



Press Release

Hamilton, Bermuda
22nd April, 2014

STARTS

BF&M Announces Earnings of \$25.2 Million for Year Ended 31st December 2013

BF&M Limited today announced shareholders' net income for the year ended 31st December 2013 of \$25.2 million, resulting in an annualized return on shareholders' equity of 11.7%. Shareholders' net income for the comparative period of 2012 was \$21.9 million. President & CEO, John Wight stated that "this marked the thirteenth straight year that BF&M has achieved a return on equity of 10% or greater. For the first time, over half of BF&M's profits came from businesses outside of Bermuda. Island Heritage Insurance Company, headquartered in Cayman and operating in 13 Caribbean countries, had record profits. Financial results from Bermuda based businesses were good but continue to reflect the ongoing challenges that still impact certain of our individual, commercial, and group customers. There are certain signs of recovery in the Bermuda economy which is encouraging."

Mr. Wight added that "the company's balance sheet continues to be very strong, both in terms of capitalization and liquidity. Equity attributable to shareholders at 31st December 2013 was \$227.8 million. General fund assets totaled \$1.1 billion of which \$74.0 million was held in cash and cash equivalents. Based on the company's strong balance sheet, the Board of Directors maintained the dividend of 20c per share for shareholders of record at 31st March 2014."

A.M. Best's financial strength ratings for BF&M's two principal Bermuda based operating subsidiaries; BF&M General Insurance Company Limited and BF&M Life Insurance Company Limited are A (Excellent). There is no insurance company in Bermuda writing domestic insurance business with ratings this strong. A.M. Best cited BF&M's "consistent positive net income, steady premium growth, high level of capital, and strong market share." BF&M's other two principal operating businesses, the Insurance Corporation of Barbados Limited, and Island Heritage Insurance Company Ltd, have financial strength ratings of A- (Excellent). There are no other direct insurers in Barbados and Cayman with stronger ratings than those two companies.

Gross premiums written for the year were \$345.6 million, an increase of 8.6% over 2012. Investment income for the year reflected a \$22.5 million decrease in the value of investments for the period as the increase in interest rates decreased the fair value of the company's extensive fixed income portfolio.

BF&M Limited

Offsetting this was an \$20.5 million decrease in the reserve held in respect of future policyholder benefits' as a result of the company's disciplined asset liability matching policy which limits volatility of reported earnings as a result of interest rate swings in either direction. Commission and other income decreased 16.0% to \$40.0 million. Short term claims and adjustment expenses increased by 21.3% to \$22.2 million and life and health policy benefits decreased by 21.7% to \$83.8 million. Operating expenses increased 10.0% to \$63.1 million.

ENDS

BACKGROUND

BF&M Limited is the holding company of the BF&M Insurance Group. The two largest operating companies within the 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 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), Hamilton Financial Limited, Island Heritage Holdings Limited, and a 51.5% interest in the Insurance Corporation of Barbados Limited.

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