



Press Release

Hamilton, Bermuda
20th September, 2012

STARTS

BF&M Announces Earnings of \$12.2 Million for 6 Month Period Ended 30th June 2012

BF&M Limited today announced shareholders' net income for the six month period ended 30th June 2012 of \$12.2 million, resulting in an annualized return on shareholders' equity of 12%. Shareholders' net income for the comparative six month period of 2011 was \$11.4 million. President & CEO, John Wight stated that "we were pleased overall with the financial performance of the company, which included the results of Island Heritage Holdings Ltd., a leading Cayman based company that writes property and casualty insurance in the Caribbean through one of its subsidiary companies. BF&M's recent 30th March 2012 acquisition of Island Heritage further strengthened BF&M's position as a strong regional insurer in the Caribbean, operating in thirteen countries, with three principal offices in Bermuda, Barbados, and Cayman."

Mr. Wight added that "the company's balance sheet continues to be very strong. Equity attributable to shareholders at 30th June, 2012 was \$202.3 million. Assets, including segregated funds, totaled \$1.5 billion of which \$85.8 million was held in cash and short term deposits. Based on the company's strong balance sheet, the Board of Directors maintained the dividend of 20c per share for shareholders of record at 28th September, 2012."

Earlier this week A.M. Best reaffirmed the financial strength ratings of A (Excellent) for BF&M's two principal operating subsidiaries in Bermuda; BF&M General Insurance Company Limited and BF&M Life Insurance Company Limited. In commenting on the A (Excellent) ratings, A.M. Best cited "BF&M General and BF&M Life's consistent positive net income, steady premium growth, strong capitalization and strong market share. These positive rating factors for BF&M Life and BF&M General are partially offset by these companies' concentrated book of business in the local Bermuda market, limited domestic growth opportunities, margin pressure due to a depressed economy in Bermuda and the exposure of the companies' property and casualty business to catastrophic events". BF&M's two other principal operating businesses, Insurance Corporation of Barbados Limited, and Island Heritage Insurance Company Ltd., are both rated A- (Excellent) by A.M. Best.

BF&M Limited

Year on year comparisons of figures are influenced by the positive operating results of Island Heritage since being consolidated into BF&M at the start of the second calendar quarter. Gross Premiums Written for the period increased 21% over 2011 to \$158.2 million. Investment income increased 20% over 2011 to \$13.8 million. Commission and other income increased 55% to \$17.6 million. Short term claim and adjustment expenses remained fairly constant at \$10.5 million and life and health policy benefits decreased 8% to \$50.5 million. Operating expenses increased 19% to \$30.3 million, reflecting the acquisition costs of Island Heritage and that company's operating expenses for the second quarter included in BF&M's consolidated figures.

ENDS

BACKGROUND

BF&M Limited is the holding company of the BF&M Insurance Group. The principal operating companies within the Group are BF&M Life Insurance Company Limited, BF&M General Insurance Company Limited, Island Heritage Holdings Ltd., and the Insurance Corporation of Barbados Limited, of which BF&M owns a 51.5% share. The group includes several other companies including Bermuda International Insurance Services Limited, Bermuda International Reinsurance Services Limited, Marchmont Insurance Company Limited, BF&M Investment Services Limited, BF&M Properties Limited, (including Scarborough Property Holdings Limited and Barr's Bay Properties Limited), and Hamilton Financial Limited.

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BF&M Limited