

Maiden Holdings, Ltd.  
Form 8-K  
November 06, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):  
November 5, 2014

MAIDEN HOLDINGS, LTD.  
(Exact name of registrant as specified in its charter)

Bermuda (State or other jurisdiction of incorporation)	001-34042 (Commission File Number)	98-0570192 (IRS Employer Identification No.)
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131 Front Street, Hamilton HM12, Bermuda  
(Address of principal executive offices and zip code)

(441) 298-4900  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On November 5, 2014, Maiden Holdings, Ltd. (the “Company”) issued a press release announcing its results of operations for the fiscal quarter ended September 30, 2014. A copy of the press release is furnished herewith as Exhibit 99.1 and incorporated herein by reference.

The information contained in this Item 2.02 and in the accompanying exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, or incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 8.01 Other Events.

On November 5, 2014, the Company issued a press release announcing the following quarterly dividends:

	Dividend per Share	Payable on:	Record date:
Common shares	\$0.13	January 15, 2015	January 2, 2015
Preference shares - Series A	\$0.515625	December 15, 2014	December 1, 2014
Preference shares - Series B	\$0.90625	December 15, 2014	December 1, 2014

A copy of the press release is hereby filed with the Commission and incorporated by reference herein as Exhibit 99.2.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit

No.	Description
99.1	Press Release of Maiden Holdings, Ltd., dated November 5, 2014
99.2	Press Release of Maiden Holdings, Ltd., dated November 5, 2014

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 5, 2014

MAIDEN HOLDINGS, LTD.

By: /s/ Lawrence F. Metz  
Lawrence F. Metz  
Senior Vice President, General Counsel and  
Secretary

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release of Maiden Holdings, Ltd., dated November 5, 2014
99.2	Press Release of Maiden Holdings, Ltd., dated November 5, 2014

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Exhibit 99.1

Maiden Holdings, Ltd. Announces Third Quarter 2014 Net Operating Earnings<sup>(1)</sup> of \$29.3 million or \$0.38 Per Diluted Common Share and Annualized Operating Return on Common Equity<sup>(1)</sup> of 12.9%; Year-to-Date Annualized Operating Return on Common Equity of 13.0%

Highlights for the quarter ended September 30, 2014

- Annualized operating return on common equity<sup>(1)</sup> of 12.9% compared to 11.1% in the third quarter of 2013;
- Record net operating earnings<sup>(1)</sup> of \$29.3 million, or \$0.38 per diluted common share compared with net operating earnings of \$22.7 million, or \$0.31 per diluted common share in the third quarter of 2013;
- Net premiums written increased 30.7% to \$605.5 million for the third quarter of 2014 compared to the same period last year;
- Combined ratio<sup>(10)</sup> of 97.8% compared to 97.6% in the third quarter of 2013;
- Record quarterly net investment income was \$29.5 million, an increase of 27.0% compared to the third quarter of 2013; and
- Book value per common share<sup>(4)</sup> of \$12.33 decreased 1.0% versus June 30, 2014, reflecting decreased market values of the fixed income investment portfolio during the third quarter of 2014.

Highlights for the nine months ended September 30, 2014

- Annualized operating return on common equity<sup>(1)</sup> of 13.0% compared to 10.2% in the first nine months of 2013;
- Record net operating earnings<sup>(1)</sup> of \$83.1 million, or \$1.09 per diluted common share compared with \$64.2 million, or \$0.87 per diluted common share in the first nine months of 2013;
- Net premiums written increased 12.5% to \$1.9 billion versus the same period last year; excluding the cancelled National General Holdings Quota Share (“NGHC”), the underlying growth rate was 25.2%;
- Combined ratio<sup>(10)</sup> of 97.8% compared to 97.6% in the first nine months of 2013;
- Net investment income was \$85.5 million, an increase of 29.5% compared to the first nine months of last year; and
- Book value per common share<sup>(4)</sup> of \$12.33 increased 10.7% compared to December 31, 2013 reflecting strong earnings and the increased market values of the fixed income investment portfolio during the first nine months of 2014.

HAMILTON, Bermuda - Maiden Holdings, Ltd. (NASDAQ: MHL) (“Maiden” or “the Company”) today reported record third quarter 2014 net operating earnings<sup>(1)</sup> of \$29.3 million, or \$0.38 per diluted common share compared with \$22.7 million, or \$0.31 per diluted common share in the third quarter of 2013. In the third quarter of 2014, net income attributable to Maiden common shareholders was \$27.8 million compared to net income attributable to Maiden common shareholders of \$21.9 million in the third quarter of 2013.

Commenting on the Company's results, Art Raschbaum, Chief Executive Officer of Maiden, said: “The third quarter reflects solid year-on-year growth in writings across Maiden's underwriting segments, increased invested assets and investment earnings, and importantly continued improvement in operating income and ROE. While the reinsurance market remains competitive, Maiden's disciplined growth is coming from small account workers' compensation and the Tower renewal rights transaction in the AmTrust Reinsurance segment and expansion of core client relationships in the Diversified Reinsurance segment. We are committed to further strengthening ROE, improving underwriting performance, and maintaining underwriting discipline.”

As of September 30, 2014, the Company revised the structure of its reportable segments following a review that concluded the former segment, NGHC Quota Share, currently in run-off, no longer meets the reportable segment

criteria under FASB ASC 280 Segment Reporting (“ASC 280”). As a result, the Company determined it no longer requires separate disclosure of the NGHC Quota Share as a reportable segment. Also, it was concluded that the remnants of the excess & surplus (“E&S”) business, which is also in run-off, no longer meets the aggregation criteria under ASC 280 and therefore is no longer aggregated with the other reportable operating segments of the Diversified Reinsurance segment. Due to these revisions, the results of operations of the former NGHC Quota Share segment and the remnants of the E&S business have been included in the “Other” category, and all prior periods presented herein have been reclassified to conform to the current year presentation. These presentation revisions have no impact on the net income or net income per common share reported in the current or previous periods.

Results for the quarter ended September 30, 2014

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Maiden reported record net operating earnings<sup>(1)</sup> for the third quarter of 2014 of \$29.3 million, or \$0.38 per diluted common share compared with \$22.7 million, or \$0.31 per diluted common share in the third quarter of 2013. Net income attributable to Maiden common shareholders was \$27.8 million compared to net income attributable to Maiden common shareholders of \$21.9 million in the third quarter of 2013.

In the third quarter of 2014, net premiums written totaled \$605.5 million, an increase of 30.7% compared to the third quarter of 2013. Excluding the cancelled NGHC business, net premiums written have increased 36.0% compared to the third quarter of 2013. The Diversified Reinsurance segment's net premiums written totaled \$219.6 million, an increase of 16.9% versus the third quarter of 2013. The growth in the Diversified Reinsurance segment's premium was the result of increasing share of existing client business and new business wins. In the AmTrust Reinsurance segment, net premiums written increased by 48.6% to \$385.9 million compared to the third quarter of 2013, driven by favorable trends in business lines, particularly worker's compensation, as well as new business from the Tower Group renewal rights transaction.

Net premiums earned of \$592.4 million increased 16.6% compared to the third quarter of 2013. Excluding the cancelled NGHC business, net premiums earned have increased 33.9% compared to the third quarter of 2013. Earned premiums increased 17.5% in the Diversified Reinsurance segment to \$233.0 million compared to the third quarter of 2013. The AmTrust Reinsurance segment earned premiums were up 47.5% to \$359.1 million compared to the third quarter of 2013.

Net loss and loss adjustment expenses of \$399.8 million were up 17.0% compared to the third quarter of 2013. The loss ratio<sup>(6)</sup> of 67.2% was higher than the 66.8% reported in the third quarter of 2013.

Commission and other acquisition expenses, including general and administrative expenses, increased \$24.3 million to \$181.8 million in the third quarter of 2014, compared to the year ago quarter, while the total expense ratio<sup>(9)</sup> fell to 30.6% for the third quarter of 2014 compared with 30.8% in the same quarter last year, resulting from a change in business mix. General and administrative expenses for the third quarter of 2014 totaled \$15.5 million compared with \$13.3 million in the third quarter of 2013. The general and administrative expense ratio<sup>(8)</sup> was 2.7% in the third quarter of 2014, which was slightly higher than the 2.6% reported in the third quarter of 2013.

The combined ratio<sup>(10)</sup> for the third quarter of 2014 totaled 97.8% compared with 97.6% in the third quarter of 2013. The Diversified Reinsurance segment combined ratio was 99.0% in the third quarter of 2014, up from 98.0% in the third quarter of 2013. In the third quarter of 2014, the Diversified segment combined ratio was impacted by a modest amount of reserve deterioration in commercial auto business. The AmTrust Reinsurance segment reported a combined ratio of 95.5% in the third quarter of 2014 compared to 95.6% in the third quarter of 2013.

Record net investment income of \$29.5 million in the third quarter of 2014 increased 27.0% compared to the third quarter of 2013. The average yield on the fixed income portfolio (excluding cash) is 3.56% with an average duration of 4.97 years.

Total assets increased 7.3% to \$5.1 billion at September 30, 2014 compared to \$4.7 billion at year-end 2013. Shareholders' equity was \$1.2 billion, up 8.0% compared to December 31, 2013. Book value per common share was \$12.33 at the end of the third quarter of 2014 or 10.7% higher than at December 31, 2013.

During the third quarter of 2014, the Board of Directors declared dividends of \$0.11 per common share, \$0.515625 per Series A preference share and \$0.90625 per Series B preference share.

Results for the nine months ended September 30, 2014

Record net operating earnings<sup>(1)</sup> for the first nine months of 2014 were \$83.1 million, or \$1.09 per diluted common share compared with \$64.2 million, or \$0.87 per diluted common share in the first nine months of 2013. Net income attributable to Maiden common shareholders was \$49.5 million compared to net income attributable to Maiden common shareholders of \$67.1 million in the first three quarters of 2013. As reported previously, in the first quarter of 2014, net income was impacted by a non-recurring non-cash charge of \$28.2 million, representing the accelerated amortization of both the original issue discount and issuance costs associated with the redemption of the TRUPs in January.

In the first nine months of 2014, net premiums written totaled \$1.9 billion, an increase of 12.5% compared to the first nine months of 2013. Excluding the cancelled NGHC Quota Share, the underlying growth rate was 25.2%. Net premiums written in the Diversified Reinsurance segment totaled \$681.7 million, an increase of 15.6% versus the first three quarters of 2013. In the AmTrust Reinsurance segment, net premiums written increased by 31.5% to \$1.2 billion compared to the first three quarters of 2013.

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Net premiums earned of \$1.6 billion increased 8.9% compared to the first nine months of 2013. Net premiums earned increased 12.4% in the Diversified Reinsurance segment to \$635.3 million compared to the first nine months of 2013. The AmTrust Reinsurance segment net premiums earned were up 36.4% to \$988.9 million compared to the first three quarters of 2013.

Net loss and loss adjustment expenses of \$1.1 billion were up 8.1% compared to the first nine months of 2013. The loss ratio<sup>(6)</sup> of 66.6% was lower than the 67.0% recorded in the first nine months of 2013.

Commission and other acquisition expenses, including general and administrative expenses, increased \$51.3 million to \$515.6 million in the first nine months of 2014, compared to the comparable period a year ago, while the total expense ratio<sup>(9)</sup> rose to 31.2% for the first nine months of 2014 compared with 30.6% in the same period last year. General and administrative expenses for the first nine months of 2014 totaled \$45.8 million compared with \$44.2 million in the first three quarters of 2013. The general and administrative expense ratio<sup>(8)</sup> decreased to 2.8% in the first three quarters of 2014 versus 3.0% in the same period during 2013.

The combined ratio<sup>(10)</sup> for the first nine months of 2014 totaled 97.8% compared with 97.6% in the first three quarters of 2013. The Diversified Reinsurance segment had a combined ratio of 98.4% in the first three quarters of 2014 compared to 98.1% in the first nine months of 2013. The AmTrust Reinsurance segment reported a combined ratio of 95.6% in the first three quarters of 2014 and the same as the comparable period in 2013.

Record net investment income of \$85.5 million in the first nine months of 2014 increased 29.5% compared to the first three quarters of 2013.

(1)(4) Please see the Non-GAAP Financial Measures table for additional information on these non-GAAP financial measures and reconciliation of these measures to GAAP measures.

(6)(8)(9)(10) Loss ratio, general and administrative expense ratio, expense ratio and combined ratio are operating metrics. Please see the additional information on these measures under Segment information tables.

#### Conference Call

Maiden's Chief Executive Officer, Art Raschbaum and Chief Financial Officer, Karen Schmitt will review these results tomorrow morning via teleconference and live audio webcast beginning at 8:30 a.m. ET.

To participate in the conference call, please access one of the following at least five minutes prior to the start time:

U.S. Callers: 1.877.734.5373

Outside U.S. Callers: 1.973.200.3059

Passcode: 25322743

Webcast: [http://www.maiden.bm/presentations\\_conferences](http://www.maiden.bm/presentations_conferences)

A replay of the conference call will be available beginning at 11:30 a.m. ET on November 6, 2014 through midnight on November 13, 2014. To listen to the replay, please dial toll free: 1.855.859.2056 (U.S. Callers) or toll: 1.404.537.3406 (callers outside the U.S.) and enter the Passcode: 25322743; or access [http://www.maiden.bm/presentations\\_conferences](http://www.maiden.bm/presentations_conferences)

About Maiden Holdings, Ltd.



## Edgar Filing: Maiden Holdings, Ltd. - Form 8-K

Maiden Holdings, Ltd. is a Bermuda-based holding company formed in 2007. Through its subsidiaries, which are each A- rated (excellent) by A.M. Best, the Company is focused on providing non-catastrophic, customized reinsurance products and services to small and mid-size insurance companies in the United States and Europe. As of September 30, 2014, Maiden had \$5.1 billion in assets and shareholders' equity of \$1.2 billion.

The Maiden Holdings, Ltd. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=5006>

### Forward Looking Statements

This release contains "forward-looking statements" which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements are based on the Company's current expectations and beliefs concerning future developments and their potential effects on the Company. There can be no assurance that actual developments will be those anticipated by the Company. Actual results may differ materially from those projected as a result of significant risks

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and uncertainties, including non-receipt of the expected payments, changes in interest rates, effect of the performance of financial markets on investment income and fair values of investments, developments of claims and the effect on loss reserves, accuracy in projecting loss reserves, the impact of competition and pricing environments, changes in the demand for the Company's products, the effect of general economic conditions and unusual frequency of storm activity, adverse state and federal legislation, regulations and regulatory investigations into industry practices, developments relating to existing agreements, heightened competition, changes in pricing environments, and changes in asset valuations. Additional information about these risks and uncertainties, as well as others that may cause actual results to differ materially from those projected is contained in Item 1A. Risk Factors in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 as updated in periodic filings with the SEC. The Company undertakes no obligation to publicly update any forward-looking statements, except as may be required by law.

CONTACT:

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## Maiden Holdings, Ltd.

## Balance Sheet

(in thousands of U.S. dollars, except per share data)

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
<b>ASSETS</b>		
Investments:		
Fixed maturities, available-for-sale, at fair value (Amortized cost 2014: \$3,372,234; 2013: \$3,127,792)	\$3,450,359	\$3,162,067
Other investments, at fair value (Cost 2014: \$10,746; 2013: \$4,522)	11,489	5,092
Total investments	3,461,848	3,167,159
Cash and cash equivalents	52,382	139,833
Restricted cash and cash equivalents	220,845	77,360
Accrued investment income	26,912	25,238
Reinsurance balances receivable, net	516,416	560,145
Reinsurance recoverable on unpaid losses	82,158	84,036
Loan to related party	167,975	167,975
Deferred commission and other acquisition costs	369,149	304,908
Goodwill and intangible assets, net	88,155	90,613
Other assets	73,952	96,112
Total assets	\$5,059,792	\$4,713,379
<b>LIABILITIES</b>		
Reserve for loss and loss adjustment expenses	\$2,157,221	\$1,957,835
Unearned premiums	1,231,417	1,034,754
Accrued expenses and other liabilities	97,064	110,114
Senior notes	360,000	360,000
Junior subordinated debt	—	126,381
Total liabilities	3,845,702	3,589,084
Commitments and Contingencies		
<b>EQUITY</b>		
Preference shares	315,000	315,000
Common shares	739	736
Additional paid-in capital	577,438	574,522
Accumulated other comprehensive income	87,243	