



PRESS RELEASE

STARTS

BF&M reports earnings for the Year Ended 31st December 2017 of \$3.7 million

Hamilton, Bermuda, 12 April 2018— BF&M Limited (“BF&M”, “the BF&M Group” or “the Company”) today reported shareholders’ net income for the year ended 31st December 2017 of \$3.7 million. Shareholders’ net income for the comparative twelve month period of 2016 was \$14.4 million.

President and CEO John Wight stated: “Despite the most destructive hurricane activity ever seen in the Caribbean region and record claims for BF&M, the Company demonstrated its financial strength and finished 2017 modestly profitable. While Bermuda was fortunate to have avoided a major storm in 2017, many of our customers across the 15 jurisdictions in which we operate were impacted by the two Category 5 hurricanes, Irma and Maria. We prepare for events of this magnitude and we proved our ability to meet our obligations to our policyholders when they needed us. Excluding the impact from the storms, BF&M recorded a strong operating year from its core insurance and investment advisory services.”

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: “Shortly after reviewing the impact of Hurricanes Irma and Maria, A.M. Best reaffirmed the financial strength ratings for all four of BF&M’s principal operating companies, based on the BF&M Group’s balance sheet strength, operating performance and business profile. BF&M continues to hold the strongest ratings of any domestic insurance group in Bermuda and the Caribbean.”

BF&M Limited

Equity attributable to shareholders at 31st December 2017 was \$261.1 million. General fund assets totaled \$1.8 billion of which \$205.1 million was held in cash and cash equivalents.

Gross premiums written for the period were \$329.7 million, reflecting a decrease of 5% from the corresponding 2016 period as a result of a reduction in premiums on certain commercial properties. The reduction had little to no impact on the Company's bottom line.

Investment income for the year reflected a \$10.6 million increase (2016 - \$0.7 million decrease) 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 small \$0.9 million net loss on the difference between the fair value of investments which support certain liabilities and reported reserves.

While the core business operations performed well, the Company did however incur losses and set up impairments as a result of revaluing or disposing of commercial and residential properties that reduced in value in 2017.

Commission and other income increased from the prior year by 15% to \$47.1 million. 2016 hurricanes continued to negatively impact commission income in the current year, but the impact was 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 increased 11% to \$34.5 million due to the 2017 catastrophe losses. Life and health policy benefits decreased by 4% to \$113.5 million. "Life and health policy benefits" includes changes in life insurance reserves which increased significantly in 2016 compared with a much 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 increased 3% to \$66.0 million for the year.

BF&M Limited

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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