



PRESS RELEASE

STARTS

BF&M reports nine month earnings of \$5.2 million post 2017 hurricanes

Hamilton, Bermuda, 6 December 2017— BF&M Limited (“BF&M”, “the BF&M Group” or “the Company”) today reported shareholders’ net income for the nine months ended 30th September 2017 of \$5.2 million, resulting in an annualized return on shareholders’ equity of 2.6%. Shareholders’ net income for the comparative nine month period of 2016 was \$19.2 million.

President and CEO John Wight stated: “BF&M has operations in Bermuda and across the Caribbean. Although Bermuda was fortunate in avoiding a major hurricane this year, many of our Caribbean customers suffered dramatic losses from Hurricanes Irma and Maria. This significantly impacted BF&M’s earnings in the third quarter. As an insurer, we are in the business of paying out claims after a catastrophe and we prepare for events of this magnitude. Our robust reinsurance programme limited the net impact of the storms on operating results at 30th September to \$14.9 million. Excluding the impact from the storms, BF&M’s results were strong on favourable non-catastrophe loss experience and positive fair value gains in the investment markets.”

BF&M operates in 15 jurisdictions across the Caribbean including Bermuda, and offers property and casualty products as well as health, life, annuities and pension products, and investment advisory services. The Group consists of four main insurance operating companies, with the following A.M. Best financial strength ratings:

BF&M General Insurance Company Limited	A (Excellent)	Bermuda
BF&M Life Insurance Company Limited	A (Excellent)	Bermuda
Island Heritage Insurance Company Ltd.	A (Excellent)	Cayman
Insurance Corporation of Barbados Limited	A- (Excellent)	Barbados

Mr. Wight added: “Just over a month ago, and taking the impact of the 2017 hurricanes into account, A.M. Best reaffirmed our ratings. This reflects A.M. Best's confidence in our ability to be there for our customers when they need us. BF&M continues to hold the strongest ratings of any domestic insurance group in Bermuda and the Caribbean.”

Equity attributable to shareholders at 30th September 2017 was \$264.4 million. General fund assets totaled \$1.9 billion of which \$242.7 million was held in cash and cash equivalents.

BF&M Limited

Gross premiums written for the period were \$256.6 million, reflecting a decrease of 6% from the corresponding 2016 period as a result of a reduction in premiums on certain commercial properties. The reduction had little to no impact on the Company's bottom line.

Investment income for the year reflected an \$8.9 million increase (2016 - \$19.1 million increase) in the fair value of investments for the period. As a result of the Company's disciplined asset liability matching policy which looks to limit volatility of reported earnings as a result of interest rate swings, the Company reported a \$0.8 million net gain on the difference between the fair value of investments which support certain liabilities and reported reserves. A \$2.5 million gain (2016 - \$2.7 million gain) was reported on the Company's other investments.

Commission and other income increased from the prior year by 19% to \$36.2 million. 2016 hurricanes continue to negatively impact commission income in the current year, but the impact was offset by additional reinsurance coverage and higher levels of proportional reinsurance ceded due to changes in our reinsurance programme and profit share reported on non property business.

Short term claims and adjustment expenses increased 57% to \$28.3 million due to the 2017 catastrophe losses. Life and health policy benefits decreased by 24% to \$82.0 million. "Life and health policy benefits" includes changes in life insurance reserves which increased significantly in 2016 compared with a much smaller increase in 2017 in the same period. These reserve movements were primarily driven by differences in market interest rates over the respective periods.

Operating expenses are in line with expectations for the year.

ENDS

BACKGROUND

BF&M Limited is the holding company of the BF&M group of companies ("BF&M Group"). The two largest operating companies within the BF&M 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 BF&M Group includes several other companies including 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 Insurance Company Ltd, and a 51.24% interest in the Insurance Corporation of Barbados Limited.

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