

Maiden Holdings, Ltd.
Form 10-Q
August 14, 2009

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, 2009

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. 001-33143

Maiden Holdings, Ltd.

(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of
incorporation or organization)

04-3106389
(IRS Employer Identification No.)

48 Par-la-Ville Road, Suite 1141 HM11
(Address of principal executive offices)

HM11
(Zip Code)

(441) 292-7090
(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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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

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 14, 2009, the Registrant had one class of Common Stock (\$.01 par value),
of which 70,287,664, shares were issued and outstanding.

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PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

MAIDEN HOLDINGS, LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands (000's), except per share data)

| | (unaudited) | |
|--|---------------|-------------------|
| | June 30, 2009 | December 31, 2008 |
| Assets | | |
| Fixed maturities, available-for-sale, at fair value (Amortized cost 2009: \$1,307,221; 2008: \$1,163,926) | \$ 1,294,934 | \$ 1,119,955 |
| Other investments, at fair value (Cost 2009: \$5,814 ; 2008: \$5,819) | 5,392 | 5,291 |
| Total investments | 1,300,326 | 1,125,246 |
| Cash and cash equivalents | 150,777 | 131,897 |
| Restricted cash and cash equivalents | 311,883 | 409,277 |
| Accrued investment income | 10,601 | 10,293 |
| Reinsurance balances receivable (includes \$39,599 and \$48,837 from related party in 2009 and 2008, respectively - see note 10) | 230,519 | 71,895 |
| Loan to related party (see note 10) | 167,975 | 167,975 |
| Deferred acquisition costs (includes \$77,518 and \$80,455 from related party in 2009 and 2008, respectively - see note 10) | 171,395 | 104,470 |
| Other assets | 32,474 | 2,617 |
| Intangible assets | 51,434 | 55,147 |
| Goodwill | 49,747 | 49,747 |
| Total Assets | \$ 2,477,131 | \$ 2,128,564 |
| Liabilities and Shareholders' Equity | | |
| Liabilities | | |
| Reserve for losses and loss expenses (includes \$157,349 and \$69,646 from related party in 2009 and 2008, respectively- see note 10) | \$ 939,758 | \$ 897,656 |
| Unearned premiums (includes \$237,698 and \$245,742 from related parties in 2009 and 2008, respectively- see note 10) | 585,451 | 444,479 |
| Accrued expenses and other liabilities | 22,630 | 44,024 |
| Securities sold under agreements to repurchase, at contract value | 108,797 | 232,646 |
| Trust preferred securities – related parties (see note 6) | 215,096 | - |
| Total Liabilities | 1,871,732 | 1,618,805 |
| Commitments and Contingencies | | |
| Shareholders' Equity: | | |
| Common shares, (\$0.01 par value; 71,250,000 and 59,550,000 shares issued in 2009 and 2008 respectively; 70,287,664 and 58,587,664 shares outstanding in 2009 and 2008 respectively) | 713 | 596 |
| Additional paid-in capital | 575,723 | 530,519 |
| Accumulated other comprehensive loss | (15,097) | (44,499) |
| Retained earnings | 47,861 | 26,944 |
| Treasury Shares, at cost (2009 and 2008: 962,336 shares) | (3,801) | (3,801) |
| Total Shareholders' Equity | 605,399 | 509,759 |
| Total Liabilities and Shareholders' Equity | \$ 2,477,131 | \$ 2,128,564 |

See accompanying notes to the unaudited condensed consolidated financial statements.

MAIDEN HOLDINGS, LTD.
 CONDENSED CONSOLIDATED STATEMENT OF INCOME
 (in thousands (000's), except per share data)
 (Unaudited)

| | For the Three Months Ended June 30, 2009 | For the Three Months Ended June 30, 2008 | For the Six Months Ended June 30, 2009 | For the Six Months Ended June 30, 2008 |
|---|--|--|--|--|
| Revenues: | | | | |
| Premium income: | | | | |
| Net premiums written | \$ 238,356 | \$ 171,251 | \$ 574,905 | \$ 273,683 |
| Change in unearned premiums | (14,515) | (93,913) | (140,971) | (131,040) |
| Net earned premium | 223,841 | 77,338 | 433,933 | 142,643 |
| Net investment income | 15,113 | 7,763 | 29,372 | 15,372 |
| Net realized investment gains (losses) | 1,534 | 39 | (396) | 163 |
| Total revenues | 240,488 | 85,140 | 462,909 | 158,178 |
| Expenses: | | | | |
| Loss and loss adjustment expenses | 151,057 | 43,610 | 297,345 | 81,446 |
| Commission and other acquisition expenses | 57,664 | 25,498 | 104,295 | 46,758 |
| Other operating expenses | 7,133 | 2,236 | 14,667 | 3,662 |
| Trust preferred interest – related party | 9,112 | - | 16,202 | - |
| Amortization of intangible assets | 1,675 | - | 3,239 | - |
| Foreign exchange (gain) loss | (2,404) | 4 | (2,191) | 4 |
| Total expenses | 224,237 | 71,348 | 433,557 | 131,870 |
| Net income | \$ 16,251 | \$ 13,792 | 29,352 | \$ 26,308 |
| Basic earnings per common share | \$ 0.23 | \$ 0.23 | 0.43 | \$ 0.44 |
| Diluted earnings per common share | 0.23 | 0.23 | 0.42 | 0.44 |
| Dividends declared per common share | \$ 0.06 | \$ 0.05 | 0.12 | \$ 0.10 |

See accompanying notes to the unaudited condensed consolidated financial statements.

MAIDEN HOLDINGS, LTD.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands (000's), except per share data)
(Unaudited)

| | For the Six Months Ended June 30, 2009 | For the Six Months Ended June 30, 2008 |
|---|--|--|
| Cash flows from operating activities: | | |
| Net income | \$ 29,352 | \$ 26,308 |
| Adjustments to reconcile net income to net cash provided by operating activities : | | |
| Depreciation and amortization of intangibles | 3,502 | 11 |
| Net realized loss (gain) on sales of investments | 396 | (163) |
| Foreign exchange gain on revaluation | (945) | - |
| Amortization of share-based compensation expense, bond premium and discount and trust preferred securities discount | (2,822) | (396) |
| Changes in assets - (increase) decrease: | | |
| Reinsurance balances receivable | (157,679) | (73,943) |
| Accrued investment income | (308) | (1,623) |
| Deferred commission and other acquisition costs | (66,925) | (46,796) |
| Other assets | (1,041) | 392 |
| Changes in liabilities – increase (decrease): | | |
| Accrued expenses and other liabilities | (24,011) | (1,391) |
| Loss and loss adjustment expense reserves | 42,102 | 44,832 |
| Unearned premiums | 140,972 | 131,040 |
| Net cash (used in) provided by operating activities | (37,407) | 78,271 |
| Cash flows from investing activities: | | |
| Purchases of investments: | | |
| Purchases of fixed-maturity securities | (415,611) | (309,980) |
| Purchases of other investments | (138) | (309) |
| Sale of investments: | | |