



PRESS RELEASE

STARTS

BF&M reports six month earnings of \$13.9 million

Hamilton, Bermuda, 11 September 2017— BF&M Limited (“BF&M” or “the Group”) today reported shareholders’ net income for the six months ended 30th June 2017 of \$13.9 million, resulting in an annualized return on shareholders’ equity of 10%. Shareholders’ net income for the comparative six month period of 2016 was \$13.2 million.

President and CEO John Wight stated: “Operating results were strong, driven by favourable claims experience and positive net fair value gains on investments and reserves, despite the impact of lost 2017 reinsurance profit commission due to 2016 hurricanes Matthew in the Bahamas and Nicole in Bermuda.”

BF&M operates in 15 jurisdictions across the Caribbean, including Bermuda, and 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 said: “BF&M continues to hold the strongest ratings of any domestic insurance group in Bermuda and the Caribbean. With over 114 years in the business, our financial strength and proven risk management expertise mean our customers can count on us to be there when they need us most.”

Equity attributable to shareholders at 30th June 2017 was \$275.2 million. General fund assets totaled \$1.2 billion of which \$120.7 million was held in cash and cash equivalents.

BF&M Limited

Gross premiums written for the period were \$175.8 million, reflecting a decrease of 4% from the corresponding 2016 period as a result of a reduction in premiums on certain commercial properties. The reduction had little to no impact on the Company's bottom line.

Investment income for the year reflected an \$8.3 million increase (2016 - \$18.9 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 \$0.1 million net gain on the difference between the fair value of investments which support certain liabilities and reported reserves. A \$2.0 million gain (2016 - \$1.2 million gain) was reported on the Company's other investments.

Commission and other income increased from the prior year by 10% to \$22.4 million. As previously noted, 2016 hurricanes continue to negatively impact commission income in the current year, but, higher levels of proportional reinsurance ceded due to changes in our reinsurance programme and profit share reported on non property business offset the impact.

Short term claims and adjustment expenses increased 2% to \$12.3 million. Life and health policy benefits decreased by 26% to \$55.9 million. "Life and health policy benefits" includes changes in life insurance reserves which increased significantly in the first half of 2016 compared with a much smaller increase in 2017. These reserve movements were primarily driven by differences in market interest rates over the respective periods.

Operating expenses were in line with the prior year at \$33.2 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 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 51.3% interest in the Insurance Corporation of Barbados Limited.

For further information contact:-

R. John Wight, CPA, CA, CPCU, Group President & Chief Executive Officer

Phone 295 5566, Fax 292 8831, e-mail jwight@bfm.bm

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