

DELPHI

Financial Group, Inc.

(NYSE:DFG)

RELIANCE STANDARD

Life Insurance Company

SAFETY NATIONAL

Casualty Corporation

MATRIX

Absence Management, Inc.

An Integrated Employee Benefit Services Company

Friedman Billings Ramsey
2009 Investor Conference
December 2, 2009

Robert Rosenkranz
Chief Executive Officer

Delphi Financial Group, Inc.

- **Integrated employee benefits services company**
- **Core franchise in group employee benefits insurance**
- **Focus on profitable niche market segments**
- **Significant asset accumulation business**



Execution Through Top-Tier Companies

DELPHI
Financial Group, Inc.

RELIANCE STANDARD
Life Insurance Company

- Long-term and short-term disability insurance
- Group life insurance
- Travel accident insurance
- Dental insurance
- Limited benefit health insurance
- Asset accumulation
 - Individual fixed annuities
 - Institutional funding agreements

SAFETY NATIONAL
Casualty Corporation

- Excess workers' compensation insurance for self-insured employers
- Large deductible workers' compensation insurance
- Assumed workers' compensation and casualty reinsurance

MATRIX
Absence Management, Inc.

- Absence Management services
- Integrated Employee Benefits program



Key Points

- **Positive outlook, high visibility for insurance operations**
- **Disciplined focus on underwriting margins**
- **Favorable market for excess workers' comp at Safety National**
- **Solid underwriting profits at Reliance Standard**
- **Strategic emphasis on small case market**
- **Improved investment income from portfolio repositioning**
- **Strong liquidity position and stable capital structure**

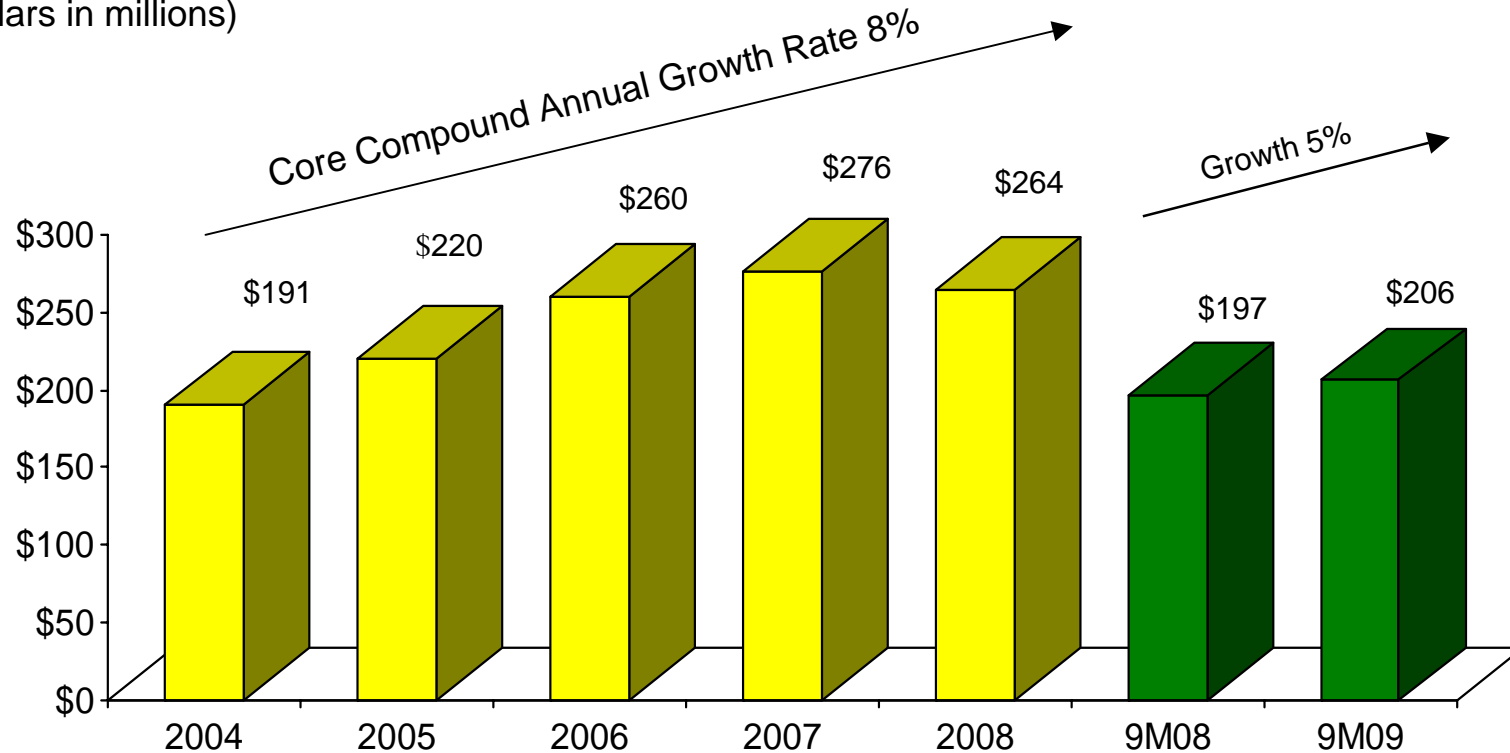
Favorable Market in Excess Workers' Comp

	<u>9M09</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	Cumulative since 2001
Rate decrease/increase	-1%	-4%	0%	1%	0%	9%	15%	26%	52%
Self-insured retentions	3%	1%	1%	6%	8%	7%	13%	10%	59%



Robust Excess Workers' Comp Premiums

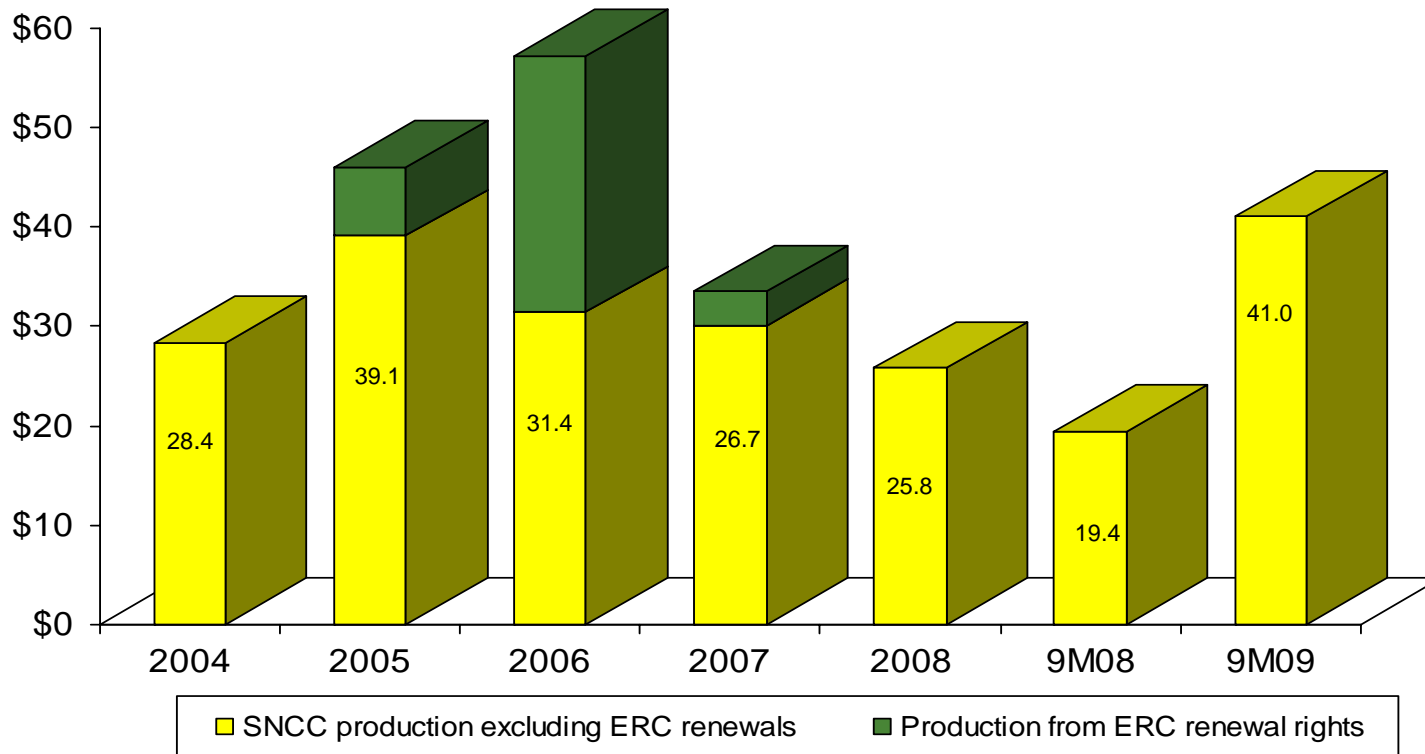
(Dollars in millions)



Strong Excess Workers' Comp Production

Safety National Casualty Corporation

(Dollars in millions)



Attractive Business Model in Excess Workers' Comp

- **Safety National is market leader**
- **Competitive environment improved since 2000**
 - High barriers to entry
 - Safety National purchased ERC renewal rights in July 2005
- **Long-tail reserves (14 year avg. duration) means large investable float**
- **Confidence in reserves**
 - Predictable claim payments
 - 60+ years of experience
 - Stable book of business with high persistency



Growth Initiatives at Safety National

- **Continued profitable growth in assumed workers' compensation reinsurance**
 - \$25.4 million of premiums in 9M09 vs. \$16.0 million in 9M08
 - Participating in excess of loss treaties for regional workers' compensation carriers
- **Rolling out packaged product of large deductible workers' compensation with auto liability and general liability**
 - Significantly larger market for packaged product
 - Conservative policy design and limits
- **Product manager hired to focus on loss portfolio transfers**
 - LPT activity in 2009 is reflected on the balance sheet as deposits (\$30.9 million in 9M09)
 - Previously shown on the income statement as earned premiums (\$1.2 million in 9M08)



Reliance Standard is Top Tier Carrier in Small Case Niche

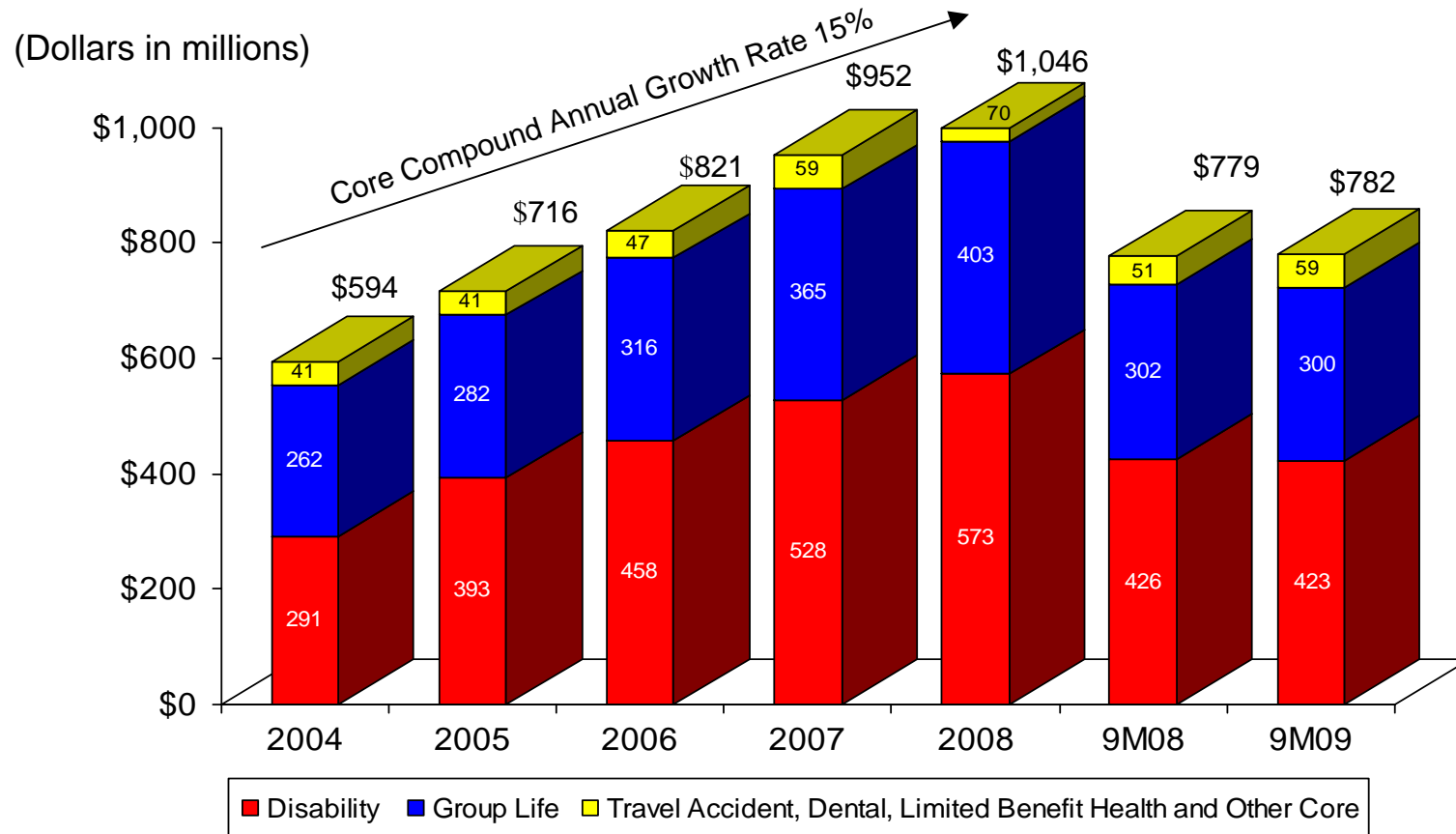
- **Maintaining Strong Market Presence:**
 - #8 nationwide in 2008 new sales of Group LTD*
 - #10 in 2008 new sales of Group Life*
- **Reliance Standard sales management has:**
 - Expanded sales force and regional offices
 - Invested in enhanced technology and training
 - Refocused on smaller, more profitable cases

*source - JHA



Strong Historic Premium Growth

Reliance Standard Life Insurance Company



Attractiveness of Small Case Market

- **Higher margins in under-500 employee segment**
 - **Smaller brokers - relationship driven**
 - **Less price sensitive**
 - **More conservative plan designs**
- **Successfully penetrating underserved market niche**
 - **\$63 billion of unrealized premiums in RSL's product lines***
 - **20% of RSL's production typically comes from first-time buyers**

* LIMRA research briefing "Group Insurance Market Potential," February 2007



Effective Alternative Distribution

- **Custom Disability Solutions division of RSL**
 - Turnkey disability business partnering with health insurers
 - Primarily targeting < 300-life employers
 - Established in April 2006 through purchase of IDR's Portland, Maine operations
 - Installed new CEO and management team
 - \$42 million of premiums in 9M09, up 12% from 9M08



Growing Contribution from Voluntary Products

- **23% of RSL's core production and 14% of RSL's core premiums in 9M09**
 - Helps employers control costs while still expanding benefits
 - RSL offers attractive suite of employee-paid group life, disability, dental, accident and limited benefit health (BasicCare) coverages
- **RSL BasicCare - limited benefit health coverage**
 - Introduced in 2005 with separate sales force calling on group benefits brokers
 - RSL BasicCare premium was \$25 million in 2008
 - Targets hourly, part-time employees in retail, hotel and restaurant industries
 - Estimated 27 million employed Americans are uninsured



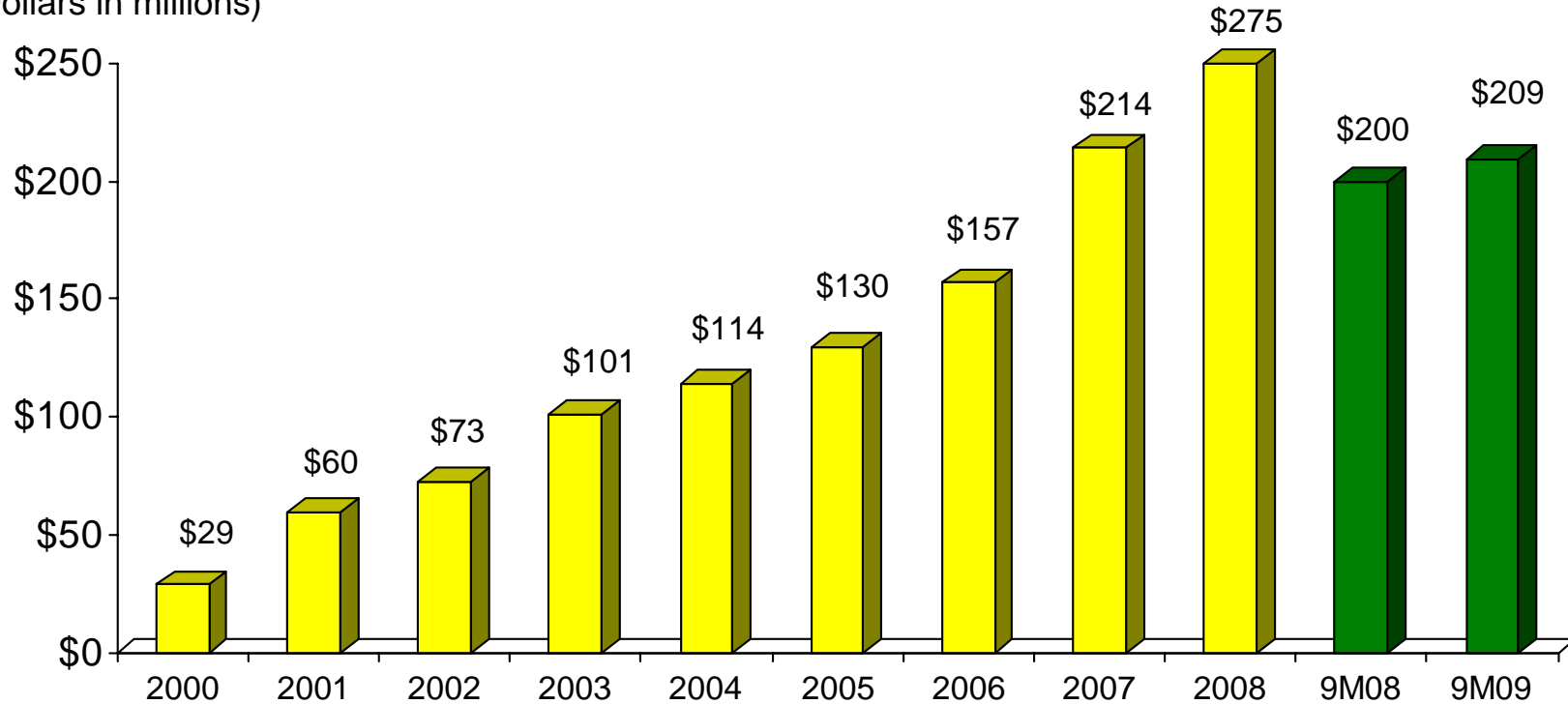
Differentiated Approach to Larger Cases

- **Integrated Employee Benefit program**
 - Unique Delphi competence pairs Matrix Absence Management service platform with RSL and/or SNCC insurance coverage
 - Expanded nationwide from solid client base in California
- **Growing market for integrated disability/workers' comp/FMLA**
 - Administrative convenience
 - Enhance productivity through return-to-work focus

Growth in Integrated Employee Benefits Program

Total Revenues from IEB Clients
(Premium and Fees)

(Dollars in millions)

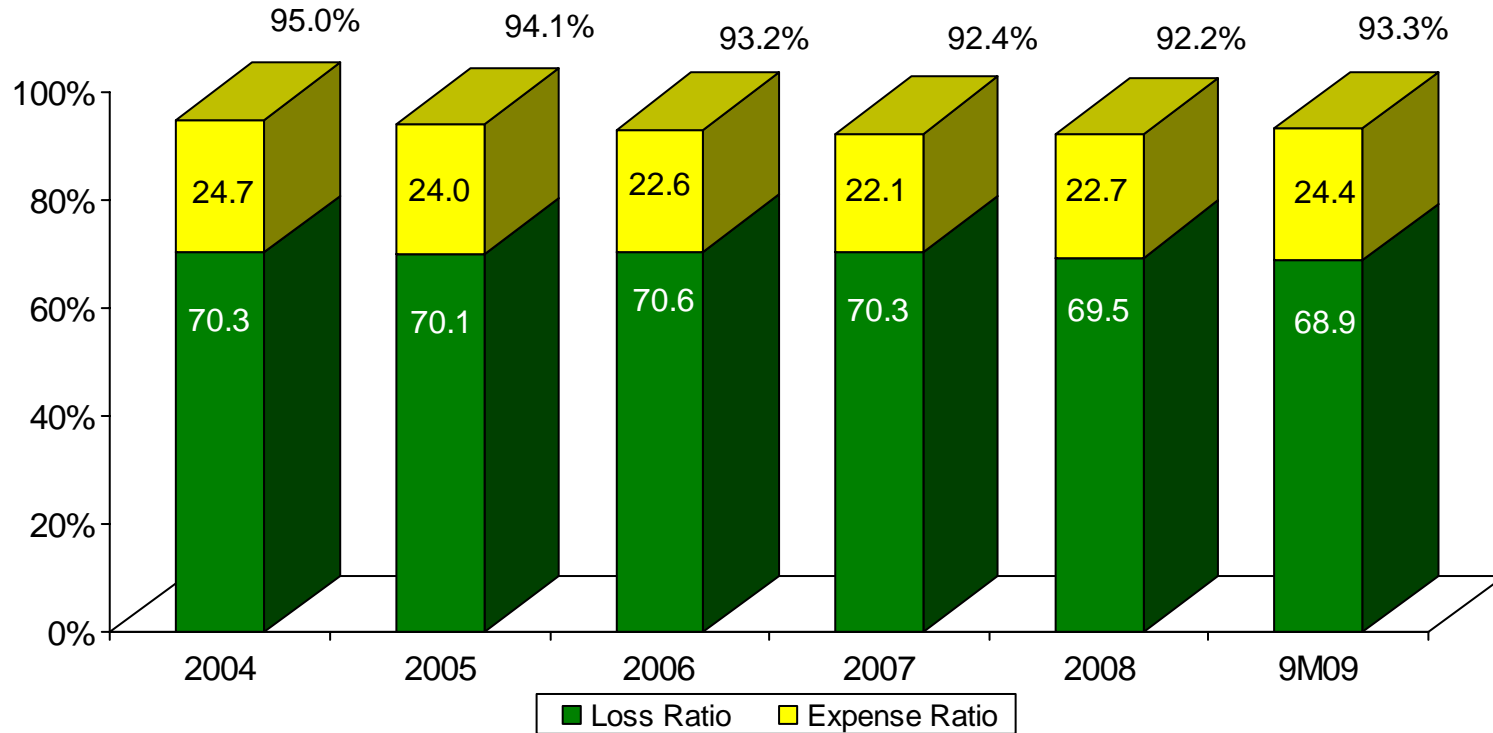


Impact of Economy

- **Not experiencing any spike in claims incidence or severity despite weaker economy**
 - LTD incidence rates consistent with prior years and below the levels assumed in our pricing
 - LTD claim termination rates consistent with prior years and above the levels assumed in our GAAP reserves
 - Claims transaction counts, frequency and severity consistent with prior years at Safety
- **Our analysis shows no correlation between our group insurance loss ratios or earned premiums and GDP growth, ADP payroll data or U.S. unemployment rate**

Focus on Underwriting Profitability

GAAP Combined Ratio



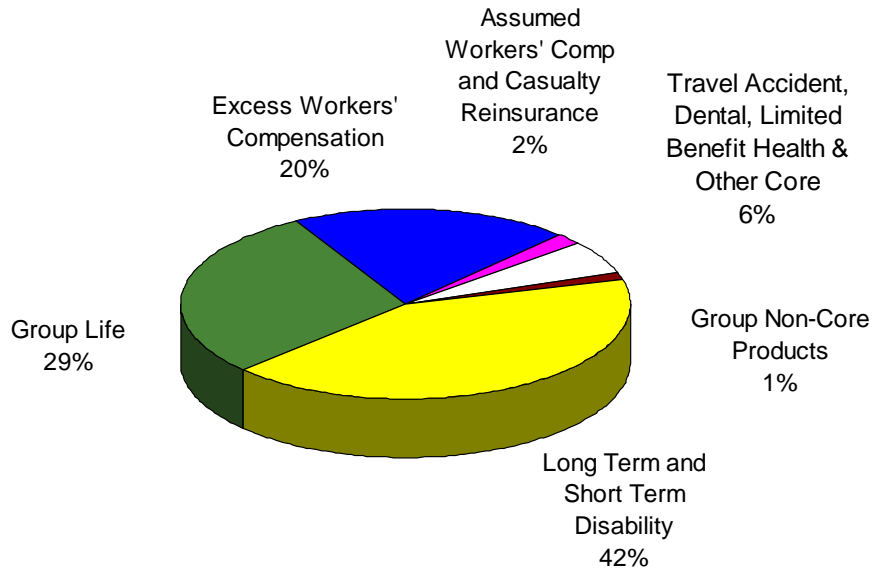
Note: Prior period results have been restated to exclude discontinued operations attributable to assumed property reinsurance.



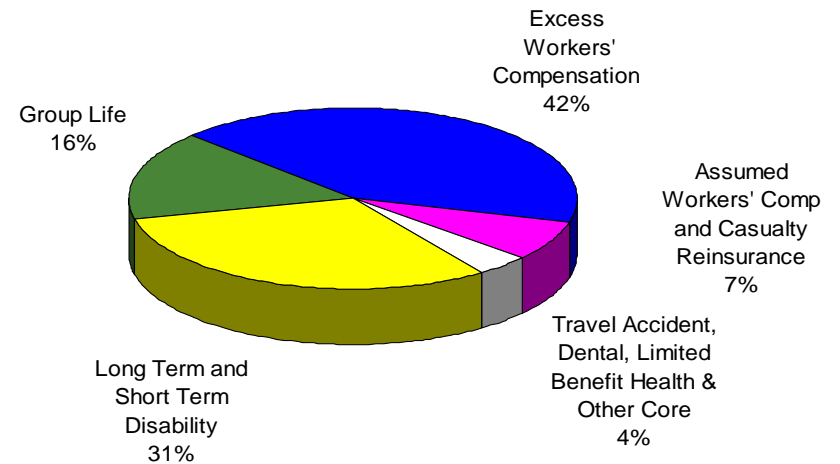
Profitable Mix of Business

Nine Months Ended September 30, 2009

Group Employee Benefits Premiums
\$1,019.7 million



Group Employee Benefits Operating Income
\$215.2 million



Significant Asset Accumulation Business

- **\$1.4 billion in funds under management at 9/30/09**
- **Primary focus on retail fixed annuities sold through wholesalers**
 - **Low fixed cost infrastructure permits opportunistic approach**
 - **Capitalizing on spread opportunities**
 - **Annuity spreads have averaged 150-250 basis points**
- **MVA feature reduces interest rate risk (over 91% of traditional fixed annuity production)**
- **Purchased \$135 million block of fixed annuities in 3Q08**
- **Typically contributes about 10-15% of Delphi's operating profits**



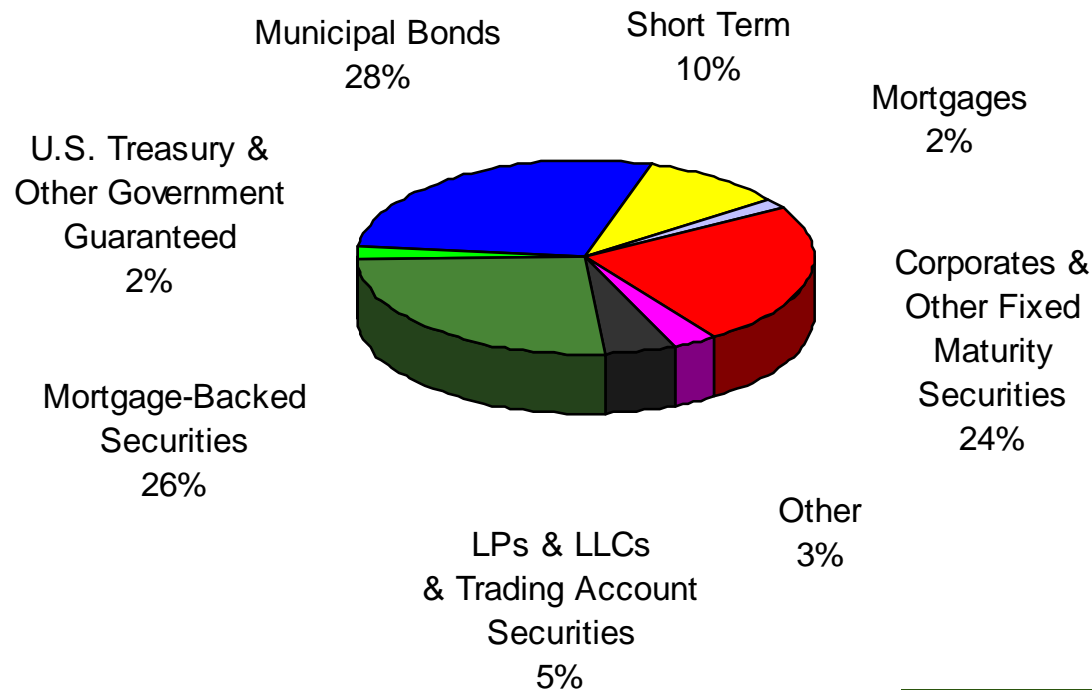
Solid Investment Operations

- **7% compound annualized growth in invested assets over past 5 years**
- **Portfolio managed for cash flow and matching of assets and liabilities**
- **Liquid investments with readily ascertainable value**
- **Approximately 2/3 of liabilities not interest rate sensitive**
- **ERM analysis shows benefits of diversification among multiple asset classes**
- **Improved investment income in 9M09 from portfolio repositioning**

Composition of Investment Portfolio

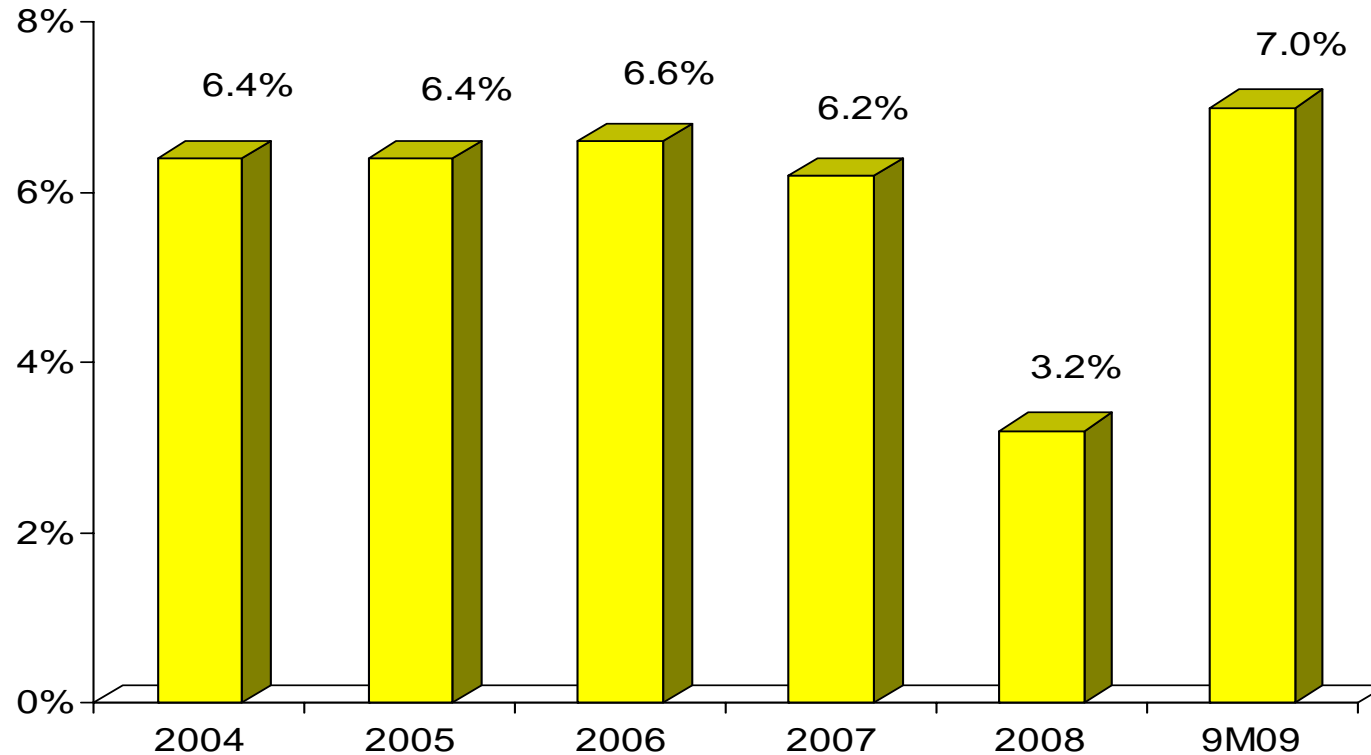
Delphi Financial Group, Inc.

September 30, 2009 = \$5.7 billion

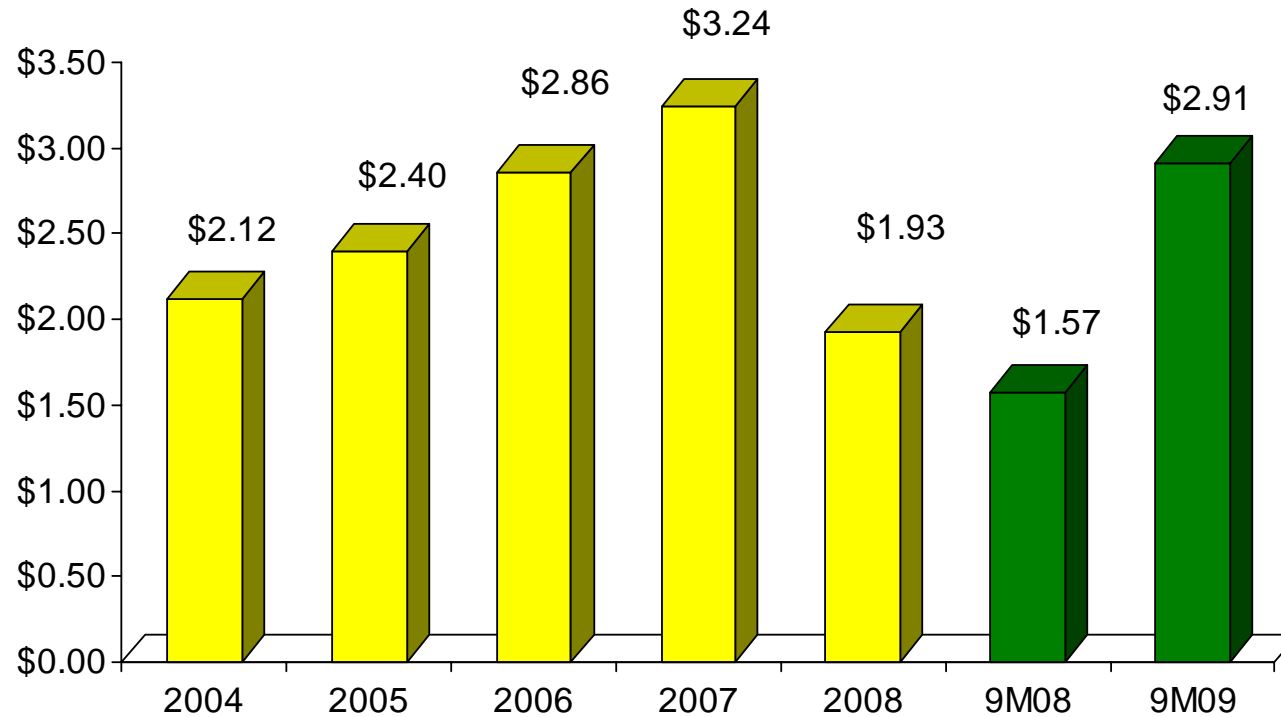


Annual Investment Returns

Tax Equivalent Yield



Operating Earnings per Share*



* Excludes one-time tax benefits of \$0.13 per share in 2004. This non-GAAP financial measure excludes after-tax realized investment gains and losses, loss on redemptions of junior subordinated deferrable interest debentures and discontinued operations. See slide #27 for additional information.



Improved Balance Sheet

(Dollars in millions)

	<u>9/30/09</u>	<u>12/31/08</u>
Corporate Debt ⁽¹⁾	\$ 365.8	\$ 350.8
Jr. Subordinated Debentures	\$ 175.0	\$ 175.0
Shareholders' Equity	\$ 1,333.1	\$ 820.6
Debt-to-capital ratio ⁽²⁾	20%	26%

- (1) Corporate debt consists of \$143.8 million of Senior Notes due in 2033 and outstanding borrowings under the Company's revolving credit facility.
- (2) The corporate debt to total capitalization ratio is calculated by dividing corporate debt by the sum of corporate debt, junior subordinated debentures and shareholders' equity.



Strong Liquidity Profile

- **Long-tail, stable group insurance liabilities**
- **Modest institutional liabilities, none puttable**
- **Surrender charges or MVA protection on most annuities**
- **\$95 million of holding company financial assets after recent equity raise**
- **\$128 million unused bank facility**
- **\$655 million of cash and short-term investments**

Summary

- **Positive outlook, high visibility for insurance operations**
- **Favorable market continuing in excess workers' comp**
- **Solid underwriting profits in group employee benefits**
- **Unique strategic focus on attractive smaller case market**
- **Improved investment income from portfolio repositioning**
- **Strong liquidity position and capital structure**

Footnotes

Slide 23: After-tax operating earnings and operating earnings per share are non-GAAP financial measures which exclude after-tax realized investment gains and losses, after-tax losses on redemptions of junior subordinated deferrable interest debentures, and after-tax income and losses from discontinued operations. The Company believes that because realized investment gains and losses, redemptions of junior subordinated deferrable interest debentures, 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. 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.

After-tax realized investment gains (losses) were \$10.0 million, \$5.9 million, \$(0.6) million, \$(1.2) million, \$(57.3) million, \$(38.8) million and \$(65.0) million or \$0.21 per diluted share, \$0.12 per diluted share, \$(0.01) per diluted share, \$(0.02) per diluted share, \$(1.17) per diluted share, \$(0.78) per diluted share and \$(1.28) per diluted share for the full year of 2004, 2005, 2006, 2007, and 2008 and the first nine months of 2008 and 2009, respectively. The after-tax loss on redemption of junior subordinated deferrable interest debentures was \$1.4 million or \$0.03 per share and \$0.4 million or \$0.01 per share, for the full years ended 2007 and 2008.

The after-tax income (loss) from discontinued operations was \$2.1 million, \$(13.4) million and \$(2.9) million, or \$0.04 per diluted share, \$(0.27) per diluted share and \$(0.06) per diluted share, for the full year of 2004, 2005, and 2006, respectively.



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, such as earnings per share guidance, 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, changes in accounting rules or interpretation, 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.

