SELECTIVE INSURANCE GROUP INC
Form 10-Q
July 28, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q
(Mark One)

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

For the quarterly period ended: June 30, 2016
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.
Yesx No o

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).
Yesx No o

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

Large accelerated filer x Accelerated filer o
Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company)

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

As of July 15, 2016, there were 57,812,467 shares of common stock, par value $2.00 per share, outstanding.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS.

SELECTIVE INSURANCE GROUP, INC.
CONSOLIDATED BALANCE SHEETS

($ in thousands, except share amounts)	Unaudited June 30, 2016	December 31, 2015
ASSETS		
Investments:		
Fixed income securities, held-to-maturity – at carrying value (fair value: $167,061 – 2016; $209,544 – 2015)	$160,297	201,354
Fixed income securities, available-for-sale – at fair value (amortized cost: $4,506,580 – 2016; $4,352,514 – 2015)	4,671,786	4,408,203
Equity securities, available-for-sale – at fair value (cost: $126,881 – 2016; $193,816 – 2015)	152,938	207,051
Short-term investments (at cost which approximates fair value)	205,451	194,819
Other investments	76,051	77,842
Total investments (Note 4)	5,266,523	5,089,269
Cash	1,530	898
Interest and dividends due or accrued	39,941	38,501
Premiums receivable, net of allowance for uncollectible accounts of: $4,624 – 2016; $4,422 – 2015	706,555	615,164
Reinsurance recoverables, net of allowance for uncollectible accounts of: $6,100 – 2016; $5,700 – 2015	592,423	561,968
Prepaid reinsurance premiums	145,520	140,889
Deferred federal income tax	47,696	92,696
Property and equipment – at cost, net of accumulated depreciation and amortization of: $193,997 – 2016; $188,548 – 2015	68,573	65,701
Deferred policy acquisition costs	228,554	213,159
Goodwill	7,849	7,849
Other assets	84,477	78,339
Total assets	$7,189,641	6,904,433
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Reserve for loss and loss expenses	$3,590,169	3,517,728
Unearned premiums	1,263,450	1,169,710
Short-term debt	60,000	60,000
Long-term debt	328,433	328,192
Current federal income tax	8,670	7,442
Accrued salaries and benefits	118,733	167,336
Other liabilities	267,449	255,984
Total liabilities	$5,636,904	5,506,392
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: 101,451,214 – 2016; 100,861,372 – 2015	202,903	201,723

Additional paid-in capital	340,109	326,656
Retained earnings	1,509,242	1,446,192
Accumulated other comprehensive income (loss) (Note 10)	72,007	(9,425)
Treasury stock – at cost (shares: 43,638,649 – 2016; 43,500,642 – 2015)	(571,524)	(567,105)
Total stockholders' equity	$1,552,737	1,398,041
Commitments and contingencies		
Total liabilities and stockholders' equity	$7,189,641	6,904,433

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

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SELECTIVE INSURANCE GROUP, INC. UNAUDITED CONSOLIDATED STATEMENTS OF INCOME ($ in thousands, except per share amounts)	Quarter ended June 30, 2016	 2015	Six Months ended June 30, 2016	 2015
Revenues:				
Net premiums earned	$531,932	490,309	1,054,390	966,432
Net investment income earned	31,182	32,230	61,951	59,147
Net realized gains (losses):				
Net realized investment gains	2,314	1,031	3,203	22,008
Other-than-temporary impairments	(559)	(4,451)	(4,152)	(6,545)
Other-than-temporary impairments on fixed income securities recognized in other comprehensive income	10	—	10	—
Total net realized gains (losses)	1,765	(3,420)	(939)	15,463
Other income	3,868	2,854	4,819	4,823
Total revenues	568,747	521,973	1,120,221	1,045,865
Expenses:				
Loss and loss expense incurred	298,479	291,561	595,623	576,560
Policy acquisition costs	190,731	169,770	373,958	334,493
Interest expense	5,620	5,612	11,226	11,216
Other expenses	11,606	8,265	25,228	20,541
Total expenses	506,436	475,208	1,006,035	942,810
Income before federal income tax	62,311	46,765	114,186	103,055
Federal income tax expense:				
Current	18,318	7,733	32,402	19,987
Deferred	392	5,264	1,151	9,592
Total federal income tax expense	18,710	12,997	33,553	29,579
Net income	$43,601	33,768	80,633	73,476
Earnings per share:				
Basic net income	$0.75	0.59	1.40	1.29
Diluted net income	$0.74	0.58	1.38	1.27
Dividends to stockholders	$0.15	0.14	0.30	0.28

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

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SELECTIVE INSURANCE GROUP, INC. UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	Quarter ended June 30,		Six Months ended June 30,	
($ in thousands)	2016	2015	2016	2015
Net income	$43,601	33,768	80,633	73,476
Other comprehensive income (loss), net of tax:				
Unrealized gains on investment securities:				
Unrealized holding gains (losses) arising during period	36,188	(39,160)	78,917	(23,574)
Non-credit portion of other-than-temporary impairments recognized in other comprehensive income	(6)	—	(6)	—
Amounts reclassified into net income:				
Held-to-maturity securities	(12)	(120)	(59)	(290)
Non-credit other-than-temporary impairments	—	—	—	232
Realized (gains) losses on available-for-sale securities	(1,145)	2,225	609	(10,707)
Total unrealized gains (losses) on investment securities	35,025	(37,055)	79,461	(34,339)
Defined benefit pension and post-retirement plans:				
Amounts reclassified into net income:				
Net actuarial loss	985	1,111	1,971	2,222
Total defined benefit pension and post-retirement plans	985	1,111	1,971	2,222
Other comprehensive income (loss)	36,010	(35,944)	81,432	(32,117)
Comprehensive income (loss)	$79,611	(2,176)	162,065	41,359

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

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SELECTIVE INSURANCE GROUP, INC. UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY ($ in thousands)	Six Months ended June 30, 2016	 2015
Common stock:		
Beginning of year	$201,723	199,896
Dividend reinvestment plan (shares: 20,808 – 2016; 26,843 – 2015)	42	54
Stock purchase and compensation plans (shares: 569,034 – 2016; 611,076 – 2015)	1,138	1,222
End of period	202,903	201,172
Additional paid-in capital:		
Beginning of year	326,656	305,385
Dividend reinvestment plan	696	677
Stock purchase and compensation plans	12,757	11,233
End of period	340,109	317,295
Retained earnings:		
Beginning of year	1,446,192	1,313,440
Net income	80,633	73,476
Dividends to stockholders ($0.30 per share – 2016; $0.28 per share – 2015)	(17,583)	(16,235)
End of period	1,509,242	1,370,681
Accumulated other comprehensive income (loss):		
Beginning of year	(9,425)	19,788
Other comprehensive income (loss)	81,432	(32,117)
End of period	72,007	(12,329)
Treasury stock:		
Beginning of year	(567,105)	(562,923)
Acquisition of treasury stock (shares: 138,007 – 2016; 129,352 – 2015)	(4,419)	(3,583)
End of period	(571,524)	(566,506)
Total stockholders' equity	$1,552,737	1,310,313

Selective Insurance Group, Inc. also has authorized, but not issued, 5,000,000 shares of preferred stock, without par value, of which 300,000 shares have been
designated Series A junior preferred stock, without par value.

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

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SELECTIVE INSURANCE GROUP, INC. UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOW ($ in thousands)	Six Months ended June 30, 2016	 2015
Operating Activities		
Net income	$80,633	73,476
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	30,155	29,085
Stock-based compensation expense	7,203	6,049
Undistributed losses of equity method investments	1,677	2,117
Net realized losses (gains)	939	(15,463)
Changes in assets and liabilities:		
Increase in reserve for loss and loss expenses, net of reinsurance recoverables	41,986	66,609
Increase in unearned premiums, net of prepaid reinsurance	89,109	83,789
Decrease in net federal income taxes	2,380	19,232
Increase in premiums receivable	(91,391)	(88,813)
Increase in deferred policy acquisition costs	(15,395)	(17,616)
(Increase) decrease in interest and dividends due or accrued	(1,030)	395
Decrease in accrued salaries and benefits	(48,603)	(18,171)
Increase in other assets	(3,877)	(743)
(Decrease) increase in other liabilities	(34,659)	25,651
Net adjustments	(21,506)	92,121
Net cash provided by operating activities	59,127	165,597
Investing Activities		
Purchase of fixed income securities, available-for-sale	(411,538)	(463,758)
Purchase of fixed income securities, held-to-maturity	(4,235)	—
Purchase of equity securities, available-for-sale	(16,796)	(177,386)
Purchase of other investments	(17,734)	(2,947)
Purchase of short-term investments	(691,496)	(732,278)
Sale of fixed income securities, available-for-sale	22,114	22,323
Sale of short-term investments	680,865	695,901
Redemption and maturities of fixed income securities, held-to-maturity	44,615	68,704
Redemption and maturities of fixed income securities, available-for-sale	264,244	254,995
Sale of equity securities, available-for-sale	83,793	135,548
Distributions from other investments	13,380	17,840
Purchase of property and equipment	(8,187)	(7,591)
Net cash used in investing activities	(40,975)	(188,649)
Financing Activities		
Dividends to stockholders	(16,569)	(15,211)
Acquisition of treasury stock	(4,419)	(3,583)
Net proceeds from stock purchase and compensation plans	4,368	4,037
Proceeds from borrowings	55,000	15,000
Repayments of borrowings	(55,000)	—
Excess tax benefits from share-based payment arrangements	1,761	1,549
Repayments of capital lease obligations	(2,661)	(2,331)
Net cash used in financing activities	(17,520)	(539)

Net increase (decrease) in cash	632	(23,591)
Cash, beginning of year	898	23,959
Cash, end of period	$ 1,530	368

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. Basis of Presentation
As used herein, the "Company," “we,” “us,” or “our” refers to Selective Insurance Group, Inc. (the "Parent"), and its subsidiaries, except as expressly indicated or unless the context otherwise requires. Our interim unaudited consolidated financial statements (“Financial Statements”) have been prepared by us in conformity with U.S. generally accepted accounting principles (“GAAP”) and the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) regarding interim financial reporting. The preparation of the Financial Statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported financial statement balances, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. All significant intercompany accounts and transactions between the Parent and its subsidiaries are eliminated in consolidation.

Certain amounts in our prior years' Financial Statements and related notes have been reclassified to conform to the 2016 presentation. Such reclassifications had no effect on our net income, stockholders' equity, or cash flows.

Our Financial Statements reflect all adjustments that, in our opinion, are normal, recurring, and necessary for a fair presentation of our results of operations and financial condition. Our Financial Statements cover the second quarters ended June 30, 2016 (“Second Quarter 2016”) and June 30, 2015 (“Second Quarter 2015”) and the six-month periods ended June 30, 2016 ("Six Months 2016") and June 30, 2015 ("Six Months 2015"). The Financial Statements do not include all of the information and disclosures required by GAAP and the SEC for audited annual financial statements. Results of operations for any interim period are not necessarily indicative of results for a full year. Consequently, our Financial Statements should be read in conjunction with the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2015 (“2015 Annual Report”) filed with the SEC.

NOTE 2. Accounting Pronouncements
In June 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-12, Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period (“ASU 2014-12”). ASU 2014-12 requires that performance targets that affect vesting and could be achieved after the requisite service period be treated as performance conditions. The adoption of ASU 2014-12 in the first quarter of 2016 did not affect us, as we record expense consistent with the requirements of this accounting update.

In February 2015, the FASB issued ASU 2015-02, Amendments to the Consolidation Analysis (“ASU 2015-02”). ASU 2015-02 affects the following areas: (i) limited partnerships and similar legal entities; (ii) the evaluation of fees paid to a decision maker or a service provider as a variable interest; (iii) the effect of fee arrangements on the primary beneficiary determination; (iv) the effect of related parties on the primary beneficiary determination; and (v) certain investment funds. We adopted this guidance in the first quarter of 2016. Under the new guidance, our limited partnership and tax credit investments are variable interest entities ("VIEs"); however, we are not the primary beneficiary of any of these investments. As such, the adoption had no impact on our financial condition or results of operations. The required disclosures related to our VIEs are included in Note 4. “Investments” below.

In April 2015, the FASB issued ASU 2015-05, Customer's Accounting for Fees Paid in a Cloud Computing Arrangement (“ASU 2015-05”). ASU 2015-05 provides guidance to customers with cloud computing arrangements that include a software license. If a cloud computing arrangement includes a software license, the customer's accounting for the software license element of the arrangement is consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer accounts for the arrangement as a service contract. We adopted this guidance in the first quarter of 2016, with prospective application. The impact of this adoption did not have a material effect on our financial condition or results of operations.

In May 2015, the FASB issued ASU 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (“ASU 2015-07”). ASU 2015-07 provides that investments for which the practical expedient is used to measure fair value at net asset value per share ("NAV") must be removed from the fair value hierarchy. Instead, those investments must be included as a reconciling line item so that the total fair value amount of investments in the disclosure is consistent with the amount on the balance sheet. ASU 2015-07 also includes disclosure requirements for investments for which the NAV practical expedient was used to determine fair value. The adoption of this guidance in the first quarter of 2016 did not impact our financial condition or results of operations.

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Pronouncements to be effective in the future

In August 2014, the FASB issued ASU 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern ("ASU 2014-15"). ASU 2014-15 is intended to define management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and provide related footnote disclosures. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016. Early application is permitted. As the requirements of this literature are disclosure only, ASU 2014-15 will not impact our financial condition or results of operations.

In May 2015, the FASB issued ASU 2015-09, Disclosures about Short-Duration Contracts ("ASU 2015-09"). ASU 2015-09 requires companies that issue short duration contracts to disclose additional information, including: (i) incurred and paid claims development tables; (ii) frequency and severity of claims; and (iii) information about material changes in judgments made in calculating the liability for unpaid claim adjustment expenses, including reasons for the change and the effects on the financial statements. ASU 2015-09 is effective for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016. ASU 2015-09 is to be applied retrospectively by providing comparative disclosures for each period presented, except for those requirements that apply only to the current period. As the requirements of this literature are disclosure only, the application of this guidance will not impact our financial condition or results of operations.

In January 2016, the FASB issued ASU 2016-01 Financial Instruments - Overall (Sub-topic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01"). ASU 2016-01 provides guidance to improve certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. Specifically the guidance: (i) requires equity investments to be measured at fair value with changes in fair value recognized in earnings; (ii) simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment; (iii) eliminates the requirement to disclose the methods and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost; (iv) requires the use of the exit price notion when measuring the fair value of financial instruments for disclosure purposes; and (v) clarifies that the need for a valuation allowance on a deferred tax asset related to an available-for-sale ("AFS") security should be evaluated with other deferred tax assets.

ASU 2016-01 is effective for annual periods beginning after December 15, 2017, including interim periods within those annual periods. Early application to financial statements of annual or interim periods that have not yet been issued are permitted as of the beginning of the year of adoption, otherwise early adoption of ASU 2016-01 is not permitted. We are currently evaluating the impact of this guidance on our financial condition and results of operations.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASU 2016-02"). ASU 2016-02 requires all lessees to recognize a lease liability and a right-of-use asset, measured at the present value of the future minimum lease payments, at the lease commencement date. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim reporting periods within that fiscal year, with early adoption permitted. ASU 2016-02 requires the application of a modified retrospective approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. While we are currently evaluating ASU 2016-02, we do not expect a material impact on our financial condition or results of operations from the adoption of this guidance.

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-based Payment Accounting ("ASU 2016-09"). ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions including: (i) income tax consequences; (ii) classification of awards as either equity or liabilities; (iii) forfeitures assumptions; and (iv) cash flow classification. ASU 2016-09 is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted. While we are currently evaluating ASU 2016-09, we do not expect a material impact on our financial condition or results of operations.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses ("ASU 2016-13"). ASU 2016-13 will change the way entities recognize impairment of financial assets by requiring immediate recognition of estimated credit losses expected to occur over the remaining life of many financial assets, including, among others, held-to-maturity debt securities, trade receivables, and reinsurance receivables. ASU 2016-13 requires a valuation allowance to be calculated on these financial assets and that they be presented on the financial statements net of the valuation allowance. The valuation allowance is a measurement of expected losses that is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. This methodology is referred to as the current expected credit loss model. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those annual periods. Early adoption is permitted, but no earlier than fiscal years

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beginning after December 15, 2018. We are currently evaluating the impact of this guidance on our financial condition and results of operations.

NOTE 3. Statements of Cash Flow

Supplemental cash flow information is as follows:

($ in thousands)	Six Months ended June 30, 2016	2015
Cash paid during the period for:		
Interest	$10,986	10,947
Federal income tax	29,000	8,500
Non-cash items:		
Exchange of fixed income securities, AFS	17,702	17,120
Corporate actions related to equity securities, AFS[1]	3,032	884
Assets acquired under capital lease arrangements	2,999	3,478
Non-cash purchase of property and equipment	577	—

[1]Examples of such corporate actions include non-cash acquisitions and stock splits.

Included in "Other assets" on the Consolidated Balance Sheet was $8.9 million at June 30, 2016 and $5.2 million at June 30, 2015 of cash received from the National Flood Insurance Program ("NFIP"), which is restricted to pay flood claims under the Write Your Own ("WYO") program.

NOTE 4. Investments

(a) Information regarding our held-to-maturity ("HTM") fixed income securities as of June 30, 2016 and December 31, 2015 was as follows:

June 30, 2016

($ in thousands)	Amortized Cost	Net Unrealized Gains (Losses)	Carrying Value	Unrecognized Holding Gains	Unrecognized Holding Losses	Fair Value
Obligations of states and political subdivisions	$131,480	533	132,013	4,260	—	136,273
Corporate securities	23,995	(175)	23,820	2,286	—	26,106
Asset-backed securities (“ABS”)	126	—	126	—	—	126
Commercial mortgage-backed securities (“CMBS”)	4,489	(151)	4,338	218	—	4,556
Total HTM fixed income securities	$160,090	207	160,297	6,764	—	167,061

December 31, 2015

($ in thousands)	Amortized Cost	Net Unrealized Gains (Losses)	Carrying Value	Unrecognized Holding Gains	Unrecognized Holding Losses	Fair Value
Obligations of states and political subdivisions	$175,269	848	176,117	5,763	—	181,880
Corporate securities	20,228	(185)	20,043	1,972	—	22,015
ABS	1,030	(120)	910	118	—	1,028
CMBS	4,527	(243)	4,284	337	—	4,621
Total HTM fixed income securities	$201,054	300	201,354	8,190	—	209,544

Unrecognized holding gains and losses of HTM securities are not reflected in the Financial Statements, as they represent fair value fluctuations from the later of: (i) the date a security is designated as HTM; or (ii) the date that an other-than-temporary impairment ("OTTI") charge is recognized on an HTM security, through the date of the balance sheet. Our HTM securities had an average duration of 1.8 years as of June 30, 2016.

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(b) Information regarding our AFS securities as of June 30, 2016 and December 31, 2015 was as follows:
June 30, 2016

($ in thousands)	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
AFS fixed income securities:				
U.S. government and government agencies	$91,933	4,237	—	96,170
Foreign government	8,635	424	—	9,059
Obligations of states and political subdivisions	1,379,548	82,604	—	1,462,152
Corporate securities	1,977,838	62,233	(1,963)	2,038,108
ABS	257,182	1,656	(127)	258,711
CMBS	249,603	6,484	(51)	256,036
Residential mortgage-backed securities (“RMBS”)	541,841	10,027	(318)	551,550
Total AFS fixed income securities	4,506,580	167,665	(2,459)	4,671,786
AFS equity securities:				
Common stock	114,099	26,343	(1,023)	139,419
Preferred stock	12,782	737	—	13,519
Total AFS equity securities	126,881	27,080	(1,023)	152,938
Total AFS securities	$4,633,461	194,745	(3,482)	4,824,724

December 31, 2015

($ in thousands)	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
AFS fixed income securities:				
U.S. government and government agencies	$99,485	4,721	(91)	104,115
Foreign government	14,885	298	(2)	15,181
Obligations of states and political subdivisions	1,314,779	44,523	(160)	1,359,142
Corporate securities	1,892,296	23,407	(15,521)	1,900,182
ABS	244,541	531	(918)	244,154
CMBS	245,252	750	(2,410)	243,592
RMBS	541,276	4,274	(3,713)	541,837
Total AFS fixed income securities	4,352,514	78,504	(22,815)	4,408,203
AFS equity securities:				
Common stock	181,991	14,796	(1,998)	194,789
Preferred stock	11,825	477	(40)	12,262
Total AFS equity securities	193,816	15,273	(2,038)	207,051
Total AFS securities	$4,546,330	93,777	(24,853)	4,615,254

Unrealized gains and losses of AFS securities represent fair value fluctuations from the later of: (i) the date a security is designated as AFS; or (ii) the date that an OTTI charge is recognized on an AFS security, through the date of the balance sheet. These unrealized gains and losses are recorded in Accumulated other comprehensive income (loss) ("AOCI") on the Consolidated Balance Sheets.

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(c) The following tables provide information regarding our AFS securities in a net unrealized/unrecognized loss position at June 30, 2016 and December 31, 2015:

June 30, 2016	Less than 12 months		12 months or longer	
($ in thousands)	Fair Value	Unrealized Losses[1]	Fair Value	Unrealized Losses[1]
AFS fixed income securities:				
Corporate securities	$96,244	(822)	33,616	(1,141)
ABS	46,992	(117)	4,665	(10)
CMBS	6,348	(4)	10,451	(47)
RMBS	6,835	(19)	50,134	(299)
Total AFS fixed income securities	156,419	(962)	98,866	(1,497)
AFS equity securities:				
Common stock	16,428	(1,023)	—	—
Total AFS equity securities	16,428	(1,023)	—	—
Total AFS	$172,847	(1,985)	98,866	(1,497)

December 31, 2015	Less than 12 months		12 months or longer	
($ in thousands)	Fair Value	Unrealized Losses[1]	Fair Value	Unrealized Losses[1]
AFS fixed income securities:				
U.S. government and government agencies	$16,006	(87)	396	(4)
Foreign government	1,067	(2)	—	—
Obligations of states and political subdivisions	28,617	(160)	—	—
Corporate securities	761,479	(12,671)	50,382	(2,850)
ABS	197,477	(807)	12,022	(111)
CMBS	146,944	(2,196)	15,385	(214)
RMBS	264,914	(1,992)	63,395	(1,721)
Total AFS fixed income securities	1,416,504	(17,915)	141,580	(4,900)
AFS equity securities:				
Common stock	31,148	(1,998)	—	—
Preferred stock	1,531	(40)	—	—
Total AFS equity securities	32,679	(2,038)	—	—
Total AFS	$1,449,183	(19,953)	141,580	(4,900)

[1] Gross unrealized losses include non-OTTI unrealized amounts and OTTI losses recognized in AOCI. In addition, this column includes remaining unrealized gain or loss amounts on securities that were transferred to an HTM designation in the first quarter of 2009 for those securities that are in a net unrealized/unrecognized loss position.

There were no net unrealized/unrecognized losses on our HTM portfolio as of June 30, 2016. The table below provides our net unrealized/unrecognized loss positions by impairment severity for AFS securities as of June 30, 2016 and for both AFS and HTM securities as of December 31, 2015:

($ in thousands)

June 30, 2016			December 31, 2015		
Number of Issues	% of Market/Book	Unrealized/ Unrecognized Loss	Number of Issues	% of Market/Book	Unrealized/ Unrecognized Loss
156	80% - 99%	$ 3,482	606	80% - 99%	$ 22,971
—	60% - 79%	—	3	60% - 79%	1,888
—	40% - 59%	—	—	40% - 59%	—

—	20% - 39%	—	—	20% - 39%	—
—	0% - 19%	—	—	0% - 19%	—
		$ 3,482			$ 24,859

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We do not intend to sell any of the securities in the tables above, nor do we believe we will be required to sell any of these securities. We have also reviewed these securities under our OTTI policy, as described in Note 2. “Summary of Significant Accounting Policies” within Item 8. “Financial Statements and Supplementary Data.” of our 2015 Annual Report, and have concluded that they are temporarily impaired. This conclusion reflects our current judgment as to the financial position and future prospects of the entity that issued the investment security and underlying collateral. If our judgment about an individual security changes in the future, we may ultimately record a credit loss after having originally concluded that one did not exist, which could have a material impact on our net income and financial position in future periods.

(d) Fixed income securities at June 30, 2016, by contractual maturity, are shown below. Mortgage-backed securities ("MBS") are included in the maturity tables using the estimated average life of each security. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations, with or without call or prepayment penalties.

Listed below are the contractual maturities of HTM fixed income securities at June 30, 2016:

($ in thousands)	Carrying Value	Fair Value
Due in one year or less	$84,415	85,514
Due after one year through five years	65,616	69,914
Due after five years through 10 years	10,266	11,633
Total HTM fixed income securities	$160,297	167,061

Listed below are the contractual maturities of AFS fixed income securities at June 30, 2016:

($ in thousands)	Fair Value
Due in one year or less	$482,867
Due after one year through five years	2,425,517
Due after five years through 10 years	1,647,615
Due after 10 years	115,787
Total AFS fixed income securities	$4,671,786

(e) We evaluate the alternative investments and the tax credit investments that are included in our other investments portfolio to determine whether those investments are VIEs and if so, whether consolidation is required. A VIE is an entity that either has equity investors that lack certain essential characteristics of a controlling financial interest or lacks sufficient funds to finance its own activities without financial support provided by other entities. We consider several significant factors in determining if our investments are VIEs and if we are the primary beneficiary including whether we have: (i) the power to direct activities of the VIE; (ii) the ability to remove the decision maker of the VIE; (iii) the ability to participate in making decisions that are significant to the VIE; and (iv) the obligation to absorb losses and the right to receive benefits that could potentially be significant to the VIE. We have determined that the investments in our other investment portfolio are VIEs, but that we are not the primary beneficiary and therefore, consolidation is not required.

The following table summarizes our other investment portfolio by strategy:

Other Investments	June 30, 2016			December 31, 2015		
($ in thousands)	Carrying Value	Remaining Commitment	Maximum Exposure to Loss[1]	Carrying Value	Remaining Commitment	Maximum Exposure to Loss[1]
Alternative Investments						
Private equity	$28,439	34,117	62,556	35,088	30,204	65,292
Private credit	23,336	23,243	46,579	13,246	15,129	28,375

Real assets	14,132	30,273	44,405	19,500	25,820	45,320
Total alternative investments	65,907	87,633	153,540	67,834	71,153	138,987
Other securities	10,144	6,850	16,994	10,008	3,200	13,208
Total other investments	$76,051	94,483	170,534	77,842	74,353	152,195

[1]The maximum exposure to loss includes both the carry value of these investments and the related unfunded commitments. In addition, tax credits that have been previously recognized from our investment in Other securities are subject to the risk of recapture, which we do not consider significant.

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We do not have a future obligation to fund losses or debts on behalf of the investments above; however, we are contractually committed to make additional investments up to the remaining commitment outlined above. We have not provided any non-contractual financial support at any time during 2016 or 2015.

In addition to the strategy descriptions included in Note 5. “Investments” in Item 8. “Financial Statements and Supplementary Data.” of our 2015 Annual Report, our private credit strategy now includes middle market lending, which is a strategy that provides privately negotiated loans to U.S. middle market companies. Typically, these are floating rate, senior secured loans diversified across industries. Loans can be made to private equity sponsor-backed companies or non-sponsored companies to finance leveraged buyouts, recapitalizations, and acquisitions.

The following table sets forth gross summarized financial information for our other investments portfolio, including the portion not owned by us. The majority of these investments are carried under the equity method of accounting. The last line of the table below reflects our share of the aggregate loss, which is the portion included in our Financial Statements. As the majority of these investments report results to us on a one quarter lag, the summarized financial statement information for the three and six-month periods ended March 31 is as follows:

Income Statement Information	Quarter ended March 31,		Six months ended March 31,	
($ in millions)	2016	2015	2016	2015
Net investment (loss) income	$(4.6)	8.5	$37.0	95.6
Realized gains	193.2	279.4	981.1	592.5
Net change in unrealized depreciation	(253.9)	(223.4)	(1,236.5)	(866.9)
Net (loss) gain	$(65.3)	64.5	$(218.4)	(178.8)
Selective’s insurance subsidiaries’ other investments loss	$(0.6)	1.4	$(1.7)	(2.1)

(f) We have pledged certain AFS fixed income securities as collateral related to our: (i) relationships with the Federal Home Loan Bank of Indianapolis ("FHLBI") and the Federal Home Loan Bank of New York ("FHLBNY"); and (ii) reinsurance obligations related to our 2011 acquisition of our excess and surplus lines ("E&S") book of business. In addition, certain securities were on deposit with various state and regulatory agencies at June 30, 2016 to comply with insurance laws. We retain all rights regarding all securities pledged as collateral.

The following table summarizes the market value of these securities at June 30, 2016:

($ in millions)	FHLBI Collateral	FHLBNY Collateral	Reinsurance Collateral	State and Regulatory Deposits	Total
U.S. government and government agencies	$ 7.5	—	—	23.5	31.0
Obligations of states and political subdivisions	—	—	5.0	—	5.0
Corporate securities	—	—	4.8	—	4.8
CMBS	1.1	—	—	—	1.1
RMBS	55.0	29.9	1.6	—	86.5
Total pledged as collateral	$ 63.6	29.9	11.4	23.5	128.4

(g) The Company did not have exposure to any credit concentration risk of a single issuer greater than 10% of the Company's stockholders' equity, other than certain U.S. government agencies, as of June 30, 2016 or December 31, 2015.

(h) The components of pre-tax net investment income earned for the periods indicated were as follows:

	Quarter ended June 30,		Six Months ended June 30,	
($ in thousands)	2016	2015	2016	2015

Fixed income securities	$31,753	30,659	$63,397	61,626
Equity securities	2,204	2,384	4,434	4,176
Short-term investments	142	23	301	48
Other investments	(611)	1,422	(1,677)	(2,118)
Investment expenses	(2,306)	(2,258)	(4,504)	(4,585)
Net investment income earned	$31,182	32,230	$61,951	59,147

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(i) The following tables summarize OTTI by asset type for the periods indicated:

Second Quarter 2016 ($ in thousands)	Gross	Included in Other Comprehensive Income ("OCI")	Recognized in Earnings
AFS fixed income securities:			
Corporate securities	$ 104	—	104
RMBS	98	10	88
Total AFS fixed income securities	202	10	192
AFS equity securities:			
Common stock	357	—	357
Total AFS equity securities	357	—	357
Total OTTI losses	$ 559	10	549

Second Quarter 2015 ($ in thousands)	Gross	Included in OCI	Recognized in Earnings
AFS fixed income securities:			
Corporate securities	$183	—	183
Total AFS fixed income securities	183	—	183
AFS equity securities:			
Common stock	4,088	—	4,088
Preferred stock	180	—	180
Total AFS equity securities	4,268	—	4,268
Total OTTI losses	$4,451	—	4,451

Six Months 2016 ($ in thousands)	Gross	Included in OCI	Recognized in Earnings
AFS fixed income securities:			
Corporate securities	$1,077	—	1,077
RMBS	98	10	88
Total AFS fixed income securities	1,175	10	1,165
AFS equity securities:			
Common stock	2,974	—	2,974
Preferred stock	3	—	3
Total AFS equity securities	2,977	—	2,977
Total OTTI losses	$4,152	10	4,142

Six Months 2015 ($ in thousands)	Gross	Included in OCI	Recognized in Earnings
AFS fixed income securities:			
Corporate securities	$1,192	—	1,192
RMBS	1	—	1
Total AFS fixed income securities	1,193	—	1,193
AFS equity securities:			
Common stock	5,172	—	5,172
Preferred stock	180	—	180
Total AFS equity securities	5,352	—	5,352
Total OTTI losses	$6,545	—	6,545

For a discussion of our evaluation for OTTI of fixed income securities, short-term investments, equity securities, and other investments, refer to Note 2. "Summary of Significant Accounting Policies" in Item 8. "Financial Statements and Supplementary Data." of our 2015 Annual Report.

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(j) The components of net realized gains, excluding OTTI charges, for the periods indicated were as follows:

	Quarter ended June 30,		Six Months ended June 30,	
($ in thousands)	2016	2015	2016	2015
HTM fixed income securities				
Gains	$3	2	3	2
Losses	—	—	(1)	(1)
AFS fixed income securities				
Gains	365	487	985	1,989
Losses	(5)	(18)	(41)	(130)
AFS equity securities				
Gains	2,171	830	2,501	22,148
Losses	(220)	(270)	(240)	(1,346)
Other investments				
Losses	—	—	(4)	(654)
Total net realized gains (excluding OTTI charges)	$2,314	1,031	3,203	22,008

Realized gains and losses on the sale of investments are determined on the basis of the cost of the specific investments sold. Proceeds from the sale of AFS securities were $88.7 million and $19.5 million in Second Quarter 2016 and Second Quarter 2015, respectively, and $105.9 million and $157.9 million in Six Months 2016 and Six Months 2015, respectively. The $22.0 million in net realized gains for Six Months 2015 were primarily due to a change in our dividend equity strategy from a quantitative, model-driven stock selection strategy to a fundamentally-based stock selection approach that incorporates an assessment of the sustainability and growth rate of a company's dividends and future cash flow.

NOTE 5. Indebtedness

During Six Months 2016, Selective Insurance Company of America ("SICA") borrowed the following short-term funds from the FHLBNY:

- $25 million on February 26, 2016 at an interest rate of 0.59%, which was repaid on March 18, 2016;
- $15 million on April 7, 2016 at an interest rate of 0.52%, which was repaid on April 28, 2016; and
- $15 million on April 28, 2016 at an interest rate of 0.53%, which was repaid on May 19, 2016.

Additionally, on July 21, 2016, SICA borrowed $25 million for general corporate purposes from FHLBNY at an interest rate of 1.61%. The principal amount is due in 2021.

For additional information on our indebtedness, see Note 10. "Indebtedness" in Item 8. "Financial Statements and Supplementary Data." of our 2015 Annual Report.

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NOTE 6. Fair Value Measurements

The following table presents the carrying amounts and estimated fair values of our financial instruments as of June 30, 2016 and December 31, 2015:

($ in thousands)	June 30, 2016 Carrying Amount	June 30, 2016 Fair Value	December 31, 2015 Carrying Amount	December 31, 2015 Fair Value
Financial Assets				
Fixed income securities:				
HTM	$160,297	167,061	201,354	209,544
AFS	4,671,786	4,671,786	4,408,203	4,408,203
Equity securities, AFS	152,938	152,938	207,051	207,051
Short-term investments	205,451	205,451	194,819	194,819
Financial Liabilities				
Short-term debt:				
0.63% borrowings from FHLBI	$15,000	15,001	15,000	14,977
1.25% borrowings from FHLBI	45,000	45,113	45,000	45,083
Total short-term debt	$60,000	60,114	60,000	60,060
Long-term debt:				
7.25% Senior Notes	$49,900	61,003	49,898	56,929
6.70% Senior Notes	99,422	118,792	99,415	110,363
5.875% Senior Notes	185,000	194,176	185,000	192,474
Subtotal long-term debt	334,322	373,971	334,313	359,766
Unamortized debt issuance costs	(5,889)		(6,121)	
Total long-term debt	$328,433		328,192	

For a discussion of the fair value and hierarchy of the techniques used to value our financial assets and liabilities, refer to Note 2. "Summary of Significant Accounting Policies" in Item 8. "Financial Statements and Supplementary Data." of our 2015 Annual Report.

The following tables provide quantitative disclosures of our financial assets that were measured at fair value at June 30, 2016 and December 31, 2015:

June 30, 2016		Fair Value Measurements Using		
($ in thousands)	Assets Measured at Fair Value at 6/30/2016	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)[1]	Significant Other Observable Inputs (Level 2)[1]	Significant Unobservable Inputs (Level 3)
Description				
Measured on a recurring basis:				
AFS fixed income securities:				
U.S. government and government agencies	$96,170	38,628	57,542	—
Foreign government	9,059	—	9,059	—

Obligations of states and political subdivisions	1,462,152	—	1,462,152	—
Corporate securities	2,038,108	—	2,038,108	—
ABS	258,711	—	258,711	—
CMBS	256,036	—	256,036	—
RMBS	551,550	—	551,550	—
Total AFS fixed income securities	4,671,786	38,628	4,633,158	—
AFS equity securities:				
Common stock	139,419	136,093	—	3,326
Preferred stock	13,519	13,519	—	—
Total AFS equity securities	152,938	149,612	—	3,326
Total AFS securities	4,824,724	188,240	4,633,158	3,326
Short-term investments	205,451	205,451	—	—
Total assets measured at fair value	$5,030,175	393,691	4,633,158	3,326

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December 31, 2015		Fair Value Measurements Using		
($ in thousands)	Assets Measured at Fair Value at 12/31/2015	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)[1]	Significant Other Observable Inputs (Level 2)[1]	Significant Unobservable Inputs (Level 3)
Description				
Measured on a recurring basis:				
AFS fixed income securities:				
U.S. government and government agencies	$104,115	42,702	61,413	—
Foreign government	15,181	—	15,181	—
Obligations of states and political subdivisions	1,359,142	—	1,359,142	—
Corporate securities	1,900,182	—	1,900,182	—
ABS	244,154	—	244,154	—
CMBS	243,592	—	243,592	—
RMBS	541,837	—	541,837	—
Total AFS fixed income securities	4,408,203	42,702	4,365,501	—
AFS equity securities:				
Common stock	194,789	191,517	—	3,272
Preferred stock	12,262	12,262	—	—
Total AFS equity securities	207,051	203,779	—	3,272
Total AFS securities	4,615,254	246,481	4,365,501	3,272
Short-term investments	194,819	194,819	—	—
Total assets measured at fair value	$4,810,073	441,300	4,365,501	3,272

[1] There were no transfers of securities between Level 1 and Level 2.

The following table provides a summary of the changes in the fair value of securities measured using Level 3 inputs and related
quantitative information for Six Months 2016:

June 30, 2016	Common
($ in thousands)	Stock
Fair value, December 31, 2015	$3,272
Total net (losses) gains for the period included in:	
OCI	—
Net income	—
Purchases	1,854
Sales	(1,800)
Issuances	—
Settlements	—
Transfers into Level 3	—
Transfers out of Level 3	—
Fair value, June 30, 2016	$3,326

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The following tables provide quantitative information regarding our financial assets and liabilities that were disclosed at fair value at June 30, 2016 and December 31, 2015:

June 30, 2016		Fair Value Measurements Using		
($ in thousands)	Assets/ Liabilities Disclosed at Fair Value at 6/30/2016	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets				
HTM:				
Obligations of states and political subdivisions	$ 136,273	—	136,273	—
Corporate securities	26,106	—	18,541	7,565
ABS	126	—	126	—
CMBS	4,556	—	4,556	—
Total HTM fixed income securities	$ 167,061	—	159,496	7,565
Financial Liabilities				
Short-term debt:				
0.63% borrowings from FHLBI	$ 15,001	—	15,001	—
1.25% borrowings from FHLBI	45,113	—	45,113	—
Total short-term debt	$ 60,114	—	60,114	—
Long-term debt:				
7.25% Senior Notes	$ 61,003	—	61,003	—
6.70% Senior Notes	118,792	—	118,792	—
5.875% Senior Notes	194,176	194,176	—	—
Total long-term debt	$ 373,971	194,176	179,795	—

December 31, 2015		Fair Value Measurements Using		
($ in thousands)	Assets/ Liabilities Disclosed at Fair Value at 12/31/2015	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets				
HTM:				
Obligations of states and political subdivisions	$ 181,880	—	181,880	—
Corporate securities	22,015	—	18,679	3,336

ABS	1,028	—	1,028	—
CMBS	4,621	—	4,621	—
Total HTM fixed income securities	$ 209,544	—	206,208	3,336
Financial Liabilities				
Short-term debt:				
0.63% borrowings from FHLBI	$ 14,977	—	14,977	—
1.25% borrowings from FHLBI	45,083	—	45,083	—
Total short-term debt	$ 60,060	—	60,060	—
Long-term debt:				
7.25% Senior Notes	$ 56,929	—	56,929	—
6.70% Senior Notes	110,363	—	110,363	—
5.875% Senior Notes	192,474	192,474	—	—
Total long-term debt	$ 359,766	192,474	167,292	—

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NOTE 7. Reinsurance

The following table contains a listing of direct, assumed, and ceded reinsurance amounts for premiums written, premiums earned, and loss and loss expenses incurred for the periods indicated. For more information concerning reinsurance, refer to
Note 8. "Reinsurance" in Item 8. "Financial Statements and Supplementary Data." of our 2015 Annual Report.

	Quarter ended June 30,		Six Months ended June 30,	
($ in thousands)	2016	2015	2016	2015
Premiums written:				
Direct	$665,862	621,408	$1,312,140	1,220,191
Assumed	7,788	4,960	14,108	11,041
Ceded	(95,510)	(94,235)	(182,749)	(181,011)
Net	$578,140	532,133	$1,143,499	1,050,221
Premiums earned:				
Direct	$612,406	576,107	$1,219,067	1,138,149
Assumed	7,171	5,093	13,441	11,001
Ceded	(87,645)	(90,891)	(178,118)	(182,718)
Net	$531,932	490,309	$1,054,390	966,432
Loss and loss expense incurred:				
Direct	$362,064	316,648	$723,703	628,894
Assumed	6,140	4,228	12,495	8,890
Ceded	(69,725)	(29,315)	(140,575)	(61,224)
Net	$298,479	291,561	$595,623	576,560

Ceded premiums and losses related to our participation in the NFIP, under which 100% of our flood premiums, losses, and loss expenses are ceded to the NFIP, are as follows:

Ceded to NFIP	Quarter ended June 30,		Six Months ended June 30,	
($ in thousands)	2016	2015	2016	2015
Ceded premiums written	$(63,906)	(62,479)	$(117,154)	(116,321)
Ceded premiums earned	(56,667)	(58,781)	(113,481)	(117,779)
Ceded loss and loss expense incurred	(24,261)	(14,684)	(64,979)	(20,933)

NOTE 8. Segment Information

We classify our business into four reportable segments, which are as follows:

- 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.

- Standard Personal Lines - comprised of insurance products and services, including flood insurance coverage, provided primarily to individuals acquiring coverage in the standard marketplace.

- E&S Lines - comprised of insurance products and services provided to customers who have not obtained coverage in the standard marketplace.

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

In computing the results of each segment, we do not make adjustments for interest expense or net general corporate expenses. While we do not fully allocate taxes to all segments, we do allocate taxes to our Investments segment as we manage that segment on after-tax results. We do not maintain separate investment portfolios for the segments and therefore, do not allocate assets to the segments.

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The following summaries present revenues (net investment income and net realized gains on investments in the case of the Investments segment) and pre-tax income for the individual segments:

Revenue by Segment	Quarter ended June 30,		Six Months ended June 30,	
($ in thousands)	2016	2015	2016	2015
Standard Commercial Lines:				
Net premiums earned:				
Commercial automobile	$98,896	88,658	194,315	175,013
Workers compensation	75,251	70,954	151,251	139,431
General liability	129,283	119,207	257,368	234,178
Commercial property	73,591	66,549	143,769	131,112
Businessowners' policies	24,651	23,178	48,555	45,877
Bonds	5,665	5,106	11,129	10,106
Other	3,940	3,553	7,779	7,021
Miscellaneous income	3,567	2,563	4,257	4,232
Total Standard Commercial Lines revenue	414,844	379,768	818,423	746,970
Standard Personal Lines:				
Net premiums earned:				
Personal automobile	35,881	36,740	71,661	73,750
Homeowners	33,411	33,731	66,311	67,452
Other	1,532	1,600	3,057	3,348
Miscellaneous income	301	291	561	591
Total Standard Personal Lines revenue	71,125	72,362	141,590	145,141
E&S Lines:				
Net premiums earned:				
General liability	35,452	28,793	70,974	55,519
Commercial property	11,716	10,464	23,160	20,119
Commercial automobile	2,663	1,776	5,061	3,506
Miscellaneous income	—	—	1	—
Total E&S Lines revenue	49,831	41,033	99,196	79,144
Investments:				
Net investment income	31,182	32,230	61,951	59,147
Net realized investment gains (losses)	1,765	(3,420)	(939)	15,463
Total Investments revenue	32,947	28,810	61,012	74,610
Total revenues	$568,747	521,973	1,120,221	1,045,865

Income Before Federal Income Tax	Quarter ended June 30,		Six Months ended June 30,	
($ in thousands)	2016	2015	2016	2015
Standard Commercial Lines:				
Underwriting gain	$40,173	35,241	71,105	65,277
GAAP combined ratio	90.2 %	90.7	91.3	91.2
Statutory combined ratio	88.6	90.1	89.1	89.9
Standard Personal Lines:				
Underwriting gain (loss)	$6,125	(4,655)	14,730	(7,121)
GAAP combined ratio	91.4 %	106.5	89.6	104.9
Statutory combined ratio	89.9	105.4	90.1	105.2
E&S Insurance Operations:				

Underwriting loss	$(2,521)	(1,462)	(1,103)	(3,011)
GAAP combined ratio	105.1 %	103.6	101.1	103.8
Statutory combined ratio	102.7	102.7	100.6	102.5
Investments:				
Net investment income	$31,182	32,230	61,951	59,147
Net realized investment gains (losses)	1,765	(3,420)	(939)	15,463
Total investment income, before federal income tax	32,947	28,810	61,012	74,610
Tax on investment income	8,275	6,254	14,538	18,572
Total investment income, after federal income tax	$24,672	22,556	46,474	56,038

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Reconciliation of Segment Results to Income Before Federal Income Tax	Quarter ended June 30,		Six Months ended June 30,	
($ in thousands)	2016	2015	2016	2015
Underwriting gain (loss), before federal income tax				
Standard Commercial Lines	$40,173	35,241	71,105	65,277
Standard Personal Lines	6,125	(4,655)	14,730	(7,121)
E&S Lines	(2,521)	(1,462)	(1,103)	(3,011)
Investment income, before federal income tax	32,947	28,810	61,012	74,610
Total all segments	76,724	57,934	145,744	129,755
Interest expense	(5,620)	(5,612)	(11,226)	(11,216)
General corporate and other expenses	(8,793)	(5,557)	(20,332)	(15,484)
Income before federal income tax	$62,311	46,765	114,186	103,055

NOTE 9. Retirement Plans

SICA's primary pension plan is the Retirement Income Plan for Selective Insurance Company of America (the “Pension Plan”). SICA also sponsors the Supplemental Excess Retirement Plan (the “Excess Plan”) and a life insurance benefit plan. All plans are closed to new entrants and benefits ceased accruing under the Pension Plan and the Excess Plan after March 31, 2016. For more information concerning SICA's retirement plans, refer to Note 14. “Retirement Plans” in Item 8. “Financial Statements and Supplementary Data.” of our 2015 Annual Report.

The following tables provide information regarding the Pension Plan:

	Pension Plan Quarter ended June 30,		Pension Plan Six Months ended June 30,	
($ in thousands)	2016	2015	2016	2015
Net Periodic Benefit Cost:				
Service cost	$—	1,912	1,606	3,825
Interest cost	3,104	3,407	6,203	6,816