



# NEWS RELEASE

A.M. BEST COMPANY, INC., OLDWICK, NJ • A.M. BEST EUROPE – RATING SERVICES LIMITED, LONDON  
A.M. BEST EUROPE – INFORMATION SERVICES LIMITED, LONDON • A.M. BEST ASIA-PACIFIC, LTD., HONG KONG

## FOR IMMEDIATE RELEASE

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### **A.M. Best Affirms Ratings of BF&M Limited and Its Subsidiaries**

**OLDWICK, N.J., September 10, 2014**—A.M. Best has affirmed the financial strength rating of A (Excellent) and the issuer credit ratings of “a” of **BF&M Life Insurance Company Limited** (BF&M Life) and **BF&M General Insurance Company Limited** (BF&M General). A.M. Best also has affirmed the ICR of “bbb” of the parent, **BF&M Limited** (BF&M). The outlook for all ratings is stable. All companies are domiciled in Hamilton, Bermuda.

The ratings of BF&M Life reflect its strong level of capital, consistent favorable operating results and sizeable market share in Bermuda. Net income, while still favorable, was negatively impacted in 2013 due to mortgage impairments and the challenging interest rate environment. Lower health claims costs have helped reduce BF&M Life’s loss ratio, which has improved substantially over the past two years.

Partially offsetting these positive rating factors are margin pressure at BF&M Life due to higher administrative expenses from operational enhancements and increased compliance costs, as well as the competitive and economic environment. A.M. Best also has concerns with the potential for additional mortgage impairments as well as the impact on the investment portfolio given the low interest rate environment. BF&M Life mainly operates in the local Bermuda market, which concentrates its business geographically and limits domestic growth opportunities.

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The ratings for BF&M General recognize its favorable underwriting performance, excellent capitalization and consistent overall profitability. In addition, BF&M General continues to maintain a leading market position in Bermuda's domestic market.

Partially offsetting these positive rating factors are the geographic concentration of BF&M General's business in Bermuda, its level of intra-group receivables and, similar to its domestic peers, reliance on reinsurance to protect its earnings and capitalization.

A.M. Best believes that positive rating movement is unlikely in the near to medium term for BF&M Life and BF&M General. Factors that can lead to negative rating actions include deterioration of operating performance and/or capitalization, weakening within their business profiles (especially as it relates to BF&M Life's health line of business), as well as additional substantial losses in the mortgage portfolio of BF&M Life.

The methodology used in determining these ratings is Best's Credit Rating Methodology, which provides a comprehensive explanation of A.M. Best's rating process and contains the different rating criteria employed in the rating process. Best's Credit Rating Methodology can be found at [www.ambest.com/ratings/methodology](http://www.ambest.com/ratings/methodology).

**A.M. Best Company is the world's oldest and most authoritative insurance rating and information source. For more information, visit [www.ambest.com](http://www.ambest.com).**

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