



August 29th 2005 - Hurricane Katrina Satellite Image courtesy of the NOAA/National Climatic Data Centre

How Global Catastrophes Affect Bermuda's Insurance Premiums

In order for BF&M General Insurance to provide the range of products and services that it offers to our community, it cannot stand alone. The Company must itself purchase reinsurance from the international insurance market.

As a consequence, just like most other insurance companies, BF&M is exposed to the world market place and the impact that major catastrophes have on reinsurance providers. 2005 was the worst year on record for that

industry with losses from Hurricanes Katrina, Wilma and Rita alone estimated to cost US\$49 billion. Large losses also arose in 2004 from Hurricanes Ivan, Frances, Jeanne and Charley. The frequency and severity of these hurricanes has forced reinsurers, amongst other actions, to increase the price of the reinsurance cover they provide to BF&M.

Unfortunately, BF&M must pass on this increase to its customers who then face higher premiums. BF&M always negotiates to get the very best, and cost effective, reinsurance programmes from the very best suppliers whom we know will stand 100% behind our Company and ultimately our customers.

Two ways you can be kept up to date with Bermuda's Weather Conditions... Visit Sharkoil.bm - our online service, or tune into the BFM Weather Updates on Radio Stations 1340 at 8.15am and 5.15 pm, or Power 95 7.15am or 5.15pm... every Monday through Friday

Dates '06

Coldwell Banker Home Show
March 11

Number 1 Shed
9:30am - 4:30pm
Visit our Booth #21

St. George's 5k Fitness Walk/Run
July 4

Mark your Calendar Now!

10th Annual TB Cancer Walk Oct 4

October is Breast Cancer awareness month. Come and walk with us.

Q&A's
Medical Question?

Visit our **two** online medical centres on www.bfm.bm, under Products. Look for WEBMD or Intelligent Health & get answers.

President's Report



It is hard to imagine that we are already into February of 2006. In my first Update Newsletter report to you as President & CEO in Spring 2005, I listed our biggest challenge as being able to recruit and retain a strong Bermudian staff. Our staff is the face of our company and the first point of contact for our customers. The success of BF&M currently, and in the future, resides in management's ability to coach, train, support, and encourage staff. How do we know when we are successful in doing this? One measure is to have an independent and objective organisation assess us. "Investor in People UK" is an internationally recognised organisation, which assesses companies against best business practice criteria. In 2002, BF&M became the first company in Bermuda to be accredited with meeting the requirements of the Investor in People Standard. In late 2005, we were again assessed and became the first company in Bermuda to be re-certified. It was the efforts of each and every member of management and staff that enabled us to achieve this award. I am really proud to work with such a great team.

Training and development is the cornerstone of recruiting and retaining high caliber employees at BF&M. The management group has recently embarked on a six month programme on

"Engaged Leadership", led by Clint Swindall, CEO of Verbalocity. The objective of this programme is for our management team to improve our leadership skills for the betterment of those whom we work with at BF&M. Through honest and constructive feedback from fellow workers, we have all been able to identify areas of improvement to make us better leaders.

We are very excited to have announced the acquisition of a 51.7% ownership interest in the Insurance Corporation of Barbados Limited ("ICBL"). Overseas expansion into selected jurisdictions in businesses where BF&M have core competencies is a strategic objective of ours. ICBL is already the market leader in general insurance business in Barbados. Our objective is to leverage BF&M's expertise in Life and Health Insurance, Pensions, Annuities and Asset Management to make what is a good investment from the start, even better. We are very excited to add the ICBL team to the BF&M family and look forward to working with them for years to come.

On behalf of all of us at BF&M, we thank you for your continued support of our company.

R. John Wight C.A.
President and Chief Executive Officer



Michael Lima of Bermuda International, Lloyd Steinke and Richard Letarte of Munich Re.

Bermuda International Insurance Services Limited

Bermuda International Insurance Services Limited (Bermuda International) celebrated its launch in January. During two action packed days, Michael Lima, Bermuda International Vice President & General Manager, outlined the Company's new products that have been specifically tailored for the global marketplace. International attendees and clients also had the opportunity to network with others in the industry and were treated to a real taste of Bermudian hospitality!



BERMUDA INTERNATIONAL
INSURANCE SERVICES LIMITED

BF&M's Commitment To Learning

At its Annual Conference in Orlando, Florida, LOMA awarded BF&M the Excellence in Education Award for 2005. Only 68 of LOMA's 1200 members worldwide received this award, given to those that have achieved true excellence in their professional development and participation in LOMA's Education and Training Programs. BF&M is proud of this remarkable accomplishment, which reinforces its commitment to its staff and the continued success of the Company.

Training & Development

The following employees successfully completed exams working towards designation in the listed areas:

ARM	Lisa Millinship
LOMA	Natasha Clipper
ALU	Beth Brown
AU	Patrick Neal & Newton Adcock
INS	Newton Adcock & Nicole Johnson
CPCU	Patrick Neal
AIC	Lorenzo Ratteray

Long Service Awards



15 Years Service

- 1 Glen Lima
- 2 Newton Adcock
- 3 Deborah Tucker
- 4 Andy Shreeve
- 5 Sandra Taggett

10 Years Service

- 6 Monika Davis

5 Years Service

- 7 Alfreda Robinson
- 8 Stephen Pepper
- 9 Denis Robert
- 10 Lucy Veloso
- 11 Veritee Tankard

Roy Gibbons (missing)

New Faces



Malcolm Jack
AVP BF&M General
Insurance Business

Insurance Institute and a Chartered Insurer.

Holly received a Bachelor's of Science Degree in Nursing from Northeastern University in 1995. Over a 7 year period, she was formally trained in the specialties of Critical Care, Trauma, Organ Transplant and Oncology. Holly began working in the

Insurance is more than a job for Malcolm. It has been his career since graduating from the University of Lancaster with a degree in philosophy.

Malcolm comes to us with a wealth of knowledge and experience in all aspects of Property & Casualty insurance. He has over 30 years experience and has worked in such diverse markets as Asia, Africa and the Middle East. He is a Fellow of the Chartered



Holly A. Flook, RN, BSN
BF&M Life Insurance Medical
Case Manager

Intensive Care Unit at King Edward VII Memorial Hospital in 2002. In 2004, she began employment at The Accountant General's Office with Government Employees Health Insurance Scheme overseeing medical assessment of local and foreign claims and case management. Holly joined the BF&M Life Insurance Company Ltd. team in 2005 as our Medical Case Manager.

Sun Life Assurance Company of Canada chose BF&M to administer their individual life policyholders in Bermuda. We are pleased to welcome Sun Life's seven agents who will be writing all new business through BF&M. Service will continue to be provided by these agents from the Wessex House location.



Sun Life's seven agents

North Atlantic Asset Management Limited

North Atlantic Asset Management Limited has created an alliance with McLean Budden, an investment manager with USD \$33.65 billion under management. McLean Budden is managing Separately Managed Accounts (SMAs) for the Golden Accumulator Pension Plan. Similar in many respects



to mutual funds, SMAs are managed for private groups and have a much lower cost structure. They also permit better investment management control and the ability to invest in Bermuda companies. These characteristics make SMAs highly attractive for employer-funded pensions.

McLean Budden was founded in 1947 and has offices in Chicago, Montreal, Toronto and Vancouver. Its largest shareholder is Sun Life Assurance Company of Canada. It employs a staff of 100, including 17 dedicated research analysts and makes extensive use of risk control in portfolio design. The SMAs follow a core style that incorporates a growth and value strategy emphasising large company stocks to moderate the level of volatility.

The new alliance is in addition to the twenty-five mutual fund companies that North Atlantic currently represents. These include industry leaders such as Fidelity, Fortis, GAM, Morgan Stanley, MFS, Templeton, Vanguard and Vontobel. North Atlantic uses seventy individual funds on a regular basis for specialised pension plans and individual accounts.

In November 2005, North Atlantic was licensed by the Bermuda Monetary Authority under the Investment Business Act. This enables it to work with individuals as well as companies and provide investment guidance utilising proprietary Life Cycle Asset Allocation models. North Atlantic also offers fee-based financial planning services.

New Technology

BF&M is pleased to offer its customers more flexibility when making their insurance payments. In the Insurance Building's main lobby are two fully interactive, modern and sleek "customer kiosks". The kiosks allow payment of any general insurance premium by credit card and allow visitors to browse and search www.bfm.bm for other valuable information. Web discounts for Car and Cycle insurance are also available for kiosk customers. If you're renewing and paying for a motor policy, you can print your certificate of insurance at the kiosk and head straight to TCD!



Planning for Retirement

BF&M is making it easier to plan a secure retirement and determine the amount of life insurance you should carry to protect your family. Its new on-line planners and financial calculators allow you to try different options and scenarios and create custom reports for your use. Additionally, our experienced financial planners are always available to help you decide on a financial strategy for your future.

Visit www.bfm.bm to use the following financial planners and calculators:

- Retirement Planner
- Retirement Income Planner
- Retirement Pension Planner
- Variable Annuity Calculator
- Net Worth Calculator
- Education Savings Planner
- Immediate Annuity Calculator
- Savings Calculator
- Life Insurance Calculator

Introducing **BF&M's** **Free Account Retirement Plan**, Bermuda's first Product approved by the Financial Services Commission. Choose from our new plans. Changing plans is simple, with no one plan fee. Allow us to help you create your own plan. For more information, visit www.bfm.bm. **121** (one phone call) is our number. Visit us that way too! Find our retirement specialists at www.bfm.bm.

retirement living
on your terms

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