



PRESS RELEASE

Hamilton, Bermuda
9th September 2010

STARTS

BF&M Announces Earnings of \$10.7 Million for 6 Month Period Ended 30th June 2010

BF&M Limited today announced net earnings for the 6 month period ended 30th June 2010 of \$10,707,811, resulting in a return on shareholders equity of 12%. These results compared with net earnings of \$7,933,613 for the comparable 6 month period in 2009. President & CEO John Wight stated that “we were overall satisfied with the company’s financial results, which benefitted from the company’s improved investment performance. The company’s earnings from underwriting activities were negatively impacted by higher health claims which resulted in a rare loss for this major line of business. All other lines of insurance and investment advisory services performed in line with expectations in light of the current economic challenges faced by businesses and individuals.

Shareholders equity at 30th June 2010 was \$176,913,818. Assets totaled \$774,172,627, of which \$54,937,221 was held in cash and short term deposits. Based on the company’s strong balance sheet and financial performance, the Board of Directors maintained the dividend of 20c per share for shareholders of record at 3^{0th} September 2010.

We were very pleased that AM Best reaffirmed the financial strength ratings of A Excellent to BF&M’s two principal operating 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. AM Best cited BF&M’s “consistent positive net income, steady premium growth, high level of capital, and strong market share”.

Gross Premiums Written for the period increased 4% over 2009 to \$122,738,960. Investment income decreased 2% to \$8,709,035. The fair value of assets classified as held for trading increased earnings by \$5,742,501 due to a strong bond market in the second quarter. This compared very favourably to a drop in value of \$7,263,281 for the corresponding period in 2009, when the investment portfolio was adversely affected by an overweighting of US Treasury securities. Commissions and other income increased 9% to \$10,651,890.

Claims and adjustment expenses increased by 39% to \$12,940,636 and policy benefits increased 31% to \$59,342,950. Operating expenses increased 5% to \$21,074,715.

BF&M LIMITED

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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 Company 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, and a 51.7% interest in the Insurance Corporation of Barbados Limited.

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