

Press Release

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DELPHI FINANCIAL ANNOUNCES FOURTH QUARTER RESERVE STRENGTHENING AND 2002 EARNINGS GUIDANCE

Wilmington, Delaware - January 29, 2002 - Delphi Financial Group, Inc. (NYSE:DFG) announced today that it plans a reserve strengthening in the fourth quarter, primarily related to the Company's excess workers' compensation business, that is expected to result in an after-tax charge to 2001 operating income of approximately \$26.0 million, or \$1.26 per share. This reserve strengthening includes provisions for additional losses resulting from the terrorist attacks on the World Trade Center totaling approximately \$5.0 million, or \$.25 per share, net of taxes and reinsurance.

As a result of the fourth quarter reserve strengthening, the Company expects to report operating earnings for full year 2001 of approximately \$44.0 million, or \$2.18 per share, which includes an operating loss in the fourth quarter of approximately \$7.0 million, or \$.34 per share.

Delphi also announced that it will take a charge for writedowns to market value of fixed income investments in its investment portfolio of approximately \$43.0 million, or \$2.09 per share, after-tax. This charge will not be included in operating earnings, which exclude realized investment gains and losses. The impact of this charge on book value will be approximately \$.75 per share since most of these losses were reflected in the market value of the respective investments on the Company's balance sheet at September 30, 2001. Book value per share at December 31, 2001 is expected to be approximately \$28.50, compared with book value per share of \$26.87 at year-end 2000.

Delphi also announced that it is providing guidance for 2002 operating earnings in the range of \$3.65 to \$3.70 per share and earnings per share growth in 2003 at or above the high end of its target growth range of 10-12%. This guidance is based on the following specific business achievements over the past several months:

- Safety National achieved price increases in excess of 20% on December and January renewals in its core excess workers' compensation business;
- It also achieved significant improvements in terms on excess workers' compensation renewals;
- Safety National's new business production in December and January was \$10 million compared with \$4 million in the same two months a year ago;
- Safety National's run rate for premiums in its excess workers' compensation business is 23% higher than a year ago;
- Reliance Standard Life achieved \$57.0 million in fourth quarter production in its core group employee benefits products, a 46% increase over the same period a year ago;
- Reliance Standard Life's run rate for premiums in its core group employee benefits products is 15% higher than a year ago.

Robert Rosenkranz, Chairman and Chief Executive Officer, said, "Safety National's market environment has strengthened dramatically, as has Reliance Standard Life's new business production. Our reserve strengthening maintains our conservative reserving practices. These factors are the basis for our confidence in the outlook for 2002 and beyond."

The fourth quarter reserve strengthening of approximately \$41.0 million on a pre-tax basis includes the following items:

- An addition to case reserves at Safety National of approximately \$9.0 million for an unusually high number of large losses in excess workers' compensation in 2001 - there were more claims in excess of \$2 million in 2001 than the three prior years combined;
- An addition to case reserves at Safety National of approximately \$3.0 million related to reported losses resulting from the terrorist attacks on the World Trade Center;

- An addition to reserves at Safety National for losses incurred but not reported (IBNR) of approximately \$24.0 million;
- An addition to IBNR reserves at Reliance Standard Life of approximately \$5.0 million for potential losses resulting from the World Trade Center attacks.

Delphi Financial Group will hold a conference call to discuss these developments on Wednesday, January 30, 2002 at 11:00 AM (Eastern Standard Time). Delphi will broadcast this 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 "live 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 on-line replay will be available on Delphi's website for one week beginning at approximately 1:00 PM (Eastern Standard Time) on January 30, 2002.

Delphi Financial Group expects to release its financial results for fourth quarter and fiscal year 2001 on Wednesday, February 13, 2002 and hold its regular quarterly teleconference and webcast on Thursday, February 14, 2002.

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 that this press release contains certain forward-looking statements. Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results, prospects, outlooks or other developments. 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 and tax laws and regulations, and market pricing and competitive trends relating to insurance products and services; and those relating specifically to Delphi's business, such as the level of its insurance premiums and fee income, the claims experience 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 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. The risks and uncertainties related to these forward-looking statements are discussed in detail in Delphi's Form 10-K for the year ended December 31, 2000 and in other filings with the Securities and Exchange Commission. 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: long-term and short-term disability, excess and primary workers' compensation, group life, and travel accident. Delphi's asset accumulation business emphasizes individual 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.

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