



PRESS RELEASE

STARTS

BF&M reports 9 month earnings of \$16.9 million

Hamilton, Bermuda, 11 December 2018— BF&M Limited (“BF&M”, “the BF&M Group” or “the Company”) today reported shareholders’ net income for the nine months ended 30th September 2018 of \$16.9 million. Shareholders’ net income for the prior-year nine month period of 2017 was \$5.2 million.

President and CEO John Wight stated: “BF&M reported strong earnings for the nine months in 2018, along with strong operating results for the third quarter. Our earnings were driven by the solid performance of both the Life & Health business and P&C operations, with continued support from income on non-insurance operations.”

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: “Our strategy of diversification by geography and by line of business, and our leading financial strength ratings continue to form the cornerstones of our success.”

Equity attributable to shareholders at 30th September 2018 was \$273.3 million. General fund assets totaled \$1.3 billion of which \$163.8 million was held in cash and cash equivalents.

Gross premiums written for the period were \$262.3 million, reflecting an increase of 2% from the corresponding 2017 period.

BF&M Limited

Investment income for the year reflected a \$14.6 million decrease (2017 - \$8.9 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 \$3.9m net gain 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 7% to \$38.8 million. 2017 hurricanes continued to negatively impact commission income in the current year, but the impact was more than offset by commissions earned on 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 32% to \$19.4 million of which \$12.5m was a decline from 2017 storm claims. Life and health policy benefits decreased by 20% to \$65.6 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 8% to \$46.2 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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BF&M Limited