



## Press Release

Hamilton, Bermuda  
27<sup>th</sup> June, 2013

### STARTS

#### BF&M Announces Earnings of \$4.4 Million for 3 Month Period Ended 31<sup>st</sup> March 2013

BF&M Limited today announced shareholders' net income for the three month period ended 31<sup>st</sup> March 2013 of \$4.4 million, resulting in an annualized return on shareholders' equity of 8%. Shareholders' net income for the comparative three month period of 2012 was \$4.5 million. President & CEO, John Wight stated that "financial results for the first 3 months of 2013 were comparable with the corresponding period in 2012. BF&M's insurance operations are based in Bermuda, Cayman, and Barbados, and each of these country's economies continue to face ongoing challenges that impact our individual, commercial, and group customers. The group's strong earnings for the past several years have resulted from disciplined underwriting and investment of policyholder and company funds, while building new insurance administration platforms to better service our businesses. When growth in the economies of these countries improve, the Company will be well positioned to continue and enhance its strong performance".

Mr. Wight added that "the company's balance sheet continues to be very strong. Equity attributable to shareholders at 31<sup>st</sup> March 2013 was \$211.2 million. Assets totaled \$1.1 billion of which \$107.1 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 28<sup>th</sup> June 2013."

A.M. Best's financial strength ratings for BF&M's two principal 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."

When comparing the results of 2013 with 2012, it is important to note that BF&M Limited acquired Island Heritage Holdings, Ltd., a leading Caribbean company with extensive insurance operations, on 30 March 2012, and thus the 2012 Q1 BF&M earnings do not include the Q1 results of this company.

**BF&M Limited**

Gross premiums written for the period were \$78.4 million, an increase of 38% over 2012. Investment income for Q1 reflected a \$3.7 million decrease in the value of investments for the period as the marginal increase in interest rates decreased the fair value of the company's extensive fixed income portfolio. Offsetting this was a \$3.5 million decrease in the value of 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 increased 68% to \$10.7 million. Short term claims and adjustment expenses decreased by 2% to \$6.9 million and life and health policy benefits decreased by 3% to \$18.5 million. Operating expenses increased 35% to \$15.9 million.

ENDS

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## 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.

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](mailto:jwight@bfm.bm)

[Enter any additional info here]

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