matters should properly come before the meeting, the named proxies will vote on such matters, to the extent permitted by applicable law and NASDAQ and SEC rules and regulations, in accordance with their best judgment.

HOW WILL VOTES BE COUNTED?

The inspectors of election appointed for the Annual Meeting by the Board of Directors will separately tabulate affirmative and negative votes, abstentions and broker non-votes (shares held by a broker, bank or other nominee that does not have authority, either express or discretionary, to vote on a particular matter). Shares represented by proxies that reflect abstentions and broker non-votes are counted for determining whether there is a quorum. Brokers may exercise their discretionary voting power for Proposal 3.

For Proposal 1, abstentions and broker non-votes will not be considered in determining whether director nominees have received more “for” votes than “against” votes. Approval of Proposal 2 requires the affirmative vote of a majority of votes cast at the Annual Meeting. Abstentions and broker non-votes have no effect on the outcome of Proposal 2. Approval of Proposal 3 requires the affirmative vote of a majority of votes cast at the Annual Meeting. Abstentions have no effect on Proposal 3.

#### **WHAT IF MY SHARES ARE NOT REGISTERED IN MY NAME?**

If you own your shares in “street name,” meaning that your broker is actually the record owner, you should contact your broker. When a broker does not have voting instructions and withholds its vote on one of these matters, it is called a “broker non-vote.” Broker non-votes count toward a quorum, but otherwise do not affect the outcome of any proposal.

#### **IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON APRIL 25, 2012**

This Proxy Statement is available on Selective’s internet website at [www.selective.com](http://www.selective.com).

#### **INFORMATION ABOUT PROPOSAL 1**

##### **Election of Directors**

Under our By-Laws, as amended on December 3, 2010, directors in uncontested elections must be elected by a majority of votes cast. A majority means that the number of votes cast “for” a director nominee must exceed the number of votes cast “against” that nominee. For more information on our majority voting policy, please see “Corporate Governance – Majority Voting for Directors in Uncontested Elections” on page 16.

At our 2010 Annual Meeting of Stockholders, as part of an ongoing effort to adopt “best practices” in corporate governance, the Board recommended, and Selective’s stockholders approved, amendments to Selective’s Restated Certificate of Incorporation and By-Laws to phase out Selective’s classified board structure over the two-year period following the 2010 Annual Meeting. Accordingly, at this Annual Meeting, all directors are standing for election for a one-year term. In all cases, each director will hold office until a successor has been elected and qualified, or until the director’s earlier resignation or removal.

Selective's Board of Directors currently has 11 members. Pursuant to Selective's Restated Certificate of Incorporation, as amended, and its By-Laws, Selective may have a minimum of seven and a maximum of 20 directors. By majority vote, the Board of Directors may set the number of directors within this range at any time.

### **Process for Review and Nomination of Director Candidates**

The Corporate Governance and Nominating Committee is responsible for the review and nomination of candidates to the Board of Directors<sup>1</sup>. The Corporate Governance and Nominating Committee reviews all director candidates for possible nomination and election to the Board and seeks such candidates from any source, including:

- Directors and management;
- Third party search firms that the Corporate Governance and Nominating Committee may engage; and
- Stockholders.

<sup>1</sup> See chart on page 18 for further discussion of the Corporate Governance and Nominating Committee's other responsibilities.

Any stockholder proposing Board candidate(s) must submit in writing all information required to be disclosed pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) in a solicitation of proxies for the election of a director to the Chairman of the Corporate Governance and Nominating Committee, c/o Corporate Secretary, 40 Wantage Avenue, Branchville, New Jersey 07890.

Regardless of source, the Corporate Governance and Nominating Committee evaluates all candidates based on, among other things, the following standards:

- Personal and professional ethics, integrity, character, and values;
- Professional and personal experience;
- Business judgment;
- Skills and expertise;
- Industry knowledge;
- Independence and avoidance or limitation of potential or actual conflicts of interest;
- Dedication and commitment to representing the long-term interests of Selective and its stockholders;
- Willingness to dedicate and devote sufficient time to Board duties and activities;
- Other appropriate and relevant factors, including the qualification and skills of the current members of the Board; and Diversity.

Although Selective has no formal diversity policy, our Corporate Governance Guidelines provide that the composition of the Board should encompass a broad range of skills, expertise, industry knowledge, and diversity of opinion. Accordingly, diversity of thought, experience, gender, race, and ethnic background are greatly considered in the director evaluation process.

#### **Director Nominees**

No family relationships exist between any of Selective’s current directors, executive officers, and persons nominated by Selective to become a director.

The Board has ratified the Corporate Governance and Nominating Committee’s nomination of the following eleven directors to stand for election at the 2012 Annual Meeting for terms expiring at the 2013 Annual Meeting or until a successor has been duly elected and qualified: Paul D. Bauer; Annabelle G. Bexiga; A. David Brown; John C. Burville; Joan M. Lamm-Tennant; Michael J. Morrissey; Gregory E. Murphy; Cynthia S. Nicholson; Ronald L. O’Kelley; William M. Rue; and J. Brian Thebault. S. Griffin McClellan III will be retiring at the Annual Meeting. The Board thanks him for his 32 years of service to Selective.



All nominees have consented to being named in this Proxy Statement and to serving if elected. The Board does not know of any reason why any of these nominees would decline or be unable to serve if elected. If a nominee becomes unavailable or unable to serve before the Annual Meeting, the Board can either reduce its size or designate a substitute nominee. If the Board designates a substitute nominee, proxies that would have been cast for the original nominee will be cast for the substitute nominee unless instructions are given to the contrary.

## NOMINEES OF THE BOARD OF DIRECTORS

- Retired financial executive.
- Executive Vice President and Chief Financial Officer of Tops Markets, Inc., 1970 to 1993.
- Director, Rosina Holdings Inc., since 2002.

**Paul D. Bauer, 68**

Independent Director,  
1998

- Director, Catholic Health System of Western New York, 1998 to 2008.
- Co-founder and President, The Bison Scholarship Fund (formerly named the Buffalo Inner-City Scholarship Opportunity Network), since 1995.

- Trustee, Holy Angels Academy, 2005 to 2011.

- Graduate of Boston College (B.S. Accounting).

Discussion of  
individual experience,  
qualifications,  
attributes, and skills.

Mr. Bauer is the former Chief Financial Officer of a publicly-traded company and the Audit Committee's designated financial expert. Mr. Bauer is very active in the Buffalo community and knowledgeable of Upstate New York, which is an important market for us.

- Senior Managing Director and Chief Information Officer, TIAA-CREF, since 2010.
- Chief Information Officer, Bain Capital, LLC, 2008 to 2010.
- Elysian Coaching & Consulting, President and Founder, 2007.

**Annabelle G. Bexiga, 50**

Independent Director

- Managing Director and Chief Information Officer, JPMorgan Invest, Inc., 2003 to 2006.

- Member, CIO's Executive Council, Executive Women in Information Technology.

- Member, CIO Strategy Exchange.

- Graduate of Seton Hall University (B.Sc.).

- International Executive MBA Program, Rutgers University.

Discussion of  
individual experience,  
qualifications,  
attributes, and skills.

Ms. Bexiga has extensive financial services and information technology experience. She was named by Insurance and Technology Magazine as one of the 2011 "Elite 8" CIOs. Ms. Bexiga is focused on innovative means of using social media to change retail behavior. She is also skilled in leading teams in multi-cultural environments and was certified as an executive coach. We believe that Ms. Bexiga's expertise in information technology, and its use by retail financial services companies, is extremely important to the Board in setting Selective's long-term strategies, particularly related to customer and agency experience matters.

**A. David Brown, 69**

Independent Director,  
1996

Lead Independent  
Director, 2009 –

present