



Press Release

Hamilton, Bermuda
10th December, 2013

STARTS

BF&M Announces Earnings of \$15.8 Million for Nine Month Period Ended 30 September 2013

BF&M Limited today announced shareholders' net income for the nine month period ended 30 September 2013 of \$15.8 million, resulting in an annualized return on shareholders' equity of 10%. Shareholders' net income for the comparative nine month period of 2012 was \$13.7 million. President & CEO, John Wight stated that "financial results for the first nine months of 2013 were up 15% from the corresponding period in 2012. The company's core operations relating to insurance and investment advisory and administration services continued to perform well, despite the ongoing challenges that impact our individual, commercial, and group customers in Bermuda, Barbados, and Cayman, where the majority of the business is operated from.

Mr. Wight added that "the company's balance sheet continues to be very strong. Equity attributable to shareholders at 30 September 2013 was \$217.1 million. General fund assets totaled \$1.1 billion of which \$99.7 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 31 December 2013."

A.M. Best's financial strength ratings for BF&M's two principal Bermuda based 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." BF&M's other two principal operating businesses, the Insurance Corporation of Barbados Limited, and Island Heritage Insurance Company Ltd, have financial strength ratings of A- Excellent.

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 Q3 BF&M earnings do not include the 2012 Q1 results of this company.

BF&M Limited

Gross premiums written for the period were \$273.0 million, an increase of 10% over 2012. Investment income for the nine months reflected a \$19.3 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 an \$18.2 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 decreased 3% to \$29.8 million. Short term claims and adjustment expenses increased by 8% to \$18.3 million and life and health policy benefits decreased by 26% to \$58.5 million. Operating expenses increased 5% to \$46.8 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 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.

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BF&M Limited