



## Press Release

Hamilton, Bermuda  
9<sup>th</sup> December 2014

### STARTS

**BF&M reports earnings for the 9 month period to 30<sup>th</sup> September 2014 of \$21.6 million**

BF&M Limited today reported shareholders' net income for the nine month period ended 30<sup>th</sup> September 2014 of \$21.6 million, resulting in an annualized return on shareholders' equity of 12.1%. Shareholders' net income for the comparative nine month period of 2013 was \$15.8 million.

President & CEO John Wight stated that "the core operating earnings in the first nine months of 2014 were slightly improved over the corresponding period in 2013. There were however certain anomalies such as the change in interest rates, which moved in the company's favor for the first nine months of 2014 which were outside of the company's core operations, that benefitted our overall financial results".

Mr. Wight added that "the financial impact of Hurricane's Fay and Gonzalo will be recorded mostly in Q4. The amount of claims incurred by BF&M resulting from the storms since the end of the third quarter is not inconsequential. The Company has paid out over \$10 million in respect of the storms thus far. The Company does however have a conservative reinsurance program which limits the effects on earnings to a manageable level".

Following the approval of the third quarter financial results, the Board of Directors announced a dividend of 22c per share for shareholders of record 31<sup>st</sup> December 2014. This 22c per share dividend continues the increased quarterly dividend that the Board had approved earlier this year.

Equity attributable to shareholders at 30<sup>th</sup> September 2014 was \$244.6 million. General fund assets totaled \$1.1 billion of which \$80.2 million was held in cash and cash equivalents.

Gross premiums written for the period were \$265.9 million, a decrease of 3% over 2013. Investment income for Q3 reflected a \$13.0 million increase in the value of investments for the period as interest rates and credit spreads fell in during the year increasing the fair value of the company's extensive fixed income portfolio.

**BF&M Limited**

Offsetting this was a \$9.8 million increase in the value of policyholder benefits as a result of the company's asset liability matching program which limits volatility of reported earnings as a result of interest rate swings. Commission and other income decreased 4% to \$28.7 million. Short term claims and adjustment expenses decreased by 13% to \$15.8 million and life and health policy benefits increased by 47% to \$88.8 million, reflecting the increase in the value of policyholder benefits mentioned above. Operating expenses increased 4% to \$48.5 million.

Last quarter A.M. Best announced that it had affirmed financial strength ratings of A (Excellent) to BF&M's two principal Bermuda based insurance subsidiaries, BF&M General Insurance Company Limited and BF&M Life Insurance Company Limited. There is no insurance company in Bermuda writing domestic insurance business with ratings this strong. A.M. Best cited "BF&M General's favorable underwriting performance, excellent capitalization, and consistent overall profitability". They further cited "BF&M Life's strong level of capital, consistent favorable operating results and sizeable market share in Bermuda".

A.M. Best had recently upgraded the financial strength rating of BF&M Limited's Cayman based company, Island Heritage Insurance Company Ltd. to A (Excellent) and affirmed the financial strength rating A- (Excellent) for BF&M Limited's Barbados based company the Insurance Corporation of Barbados Limited.

BF&M was recently awarded the Investors in People U.K. Gold Standard, a world-wide standard which rewards best business practices of companies that successfully increase the productivity of its organization to achieve success through its employees. BF&M was the first business in Bermuda to be awarded this honor and now the first to be recertified.

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 51.4% interest in the Insurance Corporation of Barbados Limited.

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