

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 25, 2006

DELPHI FINANCIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	001-11462	13-3427277
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(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1105 North Market Street, Suite 1230, P.O. Box 8985, Wilmington, DE	19899
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(Address of principal executive offices)	(ZIP Code)

Registrant's telephone number, including area code 302-478-5142

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On April 25, 2006, the Registrant issued a press release, a copy of which is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference herein.

Note: The information in this report (including the exhibit) is furnished pursuant to "Item 2.02. Results of Operations and Financial Condition" and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, unless incorporated by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits.

Exhibit Number	Description of Exhibits
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99.1	Registrant's April 25, 2006 press release.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DELPHI FINANCIAL GROUP, INC.

/s/ ROBERT ROSENKRANZ

Robert Rosenkranz
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

Date: April 25, 2006

Press Release

Contact: Bernard J. Kilkelly
Vice President, Investor Relations
Phone: 212-303-4349
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For Immediate Release
4/25/06

Delphi Financial Announces First Quarter 2006 Operating EPS of \$0.99 and Net Income per Share of \$0.97

Wilmington, Delaware – April 25, 2006 – Delphi Financial Group, Inc. (NYSE: DFG) announced today that net income in the first quarter of 2006 was \$32.8 million, or \$0.97 per share, compared to \$30.1 million, or \$0.91 per share, in the first quarter of 2005. Net income in the first quarter of 2006 included after-tax realized investment losses of \$(0.8) million, or \$(0.02) per share, while net income in the first quarter of 2005 included after-tax realized investment gains of \$1.2 million, or \$0.04 per share.

Operating earnings⁽¹⁾ in the first quarter of 2006 were \$33.6 million, or \$0.99 per share, compared with operating earnings of \$28.1 million, or \$0.84 per share, in the first quarter of 2005.

Core group employee benefit premiums in the first quarter of 2006 grew 11% from the first quarter a year ago, reaching a record \$251.0 million. This growth was driven by a 13% increase in group disability premiums at Delphi's Reliance Standard Life (RSL) subsidiary and a 13% increase in premiums from excess workers' compensation insurance for self-insured employers, the leading product of Delphi's Safety National subsidiary. The combined ratio in group employee benefits insurance declined to 93.7% in the first quarter of 2006 from 94.8% in the first quarter of 2005 and 94.1% for the full-year 2005.

Robert Rosenkranz, Chairman and Chief Executive Officer, commented, "Delphi achieved excellent financial results in the first quarter and accomplished important strategic initiatives to expand our distribution and strengthen our market leadership positions. At RSL, we continued to achieve strong premium growth while maintaining our focus on smaller cases where profit margins have historically been higher. RSL recently solidified our strategic alliance with several health insurers by establishing a new division, Custom Disability Solutions (CDS). The CDS division will lead RSL's expansion in the turnkey group disability reinsurance market, which provides us with significant alternative distribution to our small case niche focused on employers with less than 300 employees."

Mr. Rosenkranz continued, "Safety National's excess workers' compensation premium growth was boosted by record new production of \$24.6 million. This production included the first significant renewals of former Employers Re clients since we purchased the renewal rights to the excess workers' compensation business of Employers Re in July 2005. We continue to see no signs that the hard market in excess workers' compensation will soften significantly any time soon. Rates have remained unchanged, while self-insured retentions continued to increase, renewal rates remained high and demand for our coverage continues to be strong in most states around the country."

Delphi's net investment income in the first quarter of 2006 rose 11% to \$59.0 million, driven by 12% growth in invested assets. The pre-tax equivalent yield on the Company's investment portfolio in the first quarter of 2006 was 6.2%, unchanged from the first quarter of 2005. Delphi's book value per share before accumulated other comprehensive losses or income⁽²⁾ was \$31.60 at March 31, 2006, compared with \$30.89 at December 31, 2005 and up 11% from \$28.53 at March 31, 2005.

Conference Call

On April 26, 2006 at 11:00 AM (Eastern time), Delphi will broadcast the Company's first quarter 2006 earnings teleconference live on the Internet, hosted by Robert Rosenkranz, Chairman and Chief Executive Officer. Investors can access the broadcast at www.delphifin.com by clicking on the webcast icon on the home page. It is advisable to register at least 15 minutes prior to the call to download and install any necessary audio software. The online replay will be available on Delphi's website for one week beginning at approximately 1:00 PM (Eastern time) on April 26, 2006. Investors can also download Delphi's first quarter 2006 statistical supplement from the Company's website at www.delphifin.com.

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" 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, 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. Delphi disclaims any obligation to update forward-looking information.

Delphi Financial Group, Inc. is an integrated employee benefit services company. Delphi is a leader in managing all aspects of employee absence to enhance the productivity of its clients and provides the related insurance coverages: group life, long-term and short-term disability, excess workers' compensation for self-insured employers, travel accident and dental. Delphi's asset accumulation business emphasizes individual fixed annuity products. Delphi's common stock is listed on the New York Stock Exchange under the symbol DFG and its corporate website address is www.delphifin.com.

(1) Operating earnings, which is a non-GAAP financial measure, consist of income from continuing operations excluding after-tax realized investment gains and losses, as applicable. After-tax net realized investment (losses) gains were \$(0.8) million and \$1.2 million, or \$(0.02) per share and \$0.04 per share, for the first quarter of 2006 and 2005, respectively. After-tax (loss) income from discontinued operations was \$(10,000) and \$0.9 million, or \$0 per share and \$0.03 per share, for the first quarter of 2006 and 2005, respectively. The Company believes that because realized investment gains and losses and discontinued operations arise from events that, to a significant extent, are within management's discretion and can fluctuate significantly, thus distorting comparisons between periods, a measure excluding their impact is useful in analyzing the Company's operating trends. Investment gains or losses may be realized based on management's decision to dispose of an investment, and investment losses may be realized based on management's judgment that a decline in the market value of an investment is other than temporary. Discontinued operations occur based on management's decision to exit or sell a particular business. Thus, realized investment gains and losses and results from discontinued operations are not reflective of the Company's ongoing earnings capacity, and trends in the earnings of the Company's underlying insurance operations can be more clearly identified without the effects of these items. For these reasons, management uses the measure of operating earnings to assess performance and make operating plans and decisions, and analysts and investors typically utilize measures of this type when evaluating the financial performance of insurers. However, gains and losses of these types, particularly as to investments, occur frequently and should not be considered as nonrecurring items. Further, operating earnings should not be considered a substitute for net income, the most directly comparable GAAP measure, as an indication of the Company's overall financial performance and may not be calculated in the same manner as similarly titled captions in other companies' financial statements.

(2) Diluted book value per share before accumulated other comprehensive (loss) income, which is a non-GAAP financial measure, is based on shareholders' equity excluding the effect of accumulated other comprehensive (loss) income. The Company believes that, because accumulated other comprehensive income fluctuates from period to period primarily due to changes in the value of its assets resulting from variations in market interest rates, while the values of its liabilities are not similarly marked to market under GAAP, this non-GAAP measure is useful in analyzing the Company's operating trends.

-tables attached-

DELPHI FINANCIAL GROUP, INC.
Non-GAAP Financial Measures
Reconciliation to GAAP
(Unaudited; in thousands, except per share data)

	<u>Three Months Ended</u>	
	<u>03/31/06</u>	<u>03/31/05</u>
<u>Income Statement Data</u>		
Operating earnings (Non-GAAP measure)	\$ 33,645	\$ 28,066
Net realized investment (losses) gains, net of taxes	(813)	1,181
Income from continuing operations	32,832	29,247
Discontinued operations, net of taxes	(10)	860
Net income (GAAP measure)	<u>\$ 32,822</u>	<u>\$ 30,107</u>
Diluted results per share of common stock:		
Operating earnings (Non-GAAP measure)	\$ 0.99	\$ 0.84
Net realized investment (losses) gains, net of taxes	(0.02)	0.04
Income from continuing operations	0.97	0.88
Discontinued operations, net of taxes	-	0.03
Net income (GAAP measure)	<u>\$ 0.97</u>	<u>\$ 0.91</u>
<u>Balance Sheet Data</u>		
	<u>03/31/06</u>	<u>12/31/05</u>
Shareholders' equity, excluding accumulated other comprehensive (loss) income	\$ 1,037,223	\$ 1,012,775
Add: Accumulated other comprehensive (loss) income	(2,573)	20,264
Shareholders' equity (GAAP measure)	<u>\$ 1,034,650</u>	<u>\$ 1,033,039</u>
Diluted book value per share of common stock, excluding accumulated other comprehensive (loss) income (Non-GAAP measure)	\$ 31.60	\$ 30.89
Add: Accumulated other comprehensive (loss) income	(0.07)	0.57
Diluted book value per share of common stock (GAAP measure)	<u>\$ 31.53</u>	<u>\$ 31.46</u>

Please see note 1 of the press release for a discussion regarding the usefulness of the non-GAAP financial measure "operating earnings." The Company believes that the non-GAAP financial measure "diluted book value per share excluding accumulated other comprehensive (loss) income" provides useful supplemental information because accumulated other comprehensive income fluctuates from period to period primarily due to changes in the value of its assets resulting from variations in market interest rates, while the values of its liabilities are not similarly marked to market under GAAP.

NOTE: Prior period results have been restated for discontinued operations attributable to assumed property reinsurance.

DELPHI FINANCIAL GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited; in thousands, except per share data)

	Three Months Ended	
	03/31/06	03/31/05
Revenue:		
Premium and fee income	\$ 262,959	\$ 235,857
Net investment income	59,029	53,383
Net realized investment (losses) gains	(1,251)	1,817
	320,737	291,057
Benefits and expenses:		
Benefits, claims and interest credited to policyholders	191,618	176,601
Commissions and expenses	75,761	67,093
	267,379	243,694
Operating income	53,358	47,363
Interest expense:		
Corporate debt	4,686	3,670
Junior subordinated deferrable interest debentures	1,271	1,171
Income tax expense	14,569	13,275
	32,832	29,247
Discontinued operations, net of taxes	(10)	860
Net income	\$ 32,822	\$ 30,107
Basic results per share of common stock:		
Income from continuing operations	\$ 1.00	\$ 0.91
Discontinued operations	-	0.02
Net income	1.00	0.93
Weighted average shares outstanding	32,986	32,309
Diluted results per share of common stock:		
Income from continuing operations	\$ 0.97	\$ 0.88
Discontinued operations	-	0.03
Net income	0.97	0.91
Weighted average shares outstanding	33,883	33,262
Dividends paid per share of common stock	\$ 0.10	\$ 0.09

NOTE: Prior period results have been restated for discontinued operations attributable to assumed property reinsurance.

DELPHI FINANCIAL GROUP, INC.
SUMMARIZED CONSOLIDATED BALANCE SHEETS
(Unaudited; in thousands)

	<u>3/31/06</u>	<u>12/31/05</u>
Assets:		
Investments:		
Fixed maturity securities, available for sale	\$3,236,888	\$3,244,764
Short-term investments	275,496	94,308
Other investments	<u>566,833</u>	<u>573,532</u>
	4,079,217	3,912,604
Cash	28,613	28,493
Cost of business acquired	263,719	248,138
Reinsurance receivables	410,163	413,113
Goodwill	93,929	93,929
Securities lending collateral	248,131	244,821
Other assets	250,825	235,644
Assets held in separate account	<u>105,158</u>	<u>99,428</u>
Total assets	<u><u>\$5,479,755</u></u>	<u><u>\$5,276,170</u></u>
Liabilities and Shareholders' Equity:		
Policy liabilities and accruals	\$1,896,335	\$1,862,872
Policyholder account balances	1,137,236	1,039,610
Corporate debt	257,750	234,750
Junior subordinated deferrable interest debentures underlying company-obligated mandatorily redeemable capital securities issued by unconsolidated subsidiaries	59,762	59,762
Securities lending payable	248,131	244,821
Other liabilities and policyholder funds	740,733	701,888
Liabilities related to separate account	<u>105,158</u>	<u>99,428</u>
Total liabilities	4,445,105	4,243,131
Shareholders' equity:		
Class A Common Stock	316	313
Class B Common Stock	38	39
Additional paid-in capital	453,982	442,531
Accumulated other comprehensive (loss) income	(2,573)	20,264
Retained earnings	665,857	636,285
Treasury stock, at cost	<u>(82,970)</u>	<u>(66,393)</u>
Total liabilities and shareholders' equity	<u><u>1,034,650</u></u>	<u><u>1,033,039</u></u>
	<u><u>\$5,479,755</u></u>	<u><u>\$5,276,170</u></u>

DELPHI FINANCIAL GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in thousands)

	<u>03/31/06</u>	<u>03/31/05</u>
Operating activities:		
Net income	\$ 32,822	\$ 30,107
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in policy liabilities and policyholder accounts	71,266	75,043
Net change in reinsurance receivables and payables	7,964	11,141
Amortization, principally the cost of business acquired and investments	16,565	14,328
Deferred costs of business acquired	(29,086)	(25,280)
Net realized losses (gains) on investments	1,251	(1,817)
Net change in federal income tax liability	9,807	10,640
Other	<u>(26,617)</u>	<u>(35,870)</u>
Net cash provided by operating activities	<u>83,972</u>	<u>78,292</u>
Investing activities:		
Purchases of investments and loans made	(425,779)	(505,340)
Sales of investments and receipts from repayment of loans	372,965	383,525
Maturities of investments	45,673	68,474
Net change in short-term investments	(181,132)	(42,365)
Change in deposit in separate account	<u>(1,546)</u>	<u>(2,925)</u>
Net cash used by investing activities	<u>(189,819)</u>	<u>(98,631)</u>
Financing activities:		
Deposits to policyholder accounts	122,763	23,351
Withdrawals from policyholder accounts	(28,010)	(23,545)
Borrowings under revolving credit facility	25,000	26,000
Principal payments under revolving credit facility	(2,000)	(5,000)
Other financing activities	<u>(11,786)</u>	<u>977</u>
Net cash provided by financing activities	<u>105,967</u>	<u>21,783</u>
Increase in cash	120	1,444
Cash at beginning of period	<u>28,493</u>	<u>24,324</u>
Cash at end of period	<u>\$ 28,613</u>	<u>\$ 25,768</u>