

DELPHI FINANCIAL GROUP INC/DE
 Form 4
 February 21, 2007

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 SHERMAN DONALD A

2. Issuer Name and Ticker or Trading Symbol
 DELPHI FINANCIAL GROUP INC/DE [DFG]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 C/O DELPHI CAPITAL MANAGEMENT, INC., 590 MADISON AVENUE, 30TH FLOOR

3. Date of Earliest Transaction (Month/Day/Year)
 02/16/2007

Director 10% Owner
 Officer (give title below) Other (specify below)
 President & COO

(Street)
 NEW YORK, NY 10022

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | | (A) or (D) | Amount | Price | |
| | | | Code | V | Amount | (D) | Price |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| | | | | Code V (A) (D) | | Date Exercisable Expiration Date | Title | |
| Options to purchase Class A Common Stock | \$ 40.83 | 02/16/2007 | | A | 51,432 | (1) 02/07/2017 | Class A Common Stock | 51,432 |
| Restricted Share Units | (3) | 02/16/2007 | | A | 17,144 | (4) (4) | Class A Common Stock | 17,144 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-----------------|-------|
| | Director | 10% Owner | Officer | Other |
| SHERMAN DONALD A C/O DELPHI CAPITAL MANAGEMENT, INC. 590 MADISON AVENUE, 30TH FLOOR NEW YORK, NY 10022 | X | | President & COO | |

Signatures

Chad W. Coulter, Attorney-in-Fact for Donald A. Sherman
02/21/2007

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Options become exercisable in five equal annual installments, beginning on February 7, 2008.
- (2) Not applicable.
- (3) 1-for-1.
- (4) Under the terms of the restricted share units, the reporting person has the right to receive the underlying shares of Class A Common Stock six months following his termination of employment, subject to the completion of a vesting period consisting of three equal annual installments beginning on February 7, 2008. Such right may be accelerated if the reporting person's employment is terminated by reason of death, disability or his resignation for good reason or termination by the issuer without cause, or if a change of ownership with respect to the issuer occurs; however, if such employment is terminated by the issuer for cause or, except as to any shares as to which the aforementioned vested period has elapsed, by the reporting person without good reason, the right to receive such shares will be forfeited.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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