



PRESS RELEASE

Hamilton, Bermuda
25th May 2010

STARTS

BF&M Announces Earnings of \$5.9 Million for 3 Month Period Ended 31st March 2010

BF&M Limited today announced net earnings for the 3 month period ended 31st March 2010 of \$5,916,313, resulting in a return on shareholders equity of 14%. These results compared with net earnings of \$888,614 for the comparable 3 month period in 2009. President & CEO John Wight stated that “we were overall satisfied with the company’s financial results , although the improvement was largely as a result of 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 business performed more or less the same as that of the corresponding prior period, and in line with expectations. Several group customers have reduced their staffing levels due to the challenging economic conditions in Bermuda and this resulted in less premium income from, in particular, health and life insurance.”

Shareholders equity at 31st March 2010 was \$173,779,869. Assets totaled \$745,677,733, of which \$54,316,463 was held in cash and short tem 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 30th June 2010.

Gross Premiums Written for the period increased 9% over 2009 to \$59,176,768. Investment income increased 9% to \$4,369,596. The fair value of assets classified as held for trading decreased earnings by \$313,720 principally due to the drop in the value of local Bermuda equities held by the company. This however compared very favourably to a drop in value of \$10,672,755 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 \$5,320,674. Claims and adjustment expenses increased by 20% to \$5,586,464 and policy benefits increased 54% to \$97,971,270. Operating expenses increased 9% to \$9,999,460.

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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