



PRESS RELEASE

Hamilton, Bermuda
3rd September 2009

STARTS

BF&M Announces Earnings of \$7,933,613 for 6 month period ended 30th June 2009

BF&M Limited today announced net earnings for the six month period ended 30th June 2009 of \$7,933,613. This compared with net earnings for the comparative period in 2008 of \$13,180,499. The 2009 half year results represented a 9% annualized return on shareholders equity. John Wight, President & CEO of BF&M stated that: "as with all financial services companies our results have been negatively impacted by the economic climate globally and specifically in Bermuda and Barbados where we conduct the majority of our business. Our results were also impacted by the investment markets. The fair value of BF&M's investments for the 6 months ended 30th June 2009 decreased \$7,263,281 which under new accounting rules adopted in 2007 flows directly through the company's statement of earnings. Despite the decrease in value, the company continues to hold a high quality portfolio of investments on behalf of our policyholders and shareholders. At 30th June 2009 BF&M had bond investments totaling \$334,020,140. 100% of these investments rated were investment grade. The company has no direct exposure to sub prime mortgages."

Mr. Wight added that "we are pleased to report that A.M. Best has reaffirmed the financial strength rating for BF&M Limited's two principal operating subsidiaries "BF&M General" and "BF&M Life". These A (Excellent) ratings are the strongest of any insurer in the Bermuda domestic insurance market and reflects the strong performance and capitalization of these companies."

Total assets at 30th June 2009 were \$725,433,070. Shareholders equity was \$161,066,744. Gross premiums written increased 9% for the first six months of 2009 over the same period in 2008 to \$117,961,226. Investment income increased 4% to \$8,928,400. Commissions and other income decreased 13% to \$9,733,350 as the assets under management on investments that the company advises on and administers decreased due to declining investment balances as compared to the corresponding period in 2008.

Claims and claim adjustment expenses decreased 3% over 2008 to \$9,290,182. Policy benefits increased 34%. Policy benefits include health claims for medical treatment received by policyholders locally and overseas. Mr. Wight stated "in our 2008 Annual Report we reported that during 2009 several health care reforms were anticipated which we expected would increase domestic claim costs beyond which we felt were reasonable for local residents to bear through future rate increases.

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Health claims for the months of April, May, and June were higher than the corresponding period in 2008 and negatively impacted our operating results.”

The Board of Directors maintained the dividend of 20c per share for shareholders of record 30th September 2009.

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, North Atlantic Asset Management Limited, BF&M Properties Limited, (including Scarborough Property Holdings Limited and Barr’s Bay Properties Limited), BF&M (Canada) Limited, Hamilton Financial Limited, and a 51.7% interest in the Insurance Corporation of Barbados Limited.

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