

SELECTIVE INSURANCE GROUP INC  
Form DEF 14A  
March 29, 2007  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant  X

Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary proxy statement.
- o **Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- X Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

SELECTIVE INSURANCE GROUP, INC.

(Name of Registrant as Specified In Its Charter)

None

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

Payment of Filing Fee (Check the appropriate box):

- X No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.  
(1) Title of each class of securities to which transaction applies:

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    - o Fee paid previously with preliminary materials.
    - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
      - (1) Amount Previously Paid:
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      - (3) Filing Party:
      - (4) Date Filed:
- 

Selective Insurance Group, Inc.  
40 Wantage Avenue  
Branchville, New Jersey 07890  
  
(973) 948-3000

**March 29, 2007**

**NOTICE OF 2007 ANNUAL MEETING OF STOCKHOLDERS  
AND PROXY STATEMENT**

**April 24, 2007**

The 2007 Annual Meeting of Stockholders of Selective Insurance Group, Inc. ( Selective ) will be held at 9:00 AM on Tuesday, April 24, 2007, in the Auditorium at Selective s principal offices, with both a physical and mailing address of 40 Wantage Avenue, Branchville, New Jersey 07890.

At the meeting, we will ask stockholders to:

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1. Elect three (3) Class I directors for a term expiring in 2010; and
2. Ratify the appointment of KPMG LLP as independent public accountants for the fiscal year ending December 31, 2007.

We plan a brief business meeting focused on these items and we will attend to any other business as may properly come before the meeting and at any adjournments or postponements of the meeting. **The Board of Directors recommends that you vote in favor of Items 1 and 2.** These proposals are further described in the proxy statement.

Also enclosed is Selective's 2006 Annual Report to Stockholders. At the meeting, we will be making a brief presentation on operations and we will offer time for your comments and questions.

Selective stockholders of record at the close of business on March 13, 2007 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 ENCLOSED 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 2007 ANNUAL MEETING.**

Very truly yours,

Gregory E. Murphy

Chairman of the Board, President and Chief Executive Officer

By Order of the Board of Directors:

Michael H. Lanza

Senior Vice President, General Counsel and Corporate Secretary

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**PROXY STATEMENT**

**FOR THE 2007 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD APRIL 24, 2007**

**GENERAL INFORMATION ABOUT SELECTIVE S ANNUAL MEETING**

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

The 2007 Annual Meeting of Stockholders (the Annual Meeting ) will be held on Tuesday, April 24, 2007, at 9:00 AM in the Auditorium at Selective s principal offices at 40 Wantage Avenue, Branchville, New Jersey 07890. Directions are on the back of the proxy statement.

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

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Anyone who owned Selective common stock as of the close of business on March 13, 2007, is entitled to one vote per share owned. There were 55,420,781<sup>1</sup> 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, A. David Brown and J. Brian Thebault, to vote your shares. Unless revoked by you, your proxy will be effective for the Annual Meeting and for any adjournments or continuations 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 or by telephone, telegraph, or special letter by directors, officers, and regular Selective employees for no additional compensation. Selective has engaged Georgeson Shareholder Communications Inc. ( Georgeson ), a proxy solicitation firm, to assist in the solicitation of proxies and the distribution of proxy materials, including reviewing Selective's proxy materials, disseminating broker search cards, soliciting a proxy service company, brokers, banks, and institutional holders, and delivering executed proxies. Georgeson will provide such services for an estimated fee of approximately \$7,500 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, a quorum of 27,710,392 Selective stockholders (a majority of the issued and outstanding shares entitled to vote) must be in attendance or represented by proxy.

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<sup>1</sup> On January 30, 2007, Selective's Board of Directors declared a two-for-one stock split effective February 20, 2007 for all stockholders of record as of the close of business on February 13, 2007. All prices and share numbers contained in this Proxy Statement have been adjusted to reflect the stock split.

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### PROPOSALS FOR STOCKHOLDER VOTE AND APPROVAL REQUIREMENTS

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Management is presenting two (2) proposals for a stockholder vote.

### PROPOSAL 1. ELECTION OF DIRECTORS

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE THREE NOMINATED CLASS I DIRECTORS: W. MARSTON BECKER, GREGORY E. MURPHY, AND WILLIAM M. RUE.

You can find information about these nominees, as well as information about Selective's Board of Directors, its committees, compensation for directors, and other related matters beginning on page 5.

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

- Vote in favor of all the nominees;
- Withhold your votes as to all nominees; or;
- Withhold your votes as to specific nominees.

Assuming a quorum is present, to be elected, a candidate must receive a plurality of the votes cast at the Annual Meeting in person or by proxy. Stockholders may not cumulate their votes. Abstentions and broker non-votes will have no effect on the outcome of the vote.

### PROPOSAL 2. RATIFICATION OF APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANTS

THE BOARD RECOMMENDS THAT YOU VOTE TO RATIFY THE APPOINTMENT OF KPMG LLP AS INDEPENDENT PUBLIC ACCOUNTANTS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2007.

You can find information about Selective's relationship with KPMG LLP beginning on page 35.

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 owners of a majority of the shares of stock present in person or represented by proxy and entitled to vote at the Annual Meeting. Abstentions will have the same effect as votes against Proposal 2 and broker non-votes will have no effect on the outcome of the vote.

**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 of the stockholders 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, Inc. ( NASDAQ ) and United States Securities and Exchange Commission ( 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 were the same as those described on page 37 for next year s meeting.

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**VOTING AND PROXY PROCEDURE**

HOW DO I VOTE?

You can vote four (4) ways:

1. **BY MAIL.** Mark your voting instructions on, then sign and date the proxy card. Then return the proxy card in the 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 Items 1 and 2. If any other matters arise during the meeting which require a vote, the named proxies will exercise their discretion, to the extent permitted by applicable law and NASDAQ and SEC rules and regulations.

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

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You may revoke your proxy before the proxy is exercised by writing to Selective's Corporate Secretary, Michael H. Lanza, 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 23, 2007 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, return it to Selective, or submit your proxy by telephone or Internet as described above, 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** the election of each director nominee and **FOR** the ratification of the appointment of KPMG LLP as Selective's independent public accountants for the fiscal year ending December 31, 2007. 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.

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### HOW WILL VOTES BE COUNTED?

The inspector of elections appointed by the Board of Directors for the Annual Meeting 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. Abstentions and broker non-votes will not be considered in determining whether director nominees have received the requisite number of affirmative votes. For Proposal 2, approval will require the affirmative votes of the holders of a majority of the total number of the votes of the stockholders present at the Annual Meeting or represented by proxy and entitled to vote on the proposal. Abstentions will have the effect of a vote **Against** Proposal 2, and broker non-votes, although counted for purposes of determining the presence of a quorum, will have the effect of a vote neither for nor against such proposal.

### 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.

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**INFORMATION ABOUT PROPOSAL 1**

**Election of Directors**

Selective's Board of Directors currently has twelve (12) directors and is divided into three (3) classes designated Class I, Class II, and Class III. Pursuant to Selective's Restated Certificate of Incorporation, as amended, and its By-laws, Selective may have a minimum of seven (7) and a maximum of twenty (20) directors. By majority vote, the Board of Directors may set the number of directors within this range at any time.

Under Selective's By-laws, directors are elected at the Annual Meeting for terms of three (3) years, unless a director is being elected to fill a vacant, unexpired term. No family relationships exist between any of Selective's current directors, executive officers, and persons nominated by Selective to become a director. At present, the Board has authorized twelve (12) directors.

The Board has ratified the Corporate Governance and Nominating Committee's nomination of the following three (3) incumbent Class I directors to stand for election at the Annual Meeting for terms expiring at the 2010 Annual Meeting or when a successor has been duly elected and qualified: W. Marston Becker, Gregory E. Murphy, and William M. Rue.

All three (3) nominees have consented to being named in this Proxy Statement and to serve if elected and 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**

CLASS I Directors Continuing in Office Until the 2010 Annual Meeting of Stockholders

**Name, Age, Year Elected To**  
**Board of Directors**

**Occupation And Background**

**W. Marston Becker, 54**

Chairman and CEO, Max Re Capital Ltd., since October 2006.

Independent Director, 2006

Director, Max Re Capital Ltd., since 2004.

Chairman and CEO of LaSalle Re Holdings Ltd., since 2002.

Chairman and General Partner of West Virginia Media Holdings, since 2001.

Director, Beazley Group plc, since 2006.

Director, West Virginia University, United Hospital System, since 2004.

Director, Trenwick Group, Ltd., 1997-2003.

CEO, McDonough-Caperton Insurance Group, 1986 to 1994.

Advisory Board Member, Conning Funds, since 1997.

Advisory Board Member, American Securities Funds, since 1997.

Graduate of West Virginia University (B.S.) and (J.D.).

**Name, Age, Year Elected To**

**Board of Directors**

**Gregory E. Murphy, 51**

Employee Director, 1997

**Occupation And Background**

Chairman, President and Chief Executive Officer of Selective, since May 2000

President and Chief Executive Officer of Selective, May 1999 to May 2000.

President and Chief Operating Officer of Selective, 1997 to May 1999.

Other senior executive, management, and operational positions at Selective, since 1980.

Director, Newton Memorial Hospital Foundation, Inc., since 1999.

Director, Insurance Information Institute, since June 2000.

Director, American Insurance Association (AIA), 2002 to December 2006.

Certified Public Accountant (New Jersey) (Inactive).

Trustee, the American Institute for CPCU (AICPCU) and the Insurance Institute of America (IIA), since June 2001.

Graduate of Boston College (B.S.).

Harvard University (Advanced Management Program).

**William M. Rue, 59**

Non-Independent Director,  
1977

President, Rue Insurance, general insurance agency, since 1969.

President, Rue Financial Services, Inc., 2002 to 2006.

Director, 1st Constitution Bank, since 1989.

Director, Robert Wood Johnson University Hospital at Hamilton, since 1993.

Trustee, Rider University, since 1993.

Director, Robert Wood Johnson University Hospital Foundation, since 1999.

Member, National Association of Securities Dealers.

Member, Council of Insurance Agents & Brokers.

Member, Society of CPCU.

Member, Professional Insurance Agents Association.

Graduate of Rider College (B.A.).

**CONTINUING DIRECTORS**

CLASS II Directors Continuing in Office Until the 2009 Annual Meeting of Stockholders

**Name, Age, Year Elected To**

**Board of Directors**

**A. David Brown, 64**

Independent Director, 1996

**Occupation And Background**

Senior Vice President, Human Resources, Linens and Things, Inc., since March 2006

Managing Partner, Bridge Partners, LLC, an executive recruiting firm, 2003 to March 2006.

Partner, Whitehead Mann, executive recruiters, 1997 to 2003.  
 Director, Hanover Direct, 2003 to 2006.  
 Director, Zale Corporation, 1997 to 2006.  
 Director, The Sports Authority, Inc., 1998 to 2003.  
 Trustee, Jackie Robinson Foundation.  
 Graduate of Monmouth University (B.S.).

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**Name, Age, Year Elected To  
Board of Directors**

**Occupation And Background**

**William M. Kearns, Jr., 71**

Independent Director, 1975

Lead Director

Chairman and Co-CEO and other executive positions of Keefe Managers, LLC, a money management firm, since 1998.  
 President, W.M. Kearns & Co., Inc., a private investment company, since 1994.

Trustee of EQ Advisors Trust (Equitable Life Assurance Society of the U.S.), AXA Financial, since 1997.

Trustee, AXA Enterprise Funds, since 2004.

Director, Transitor Devices, Inc., since 1991.

Director, U. S. Shipping Partners L.P., since 2002.

Advisory Director, Gridley and Company LLC, since 2001.

Advisory Director, Proudfoot Consulting, PLC, since 1996.

Advisory Director, Private Client Resources LLC, since 2004.

Trustee, CBR Institute for Biomedical Research, since 2007.

Executive Vice President, Greater NY Councils, Boy Scouts of America, since 1985.

Member, Oncology Philanthropic Leadership Council, Carol G. Simon Cancer Center, Morristown Memorial Health Foundation, since 2005.

Honorary LLD, Gonzaga University.

Graduate of the University of Maine (B.A.).

Graduate of New York University (M.A.).

**S. Griffin McClellan III, 69**

Independent Director, 1980

Retired Banking Executive.

Self-employed Consultant, 1994 to 2001.

Graduate of Harvard University (B.A.).

**J. Brian Thebault, 55**

Independent Director, 1996

Chairman and Chief Executive Officer, L.P. Thebault Company, since 1998.