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## News Release

IMMEDIATE

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### DCAP REPORTS FIRST QUARTER 2006 RESULTS

**Hewlett, New York**—May 15, 2006—DCAP Group, Inc. (NASDAQ: DCAP), the largest chain of independent storefront insurance agencies in the Northeast, today reported financial results for the first quarter of 2006. Total revenues, were \$2,867,690, a decline from the prior year amount of \$3,208,073. Net income was \$126,780, a reduction of \$171,839 as compared to the first quarter of 2005. Earnings per diluted share were \$0.04 as compared to \$0.09 in the first quarter of 2005.

#### Operating Highlights

	<b>1Q 06</b>	<b>1Q 05</b>
Commissions and Fees	\$1,893,177	\$1,788,067
Premium Finance Revenue	974,513	1,420,006
<b>Total Revenues</b>	<b>2,867,690</b>	<b>3,208,073</b>
Pretax Income	211,184	497,697
Net Income	126,780	298,619
Basic EPS	0.04	0.11
Diluted EPS	0.04	0.09
Basic Shares	2,866,749	2,715,043
Diluted Shares	3,238,861	3,300,022

## Key Events during 2006 to Date

- Acquired the surplus notes of Commercial Mutual Insurance Company
- Acquired Accurate Agency with four locations in Rochester, New York

## Commentary

“We are staying with our plan to grow our distribution network” said Barry Goldstein, DCAP Chairman and CEO. “Our entry into the Western New York region was well executed and will soon allow for us to expand our footprint elsewhere in that area. We now have a total of 76 locations with more targets in New York, New Jersey and Pennsylvania. We are cognizant that the increased commission and fee revenue was less than the decline experienced in our premium finance segment, and we continue to seek to grow distribution while seeking additional products and services to capitalize on that distribution,” said Goldstein

“Our premium finance segment, while not entirely wedded to the flow of business in the Assigned Risk markets, continues to experience a decline in loan volumes originated. The NYAIP has seen its application volume decline by more than 50% from 2004 levels. We are making every effort to control our costs and seek new avenues for revenue growth in the Premium Finance business,” said Goldstein. “Right now, Payments, Inc., our premium finance lender, is the only proprietary product distributed in our 76 storefronts. We are seeking to changes that.”

“In late January we concluded the purchase of the \$3,750,000 Surplus Notes issued by Commercial Mutual Insurance Company of Kingston, New York. Having just experienced its 120<sup>th</sup> Anniversary CMIC is a writer of Commercial Auto and Physical Damage coverage, as well as homeowners, fire and multi-family dwelling overages in New York State and intends to enter the Pennsylvania market. “The note purchase marks DCAP’s initial investment in the carrier segment of the insurance industry. In February, Goldstein was elected Chairman of CMIC, while its long time CEO, John Reiersen signed a new two year employment agreement extending his tenure through 2007. With our goal to become a more well rounded and larger distributor of insurance products and services, both CMIC and DCAP will benefit from cross marketing and product leveraging opportunities”, said Goldstein.

## About DCAP Group

DCAP Group, Inc. owns and operates the largest chain of independent storefront insurance agencies in the Northeast. Through DCAP Insurance, Barry Scott Insurance, Atlantic Insurance Agency and Accurate Agency DCAP Group provides automobile insurance (and to a lesser extent, motorcycle and homeowners), enhanced by complimentary premium financing capabilities, to retail customers in New York, New Jersey, and Pennsylvania. Other products include automobile club service for roadside emergencies and income tax preparation services. As of May 16, 2006, DCAP had 76 owned or franchised storefront locations.



**Forward Looking Statements**

Statements in this press release may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. These statements are based on management’s current expectations and are subject to uncertainty and changes in circumstances. These statements involve risks and uncertainties that could cause actual results to differ materially from those included in forward-looking statements due to a variety of factors. More information about these factors can be found in DCAP’s latest Annual Report filed with Securities and Exchange Commission under Form 10-KSB. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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