

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): February 8, 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 February 8, 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) Exhibits.

Exhibit Number	Description of Exhibits
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99.1	Registrant's February 8, 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, President
and Chief Executive Officer
(Principal Executive Officer)

Date: February 8, 2006

Press Release

Contact: Bernard J. Kilkelly
Vice President, Investor Relations
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For Immediate Release
2/8/06

Delphi Financial Announces Fourth Quarter 2005 Results

Wilmington, Delaware – February 8, 2006 – Delphi Financial Group, Inc. (NYSE: DFG) announced today that net income per share in the fourth quarter of 2005 was \$0.87, compared to \$1.01 in the fourth quarter of 2004. Net income for the same periods was \$29.2 million and \$33.6 million, respectively. After-tax realized investment gains in the fourth quarter of 2005 were \$0.3 million or \$0.01 per share, compared with \$4.5 million or \$0.13 per share in the prior year's quarter.

Delphi reported the results of its non-core property reinsurance business, which it exited in the fourth quarter of 2005, as discontinued operations. Operating earnings⁽¹⁾ per share in the fourth quarter of 2005 were \$0.99 (which excludes losses from discontinued operations of \$0.13), compared with operating earnings per share of \$0.86 (which excludes income from discontinued operations of \$0.02) in the fourth quarter of 2004. In the fourth quarter of 2004, net income and operating earnings benefited from a release of federal income tax reserves of approximately \$0.06 per share.

Robert Rosenkranz, Chairman and Chief Executive Officer, commented, "Delphi's fourth quarter operating earnings per share including both continuing and discontinued operations were \$0.86, which is above the \$0.81 to \$0.85 range of guidance we provided on November 30, 2005 when we announced the expected impact of Hurricane Wilma. This reflects excellent results in our core insurance businesses and strong investment performance in the quarter. We are continuing to benefit from improved profitability in group long-term disability at Reliance Standard Life and an ongoing hard market for excess workers' compensation at Safety National."

Mr. Rosenkranz added, "Setting aside discontinued operations and one-time tax benefits, our operating earnings per share grew 13.5% in 2005 and at a compounded rate of 13.9% percent over the past three years. Based on our positive momentum and ability to capitalize on continued favorable market trends, we remain confident in our outlook for strong earnings growth in 2006."

For full-year 2005, net income per share was \$3.38 compared to \$3.75 in 2004. Net income for the same periods was \$113.3 million and \$123.5 million, respectively. After-tax realized investment gains in 2005 were \$5.9 million or \$0.17 per share, compared with \$10.0 million or \$0.30 per share in 2004. Operating earnings per share in 2005 were \$3.61 (which excludes \$0.40 in losses from discontinued operations), compared with \$3.38 (which excludes \$0.07 in income from discontinued operations) in 2004. Net income and operating earnings in 2004 benefited from a release of federal income tax reserves of approximately \$0.20 per share.

Core group employee benefit premiums in the fourth quarter of 2005 grew 18% from the fourth quarter a year ago, reaching a record \$244.0 million. This growth was driven by a 30% increase in group disability premiums at Delphi's Reliance Standard Life subsidiary and an 18% 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 in the fourth quarter of 2005 was 93.7%, compared with 95.6% in the fourth quarter of 2004, which was restated to exclude discontinued operations. For the full year, the combined ratio in group employee benefits insurance was 94.1%, compared with 95.0% in 2004, which was restated to exclude discontinued operations.

Delphi's net investment income in the fourth quarter of 2005 was \$61.3 million, a gain of 15% over the fourth quarter of 2004, driven by strong growth in invested assets and higher investment yields. Invested assets at December 31, 2005 were \$3.9 billion compared to \$3.5 billion at December 31, 2004. The pre-tax equivalent yield on the Company's investment portfolio in the fourth quarter of 2005 was 6.6% compared to 6.3% for the fourth quarter of 2004. Delphi's book value per share before accumulated other comprehensive income ⁽²⁾ at December 31, 2005 was \$30.89, an increase of 11% from \$27.73 at December 31, 2004.

On February 9, 2006 at 12:00 PM (Eastern time), Delphi will broadcast the Company's fourth quarter 2005 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 2:00 PM (Eastern time) on February 9, 2006. Investors can also download Delphi's fourth quarter 2005 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 gains were \$0.3 million and \$4.5 million, or \$0.01 per share and \$0.13 per share, for the fourth quarter of 2005 and 2004, respectively, and \$5.9 million and \$10.0 million, or \$0.17 per share and \$0.30 per share, for the years ended 2005 and 2004, 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 income, which is a non-GAAP financial measure, is based on shareholders' equity excluding the effect of accumulated other comprehensive 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)

	Three Months Ended		Twelve Months Ended	
	12/31/05	12/31/04	12/31/05	12/31/04
<u>Income Statement Data</u>				
Operating earnings (Non-GAAP measure)	\$ 33,304	\$ 28,346	\$ 120,832	\$ 111,351
Net realized investment gains, net of taxes	305	4,462	5,852	10,049
Income from continuing operations	33,609	32,808	126,684	121,400
Discontinued operations, net of taxes	(4,391)	802	(13,350)	2,143
Net income (GAAP measure)	<u>\$ 29,218</u>	<u>\$ 33,610</u>	<u>\$ 113,334</u>	<u>\$ 123,543</u>
Diluted results per share of common stock:				
Operating earnings (Non-GAAP measure)	\$ 0.99	\$ 0.86	\$ 3.61	\$ 3.38
Net realized investment gains, net of taxes	0.01	0.13	0.17	0.30
Income from continuing operations	1.00	0.99	3.78	3.68
Discontinued operations, net of taxes	(0.13)	0.02	(0.40)	0.07
Net income (GAAP measure)	<u>\$ 0.87</u>	<u>\$ 1.01</u>	<u>\$ 3.38</u>	<u>\$ 3.75</u>
<u>Balance Sheet Data</u>				
			12/31/05	12/31/04
Shareholders' equity, excluding accumulated other comprehensive income			\$ 1,012,775	\$ 882,477
Add: Accumulated other comprehensive income			20,264	57,371
Shareholders' equity (GAAP measure)			<u>\$ 1,033,039</u>	<u>\$ 939,848</u>
Diluted book value per share of common stock, excluding accumulated other comprehensive income (Non-GAAP measure)			\$ 30.89	\$ 27.73
Add: Accumulated other comprehensive income			0.57	1.63
Diluted book value per share of common stock (GAAP measure)			<u>\$ 31.46</u>	<u>\$ 29.36</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 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 reclassified for discontinued operations attributable to assumed property reinsurance.

See Footnote A of the Income Statement regarding the fourth quarter and the full year of 2004.

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

	Three Months Ended		Twelve Months Ended	
	12/31/05	12/31/04	12/31/05	12/31/04
Revenue:				
Premium and fee income	\$ 257,608	\$ 216,672	\$ 990,211	\$ 828,077
Net investment income	61,276	53,208	223,569	202,444
Net realized investment gains	469	6,865	9,003	15,460
	<u>319,353</u>	<u>276,745</u>	<u>1,222,783</u>	<u>1,045,981</u>
Benefits and expenses:				
Benefits, claims and interest credited to policyholders	184,050	161,888	725,207	614,488
Commissions and expenses	81,502	65,839	293,555	248,563
	<u>265,552</u>	<u>227,727</u>	<u>1,018,762</u>	<u>863,051</u>
Operating income	53,801	49,018	204,021	182,930
Interest expense:				
Corporate debt	3,895	3,581	15,607	14,040
Junior subordinated deferrable interest debentures	1,256	1,151	4,855	4,486
Income tax expense ^(A)	15,041	11,478	56,875	43,004
Income from continuing operations	33,609	32,808	126,684	121,400
Discontinued operations, net of taxes	(4,391)	802	(13,350)	2,143
Net income	<u>\$ 29,218</u>	<u>\$ 33,610</u>	<u>\$ 113,334</u>	<u>\$ 123,543</u>
Basic results per share of common stock:				
Income from continuing operations	\$ 1.02	\$ 1.02	\$ 3.88	\$ 3.80
Discontinued operations	(0.13)	0.03	(0.41)	0.07
Net income	0.88	1.05	3.47	3.87
Weighted average shares outstanding	33,051	32,158	32,672	31,952
Diluted results per share of common stock:				
Income from continuing operations	\$ 1.00	\$ 0.99	\$ 3.78	\$ 3.68
Discontinued operations	(0.13)	0.02	(0.40)	0.07
Net income	0.87	1.01	3.38	3.75
Weighted average shares outstanding	33,772	33,128	33,511	32,941
Dividends paid per share of common stock	\$ 0.09	\$ 0.08	\$ 0.36	\$ 0.32

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

^(A) Results in the fourth quarter and full year of 2004 included a release of federal income tax reserves of approximately \$2.0 million (\$0.06 per diluted share) and \$6.6 million (\$0.20 per diluted share), respectively.

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

	<u>12/31/05</u>	<u>12/31/04</u>
Assets:		
Investments:		
Fixed maturity securities, available for sale	\$3,244,764	\$3,049,013
Short-term investments	94,308	95,761
Other investments	<u>573,532</u>	<u>396,302</u>
	3,912,604	3,541,076
Cash	28,493	24,324
Cost of business acquired	248,138	212,549
Reinsurance receivables	413,113	428,707
Goodwill	93,929	93,929
Securities lending collateral	244,821	236,900
Other assets	235,644	203,777
Assets held in separate account	<u>99,428</u>	<u>88,205</u>
Total assets	<u><u>\$5,276,170</u></u>	<u><u>\$4,829,467</u></u>
Liabilities and Shareholders' Equity:		
Policy liabilities and accruals	\$1,862,872	\$1,663,903
Policyholder account balances	1,039,610	1,024,577
Corporate debt	234,750	157,750
Junior subordinated deferrable interest debentures underlying company-obligated mandatorily redeemable capital securities issued by unconsolidated subsidiaries	59,762	59,762
Securities lending payable	244,821	236,900
Other liabilities and policyholder funds	701,888	658,522
Liabilities related to separate account	<u>99,428</u>	<u>88,205</u>
Total liabilities	4,243,131	3,889,619
Shareholders' equity:		
Class A Common Stock	313	304
Class B Common Stock	39	39
Additional paid-in capital	442,531	406,908
Accumulated other comprehensive income	20,264	57,371
Retained earnings	636,285	534,540
Treasury stock, at cost	<u>(66,393)</u>	<u>(59,314)</u>
Total liabilities and shareholders' equity	<u><u>\$5,276,170</u></u>	<u><u>\$4,829,467</u></u>

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

	<u>12/31/05</u>	<u>12/31/04</u>	<u>12/31/03</u>
Operating activities:			
Net income	\$ 113,334	\$ 123,543	\$ 98,916
Adjustments to reconcile net income to net cash provided by operating activities:			
Change in policy liabilities and policyholder accounts	227,188	201,571	177,282
Net change in reinsurance receivables and payables	13,818	(16,568)	(21,336)
Amortization, principally the cost of business acquired and investments	62,014	49,325	41,184
Deferred costs of business acquired	(89,601)	(84,627)	(76,836)
Net realized gains on investments	(9,003)	(15,460)	(12,724)
Net change in federal income tax liability	16,924	24,057	20,720
Other	(25,274)	(17,746)	10,289
Net cash provided by operating activities	<u>309,400</u>	<u>264,095</u>	<u>237,495</u>
Investing activities:			
Purchases of investments and loans made	(1,946,034)	(1,881,235)	(1,845,331)
Sales of investments and receipts from repayment of loans	1,408,018	1,390,290	1,372,088
Maturities of investments	180,292	211,483	147,428
Net change in short-term investments	1,484	18,991	90,373
Change in deposit in separate account	(5,876)	(5,090)	(3,128)
Net cash used by investing activities	<u>(362,116)</u>	<u>(265,561)</u>	<u>(238,570)</u>
Financing activities:			
Deposits to policyholder accounts	102,708	140,173	106,986
Withdrawals from policyholder accounts	(101,701)	(88,251)	(88,081)
Proceeds from issuance of 2003 Senior Notes	-	-	139,222
Borrowings under revolving credit facility	88,000	38,000	34,000
Principal payments under revolving credit facility	(11,000)	(24,000)	(71,000)
Repayments or repurchase of other corporate debt	-	-	(81,150)
Proceeds from issuance of 2003 Capital Securities	-	-	19,399
Change in liability for Federal Home Loan Bank advances	(30,000)	(65,000)	(57,000)
Other financing activities	8,878	6,135	(10,237)
Net cash provided (used) by financing activities	<u>56,885</u>	<u>7,057</u>	<u>(7,861)</u>
Increase (decrease) in cash	4,169	5,591	(8,936)
Cash at beginning of period	<u>24,324</u>	<u>18,733</u>	<u>27,669</u>
Cash at end of period	<u>\$ 28,493</u>	<u>\$ 24,324</u>	<u>\$ 18,733</u>