



Delphi Financial Group, Inc.

(NYSE:DFG)

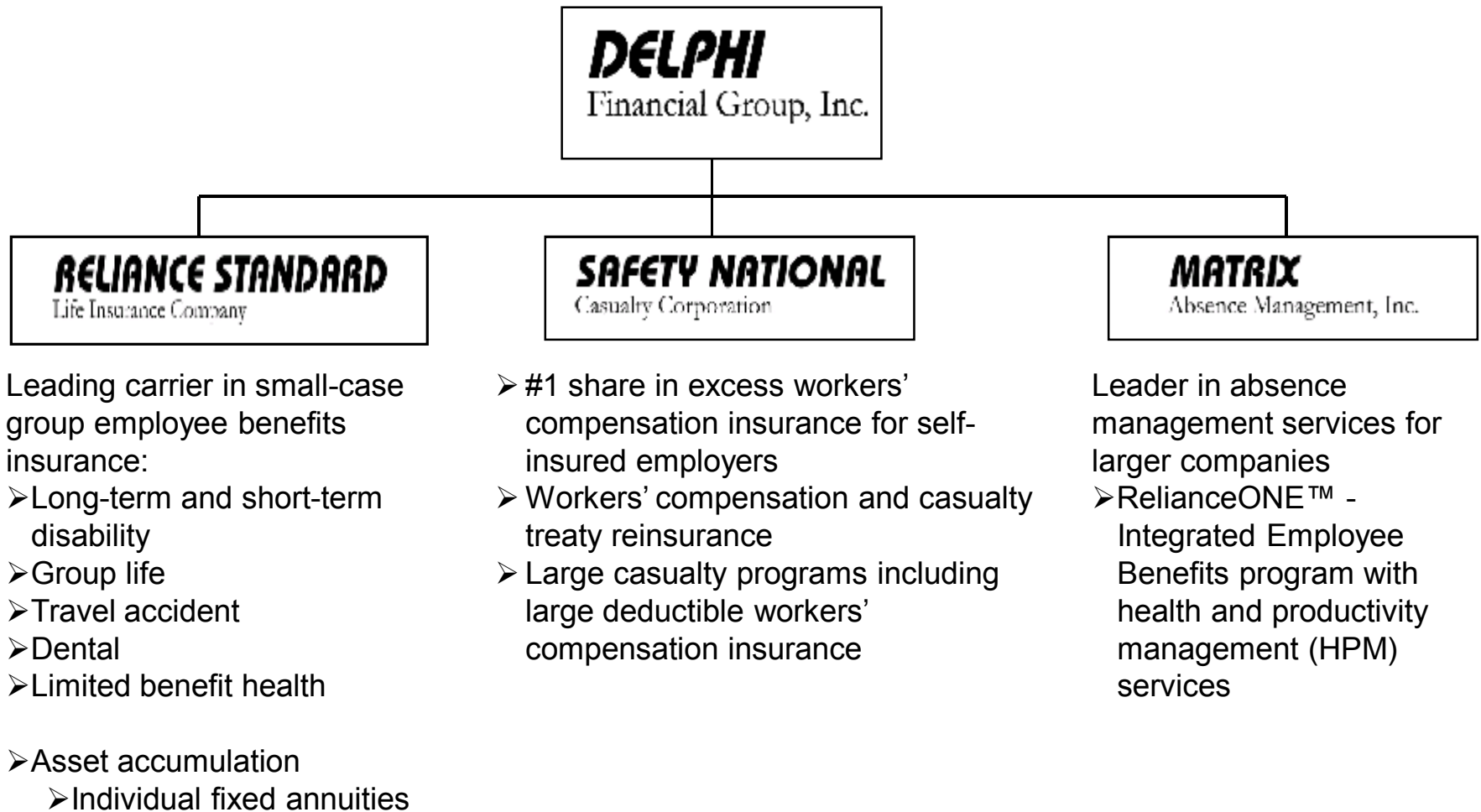
**FBR Fall Investor Conference
November 29, 2011**

**Stephan Kiratsous
Executive VP and Chief Financial Officer**

Delphi Financial Group, Inc.

- Financial services holding company focused on specialty insurance and insurance-related businesses
- Market leader in profitable niche markets
- Core franchise in group employee benefits insurance
- Asset accumulation business provides diversification and additional profits
- Highly experienced management teams operating on decentralized basis
- Superior investment performance; investments managed at the holding company as a core competency
- Emphasis on operating earnings growth and returns on capital

Execution Through Top-Tier Companies

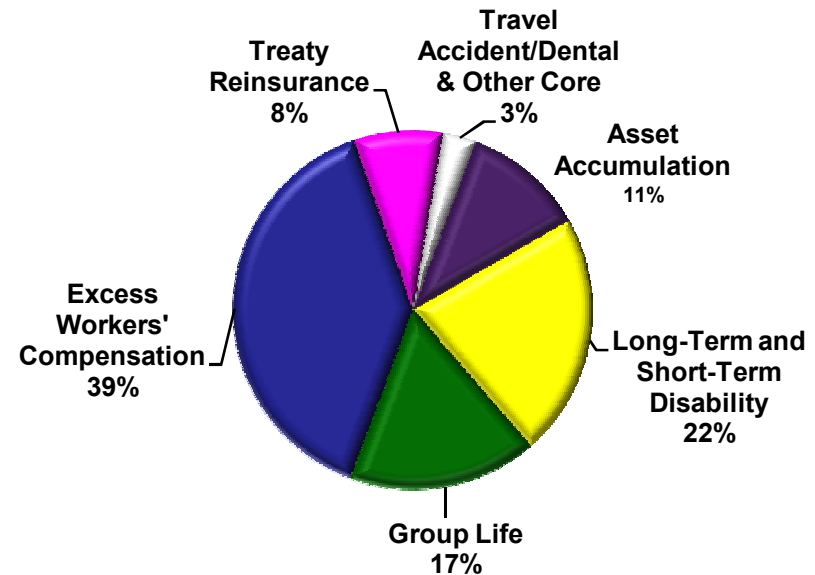
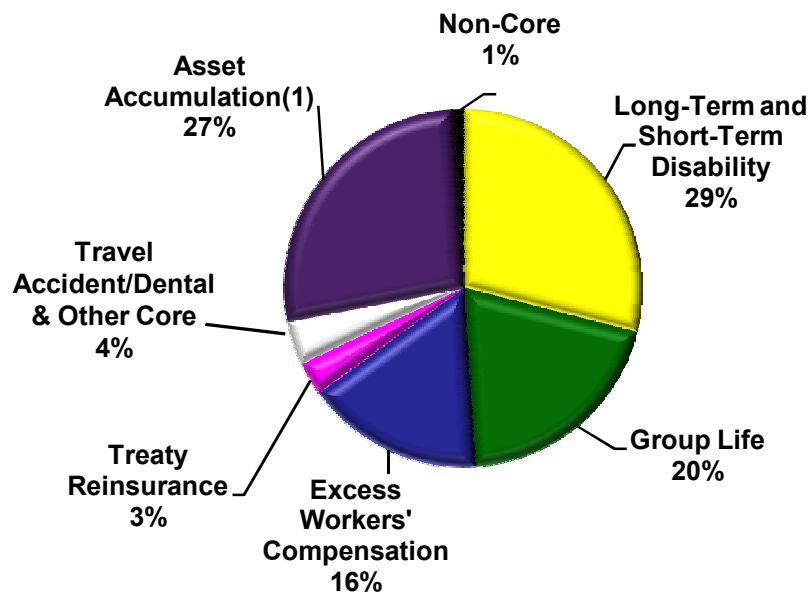


Diversified Revenue and Profit Base

Nine months ended September 30, 2011

Premium Revenue⁽¹⁾
\$1,540.3 million

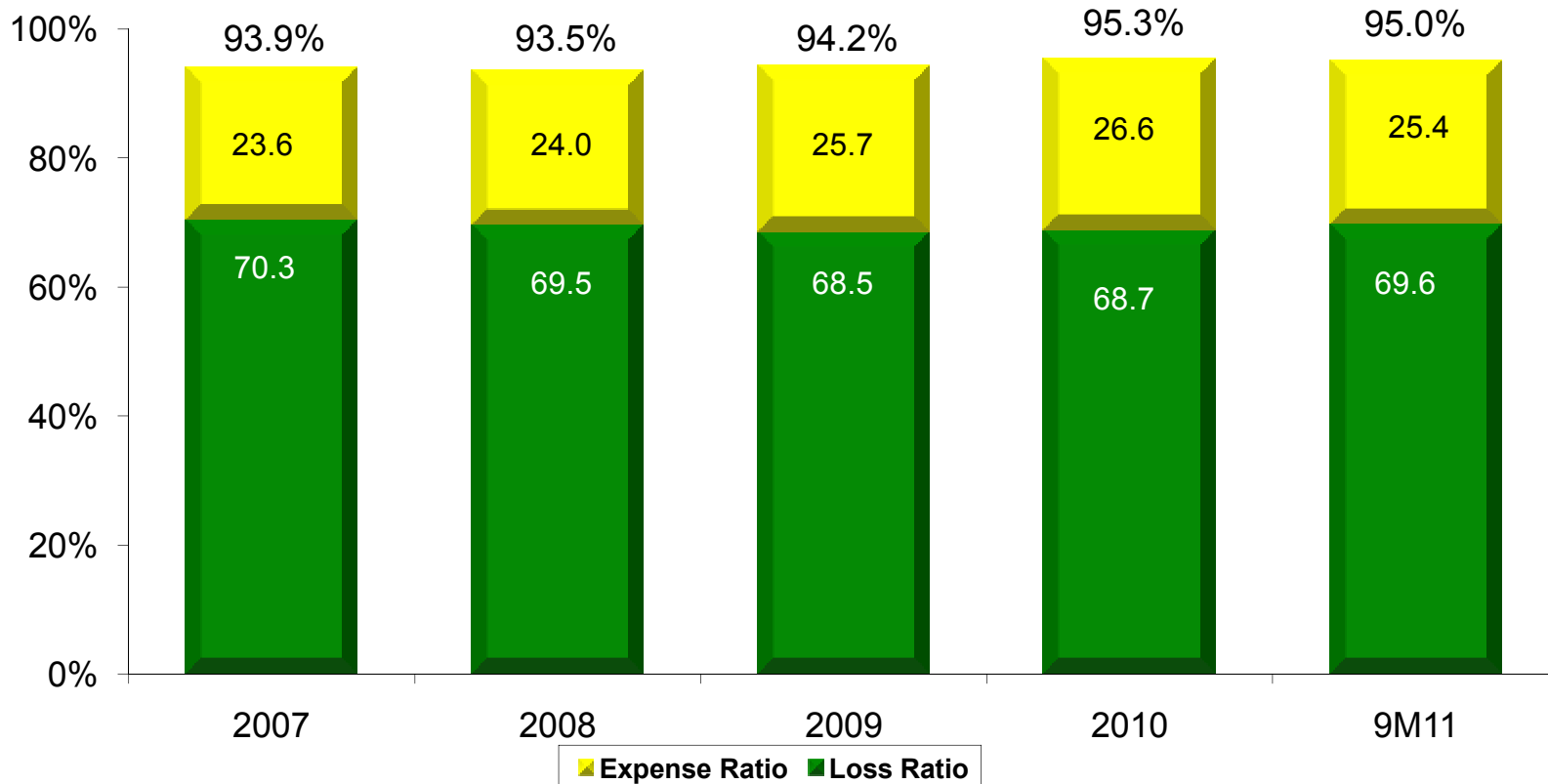
Operating Profit⁽²⁾
\$232.0 million



- (1) Group Employee Benefits and Asset Accumulation Premiums including annuity sales, excluding integrated disability and absence management services.
 (2) Excludes realized investment gains and losses, interest, taxes, integrated disability and absence management services and certain corporate activities.

Focus on Underwriting Profitability

Delphi GAAP Combined Ratio⁽¹⁾



(1) On January 1, 2011, the Company adopted FASB Accounting Standards Update No. 2010-26 on a retrospective basis. As a result, certain financial information for prior periods was restated, including Delphi's GAAP Combined Ratio.

Strong Liquidity and Capital Position

- Long-tail, stable group insurance liabilities
- Surrender charges or MVA protection on most annuities
- \$135 million of holding company financial assets at 9/30/11
- Shareholders' equity of \$1.7 billion
- Debt-to-total capitalization of 16.5%

	<u>A.M. Best</u>	<u>S&P</u>	<u>Moody's</u>	<u>Fitch</u>
RSL Financial Strength	A	A	A3	A-
SN Financial Strength	A	A	A3	A-
DFG Senior Debt	bbb	BBB	Baa3	BBB-

NOTE: All ratings are "Stable" outlook

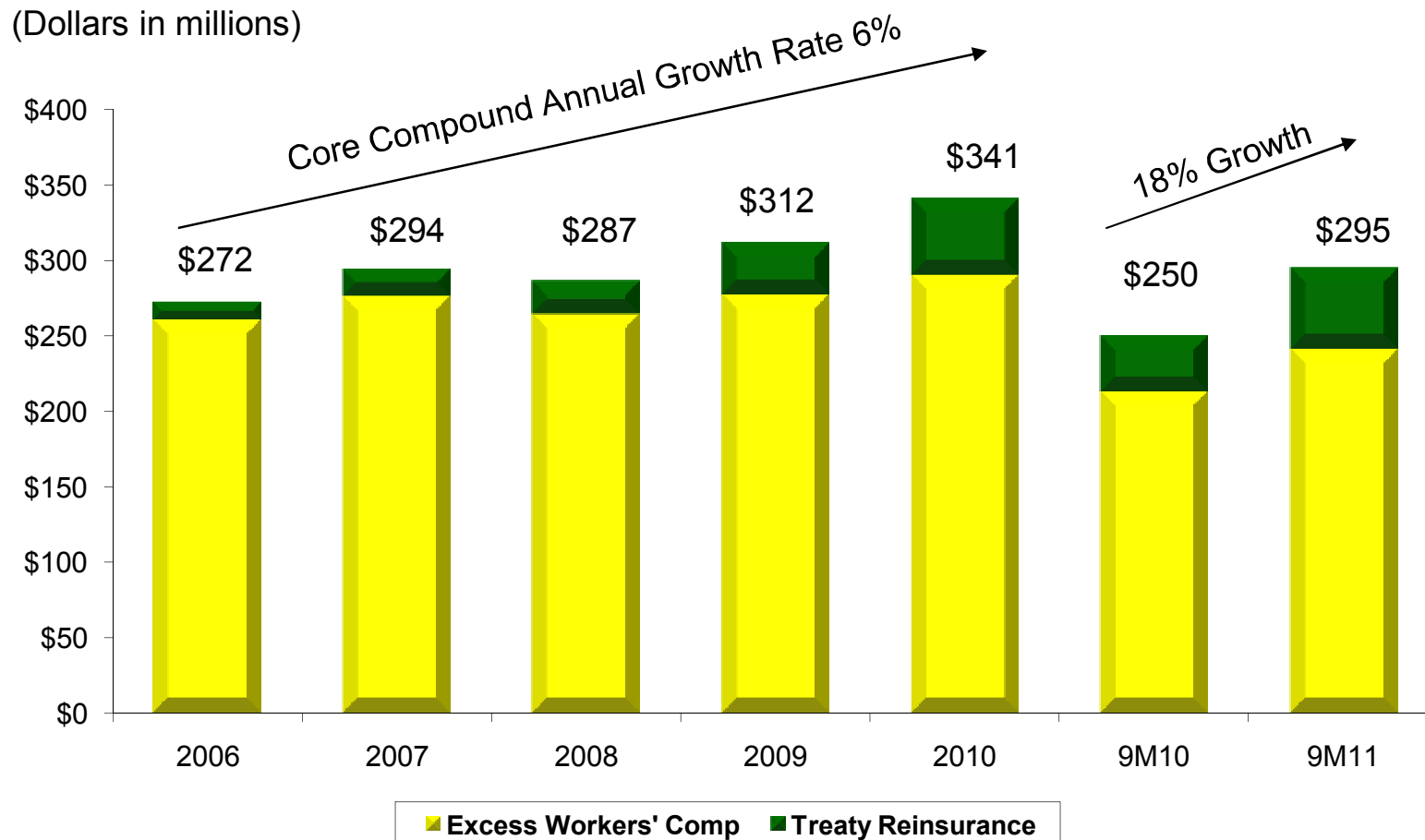
Safety National: The Market Leader

- Founded in 1942, acquired by Delphi in 1996
- Headquartered in St. Louis, Missouri
- Longest continuous provider of excess workers' compensation for self-insured employers in U.S., with #1 market share
 - Insures 9.5 million workers, 7% of the American workforce
 - Licensed and admitted in all 50 states, the District of Columbia, Puerto Rico and Canada
- Safety also writes large casualty, treaty reinsurance and select other lines

Attractive Business Model

- Compelling economic model due to length and predictability of excess workers' compensation reserves
 - 15+ year average duration of liabilities
 - Large investible float, strong cash flow dynamics
- Confidence in reserves
 - Predictable claim payments
 - 65+ years of experience
 - Stable book of business with high persistency
- Able to capitalize on favorable market conditions
 - Competitors in weakened positions
 - Positive trends in 3Q11 renewals with average rates up 3% and average self-insured retentions up 4%

Strong Premium Growth at Safety National



Commanding Market Position

- Safety National is expanding its leading market share in providing coverage to self-insureds

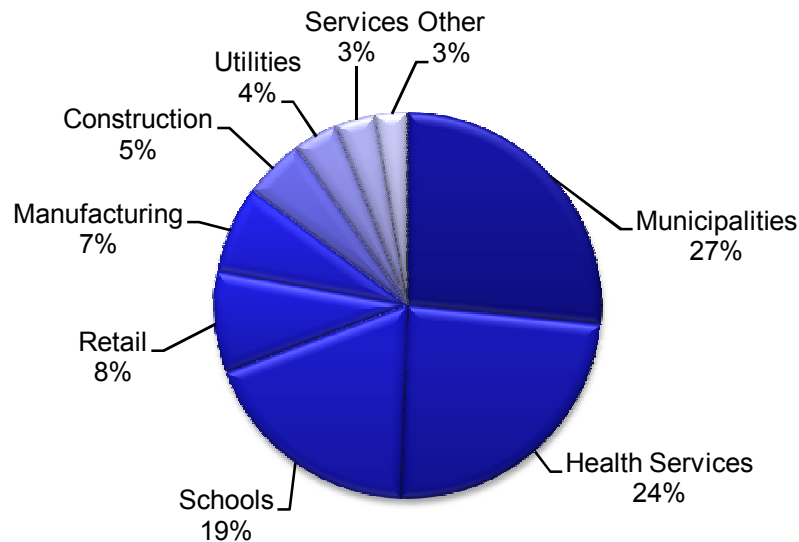
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Safety National	27%	25%	22%
Competitor 2	14%	16%	18%
Competitor 3	11%	10%	12%

- Competitive environment stable with high barriers to profitable entry
 - Underwriting expertise
 - Proprietary database
 - Strong broker relationships
- High customer retention level
 - 95% in 2010
 - Average retention ratio of 91% since 2004

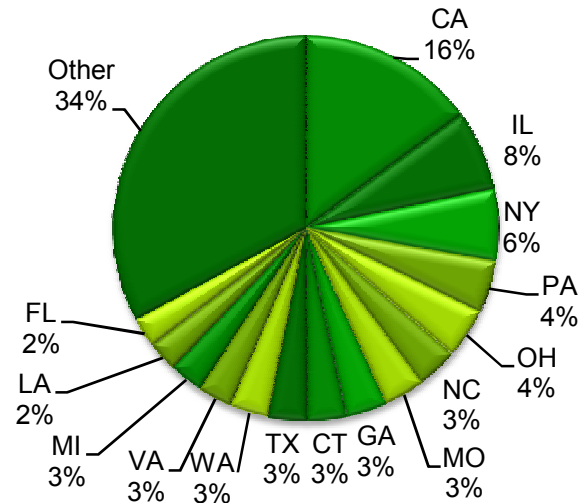
Diversified Book of Business

Safety National Excess Workers' Compensation Premiums (at 09/30/2011)

By Industry



By State



Growth Initiatives at Safety National

➤ Treaty reinsurance

- Premiums up 46% in 9M11 to \$54 million vs. \$37 million in 9M10
- Participating in excess of loss treaties for regional workers' compensation carriers

➤ Large casualty program including large deductible workers' comp

- Premiums up 56% in 9M11 to \$25.1 million vs. \$16.1 million in 9M10
- Significantly larger market for packaged product with auto liability/general liability
- Conservative policy design and limits

➤ Loss portfolio transfers

- \$39 million in deposits in 9M11 vs. \$11 million in 9M10
- Product manager hired in 2008 to focus on LPT opportunities

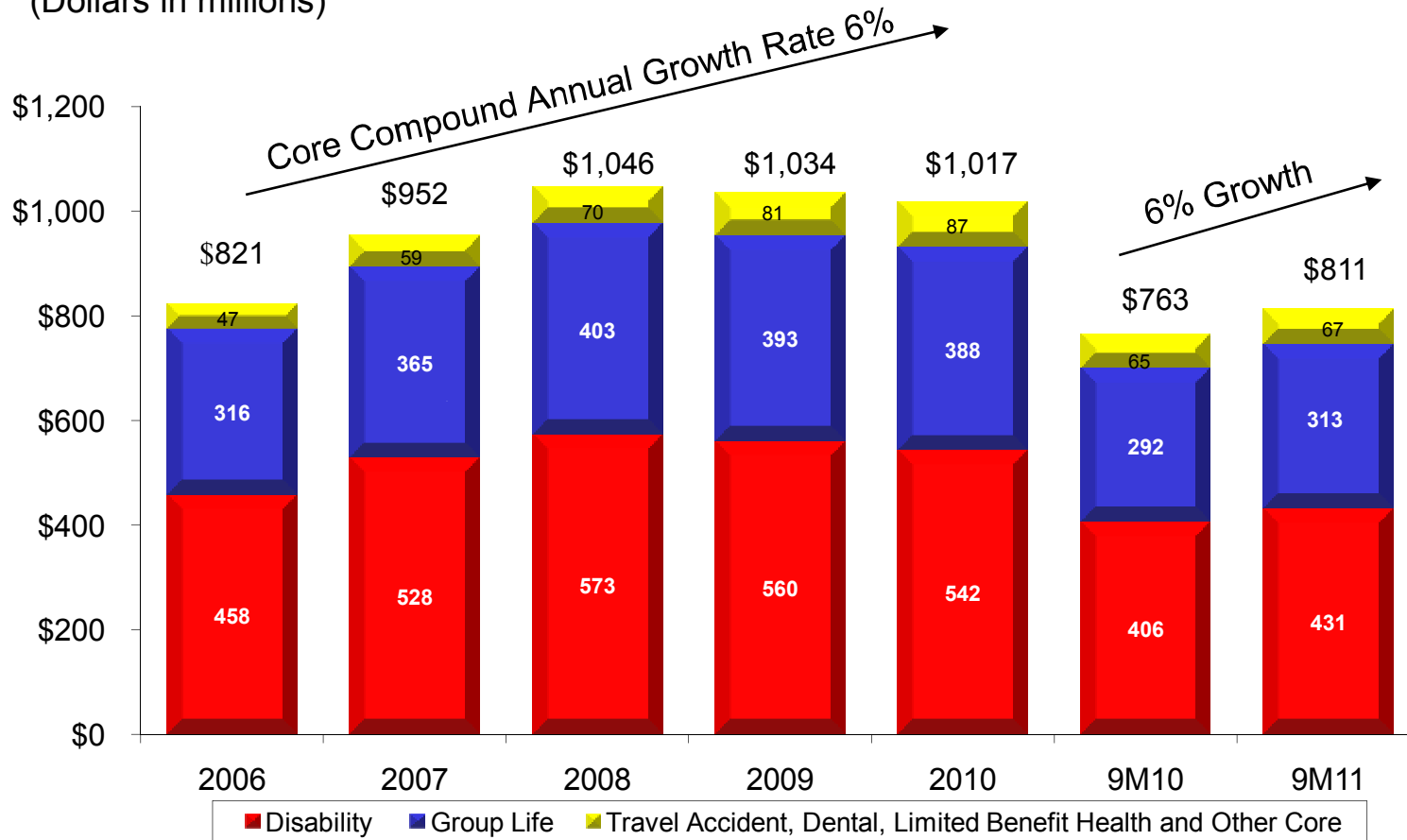
RSL - Top Tier Carrier in Small Case Market

- Reliance Standard Life founded in 1907, acquired by Delphi in 1987
- Headquartered in Philadelphia, Pennsylvania
- Underwrites diverse portfolio of disability, group life, travel accident, dental and limited benefit health insurance products
 - Products sold nationwide through independent brokers and agents
- Significant market presence in group employee benefits
 - #11 nationwide in 2010 in Group LTD in-force premiums*
 - #12 nationwide in 2010 in Group Life in-force premiums*
- RSL also markets asset accumulation products, primarily fixed annuities to individuals

*Source – Gen Re Group Market Survey

RSL Core Premium Growth

(Dollars in millions)



Superior Competitive Performance

- RSL's combined ratios consistently better than peers

	2004 – 2010	
	<u>Combined Ratios</u>	<u>Volatility</u>
RSL	95.3%	1.4%
Group benefits peers*	104.3%	3.0%

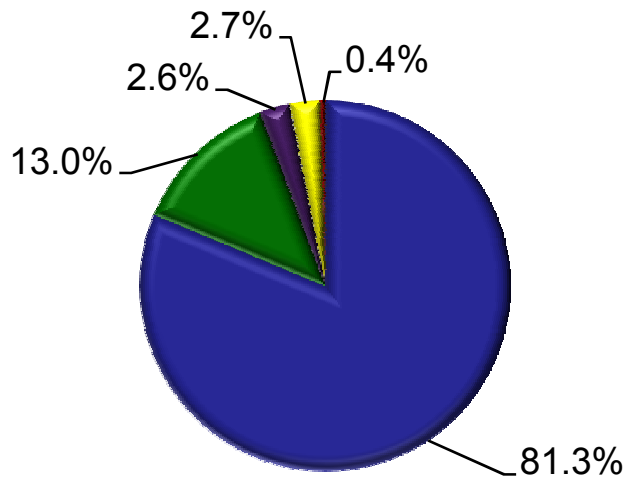
- RSL's premium growth since 2004 has also been better than peers: 9.4% vs 2.3%*
- Better profit margins in under-500 employee segment
 - Smaller brokers - relationship driven
 - Less price sensitive
 - More conservative plan designs

* Data from company reports and SNL Financial. Peer group consists of Aetna, Assurant, CIGNA, Hartford, Lincoln, Prudential, Stancorp, Unum.

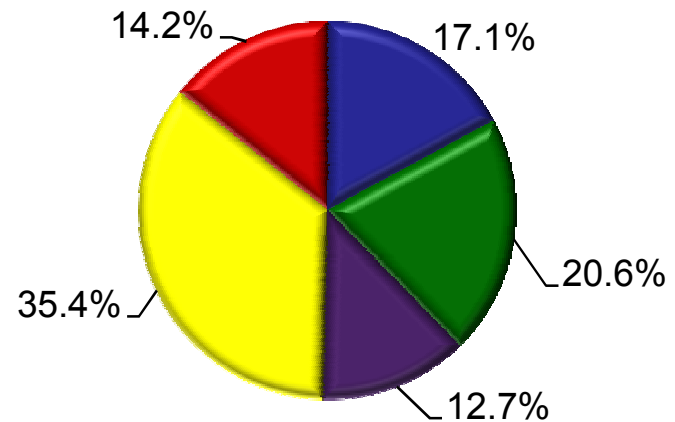
Concentration in Small Case Niche

RSL Case Size Breakdown
at 9/30/11

Number of Policies



Premium Dollars

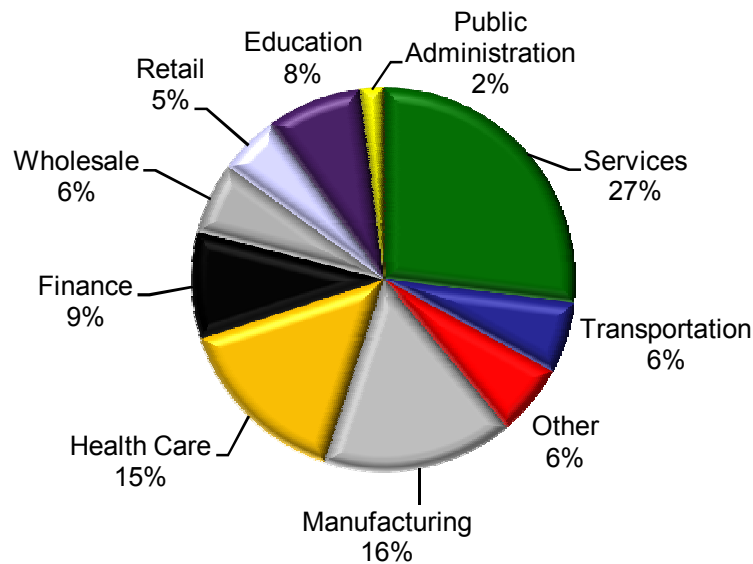


■ 0-100 ■ 101-500 ■ 501-1,000 ■ 1,001-5,000 ■ >5,000

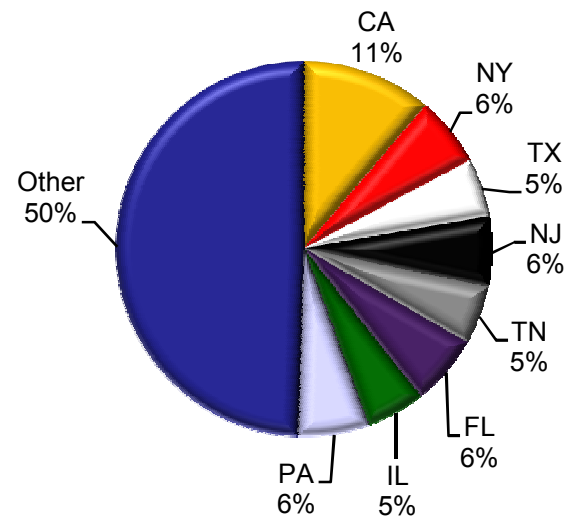
Diverse Spread of Risk

RSL Core Group Employee Benefits Premiums at 9/30/11

By Industry



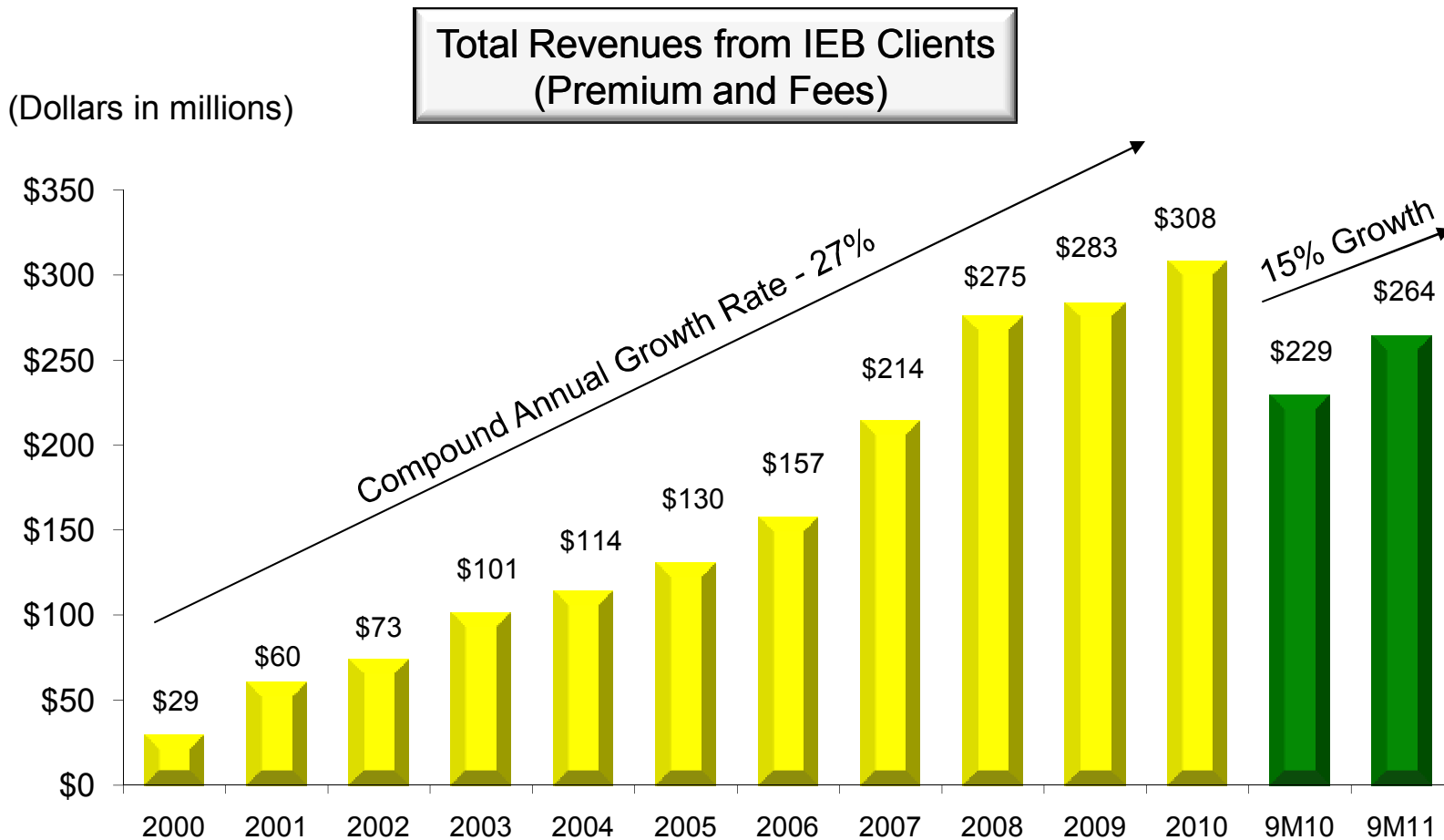
By State



RSL Growth Initiatives

- Increasing contribution from Voluntary Products
- Effective alternative distribution with Custom Disability Solutions turnkey disability division
- Differentiated approach to larger cases with Integrated Employee Benefits program

Growth in Integrated Employee Benefits Program



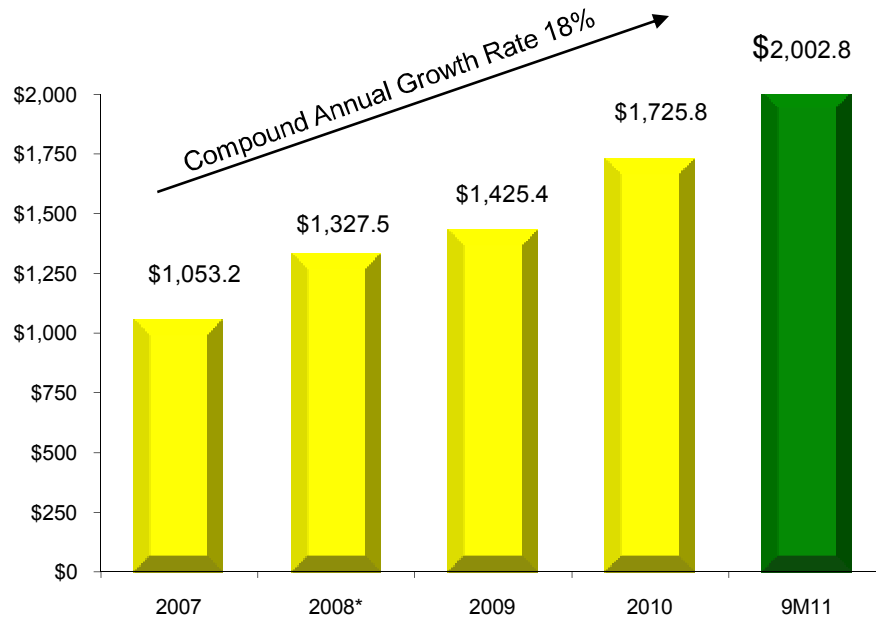
Profitable Asset Accumulation Business

- \$2.0 billion in funds under management at 9/30/11, up 23% from 9/30/10
- Primary focus on retail fixed annuities
 - Sold through approximately 85 annuity marketing wholesalers
 - Low fixed cost infrastructure permits opportunistic approach
 - MVA feature reduces interest rate risk (approx. 90% of traditional fixed annuity production)
- Segment typically contributes 10-15% of Delphi's operating income
 - Profit margins have averaged over 200 bps as a percent of assets under management since 2001

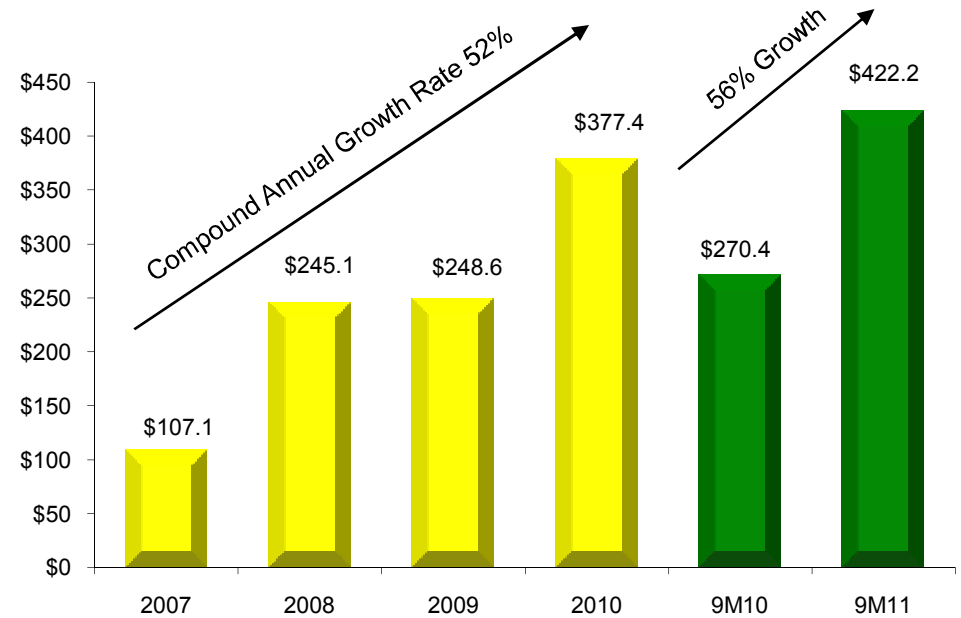
Asset Accumulation Growth

(Dollars in millions)

Annuity Funds Under Management



Annuity Production



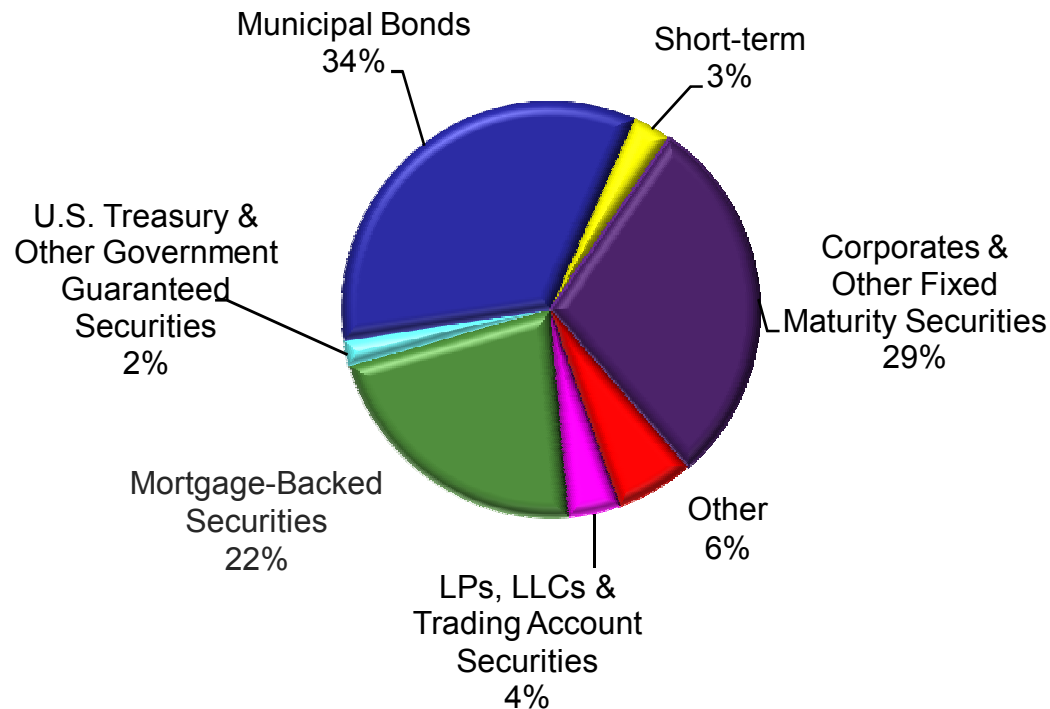
*includes \$135 million reserve buyout 3Q08

Investment Management – A Core Competency

- Delphi's investment return over the past 10 years has outperformed the Barclays Capital Aggregate Bond Index by 124 bps annually
- 2010 outperformance was 246 bps
- Portfolio managed for cash flow and matching of assets and liabilities
- Focus on high quality, liquid investments with readily ascertainable value
- Portfolio outperformance highlights benefits of diversification among multiple asset classes

Diversified Investment Portfolio

September 30, 2011 = \$7.3B MV



A Prudent Way to Enhance Returns

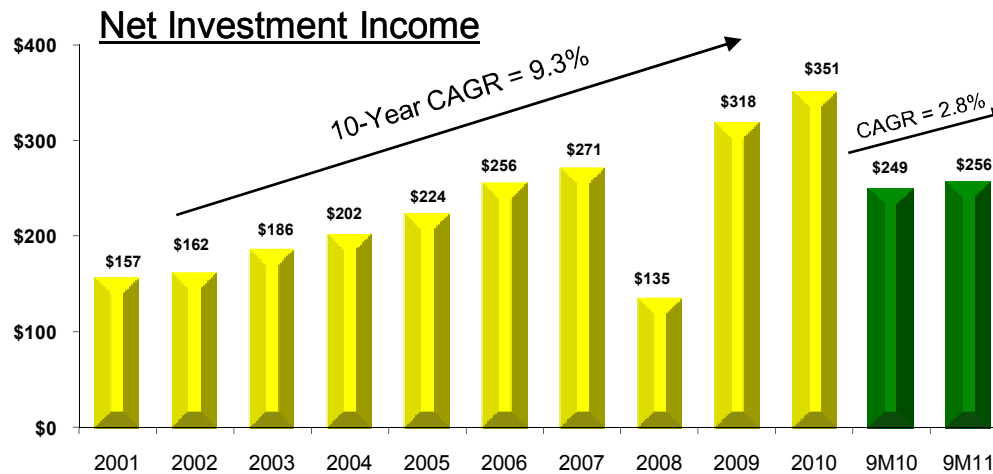
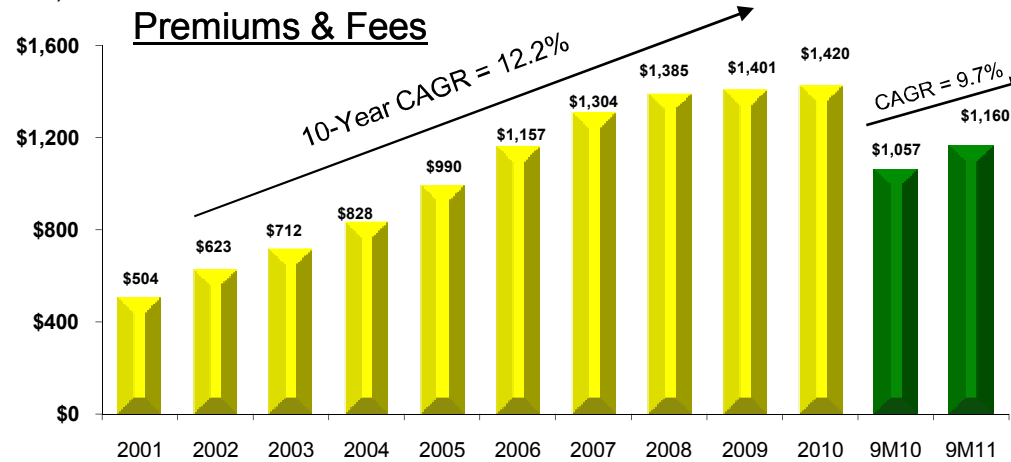
- Delphi's investment philosophy has been to focus on sector allocation and selection of "best of breed" portfolio managers
- Delphi's management team has significant investment experience in this regard
 - Strategy identification and allocation
 - Manager sourcing
 - Manager evaluation
 - Portfolio construction
 - Ongoing manager monitoring
- Diversification and use of alternatives has resulted in superior annualized total returns over past 10 years with lower volatility
 - Delphi Fixed Income Portfolio 6.5%
 - Delphi Alternative Investments Portfolio 10.0%
 - Delphi Total Investment Portfolio 6.8%
 - Barclays Capital Aggregate Bond Index 5.7%

Delphi - A Very Attractive Franchise

- Market-leading businesses in profitable niche markets
 - Market leader in excess workers' compensation for self-insureds
 - Highly specialized group employee benefits insurer
- Highly experienced management team
- Consistent and predictable underwriting results
- Superior investment performance
- Compelling financial returns
- Strong long-term outlook for earnings growth and returns on capital

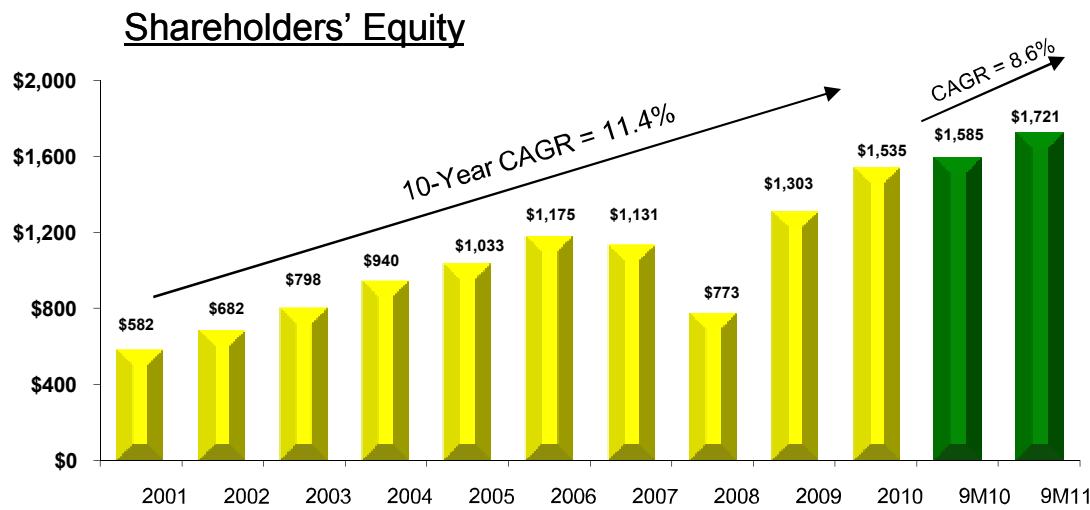
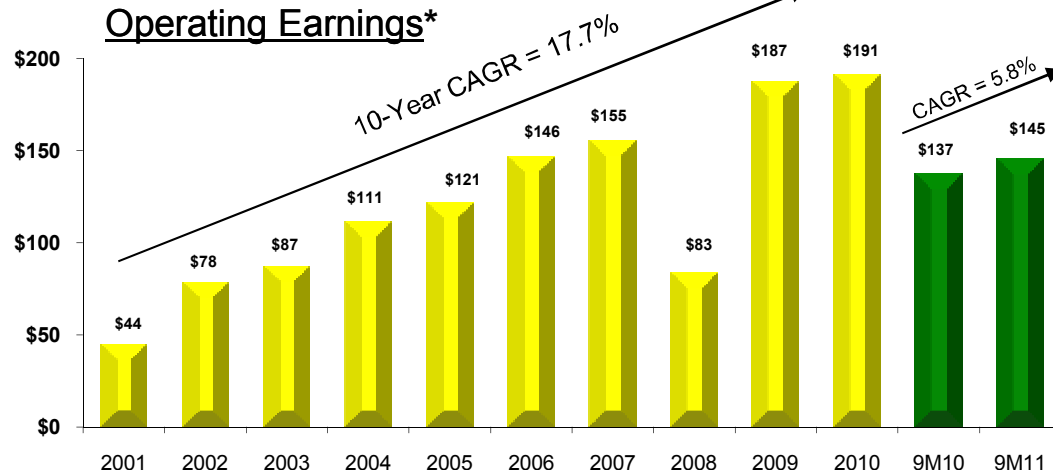
10-Year Track Record of Growth

(GAAP, \$ in millions)



10-Year Track Record of Growth

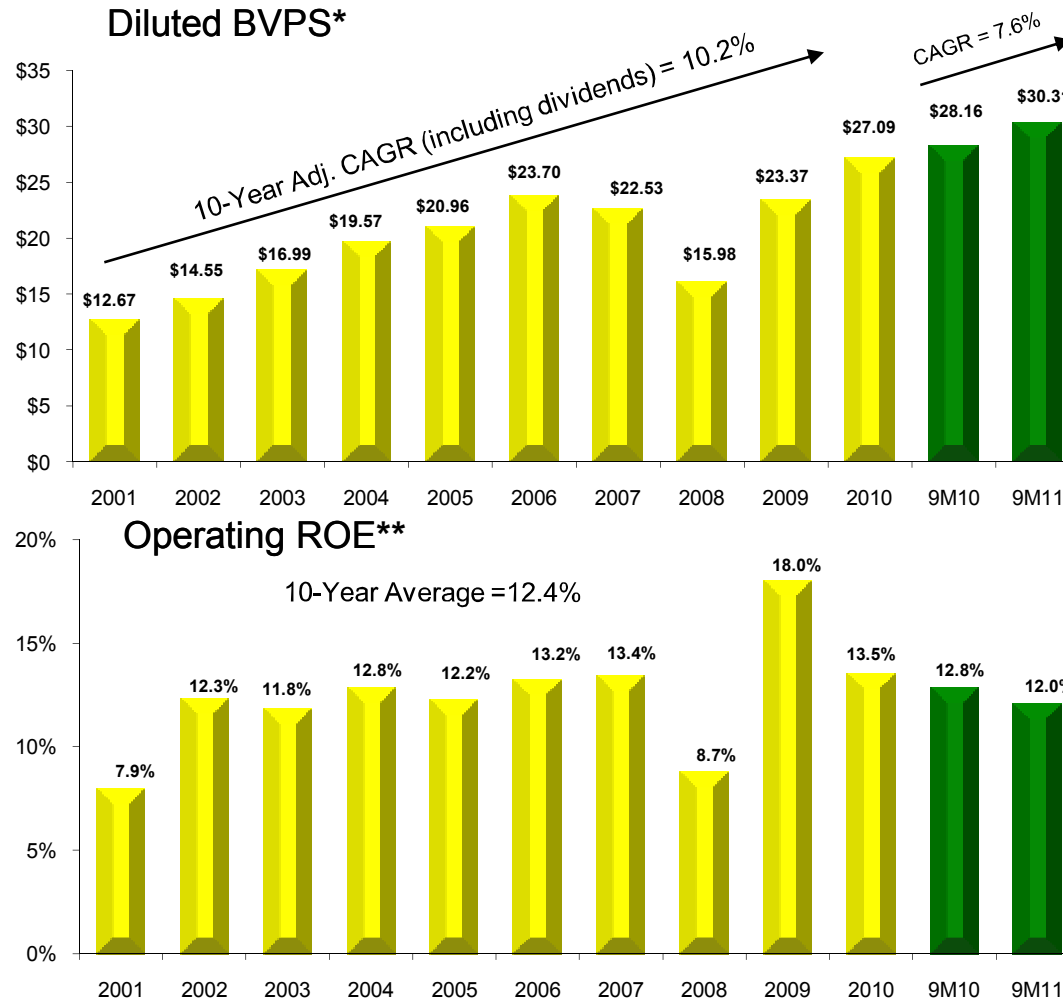
(\$ in millions)



* Excludes investment gains and losses and loss on retirement of senior notes, debentures and discontinued operations attributable to shareholders. 2007-2010 restated for 1-1-11 adoption of ASU 2010-26 on a retrospective basis.



10-Year Track Record of Growth



* Per share data adjusted for stock splits. 2007-2010 restated for 1-1-11 adoption of ASU 2010-26 on a retrospective basis.
 ** Excludes investment gains and losses and loss on retirement of senior notes, debentures and discontinued operations attributable to shareholders. 2007-2010 restated for 1-1-11 adoption of ASU 2010-26 on a retrospective basis.



Safe Harbor Statement

In connection with, and because it desires to take advantage of, the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, Delphi cautions readers regarding certain forward-looking statements in the foregoing discussion, and in any other statements made by, or on behalf of, Delphi, whether in future filings with the Securities and Exchange Commission or otherwise. Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results, prospects, outlooks or other developments. Some forward-looking statements may be identified by the use of terms such as “expects,” “believes,” “anticipates,” “intends,” “judgment,” “outlook,” “effort,” “attempt,” “achieve,” “project,” or other similar expressions. Forward-looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic, competitive and other uncertainties and contingencies, many of which are beyond Delphi’s control and many of which, with respect to future business decisions, are subject to change. Examples of such uncertainties and contingencies include, among other important factors, those affecting the insurance industry generally, such as the economic and interest rate environment, federal and state legislative and regulatory developments, including but not limited to changes in financial services, employee benefit and tax laws and regulations, changes in accounting rules or interpretations thereof, market pricing and competitive trends relating to insurance products and services, acts of terrorism or war, and the availability and cost of reinsurance, and those relating specifically to Delphi’s business, such as the level of its insurance premiums and fee income, the claims experience, persistency and other factors affecting the profitability of its insurance products, the performance of its investment portfolio and changes in Delphi’s investment strategy, acquisitions of companies or blocks of business, and ratings by major rating organizations of Delphi and its insurance subsidiaries. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, Delphi. Forward-looking statements contained in the foregoing discussion are made as of the date of this presentation and Delphi disclaims any obligation to update these or any other forward-looking statements.