



PRESS RELEASE

STARTS

BF&M reports first quarter earnings of \$3.1 million

Hamilton, Bermuda, 20 June 2018— BF&M Limited (“BF&M”, “the BF&M Group” or “the Company”) today reported shareholders’ net income for the three months ended 31st March 2018 of \$3.1 million. Shareholders’ net income for the comparative three month period of 2017 was \$6.0 million.

President and CEO John Wight stated: “BF&M reported solid earnings for the first quarter of 2018, after one of the most challenging years in the Group’s history. While impacted by higher reinsurance costs driven by the 2017 storms, our results reflect strong earnings in our Life and Health business and a return to profitability in our Property and Casualty lines.”

BF&M offers property and casualty products as well as health, life, annuities and pension products, and investment advisory services. The Group consists of four main insurance operating companies, with the following A.M. Best financial strength ratings:

BF&M General Insurance Company Limited	A (Excellent)	Bermuda
BF&M Life Insurance Company Limited	A (Excellent)	Bermuda
Island Heritage Insurance Company Ltd.	A (Excellent)	Cayman
Insurance Corporation of Barbados Limited	A- (Excellent)	Barbados

Mr. Wight added: “The BF&M Group continues to hold the highest ratings of any domestic insurer in Bermuda or the Caribbean. The Company’s performance in 2017, after the most active storm season ever in the Caribbean, attested to the significance of our financial strength ratings. With the 2018 hurricane season under way, our customers can be confident that BF&M will be there for them when needed.”

Equity attributable to shareholders at 31st March 2018 was \$262.7 million. General fund assets totaled \$1.7 billion of which \$267.5 million was held in cash and cash equivalents.

BF&M Limited

Gross premiums written for the period were \$77.9 million, reflecting a decrease of 3% from the corresponding 2017 period as a result of a reduction in premiums on certain commercial properties and from premium rates pressure in some of our territories.

Investment income for the year reflected a \$10.0 million decrease (2017 - \$2.8 million increase) in the fair value of investments for the period. As a result of the Company's disciplined asset liability matching policy which looks to limit volatility of reported earnings as a result of interest rate swings the Company reported a negligible net loss on the difference between the fair value of investments which support certain liabilities and reported reserves.

Commission and other income increased from the prior year by 26% to \$12.9 million. 2017 hurricanes continued to negatively impact commission income in the current year, but the impact was more than offset by additional reinsurance coverage and higher levels of proportional reinsurance ceded due to changes in our reinsurance programme and profit share reported on non property business.

Short term claims and adjustment expenses decreased 11% to \$5.8 million from favourable claims experience. Life and health policy benefits decreased by 42% to \$16.2 million. "Life and health policy benefits" includes changes in life insurance reserves which decreased in 2018 compared to a smaller increase in 2017 in the same period. These reserve movements were primarily driven by differences in market interest rates over the respective periods.

Operating expenses decreased 6% to \$15.3 million for the year.

ENDS

BACKGROUND

BF&M Limited is the holding company of the BF&M group of companies ("BF&M Group"). The two largest operating companies within the BF&M Group are BF&M Life Insurance Company Limited, a leading provider of life, health and pensions products, and BF&M General Insurance Company Limited, the leading general insurer providing all forms of property, casualty, motor and marine products. The BF&M Group includes several other companies including BF&M Investment Services Limited, BF&M Properties Limited, (including Scarborough Property Holdings Limited and Barr's Bay Properties Limited), Hamilton Financial Limited, Island Heritage Insurance Company Ltd, and a 51.24% interest in the Insurance Corporation of Barbados Limited.

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