



## PRESS RELEASE

STARTS

### **BF&M reports 6 month earnings of \$6.7 million**

**Hamilton, Bermuda, 11 September 2018**— BF&M Limited (“BF&M”, “the BF&M Group” or “the Company”) today reported shareholders’ net income for the six months ended 30<sup>th</sup> June 2018 of \$6.7 million. Shareholders’ net income for the comparative six month period of 2017 was \$13.9 million.

President and CEO John Wight stated: “BF&M reported solid earnings for the first half of 2018, and our operating results were strong. Our earnings reflected adjustments made to our reinsurance programme in 2017, as we placed additional reinsurance coverage as a precautionary measure to further protect our balance sheet.”

BF&M 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: “A.M. Best ratings for the Group have just been reaffirmed, citing balance sheet strength, robust risk management and a history of positive operating results – even in years of catastrophic storms such as 2017. The BF&M Group continues to hold the highest ratings of any domestic insurer in Bermuda or the Caribbean. This is the cornerstone of our promise to pay and to be there for our policyholders over the long term.”

Equity attributable to shareholders at 30<sup>th</sup> June 2018 was \$264.7 million. General fund assets totaled \$1.4 billion of which \$184.6 million was held in cash and cash equivalents.

**BF&M Limited**

Gross premiums written for the period were \$179.7 million, reflecting an increase of 2% from the corresponding 2017 period as a result of a planned rate increases on certain properties following the 2017 storms.

Investment income for the year reflected a \$12.5 million decrease (2017 - \$8.3 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 \$1.2m net gain on the difference between the fair value of investments which support certain liabilities and reported reserves.

Commission and other income increased from the prior year by 3% to \$23.1 million. 2017 hurricanes continued to negatively impact commission income in the current year, but the impact was more than offset by commissions earned on 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 7% to \$13.1 million from unfavourable claims experience. Life and health policy benefits decreased by 32% to \$38.2 million. "Life and health policy benefits" includes changes in life insurance reserves which decreased in 2018 compared to a 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 decreased 7% to \$31.1 million for the year.

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## 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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