



Press Release

Hamilton, Bermuda
30th April, 2013

STARTS

BF&M Announces Earnings of \$21.5 Million for Year Ended 31st December 2012

BF&M Limited today announced shareholders' net income for the year ended 31st December 2012 of \$21.5 million, resulting in a return on shareholders' equity of 10.7%. President & CEO, John Wight stated that "we were pleased with the fundamental operating performance of the companies in the BF&M Group against the backdrop of continuing recessionary pressures on our customers in Bermuda and the Caribbean where BF&M operates its businesses."

Shareholders' net income for 2011 was \$32.7 million. Mr. Wight added that "in comparing the financial results of 2012 against 2011 it is important to recall that 2011 had a one-time gain of \$9.6 million related to the future funding of the Company's retiree health plan. This gain was fully recognized in the 2011 financial statement year, and thus did not re-occur in 2012."

In stating that 2012 was a good year for BF&M, Mr. Wight added that "we were disappointed however that the prolonged and severe economic climate and depressed real estate market in Bermuda resulted in certain mortgagees potentially unable to fulfill their contractual obligations to the company. This resulted in the requirement to record an impairment provision of approximately \$5 million in the consolidated statement of income for 2012. This compared with an impairment provision for mortgages of approximately \$500,000 in 2011. The challenging economic environments in the other islands where the BF&M Group operate mirrored those of Bermuda. 2013 looks very much like a continuation of the 2012 economic climate and it may take several years

BF&M Limited

before we see significant improvement in these regions. In the meantime our businesses continue to perform well against their peers.”

The financial results for 2012 include those of Island Heritage Holdings Ltd., a leading Cayman based company that writes principally property and casualty insurance in certain Caribbean islands through one of its subsidiary companies, for the period from 30th March 2012, the effective date of the acquisition of that company. This acquisition of Island Heritage further strengthened BF&M’s position as a strong regional insurer in the Caribbean, operating in fourteen countries.

We were pleased that rating agency A.M. Best maintained their Financial Strength Ratings for BF&M’s four principal operating companies, based in Bermuda, Barbados, and Cayman. A.M. Best’s rating system is designed to provide an opinion of an insurer’s financial strength and ability to meet ongoing obligations to policyholders. Their opinions are derived from an evaluation of a company’s balance sheet strength, operating performance and business profile. A.M. Best’s ratings for these companies are as follows;

- BF&M General Insurance Company Limited – “A” Excellent
- BF&M Life Insurance Company Limited – “A” Excellent
- Insurance Corporation of Barbados Limited – “A-” Excellent
- Island Heritage Insurance Co. Ltd – “A-” Excellent

The ratings are the strongest of any local insurer in the respective marketplaces for these companies.

Mr. Wight added that “the Company’s balance sheet continues to be very strong. Equity attributable to shareholders at 31st December, 2012 was \$208.4 million. Assets, including segregated funds, totaled \$1.5 billion of which \$87.9 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 20 cents per share for shareholders of record at 28th March, 2013.”

Year on year comparisons of figures are influenced by the operating results of Island Heritage since being consolidated into BF&M at the start of the second quarter. Gross Premiums Written for the year increased 37% over 2011 to \$319.7 million. Investment income decreased 41% over 2011 to \$17.2 million as a result of a decline in the change in fair value of investments held. Commission and other income increased 94% to \$47.1 million. Short term claim and adjustment expenses increased 16% to \$18.2 million and

BF&M Limited

life and health policy benefits decreased 9% to \$105.2 million. Operating expenses increased 28% to \$63.1 million.

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.

For further information contact:-

R. John Wight C.A, CPCU
President & Chief Executive Officer
Phone 295 5566, Fax 292 8831, e-mail jwight@bfm.bm

[Enter any additional info here]

BF&M Limited