



PRESS RELEASE

STARTS

BF&M reports earnings for the Year Ended 31st December 2018 of \$20.2 million

Hamilton, Bermuda, 9 April 2019— BF&M Limited (“BF&M”, “the BF&M Group” or “the Company”) today reported shareholders’ net income for the year ended 31st December 2018 of \$20.2 million. Shareholders’ net income for the comparative twelve month period of 2017 was \$3.7 million.

President and CEO John Wight stated: “BF&M reported strong earnings for the year ended 31 December, 2018. 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.”

Mr. Wight added: “Despite coming on the heels of the year that saw the most destructive storm activity ever seen by the Caribbean in 2017, we began 2018 in a strong financial position, thanks to our robust reinsurance programme and sound capital management. A.M. Best validated our strategy and balance sheet strength by once again affirming our ratings, the strongest held by a domestic insurance group in Bermuda and the Caribbean.”

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

Equity attributable to shareholders at 31st December 2018 was \$276.7 million. General fund assets totaled \$1.2 billion of which \$160.7 million was held in cash and cash equivalents.

Gross premiums written for the period were \$352.6 million, reflecting an increase of 7.0% from the corresponding 2017 period.

BF&M Limited

Investment income for the year reflected a significant 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 \$5.2 million 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 14.2% to \$53.7 million. 2017 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 decreased 25.8% to \$25.6 million as catastrophe losses significantly impacted claims reported in 2017. Life and health policy benefits decreased by 17.9% to \$93.3 million. "Life and health policy benefits" includes changes in life insurance reserves which decreased significantly in 2018 compared with a significant 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 8.6% to \$60.3 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