SELECTIVE INSURANCE GROUP INC
Form 424B5
March 01, 2019

CALCULATION OF REGISTRATION FEE

Title of Class of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
5.375% Senior Notes due 2049	$ 300,000,000	98.030%	$ 294,090,000	$ 35,643.71

(1)
Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended.

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Filed pursuant to Rule 424(b)(5)
Registration No. 333-225452

PROSPECTUS SUPPLEMENT DATED FEBRUARY 27, 2019
(To Prospectus dated June 6, 2018)

$300,000,000

5.375% Senior Notes due 2049

We are offering $300,000,000 aggregate principal amount of 5.375% Senior Notes due 2049 (the “notes”). Interest on the notes will accrue from, and including, March 1, 2019 and will be paid semi-annually in arrears on March 1 and September 1 of each year, commencing on September 1, 2019. The notes will mature on March 1, 2049. We may at our option redeem the notes in whole or in part at the applicable redemption price described under “Description of Senior Notes — Optional Redemption” on page S-10. The notes will be our unsecured senior obligations and will rank equal in right of payment with all of our existing and future unsecured and unsubordinated indebtedness. The notes will be structurally subordinated to all existing and future obligations of our subsidiaries. The notes will be issued only in registered form in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Investing in the notes involves risks. See “Risk Factors” beginning on page S-4 of this prospectus supplement, page 4 of the accompanying prospectus and page 18 of our Annual Report on Form 10-K for the year ended December 31, 2018 to read about important factors you should consider before buying the notes.

	Per Note	Total
Public offering price(1)	98.030%	$ 294,090,000
Underwriting discount	0.875%	$ 2,625,000
Proceeds, before expenses, to us	97.155%	$ 291,465,000

(1)
Plus accrued interest, if any, from March 1, 2019 if settlement occurs after that date.

Neither the Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect that the notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants on or about March 1, 2019.

Joint Book-Running Managers

RBC Capital Markets Wells Fargo Securities

BofA Merrill Lynch

Co-Managers

Credit Suisse Keefe, Bruyette & Woods, A Stifel Company

BB&T Capital MarketsBoenning & Scattergood, Inc.JMP SecuritiesSandler O’Neill + Partners, L.P.

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a “shelf” registration statement that we filed with the SEC. Under this shelf registration process, we may sell the securities described in the accompanying prospectus at our discretion in one or more offerings. You should read (i) this prospectus supplement, (ii) the accompanying prospectus, (iii) any free writing prospectus prepared by or on behalf of us or to which we have referred you and (iv) the documents incorporated by reference herein and therein that are described in the accompanying prospectus under the heading “Where You Can Find More Information.”

You only should rely on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us or to which we have referred you. Neither we nor the underwriters have authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor the underwriters are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus or any other documents incorporated by reference in both is accurate only as of the stated date of each document in which the information is contained. After the stated date, our business, financial condition, results of operations and prospects may have changed or may change, as applicable.

This prospectus supplement and the accompanying prospectus summarize certain documents and other information to which we refer you for a more complete understanding of what we discuss in this prospectus supplement and the accompanying prospectus. In making an investment decision, you should rely on your own examination of our company and the terms of this offering and the notes, including the merits and risks involved.

Neither we nor the underwriters are making any representation to any purchaser of the notes regarding the legality of the purchaser’s investment in the notes. You should not consider any information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the notes.

In this prospectus supplement, unless stated otherwise or the context otherwise requires, references to “SIGI,” “we,” “us” and “our” refer to Selective Insurance Group, Inc., a New Jersey corporation, and its subsidiaries, except as otherwise indicated or unless the context otherwise requires.

Prohibition of Sales to European Economic Area Retail Investors — The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive EU 2016/97 (as amended or superseded, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

None of this prospectus supplement, the accompanying prospectus or any related free writing prospectus is a prospectus for the purpose of the Prospectus Directive as implemented in Member States of the EEA. This prospectus supplement, the accompanying prospectus and any related free writing prospectus have been prepared on the basis that any offer of notes in any Member State of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State”) will only be made to a legal entity which is a qualified investor under the Prospectus Directive (“Qualified Investors”). Accordingly any person making or intending to make an offer in that Relevant Member State of notes which are the subject of the offering contemplated in this prospectus supplement, the accompanying prospectus and any related free writing prospectus may only do so with respect to Qualified Investors. Neither we nor the underwriters have authorized, nor do we or they authorize, the making of any offer of the notes other than to Qualified Investors.

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The communication of this prospectus supplement, the accompanying prospectus, any related free writing prospectus and any other document or materials relating to the issue of the notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "FMSA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the notes offered hereby are only available to, and any investment or investment activity to which this prospectus supplement, the accompanying prospectus and any related free writing prospectus relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus supplement, the accompanying prospectus or any related free writing prospectus or any of their contents.

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SUMMARY

Selective Insurance Group, Inc., through its subsidiaries, is a super-regional property and casualty insurance company with the customer service capabilities, product offering, and technical know-how of a national carrier.

We classify our business into four reportable segments:

- Standard Commercial Lines — comprised of insurance products and services provided in the standard marketplace to commercial enterprises, which are typically businesses, non-profit organizations, and local government agencies. As of December 31, 2018, this business represents 79% of our total insurance segments' net premiums written ("NPW") and is sold in 27 states and the District of Columbia.

- Standard Personal Lines — comprised of insurance products and services provided primarily to individuals acquiring coverage in the standard marketplace. As of December 31, 2018, this business represents 12% of our total insurance operations' NPW and is sold in 15 states. Standard Personal Lines includes flood insurance coverage. We are the fifth largest writer of this coverage through the National Flood Insurance Program and write flood business in all 50 states and the District of Columbia.

- Excess and Surplus Insurance Operations — comprised of insurance products and services provided to customers who have not obtained coverage in the standard marketplace. We currently only write commercial lines excess and surplus coverages and, as of December 31, 2018, this business represents 9% of our total insurance operations' NPW and is sold in all 50 states and the District of Columbia; and

- Investments — invests the premiums collected by our insurance operations, as well as amounts generated through our capital management strategies, which include the issuance of debt and equity securities.

We conduct our insurance operations, manage our investments and administer federal flood insurance products and services through one or more of the following subsidiaries (collectively, the "Insurance Subsidiaries"):

- Selective Insurance Company of America;

- Selective Way Insurance Company;

- Selective Auto Insurance Company of New Jersey;

- Selective Insurance Company of the Southeast;

- Selective Insurance Company of South Carolina;

- Selective Insurance Company of New York;

- Mesa Underwriters Specialty Insurance Company;

- Selective Insurance Company of New England;
- Selective Casualty Insurance Company; and
- Selective Fire and Casualty Insurance Company.

We were incorporated in New Jersey in 1977 to acquire all of the shares of Selective Insurance Company of America, formerly named "Selected Risks Insurance Company."

Because we are a holding company, we rely on our subsidiaries for cash to pay our obligations and dividends to our stockholders. State insurance laws and regulations, as administered by state insurance departments, restrict the amount of dividends or other distributions that the Insurance Subsidiaries may pay to us.

Our principal executive offices are located at 40 Wantage Avenue, Branchville, New Jersey 07890 and our telephone number is (973) 948-3000.

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SUMMARY OF THE OFFERING

The following summary highlights information contained elsewhere in this prospectus supplement. You should read this summary in conjunction with the more detailed information appearing elsewhere in this prospectus supplement and the accompanying prospectus. For a more complete description of the terms of the notes, see "Description of Senior Notes" beginning on page S-9 of this prospectus supplement and "Description of Debt Securities" beginning on page 10 of the accompanying prospectus.

Issuer

Selective Insurance Group, Inc.

Securities Offered

$300,000,000 aggregate principal amount of 5.375% Senior Notes due 2049.

Use of Proceeds

We intend to use the net proceeds from this offering to redeem all $185 million aggregate principal amount of our 5.875% Senior Notes due 2043 at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest thereon to, but excluding, the date of redemption. Any remaining net proceeds will be used for general corporate purposes. See "Use of Proceeds" in this prospectus supplement.

Maturity Date

March 1, 2049

Interest Rate and Payment Dates

5.375% per annum payable semi-annually in arrears on March 1 and September 1 of each year, commencing on September 1, 2019.

Ranking; Structural Subordination

The notes will be our unsecured senior obligations and will rank equal in right of payment with all of our existing and future unsecured and unsubordinated indebtedness. The notes will be structurally subordinated to all existing and future obligations of our subsidiaries.

As of December 31, 2018, after giving effect to this offering and the planned use of proceeds therefrom, we would have had an aggregate of $439.4 million of senior indebtedness outstanding, no secured indebtedness outstanding, and a total of $30.0 million available under our line of credit with Wells Fargo Bank, National Association, as administrative agent, and Branch Banking and Trust Company (BB&T) (our "Line of Credit"). As of December 31, 2018, our subsidiaries had approximately $110.0 million of long-term indebtedness outstanding and no short-term indebtedness outstanding. Our subsidiaries also have liabilities associated with insurance policies issued by the subsidiaries, reinsurance obligations and other trade payables and expenses.

Optional Redemption

Prior to September 1, 2048 (six months prior to the maturity date), we have the option to redeem the notes in whole at any time or in part from time to time at the applicable redemption price described on page S-10 under "Description of Senior Notes — Optional Redemption."

On or after September 1, 2048 (six months prior to the maturity date), the notes may be redeemed, at our option, at any time in whole or from time to time in part, at a redemption price equal to 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

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Form and Denomination

The notes will be issued in fully registered form in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Trustee and Paying Agent

U.S. Bank National Association

Governing Law

The indenture and the notes will be governed by the laws of the State of New York.

Risk Factors

Investing in the notes involves risks. To read about important factors you should consider before buying the notes, see "Risk Factors" beginning on page S-4 of this prospectus supplement, page 4 of the accompanying prospectus and page 18 of our Annual Report on Form 10-K for the year ended December 31, 2018.

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RISK FACTORS

Before making a decision to invest in the notes, you should carefully consider the following risk factors and the risks described in the accompanying prospectus and our Annual Report on Form 10-K for the year ended December 31, 2018, which is incorporated by reference into this prospectus supplement and the accompanying prospectus. The following is not intended as, and should not be construed as, an exhaustive list of relevant risk factors. There may be other risks a prospective investor should consider that are generally relevant to the investor or are specific to the investor's own particular circumstances. If any of the matters included in the following risk factors were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially and adversely affected. In such case, you may lose all or part of your investment.

Risk Factors Related to the Offering

As a holding company, we depend on the operations of our subsidiaries, including our Insurance Subsidiaries, to meet our obligations, including our obligations under the notes.

The notes are exclusively obligations of Selective Insurance Group, Inc. We are a holding company and a legal entity separate and distinct from our subsidiaries. We conduct substantially all our operations through our subsidiaries. As a holding company without significant operations of our own, our principal sources of funds are dividends and other distributions from our subsidiaries. Subject to existing or future contractual obligations between us and our subsidiaries, our subsidiaries have no obligation to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. State insurance laws also limit the ability of insurance companies to pay dividends or other distributions and require insurance companies to maintain specified levels of statutory capital and surplus. Additionally, payment of dividends by our Insurance Subsidiaries may require prior regulatory notice or approval. Consequently, our ability to pay debts, including our obligations under the notes, and other liabilities and expenses may be limited.

The notes will be effectively subordinated to all of our future secured debt and structurally subordinated to all existing and future liabilities of our subsidiaries.

The notes will be unsecured, general obligations of ours. None of our subsidiaries will guarantee our obligations under, or have any obligation to pay any amounts due on, the notes. As a result, the notes will be effectively subordinated to claims of our existing and future secured creditors to the extent of the value of the assets securing that indebtedness and structurally subordinated to the existing and future indebtedness and other liabilities of our subsidiaries.

Holders of any future secured indebtedness will have claims that are superior to your claims as holders of the notes to the extent of the value of the assets securing that other indebtedness. If any of our assets are distributed or paid in any dissolution, winding-up, liquidation, reorganization or other bankruptcy proceeding, holders of secured indebtedness may assert rights against any assets securing such indebtedness in order to receive full payment of their debt before those assets may be used to pay the holders of the notes. In any of the foregoing events, there may not be sufficient assets to pay amounts due on the notes. Holders of the notes will participate ratably with all holders of our unsecured indebtedness that ranks equally in right of payment with the notes, and potentially with all our other general creditors, based on the respective amounts owed to each holder or creditor, in our remaining assets. As a result, holders of notes may receive less, ratably, than holders of secured indebtedness. In addition, the indenture governing the notes permits us to incur additional debt, including secured debt.

Our rights to participate in any distribution of subsidiary assets are subject to prior claims of policyholders and creditors (except to the extent that our rights, if any, as a creditor are recognized). Therefore, in the event of the insolvency or liquidation of a subsidiary, following the subsidiary's payment of its liabilities, such subsidiary may not have sufficient remaining assets to make payments to us as a shareholder or otherwise. If a subsidiary defaults under any credit arrangement or other indebtedness, its creditors could accelerate such debt prior to such subsidiary distributing amounts to us that we could use to make payments on the notes. In addition, if we caused a subsidiary to pay to us a dividend to make payment on the notes, and such dividend were determined to be a fraudulent transfer, holders of the notes would be required to return the payment to the subsidiary's creditors. As of December 31, 2018, our

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subsidiaries had approximately $110.0 million of long-term indebtedness outstanding and no short-term indebtedness outstanding. Our subsidiaries also have liabilities associated with insurance policies issued by the subsidiaries, reinsurance obligations and other trade payables and expenses.

Our credit ratings may not reflect all risks of your investment in the notes.

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings, including any announcement that our ratings are under further review by one or more rating agencies, will generally affect the market value of the notes. These credit ratings may not reflect the potential impact of all risks relating to the notes. Credit ratings are limited in scope and an explanation of the rating's significance may be obtained from the issuing rating agency. Agency credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating.

Except for certain limitations on liens on stock of Restricted Subsidiaries, the indenture does not contain restrictive covenants. Therefore, holders of the notes may not be protected in the event we are involved in a highly leveraged transaction, reorganization, restructuring, merger or other transaction in the future.

Except for certain limitations on liens on stock of Restricted Subsidiaries, the indenture under which the notes will be issued does not contain restrictive covenants. The indenture does not contain:

- any provision restricting us or any of our subsidiaries from incurring, assuming or being liable with respect to any indebtedness or other obligations, whether secured or unsecured (other than a limitation on liens on the capital stock of our Restricted Subsidiaries), or from paying dividends or making other distributions on capital stock or from purchasing or redeeming capital stock;
- any restrictions on the ability of our subsidiaries to issue securities that would be senior to the common stock of the subsidiary held by us;
- any financial ratios or specified level of net worth to which we or our subsidiaries must adhere;
- any restrictions on our ability to pledge our assets as collateral or otherwise encumber our assets, except for a limitation on liens on the capital stock of our Restricted Subsidiaries (see "Description of Senior Notes — Certain Covenants — Limitation on Liens on Stock of Restricted Subsidiaries"); or
- any restrictions on our ability to contribute our assets to subsidiaries.

As a result, the indenture may not sufficiently protect holders of notes if we are involved in a highly leveraged transaction, reorganization, restructuring, merger or other transaction.

An active after-market for the notes may not develop.

The notes constitute a new issue of securities with no established trading market. An active after-market for the notes may not develop or be sustained, and holders of the notes may not be able to sell their notes at favorable prices or at all. Although the underwriters have indicated to us that they intend to make a market in the notes, they are not obligated to do so and may discontinue any such market-making at any time without notice.

The market prices of the notes may be volatile.

The market prices of the notes will depend on many factors, including, but not limited to, the following:

- credit ratings on our debt securities assigned by rating agencies;
-

the time remaining until maturity of the notes;

- the prevailing interest rates being paid by other companies similar to us;

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- our results of operations, financial condition and prospects; and
- the condition of the financial markets.

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the notes.

Redemption may adversely affect your return on the notes.

We have the right to redeem the notes at the price and on the terms set forth in this prospectus supplement. We may redeem such notes at times when prevailing interest rates may be relatively low. Accordingly, you may not be able to reinvest the amount received upon a redemption in a comparable security at an effective interest rate as high as that of such notes.

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USE OF PROCEEDS
We estimate the net proceeds from the sale of the notes will be approximately $290.6 million, after deducting the underwriting discount and estimated offering expenses payable by us.
We intend to use the net proceeds from this offering to redeem all $185 million aggregate principal amount of our 5.875% Senior Notes due 2043 at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest to, but excluding, the date of redemption. Any remaining net proceeds will be used for general corporate purposes.
The 5.875% Senior Notes due 2043 bear interest at a rate of 5.875% per year and mature on February 9, 2043.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and consolidated capitalization as of December 31, 2018 on an actual basis and as adjusted to give effect to this offering and the anticipated use of proceeds therefrom.

You should read this table in conjunction with the information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes in our Annual Report on Form 10-K for the year ended December 31, 2018, which are incorporated by reference into this prospectus supplement and the accompanying prospectus.

	As of December 31, 2018	
	Actual	As Adjusted
	(in thousands, except per share and share numbers)	
Cash and cash equivalents	$ 505	$ 106,107
Debt (including current portion)		
7.25% Senior Notes due 2034	49,700	49,700
6.70% Senior Notes due 2035	99,069	99,069
5.875% Senior Notes due 2043	180,771	—
1.61% borrowings from FHLBNY	25,000	25,000
1.56% borrowings from FHLBNY	25,000	25,000
3.03% borrowings from FHLBI	60,000	60,000
Notes offered hereby	—	290,602
Total debt(a)	439,540	549,371
Stockholders' equity		
Preferred stock, no par value per share; 5,000,000 shares authorized; no shares issued or outstanding	—	—