



PRESS RELEASE

STARTS

BF&M reports first quarter earnings of \$6.0 million

Hamilton, Bermuda, 21 June 2017— BF&M Limited (“BF&M” or “the Group”) today reported shareholders’ net income for the three months ended 31st March 2017 of \$6.0 million, resulting in an annualized return on shareholders’ equity of 8.8%. Shareholders’ net income for the comparative three month period of 2016 was \$7.1 million.

President and CEO John Wight stated: “2017 has begun with a solid earnings result for BF&M. Core operating earnings in the first three months were lower than the same period in 2016 by \$1.1 million, mainly due to the loss of profit commission as a result of the 2016 hurricanes. 2016 was the most active hurricane season that the Group has ever seen collectively.”

BF&M operates in Bermuda and 15 islands in the Caribbean 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 said: “There is no domestic insurance group in Bermuda or the Caribbean with stronger ratings. Our financial strength means we can be there for our customers when they need us most.”

Equity attributable to shareholders at 31st March 2017 was \$269.1 million. General fund assets totaled \$1.1 billion of which \$118.1 million was held in cash and cash equivalents.

Gross premiums written for the period were \$80.0 million, a decrease of 8% from the corresponding 2016 period as a result of a reduction in fronting business. Fronting business is generally fully reinsured and has little to no impact to the company’s bottom line.

BF&M Limited

Investment income for the year reflected a \$2.8 million increase (2016 - \$10.3 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 \$0.5 million net gain (2016 – \$1.0 million loss) on the difference between the fair value of investments and reserves.

Commission and other income increased from the prior year by 6% to \$10.3 million due to a profit share increase on Life business, partially offset by the negative impact of 2016 hurricanes on reinsurance profit commissions on property business.

Short term claims and adjustment expenses increased 16% to \$6.5 million on higher loss claims in 2017.

Life and health policy benefits, which are recorded at fair value, decreased by 22% to \$28.0 million, primarily as a result of a large fair value impact in 2016 of \$11.2 million compared to \$2.3 million in 2017.

Operating expenses increased by 3% to \$16.3 million.

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 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 51.3% interest in the Insurance Corporation of Barbados Limited.

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BF&M Limited