

Edgar Filing: Maiden Holdings, Ltd. - Form 10-Q

Maiden Holdings, Ltd.  
Form 10-Q  
August 09, 2018  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2018

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-34042

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

Bermuda 98-0570192  
(State or other jurisdiction of (IRS Employer  
incorporation or organization) Identification No.)

94 Pitts Bay Road, Pembroke, Bermuda HM08  
(Address of principal executive offices) (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company)  
Smaller reporting company

Edgar Filing: Maiden Holdings, Ltd. - Form 10-Q

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act).  
Yes  No

As of August 3, 2018, the number of the Registrant's Common Stock (\$.01 par value) outstanding was 83,143,237.

---

INDEX

	Page
PART I - Financial Information	
<u>Item 1. Financial Statements</u>	
Condensed Consolidated Balance Sheets as of June 30, 2018 (unaudited) and December 31, 2017 (audited)	<u>3</u>
Condensed Consolidated Statements of Income for the Three and Six Months Ended June 30, 2018 and 2017 (unaudited)	<u>4</u>
Condensed Consolidated Statements of Comprehensive Income for the Three and Six Months Ended June 30, 2018 and 2017 (unaudited)	<u>5</u>
Condensed Consolidated Statements of Changes in Shareholders' Equity for the Six Months Ended June 30, 2018 and 2017 (unaudited)	<u>6</u>
Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2018 and 2017 (unaudited)	<u>7</u>
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	<u>8</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>34</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>59</u>
<u>Item 4. Controls and Procedures</u>	<u>61</u>
PART II - Other Information	
<u>Item 1. Legal Proceedings</u>	<u>62</u>
<u>Item 1A. Risk Factors</u>	<u>62</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>62</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>62</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>62</u>
<u>Item 5. Other Information</u>	<u>62</u>
<u>Item 6. Exhibits</u>	<u>63</u>
<u>Signatures</u>	<u>64</u>



## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

## MAIDEN HOLDINGS, LTD.

## CONDENSED CONSOLIDATED BALANCE SHEETS

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

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
<b>ASSETS</b>		
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost 2018: \$4,064,595; 2017: \$4,027,993)	\$3,966,910	\$4,044,370
Fixed maturities, held-to-maturity, at amortized cost (fair value 2018: \$1,026,672; 2017: \$1,125,626)	1,039,144	1,097,801
Other investments, at fair value	5,898	6,600
Total investments	5,011,952	5,148,771
Cash and cash equivalents	72,102	67,919
Restricted cash and cash equivalents	154,677	123,584
Accrued investment income	34,228	34,993
Reinsurance balances receivable, net (includes \$129,584 and \$50,415 from related parties in 2018 and 2017, respectively)	467,646	345,043
Reinsurance recoverable on unpaid losses (includes \$2,006 and \$2,204 from related parties in 2018 and 2017, respectively)	109,805	117,611
Loan to related party	167,975	167,975
Deferred commission and other acquisition expenses (includes \$408,013 and \$359,964 from related parties in 2018 and 2017, respectively)	472,202	439,597
Goodwill and intangible assets, net	74,659	75,583
Other assets	152,942	123,113
Total assets	\$6,718,188	\$6,644,189
<b>LIABILITIES</b>		
Reserve for loss and loss adjustment expenses (includes \$2,450,846 and \$2,298,822 from related parties in 2018 and 2017, respectively)	\$3,653,303	\$3,547,248
Unearned premiums (includes \$1,262,735 and \$1,179,285 from related parties in 2018 and 2017, respectively)	1,603,883	1,477,038
Accrued expenses and other liabilities	100,121	132,795
Senior notes - principal amount	262,500	262,500
Less: unamortized debt issuance costs	7,913	8,018
Senior notes, net	254,587	254,482
Total liabilities	5,611,894	5,411,563
Commitments and Contingencies		
<b>EQUITY</b>		
Preference shares	465,000	465,000
Common shares (\$0.01 par value; 87,927,787 and 87,730,054 shares issued in 2018 and 2017, respectively; 83,143,237 and 82,974,895 shares outstanding in 2018 and 2017, respectively)	879	877
Additional paid-in capital	749,319	748,113
Accumulated other comprehensive (loss) income	(96,959)	) 13,354
Retained earnings	18,338	35,472
Treasury shares, at cost (4,784,550 and 4,755,159 shares in 2018 and 2017, respectively)	(30,835)	) (30,642)
Total Maiden shareholders' equity	1,105,742	1,232,174

Edgar Filing: Maiden Holdings, Ltd. - Form 10-Q

Noncontrolling interests in subsidiaries	552	452
Total equity	1,106,294	1,232,626
Total liabilities and equity	\$6,718,188	\$6,644,189

See accompanying notes to the unaudited Condensed Consolidated Financial Statements.

3

---

MAIDEN HOLDINGS, LTD.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues				
Gross premiums written	\$654,236	\$705,198	\$1,506,876	\$1,628,625
Net premiums written	\$645,589	\$684,072	\$1,494,922	\$1,584,620