BARER SOL J
Form 4
May 05, 2010

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
BARER SOL J

(Last) (First) (Middle)

C/O CELGENE CORPORATION, 86 MORRIS AVENUE

(Street)

SUMMIT, NJ 07901

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
CELGENE CORP /DE/ [CELG]

3. Date of Earliest Transaction (Month/Day/Year)
05/04/2010

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chief Executive Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	05/04/2010		X		36,360	A	$ 2.76	580,244	D	
Common Stock								61,281	I	401 (k) Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Warrant (right to buy)	$ 2.76	05/04/2010		X			36,360	08/15/2000	07/26/2010	Common Stock	36,360

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BARER SOL J C/O CELGENE CORPORATION 86 MORRIS AVENUE SUMMIT, NJ 07901	X		Chief Executive Officer	

Signatures

/s/ Robert J. Hugin, Attorney-in-Fact	05/05/2010
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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309,367

15.5
%

374,643

19.4
%

Total AmTrust Reinsurance

1,913,715

94.5
%

1,909,644

95.8
%

1,843,621

95.7
%

$
2,026,202

100.0
%

$
1,992,659

100.0
%

$
1,925,588

100.0
%

F-22

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

4. Investments
a) Fixed Maturities
The original or amortized cost, estimated fair value and gross unrealized gains and losses of our fixed maturities at December 31, 2018 and 2017, are as follows:

December 31, 2018	Original or amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
AFS fixed maturities:				
U.S. treasury bonds	$138,625	$448	$(1)	$139,072
U.S. agency bonds – mortgage-backed	1,485,716	3,491	(36,073)	1,453,134
U.S. agency bonds – other	129,741	40	(548)	129,233
Non-U.S. government and supranational bonds	11,212	66	(1,206)	10,072
Asset-backed securities	216,072	425	(1,415)	215,082
Corporate bonds	1,128,614	6,525	(30,164)	1,104,975
Total AFS fixed maturities	3,109,980	10,995	(69,407)	3,051,568
HTM fixed maturities:				
Corporate bonds	957,845	3,872	(20,990)	940,727
Municipal bonds	57,836	—	(551)	57,285
Total HTM fixed maturities	1,015,681	3,872	(21,541)	998,012
Total fixed maturity investments	$4,125,661	$14,867	$(90,948)	$4,049,580

December 31, 2017	Original or amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
AFS fixed maturities:				
U.S. treasury bonds	$35,093	$4	$—	$35,097
U.S. agency bonds – mortgage-backed	1,475,682	6,181	(13,723)	1,468,140
U.S. agency bonds – other	19,868	—	(149)	19,719
Non-U.S. government and supranational bonds	32,380	231	(1,713)	30,898
Asset-backed securities	225,015	3,457	(79)	228,393
Corporate bonds	911,259	28,423	(14,413)	925,269
Total AFS fixed maturities	2,699,297	38,296	(30,077)	2,707,516
HTM fixed maturities:				
Corporate bonds	1,037,464	28,694	(913)	1,065,245
Municipal bonds	60,337	128	(84)	60,381
Total HTM fixed maturities	1,097,801	28,822	(997)	1,125,626
Total fixed maturity investments	$3,797,098	$67,118	$(31,074)	$3,833,142

During the year ended December 31, 2018, we did not designate any additional fixed maturities as HTM. During 2017, we designated additional fixed maturities with a total fair value of $391,934 as HTM reflecting our intent to hold these securities to maturity. The net unrealized holding gain of $4,313 as at the designation date in 2017 continues to be reported in the carrying value of the HTM securities and is amortized through other comprehensive income over the remaining life of the securities using the effective yield method in a manner consistent with the amortization of any premium or discount.

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

4. Investments (continued)

The contractual maturities of our fixed maturities are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

December 31, 2018	AFS fixed maturities Amortized cost	AFS fixed maturities Fair value	HTM fixed maturities Amortized cost	HTM fixed maturities Fair value
Maturity				
Due in one year or less	$130,857	$130,756	$2,020	$2,021
Due after one year through five years	715,233	703,347	394,875	391,709
Due after five years through ten years	562,102	549,249	618,786	604,282
	1,408,192	1,383,352	1,015,681	998,012
U.S. agency bonds – mortgage-backed	1,485,716	1,453,134	—	—
Asset-backed securities	216,072	215,082	—	—
Total fixed maturities	$3,109,980	$3,051,568	$1,015,681	$998,012

The following tables summarize fixed maturities in an unrealized loss position and the aggregate fair value and gross unrealized loss by length of time the security has continuously been in an unrealized loss position:

December 31, 2018	Less than 12 Months Fair value	Less than 12 Months Unrealized losses	12 Months or More Fair value	12 Months or More Unrealized losses	Total Fair value	Total Unrealized losses
Fixed maturities						
U.S. treasury bonds	$125	$(1)	$—	$—	$125	$(1)
U.S. agency bonds – mortgage-backed	416,147	(6,624)	838,091	(29,449)	1,254,238	(36,073)
U.S. agency bonds – other	26,838	(27)	17,462	(521)	44,300	(548)
Non-U.S. government and supranational bonds	4,024	(252)	3,770	(954)	7,794	(1,206)
Asset-backed securities	74,801	(1,196)	5,793	(219)	80,594	(1,415)
Corporate bonds	1,052,765	(30,334)	286,542	(20,820)	1,339,307	(51,154)
Municipal bonds	20,379	(261)	36,906	(290)	57,285	(551)
Total temporarily impaired fixed maturities	$1,595,079	$(38,695)	$1,188,564	$(52,253)	$2,783,643	$(90,948)

At December 31, 2018, there were approximately 348 securities in an unrealized loss position with a fair value of $2,783,643 and unrealized losses of $90,948. Of these securities, there were 103 securities that have been in an unrealized loss position for 12 months or greater with a fair value of $1,188,564 and unrealized losses of $52,253.

December 31, 2017	Less than 12 Months Fair value	Less than 12 Months Unrealized losses	12 Months or More Fair value	12 Months or More Unrealized losses	Total Fair value	Total Unrealized losses
Fixed maturities						
U.S. agency bonds – mortgage-backed	$632,142	$(5,299)	$327,339	$(8,424)	$959,481	$(13,723)
U.S. agency bonds – other	19,718	(149)	—	—	19,718	(149)
Non-U.S. government and supranational bonds	1,909	(2)	25,192	(1,711)	27,101	(1,713)
Asset-backed securities	12,408	(30)	3,017	(49)	15,425	(79)
Corporate bonds	161,661	(1,557)	290,592	(13,769)	452,253	(15,326)
Municipal bonds	39,492	(84)	—	—	39,492	(84)
Total temporarily impaired fixed maturities	$867,330	$(7,121)	$646,140	$(23,953)	$1,513,470	$(31,074)

F-24

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

4. Investments (continued)

At December 31, 2017, there were approximately 156 securities in an unrealized loss position with a fair value of $1,513,470 and unrealized losses of $31,074. Of these securities, there were 89 securities that have been in an unrealized loss position for 12 months or greater with a fair value of $646,140 and unrealized losses of $23,953.

OTTI

The Company performs quarterly reviews of its fixed maturities in order to determine whether declines in fair value below the amortized cost basis were considered other-than-temporary in accordance with applicable guidance. At December 31, 2018, we have determined that the unrealized losses on fixed maturities were primarily due to interest rates rising as well as the impact of foreign exchange rate changes on certain foreign currency denominated AFS fixed maturities since their date of purchase. All fixed maturity securities in the investment portfolio continue to pay the expected coupon payments under the contractual terms of the securities. Any credit-related impairment related to fixed maturity securities that the Company does not plan to sell and for which the Company is not more likely than not to be required to sell is recognized in net earnings, with the non-credit related impairment recognized in comprehensive earnings. Based on our analysis, our fixed maturity portfolio is of high credit quality and we believe we will recover the amortized cost basis of our fixed maturity securities. We continually monitor the credit quality of our fixed maturity investments to assess if it is probable that we will receive our contractual or estimated cash flows in the form of principal and interest. For the year ended December 31, 2018, the Company recognized $5,832 in OTTI losses in earnings on seventy-two fixed maturity securities. Comparatively, there were no OTTI losses recognized in earnings on the fixed maturity portfolio for the years ended December 31, 2017 and December 31, 2016. The following summarizes the credit ratings of our fixed maturities:

Ratings[1] at December 31, 2018	**Amortized cost**	**Fair value**	**% of Total fair value**
U.S. treasury bonds	$138,625	$139,072	3.4 %
U.S. agency bonds	1,615,457	1,582,367	39.1 %
AAA	137,172	135,119	3.3 %
AA+, AA, AA-	183,142	178,674	4.4 %
A+, A, A-	1,132,993	1,113,710	27.5 %
BBB+, BBB, BBB-	866,043	848,348	21.0 %
BB+ or lower	52,229	52,290	1.3 %
Total fixed maturities	$4,125,661	$4,049,580	100.0 %

Ratings[1] at December 31, 2017	**Amortized cost**	**Fair value**	**% of Total fair value**
U.S. treasury bonds	$35,093	$35,097	0.9 %
U.S. agency bonds	1,495,550	1,487,859	38.8 %
AAA	156,631	159,682	4.2 %
AA+, AA, AA-	146,264	147,054	3.8 %
A+, A, A-	1,089,230	1,106,430	28.9 %
BBB+, BBB, BBB-	824,351	845,244	22.1 %
BB+ or lower	49,979	51,776	1.3 %
Total fixed maturities	$3,797,098	$3,833,142	100.0 %

(1) Based on Standard & Poor’s ("S&P"), or equivalent, ratings

b) Other Investments

The table below shows our portfolio of other investments:

December 31,	**2018**		**2017**	
	Fair value	**% of Total**	**Fair value**	**% of Total**

		fair value			fair value	
Investment in limited partnerships	$3,833	16.2	%	$5,100	77.3	%
Investment in special purpose vehicles focused on lending activities	18,383	77.5	%	—	—	%
Other	1,500	6.3	%	1,500	22.7	%
Total other investments	$23,716	100.0	%	$6,600	100.0	%

F-25

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

4. Investments (continued)

The Company has a remaining unfunded commitment on its investment in limited partnerships of approximately $414 at December 31, 2018 (2017 - $306). The Company also has a remaining unfunded commitment on its investment in special purpose vehicles focused on lending activities of approximately $7,359 at December 31, 2018. There were no such commitments outstanding at December 31, 2017.

c) Net Investment Income

Net investment income was derived from the following sources:

For the Year Ended December 31,	2018	2017	2016
Fixed maturities	$130,333	$124,415	$109,808
Cash and cash equivalents	2,123	1,973	1,628
Loan to related party	6,442	3,447	2,360
Other	1,736	1,833	1,818
	140,634	131,668	115,614
Investment expenses	(4,349)	(7,533)	(6,925)
Net investment income	$136,285	$124,135	$108,689

d) Realized Gains (Losses) on Investment

Realized gains or losses on the sale of investments are determined on the basis of the first in first out cost method. The following provides an analysis of net realized gains (losses) on investment included in the Consolidated Statements of Income:

For the Year Ended December 31, 2018	Gross gains	Gross losses	Net
AFS fixed maturities	$9,314	$(13,118)	$(3,804)
Other investments	2,275	—	2,275
Net realized gains (losses) on investment	$11,589	$(13,118)	$(1,529)
For the Year Ended December 31, 2017	**Gross gains**	**Gross losses**	**Net**
AFS fixed maturities	$7,598	$(1,254)	$6,344
Other investments	5,878	—	5,878
Net realized gains (losses) on investment	$13,476	$(1,254)	$12,222
For the Year Ended December 31, 2016	**Gross gains**	**Gross losses**	**Net**
AFS fixed maturities	$7,140	$(916)	$6,224
Other investments	550	—	550
Net realized gains (losses) on investment	$7,690	$(916)	$6,774

Proceeds from sales of AFS fixed maturities were $367,346, $164,957 and $69,007 for the years ended December 31, 2018, 2017 and 2016, respectively.

Net unrealized (losses) gains on investments, including those allocated to discontinued operations and classified as held for sale, were as follows:

December 31,	2018	2017	2016
Fixed maturities	$(59,729)	$20,586	$(23,635)
Other investments	—	1,381	3,003
Total net unrealized (losses) gains	(59,729)	21,967	(20,632)
Deferred income tax	(33)	(78)	(84)
Net unrealized (losses) gains, net of deferred income tax	$(59,762)	$21,889	$(20,716)

Change, net of deferred income tax	$(81,651)	$42,605	$33,396

F-26

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

4. Investments (continued)

The portion of unrealized gains recognized in net income for the years ended December 31, 2018, 2017 and 2016, respectively, that are related to other investments still held at the end of the reporting period were as follows:

For the Year Ended December 31,	2018	2017	2016
Net gains recognized in net income on other investments during the year	$2,275	$5,878	$550
Net realized gains recognized on other investments divested during the year	(2,777)	(5,878)	(550)
Net unrealized losses recognized on other investments still held at end of year	$(502)	$—	$—

e) Restricted Cash and Cash Equivalents and Investments

We are required to maintain assets on deposit to support our reinsurance operations and to serve as collateral for our reinsurance liabilities under various reinsurance agreements. We also utilize trust accounts to collateralize business with our reinsurance counterparties. These trust accounts generally take the place of letter of credit requirements. The assets in trust as collateral are primarily cash and highly rated fixed maturities. The fair value of our restricted assets was as follows:

December 31,	2018	2017
Restricted cash – third party agreements	$21,420	$21,889
Restricted cash – related party agreements	108,728	73,016
Total restricted cash	130,148	94,905
Restricted investments – in trust for third party agreements at fair value (*amortized cost: 2018 – $88,841; 2017 – $212,507)*	89,596	211,331
Restricted investments AFS – in trust for related party agreements at fair value *(amortized cost: 2018 – $2,860,403; 2017 – $2,281,66*8)	2,806,203	2,294,367
Restricted investments HTM – in trust for related party agreements at fair value *(amortized cost: 2018 – $1,015,681; 2017 – $1,09*7,801)	998,012	1,125,626
Total restricted investments	3,893,811	3,631,324
Total restricted cash and investments	$4,023,959	$3,726,229

F-27

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

5. Fair Value Measurements

a) Fair Values of Financial Instruments

ASC 825, *"Disclosure About Fair Value of Financial Instruments"*, requires all entities to disclose the fair value of their financial instruments, both assets and liabilities recognized and not recognized in the balance sheet, for which it is practicable to estimate fair value. The following describes the valuation techniques used by the Company to determine the fair value of financial instruments held at December 31, 2018 and 2017.

U.S. government and U.S. agency — Bonds issued by the U.S. Treasury, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, Government National Mortgage Association and the Federal National Mortgage Association. The fair values of U.S. treasury bonds are based on quoted market prices in active markets, and are included in the Level 1 fair value hierarchy. We believe the market for U.S. treasury bonds is an actively traded market given the high level of daily trading volume. The fair values of U.S. agency bonds are determined using the spread above the risk-free yield curve. As the yields for the risk-free yield curve and the spreads for these securities are observable market inputs, the fair values of U.S. agency bonds are included in the Level 2 fair value hierarchy.

Non-U.S. government and supranational bonds — These securities are generally priced by independent pricing services. The Pricing Service may use current market trades for securities with similar quality, maturity and coupon. If no such trades are available, the Pricing Service typically uses analytical models which may incorporate spreads, interest rate data and market/sector news. As the significant inputs used to price non-U.S. government and supranational bonds are observable market inputs, the fair values of non-U.S. government and supranational bonds are included in the Level 2 fair value hierarchy.

Asset-backed securities — These securities comprise CMBS and CLO originated by a variety of financial institutions that on acquisition are rated BBB-/Baa3 or higher. These securities are priced by independent pricing services and brokers. The pricing provider applies dealer quotes and other available trade information, prepayment speeds, yield curves and credit spreads to the valuation. As the significant inputs used to price the CMBS and CLO are observable market inputs, the fair value of the CMBS and CLO securities are included in the Level 2 fair value hierarchy.

Corporate bonds — Bonds issued by corporations that on acquisition are rated BBB-/Baa3 or higher. These securities are generally priced by independent pricing services. The spreads are sourced from broker/dealers, trade prices and the new issue market. Where pricing is unavailable from pricing services, we obtain non-binding quotes from broker-dealers. As the significant inputs used to price corporate bonds are observable market inputs, the fair values of corporate bonds are included in the Level 2 fair value hierarchy.

Municipal bonds — Bonds issued by U.S. state and municipality entities or agencies. The fair values of municipal bonds are generally priced by independent pricing services. The pricing services typically use spreads obtained from broker-dealers, trade prices and the new issue market. As the significant inputs used to price the municipal bonds are observable market inputs, municipal bonds are included in the Level 2 fair value hierarchy.

Other investments — Includes unquoted investments comprised of investments in limited partnerships and other investments which includes investments in special purpose vehicles focused on lending activities as well as investments in start-up insurance entities. The fair values of the limited partnerships are determined by the fund manager based on recent filings, operating results, balance sheet stability, growth and other business and market sector fundamentals. The fair value of these investments are measured using the NAV practical expedient and therefore have not been categorized within the fair value hierarchy. If there is a reporting lag between the current period end and reporting date of the latest available fund valuation, we estimate fair values by starting with the most recently available valuation and adjusting for return estimates as well as any subscriptions and distributions that took place during the current period. The fair value of the investments in special purpose vehicles focused on lending activities is initially at cost which approximates fair value. In subsequent measurement periods, the fair values of these investments are determined using an internally developed discounted cash flow model. As the significant inputs used to price these securities are unobservable, the fair value of these investments are classified as Level 3. The fair value of the remaining other investments, primarily start-up insurance entities, was determined using recent private market transactions and as such, the fair value is included in the Level 3 fair value hierarchy.

Cash and cash equivalents (including restricted amounts), accrued investment income, reinsurance balances receivable, and certain other assets and liabilities — The carrying values reported in the Consolidated Balance Sheets for these financial instruments approximate their fair value due to their short term nature and are classified as Level 2.

Loan to related party — The carrying value reported in the Consolidated Balance Sheets for this financial instrument approximates its fair value and it is included in the Level 2 hierarchy.

Senior notes — The amount reported in the Consolidated Balance Sheets for these financial instruments represents the carrying value of the notes. The fair values are based on indicative market pricing obtained from a third-party service provider and as such, are included in the Level 2 hierarchy.

b) Fair Value Hierarchy

The Company's estimates of fair value for financial assets and financial liabilities are based on the framework established in ASC 820. The framework is based on the inputs used in valuation and gives the highest priority to quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the ASC 820 hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Company's significant market assumptions.

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

5. Fair Value Measurements (continued)

At December 31, 2018 and 2017, we classified our financial instruments measured at fair value on a recurring basis in the following valuation hierarchy:

December 31, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Based on NAV Practical Expedient	Total Fair Value
AFS fixed maturities					
U.S. treasury bonds	$139,072	$—	$—	$—	$139,072
U.S. agency bonds – mortgage-backed	—	1,453,134	—	—	1,453,134
U.S. agency bonds – other	—	129,233	—	—	129,233
Non-U.S. government and supranational bonds	—	10,072	—	—	10,072
Asset-backed securities	—	215,082	—	—	215,082
Corporate bonds	—	1,104,975	—	—	1,104,975
Other investments	—	—	19,883	3,833	23,716
Total	$139,072	$2,912,496	$19,883	$3,833	$3,075,284
As a percentage of total assets	2.6 %	55.1 %	0.4 %	0.1 %	58.2 %

December 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Based on NAV Practical Expedient	Total Fair Value
AFS fixed maturities					
U.S. treasury bonds	$35,097	$—	$—	$—	$35,097
U.S. agency bonds – mortgage-backed	—	1,468,140	—	—	1,468,140
U.S. agency bonds – other	—	19,719	—	—	19,719
Non-U.S. government and supranational bonds	—	30,898	—	—	30,898
Asset-backed securities	—	228,393	—	—	228,393
Corporate bonds	—	925,269	—	—	925,269
Other investments	—	—	1,500	5,100	6,600
Total	$35,097	$2,672,419	$ 1,500	$5,100	$2,714,116
As a percentage of total assets	0.5 %	40.2 %	— %	0.1 %	40.8 %

The Company utilizes a Pricing Service to assist in determining the fair value of our fixed maturity investments; however, management is ultimately responsible for all fair values presented in the Company's financial statements. This includes responsibility for monitoring the fair value process, ensuring objective and reliable valuation practices and pricing of assets and liabilities and pricing sources. The Company analyzes and reviews the information and prices received from the Pricing Service to ensure that the prices represent a reasonable estimate of the fair value. The Pricing Service was utilized to estimate fair value measurements for approximately 99.9% and 99.8% of our fixed maturities at December 31, 2018 and 2017, respectively. The Pricing Service utilizes market quotations for fixed maturity securities that have quoted market prices in active markets. Since fixed maturities other than U.S. treasury bonds generally do not trade actively on a daily basis, the Pricing Service prepares estimates of fair value measurements using relevant market data, benchmark curves, sector groupings and matrix pricing and these have been classified as Level 2.

At December 31, 2018 and 2017, 0.1% and 0.2%, respectively, of the fixed maturities are valued using the market approach. At December 31, 2018, one security or approximately $5,676 of Level 2 fixed maturities, was priced using a quotation from a broker and/or custodian as opposed to the Pricing Service due to lack of information available. At December 31, 2017, three securities or approximately $9,489 of Level 2 fixed maturities, were priced using a quotation from a broker and/or custodian as opposed to the Pricing Service due to lack of information available. At December 31, 2018 and 2017, we have not adjusted any pricing provided to us based on the review performed by our investment managers. There were no transfers between Level 1 and Level 2 and there were no transfers to or from Level 3 during the periods represented by these Consolidated Financial Statements.

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

5. Fair Value Measurements (continued)

c) Level 3 Financial Instruments

At December 31, 2018, the Company has other investments of $19,883 (December 31, 2017 - $1,500) which includes investments in special purpose vehicles focused on lending activities as well as investments in start-up insurance entities. The fair value of the investments in special purpose vehicles focused on lending activities is initially at cost which approximates fair value. In subsequent measurement periods, the fair values of these investments are determined using an internally developed discounted cash flow model. The fair value of investments in start-up insurance entities was determined using recent private market transactions. Due to the significant unobservable inputs in these valuations, the Company includes the estimate of the fair value of each of these other investments as Level 3. During the years ended December 31, 2018 and 2017, there were no transfers into or out of Level 3.

d) Financial Instruments not measured at Fair Value

The following table presents the fair value and carrying value of the financial instruments not measured at fair value:

	December 31, 2018		December 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
HTM – corporate bonds	$957,845	$940,727	$1,037,464	$1,065,245
HTM - municipal bonds	57,836	57,285	60,337	60,381
Total financial assets	$1,015,681	$998,012	$1,097,801	$1,125,626
Financial Liabilities				
Senior Notes - MHLA – 6.625%	$110,000	$75,240	$110,000	$101,200
Senior Notes - MHNC – 7.75%	152,500	143,960	152,500	149,029
Total financial liabilities	$262,500	$219,200	$262,500	$250,229

6. Discontinued Operations

Sale of U.S. Treaty Reinsurance operations

As described in "*Note 1. Organization*", the Company entered into a Renewal Rights transaction with TransRe on August 29, 2018. The Company continued to earn premiums and remain liable for losses occurring subsequent to August 29, 2018 for any policies in force prior to and as of August 29, 2018, through December 27, 2018, the date the sale of Maiden US was closed pursuant to the US MTA with Enstar.

Maiden US was a substantial portion of our Diversified Reinsurance segment, therefore, the Company concluded that the sale represents a strategic shift that will have a major effect on its ongoing operations and financial results and that all of the held for sale criteria have been met. Accordingly, all transactions related to the U.S. treaty reinsurance operations are reported and presented as part of discontinued operations. Accordingly, all of the assets and liabilities related to the sale of the U.S. treaty reinsurance operations are removed from the Consolidated Balance Sheets of the Company and any remaining assets and liabilities related to the retrocession agreement and true up of sale consideration, are classified as held for sale in the Consolidated Balance Sheets as at December 31, 2018. All of the assets and liabilities related to the U.S. treaty reinsurance operations were reclassified as held for sale as at December 31, 2017. The operations of the Company's U.S. treaty reinsurance business up to the date of sale have been reported as part of loss from discontinued operations in the Consolidated Statements of Income for the year ended December 31, 2018. The operations of the Company's U.S. treaty reinsurance business for the years ended December 31, 2017 and 2016 have been reclassified as part of loss from discontinued operations in the Consolidated Statements of Income.

The Company estimated the fair value of the net assets held for sale to be based on the estimated selling price less costs to sell and was classified as Level 2 within the fair value hierarchy as of December 31, 2018. The following table summarizes the components of assets and liabilities classified as held for sale on the Company's Consolidated Balance Sheet as at December 31, 2018 and 2017:

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

6. Discontinued Operations (continued)

	2018	2017
ASSETS		
Fixed maturities, available-for-sale, at fair value	$63,560	$1,336,854
Cash and cash equivalents	—	13,449
Restricted cash and cash equivalents	6,113	28,679
Accrued investment income	—	6,195
Reinsurance balances receivable, net	689	272,549
Reinsurance recoverable on unpaid losses	70,158	92,728
Deferred commission and other acquisition expenses	—	59,393
Goodwill and intangible assets, net	—	75,583
Other assets	33,955	16,388
Total assets held for sale	$174,475	$1,901,818
LIABILITIES		
Reserve for loss and loss adjustment expenses	$76,521	$1,160,526
Unearned premiums	—	246,156
Accrued expenses and other liabilities	79,440	42,726
Total liabilities held for sale	$155,961	$1,449,408

As discussed in "*Note 1. Organization*", on December 27, 2018, Cavello, Enstar's Bermuda reinsurance affiliate, and Maiden Bermuda entered into a retrocession agreement pursuant to which certain assets and liabilities associated with the Motors Insurance business held by Maiden Bermuda were retroceded to Cavello in exchange for a ceding commission. The balance of reinsurance recoverable on unpaid losses due from Cavello under this retrocession agreement at December 31, 2018 was $70,158 which is presented as part of the assets held for sale above and in the Consolidated Balance Sheet. Enstar has credit ratings from both Standard & Poor's and Fitch Ratings of BBB at December 31, 2018.

The following table summarizes the major classes of line items constituting the net loss from discontinued operations for the years ended December 31, 2018, 2017 and 2016:

For the Year Ended December 31,	2018	2017	2016
Gross premiums written	$493,862	$737,960	$742,319
Net premiums written	$479,577	$724,611	$687,281
Net premiums earned	$618,265	$740,120	$642,562
Net investment income	39,265	42,210	37,203
Net loss and loss adjustment expenses	(474,711)	(604,578)	(530,394)
Commission and other acquisition expenses	(142,946)	(176,961)	(158,141)
General and administrative expenses	(26,739)	(17,556)	(16,730)
Amortization of intangible assets	(1,387)	(2,132)	(2,461)
Impairment of goodwill	—	—	(1,800)
Income (loss) from discontinued operations	11,747	(18,897)	(29,761)
Loss on disposal of discontinued operations	(113,294)	—	—
Loss from discontinued operations before income taxes	(101,547)	(18,897)	(29,761)
Income tax benefit (expense)	7,434	(3,199)	(1,161)
Net loss from discontinued operations, after income taxes	$(94,113)	$(22,096)	$(30,922)

The loss on disposal of discontinued operations for the year ended December 31, 2018 primarily includes the impairment of goodwill and intangible assets of $74,196 that was recognized due to the sale of Maiden US, net of the payment received for the sale of the Renewal Rights of $7,500. Please refer to "*Note 7. Goodwill and Intangible*

Assets" for additional information regarding the Company's impairment of goodwill and intangible assets that was recognized during the year ended December 31, 2018.

F-31

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

7. Goodwill and Intangible Assets

The goodwill and intangible assets historically recognized by the Company had been assigned to our Diversified Reinsurance segment. Please refer to "*Note 6. Discontinued Operations*" for further details regarding the impairment of these assets. The following table shows the change in the carrying value of goodwill and intangible assets previously held by the Company:

	Goodwill	Intangible Assets	Total
December 31, 2016	$57,192	$20,523	$77,715
Amortization	—	(2,132)	(2,132)
December 31, 2017	$57,192	$18,391	$75,583
Amortization	—	(1,387)	(1,387)
Impairment losses	(57,192)	(17,004)	(74,196)
December 31, 2018	$—	$—	$—

The goodwill and intangible assets are subject to annual impairment testing on October 1 or when “triggering events” occur or circumstances change that could potentially reduce the fair value of a reporting unit below its carrying amount. Goodwill is considered impaired if the carrying amount of the reporting unit exceeds the fair value. The sale of our U.S. treaty reinsurance operations resulted in a triggering event and consequently during the year ended December 31, 2018, the Company has written off the remaining balance of goodwill and intangible assets. The goodwill and intangible assets were deemed to be permanently impaired due to the sale of the U.S. treaty reinsurance operations. The Company recognized an impairment loss of $74,196 as a result of these dispositions, which is presented in the Consolidated Statements of Income as part of the loss from discontinued operations for the year ended December 31, 2018 (2017 - $0, 2016 - $1,800).

The following tables show the analysis of goodwill and intangible assets that are included in the balance sheet as a component of assets held for sale at December 31, 2017:

December 31, 2017	Gross	Accumulated Amortization	Accumulated Impairment	Net	Useful Life
Goodwill	$58,992	$—	$(1,800)	$57,192	Indefinite
State licenses	4,527	—	—	4,527	Indefinite
Customer relationships	51,400	(37,536)	—	13,864	15 years double declining
Net balance	$114,919	$(37,536)	$(1,800)	$75,583	

F-32

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

8. Reinsurance

We use reinsurance and retrocessional agreements ("ceded reinsurance") to mitigate volatility, reduce our exposure to certain risks and to provide capital support. Additionally, starting in 2015, Maiden Bermuda entered into a number of retrocessional quota share agreements with a highly rated global insurer to cede certain lines of business from both of our reportable segments. Effective July 1, 2018, Maiden Bermuda commuted all of these retrocessional quota share agreements.

Each of these agreements provide for recovery from reinsurers or retrocessionaires of a portion of loss and LAE under certain circumstances without relieving the Company of its obligations to the policyholders. The Company remains liable to the extent that any of our reinsurers or retrocessionaires fails to meet their obligations. Loss and LAE incurred and premiums earned are reported after deduction for reinsurance and retrocession. In the event that one or more of our reinsurers or retrocessionaires are unable to meet their obligations under these reinsurance or retrocessional agreements, the Company would not realize the full value of the reinsurance recoverable balances.

The effect of ceded reinsurance on net premiums written and earned and on net loss and LAE for the years ended December 31, 2018, 2017 and 2016 was as follows:

For the Year Ended December 31,	2018	2017	2016
Premiums written			
Direct	$11,024	$5,765	$8,045
Assumed	2,006,774	2,072,326	2,080,984
Ceded	(3,201)	(40,714)	(121,358)
Net	$2,014,597	$2,037,377	$1,967,671
Premiums earned			
Direct	$10,733	$6,579	$9,766
Assumed	2,032,161	2,048,434	2,006,997
Ceded	(16,692)	(62,354)	(91,175)
Net	$2,026,202	$1,992,659	$1,925,588
Loss and LAE			
Gross loss and LAE	$1,885,232	$1,601,011	$1,349,739
Loss and LAE ceded	(5,111)	(45,578)	(60,227)
Net	$1,880,121	$1,555,433	$1,289,512

The Company's reinsurance recoverable on unpaid losses balance at December 31, 2018 was $1,743 (2017 - $24,883) presented as part of other assets in the Consolidated Balance Sheets. At December 31, 2018, 96.2% (2017 - 99.5%) of the reinsurance recoverable on unpaid losses was due from reinsurers and retrocessionaires with credit ratings from A.M Best of A+ or better. At December 31, 2018 and 2017, the Company had no valuation allowance against reinsurance recoverable on unpaid losses.

See "*Note 18. Subsequent Events*" for discussion relating to loss portfolio transfer and adverse development cover entered into by Maiden Bermuda and Enstar on March 1, 2019 affecting the quota share reinsurance agreements between Maiden Bermuda and AmTrust.

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

9. Reserve for Loss and Loss Adjustment Expenses

General

The Company uses both historical experience and industry-wide loss development factors to provide a reasonable basis for estimating future losses. In the future, certain events may be beyond the control of management, such as changes in law, judicial interpretations of law, and inflation, which may favorably or unfavorably impact the ultimate settlement of the Company’s loss and LAE reserves.

The anticipated effect of inflation is implicitly considered when estimating liabilities for losses and LAE. While anticipated changes in claim costs due to inflation are considered in estimating the ultimate claim costs, changes in the average severity of claims are caused by a number of factors that vary with the individual type of policy written. Ultimate losses are projected based on historical trends adjusted for implemented changes in underwriting standards, policy provisions, and general economic trends. Those anticipated trends are monitored based on actual development and are modified if necessary.

The reserving process begins with the collection and analysis of paid losses and incurred claims data for each of our contracts. While reserves are reviewed on a contract by contract basis, paid losses and incurred claims data is also aggregated into reserving segments. The segmental data is disaggregated by reserving class and further disaggregated by either accident year (i.e. the year in which the loss event occurred) or by underwriting year (i.e. the year in which the contract generating the premium and losses incepted). The Company in some cases uses underwriting year information to analyze our Diversified Reinsurance segment and subsequently allocate reserves to the respective accident years. Our reserve for loss and LAE comprises:

December 31,	**2018**	**2017**
Reserve for reported loss and LAE	$1,571,217	$1,393,560
Reserve for losses incurred but not reported ("IBNR")	1,484,759	993,162
Reserve for loss and LAE	$3,055,976	$2,386,722

The following table represents a reconciliation of our beginning and ending gross and net loss and LAE reserves:

For the Year Ended December 31,	**2018**	**2017**	**2016**
Gross loss and LAE reserves, January 1	$2,386,722	$1,845,407	$1,521,364
Less: reinsurance recoverable on unpaid losses, January 1	24,883	35,948	18,279
Net loss and LAE reserves, January 1	2,361,839	1,809,459	1,503,085
Net incurred losses related to:			
Current year	1,431,484	1,271,860	1,158,435
Prior years	448,637	283,573	131,077
	1,880,121	1,555,433	1,289,512
Net paid losses related to:			
Current year	(440,315)	(406,883)	(274,358)
Prior years	(723,451)	(651,608)	(684,172)
	(1,163,766)	(1,058,491)	(958,530)
Effect of foreign exchange rate movements	(23,961)	55,438	(24,608)
Net loss and LAE reserves, December 31	3,054,233	2,361,839	1,809,459
Reinsurance recoverable on unpaid losses, December 31	1,743	24,883	35,948
Gross loss and LAE reserves, December 31	$3,055,976	$2,386,722	$1,845,407

Commencing in 2015, Maiden Bermuda entered into a number of retrocessional quota share agreements with a highly rated global insurer to cede certain lines of business from both of our reportable segments. Effective July 1, 2018, Maiden Bermuda commuted all of these retrocessional quota share agreements.

Actuarial Methods Used to Estimate Loss and Loss Adjustment Expense Reserves

The Company utilizes a variety of standard actuarial methods in its analysis of loss reserves. The selections from these various methods are based on the loss development characteristics of the specific line of business and significant actuarial judgment. The actuarial methods the Company utilizes include:
The Expected Loss Ratio ("ELR") method is a technique that multiplicatively applies an expected loss ratio to premium earned to yield estimated ultimate losses. The ELR assumption is generally derived from pricing information and historical experience of the business. This method is frequently used for the purpose of stability in the early valuations of an underwriting year with large and uncertain loss development factors. This technique does not take into account actual loss emergence for the underwriting

F-34

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

9. Reserve for Loss and Loss Adjustment Expenses (continued)
year being projected. As an underwriting year matures and actual loss experience becomes more credible, other methods may be applied in determining the estimated ultimate losses.

The Loss Development ("LD") method is a reserving method in which ultimate losses are estimated by applying a loss development factor to actual reported (or paid) loss experience. This method fully utilizes actual experience. Multiplication of underwriting year actual reported (or paid) losses by its respective development factor produces the estimated ultimate losses. The LD method is based upon the assumption that the relative change in a given underwriting year's losses from one evaluation point to the next is similar to the relative change in prior underwriting years' losses at similar evaluation points. In addition, this method is based on the assumption that the reserving and payment patterns as well as the claim handling procedures have not changed substantially over time. In the case where changes to the payment patterns or the claim handling procedures are identified, historical losses are adjusted to the current basis, and development factors are selected based on the relative change of the adjusted losses (the Berquist Sherman method is one example of this approach). When a company has a sufficiently reliable loss development history, a development pattern based on the company's historical indications may be used to develop losses to ultimate values.

The Bornhuetter-Ferguson ("BF") reserving technique is used for long-tailed or lower frequency, more volatile lines. It is also useful in situations where the reported loss experience is relatively immature and/or lacks sufficient credibility for the application of methods that are more heavily reliant on emerged experience. The BF method is an additive IBNR method that combines the ELR and LD techniques by splitting the expected loss into two pieces - expected reported (or paid) losses and expected unreported (or unpaid) losses. Expected unreported (unpaid) losses, estimated by the use of loss development factors, are added to the current actual reported (or paid) losses to produce an estimate of ultimate losses by underwriting year. The BF method introduces an element of stability that moderates the impact of inconsistent changes in paid and reported losses.

The average frequency and severity ("FS") reserving technique is used for lines where claim count is available, and the estimate of loss development factors is more difficult due to volatility in historical data. The available data for such lines is usually more volatile in the estimation of future losses using the LD and BF reserving methods. The FS method uses historical data to estimate the average number of ultimate claims (frequency) and the average costs of closed claims (severity). The estimate of ultimate losses by underwriting year is the result of the multiplication of the ultimate number of claims and the average cost of a claim.

With the guidance of the methods above, actuarial judgment is applied in the determination of ultimate losses. In general, the Company's segments have varying levels of seasoning with which the Company has direct experience and as a result, differing methods are utilized to estimate loss and LAE reserves in each segment.

In the Diversified Reinsurance segment, the Company utilizes the ELR approach at the onset of reserving an account, the BF method for business with less but maturing loss experience, and as the experience matures the LD method. For proportional or pro-rata business, the Company typically relies heavily on the actual historical contract experience to estimate reserving parameters such as loss development factors, whereas for excess of loss business there will be more usage of industry and/or Company benchmark assumptions.

The Company has underwritten the AmTrust Reinsurance segment since July 1, 2007. A large proportion of the exposure in the underlying book of business has significant seasoning, and allows for a significant amount of credibility in using parameters derived from historical experience to calculate reserve estimates. Some segments of the book are a result of recent acquisitions or newer markets for AmTrust. These segments require a greater level of assumptions and professional judgment in deriving ultimate losses, which inherently implies a wider range of reasonable estimates. As a result, we have tended to rely on a weighted approach which primarily employs the LD method for aspects of the segment with ample historical data, while also considering the ELR or BF method for exposure resulting from recent acquisitions, or a relative business with a more limited level of experience. The FS method is also considered for segments of the AmTrust book of business for which claim count information is available. The Company’s actuarial analysis of this book of business is more refined in that it utilizes a combination of quarterly and annual data instead of contract period data in totality. Additional data detailing items such as class of business, state, claim counts, frequency and severity is available, further enhancing the reserve analysis.

Prior Year Development

Prior period development arises from changes to loss estimates recognized in the current year that relate to loss reserves in previous calendar years. The development reflects changes in management's best estimate of the ultimate losses under the relevant reinsurance policies after review of changes in actuarial assessments.

The following table summarizes the adverse prior period development experienced in each of our reportable segments for the years ended December 31, 2018, 2017, and 2016:

For the Year Ended	Diversified Reinsurance	AmTrust Reinsurance	Other	Total
December 31, 2018	$ (2,326)	$(399,200)	$(1,685)	$(403,211)
December 31, 2017	(5,441)	(239,896)	(1,838)	(247,175)
December 31, 2016	(11,082)	(54,000)	(11,887)	(76,969)

F-35

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

9. Reserve for Loss and Loss Adjustment Expenses (continued)

During 2018, the Company increased incurred losses for 2017 and prior accident years by $448,637 or 19.0% of prior year net loss and LAE reserves compared to $283,573 or 15.7% in 2017 and $131,077 or 8.7% in 2016. The $403,211 of net adverse development was primarily driven by $399,200 of adverse development in the AmTrust Reinsurance segment combined with an insignificant amount of net adverse development of $2,326 in the Diversified Reinsurance segment and net adverse development of $1,685 within the Other category. In addition, some premium for prior accident years is reported to us in subsequent periods. This leads to increases in the provision for loss and LAE in prior years during current periods, which is not considered adverse development. During 2018, incurred losses in the AmTrust segment increased $45,426 (2017 - $37,212) associated with $75,359 (2017 - $57,026) of premiums earned reported during 2018 attributable to 2017 and prior accident years.

In the Diversified Reinsurance segment, the adverse prior year development was $2,326 for the year ended December 31, 2018 (2017 -$5,441, 2016 - $11,082) primarily due to adverse development in the European Capital Solutions business as well as in the facultative reinsurance run-off partially offset by favorable development in International Auto. The adverse development in 2017 and 2016 was primarily from the facultative reinsurance run-off and development in International Auto.

In the AmTrust Reinsurance segment, the adverse prior year development was $399,200 for the year ended December 31, 2018 (2017 - $239,896, 2016 - $54,000) largely from Workers' Compensation of $151,269 which represented nearly half of the adverse development, primarily driven by accident years 2014 to 2016, due to a higher expectation of loss development at later maturities as well as adverse development in European Hospital Liability of $95,794, driven by underwriting years 2011 to 2013, General Liability of $78,317, driven by accident years 2013 to 2017, and Commercial Auto liability of $76,207, primarily from accident years 2015 to 2017. The adverse loss development in European hospital liability was partly caused by the failure of the Italian government to implement a law passed in April 2017 which was expected to reduce medical malpractice costs, and also by a reduced expectation with regards to the ultimate amount of no-payment claims.

The development in 2017 for the AmTrust Reinsurance segment was largely related to Workers' Compensation, in Small Commercial Business, driven by accident years 2012 and subsequent, of $126,603; General Liability of $90,784; and, to a lesser extent, Commercial Auto Liability of $19,877, predominantly in accident years 2012 and subsequent, as a result of industry-wide trends including increasing claim severity and claim frequency. The loss development observed was in part attributable to staffing and other claims operation changes in the cedant's claims department which have distorted historical loss patterns. In 2016, the adverse development largely came from program commercial auto as well as program general liability.

Our Other category also incurred adverse prior year development of $1,685 for the year ended December 31, 2018 (2017 - $1,838, 2016 - $11,887) due to increased reserves in the run-off of the NGHC Quota Share.

a) Claims Development

The following is a summary of the Company's incurred losses and paid losses development by accident year, net of reinsurance, from the last eight calendar years including the total reserve for losses, IBNR, plus development on reported loss and LAE for both of our reportable segments, Diversified Reinsurance and AmTrust Reinsurance, as of December 31, 2018. Information prior to 2018 is included as unaudited supplementary information. Only eight years of information has been presented as it was impractical to obtain the sufficiently detailed additional information on those earlier years. The incurred and paid amounts have been translated from the local currency to U.S. dollars using the December 31, 2018 spot rate for all years presented in the table below in order to isolate changes in foreign exchange rates from loss development. Information regarding our Other category has not been presented in the development tables below but is included in the reconciliation, as these losses include amounts from our former NGHC Quota Share segment which is in run-off and related IBNR amounts are not currently material. As a reinsurer of primarily quota share contracts, claim counts are available on a very limited basis. Therefore claim counts have not been provided in the tables below as it is impractical to do so.

The Diversified Reinsurance segment incurred losses and paid losses are analyzed by the following lines of business: (1) International; and (2) European Capital Solutions. The AmTrust Reinsurance segment incurred losses and paid losses are analyzed by the following lines of business: (1) Workers' Compensation; (2) Commercial Auto Liability; (3) General Liability; (4) European Hospital Liability; and (5) All Other Lines. There are a number of factors to consider when evaluating the information in these tables:

- In the Diversified Reinsurance segment, contracts are written on both an accident year and underwriting year basis, many are multi-line and the majority of the premium is associated with proportional contracts. Many proportional treaty reinsurance contracts are submitted using quarterly bordereau reporting by underwriting year. However, the remaining losses can generally only be allocated to accident years based on estimated premium earning and loss reporting patterns. Further estimates are required to allocate losses to line of business. Multi-line accounts are generally analyzed on an individual basis by line of business, but are booked in the Company's records to a contract, rather than to each individual line of business within a contract. For the purpose of this disclosure allocations are made to the various lines of business. Management's assumptions and allocation procedures for these tables may produce results that differ from the actual loss emergence reported by line of business each quarter;
- The AmTrust Reinsurance segment consists primarily of two contracts, the European Hospital Liability Quota Share and a much larger quota share that includes all other covered business, the AmTrust Quota Share. There is also a small amount of excess of loss business that has not been written since 2009 which is included as a reconciling item. Maiden receives several cession statements and uses these to report premiums in three categories - Small Business Commercial, Specialty Program and Specialty Risk and Extended Warranty in *Note 3. Segment Information*. The tables provided include allocations of IBNR reserves to line of business by accident year. Management's assumptions and allocation procedures

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

9. Reserve for Loss and Loss Adjustment Expenses (continued)

for these tables may produce results that differ from the actual loss emergence reported by line of business each quarter; and

- For both segments, the premium and exposure for prior accident years is often reported to us in subsequent periods, as reporting lags exist from an insurer to a reinsurer. This leads to increases in the provision for loss and LAE in prior years, but does not reduce expected income (and in many cases can result in additional income).

Diversified Reinsurance Segment

The following tables represents information on the Company's incurred losses and LAE and cumulative paid losses and LAE, both net of reinsurance, since 2011 for our Diversified Reinsurance segment. The development tables below included reserves acquired from the loss portfolio transfer agreement associated with the GMAC International Insurance Services ("IIS") business as at November 30, 2010 of $98,827. For the purposes of disclosure, the reserves from the loss portfolio transfer was allocated to the original accident year.

Many pro-rata contracts are big enough that specific company development patterns are used. The ELR from the pricing of the account is typically used for the first year or more until the data suggests an alternative result is likely. Use of the ELR method transitions to the BF and then the LD method. For smaller contracts, benchmark development patterns may be used in both the pricing to establish the ELR and the reserving. The use of benchmark patterns is more prevalent in excess of loss business and the movement to experience based methods is slower.

Diversified Reinsurance - International

The international business written by our IIS team is mainly proportional treaty business, a significant portion of which is Personal Auto quota share but also comprises credit life quota share. Life and personal accident business is also written on a direct basis by Maiden LF. Maiden works with insurance partners, automobile manufacturers and their related credit providers and other organizations to design and implement insurance programs in both auto distribution-related and other consumer insurance products.

For the auto quota share exposure, our initial underwriting year loss projections are generally based on the ELR method, derived from account pricing analyses. Payment and reporting patterns are short-tailed, and the movement away from the ELR to BF or LD methods typically happens very rapidly. Credit life reserves are primarily a function of reporting lag, typically only one or several months on average. The reserves are calculated using a FS methodology, where the frequency is a function of the average claims lag and the average per claims severity.

F-37

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

9. Reserve for Loss and Loss Adjustment Expenses (continued)

Diversified Reinsurance - International	**Incurred losses and loss adjustment expenses, net of reinsurance**								**At December 31, 2018**
For the Year Ended December 31,	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Total IBNR**
Accident Year:	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited		
2010	$80,309	$79,698	$79,623	$79,440	$77,749	$79,872	$81,917	$81,610	$(950)
2011	50,633	49,231	49,239	49,443	49,397	49,221	49,611	49,857	(52)
2012		51,171	49,440	49,751	49,873	49,941	50,196	49,915	32
2013			45,565	50,843	52,223	51,760	52,366	52,586	(84)
2014				42,993	48,917	48,839	48,758	48,531	192
2015					43,329	44,751	45,274	44,711	(689)
2016						39,081	41,003	40,341	(235)
2017							37,327	36,779	2,904
2018								45,049	16,451
Total								$449,379	$17,569

	Cumulative paid losses and LAE, net of reinsurance							
For the Year Ended December 31,	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Accident Year:	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
2010	$34,632	$43,597	$48,397	$50,206	$51,840	$53,390	$54,921	$56,603
2011	24,853	45,999	47,660	48,943	49,372	49,604	49,747	49,861
2012		24,061	41,099	43,554	44,677	45,010	45,577	45,691
2013			24,653	44,322	46,873	48,240	48,708	48,923
2014				24,037	42,577	44,886	46,128	46,385
2015					22,007	39,829	41,919	42,951
2016						22,739	36,963	38,793
2017							19,345	33,765
2018								20,824
Total								383,796
Total net reserves								$65,583

F-38

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

9. Reserve for Loss and Loss Adjustment Expenses (continued)

Diversified Reinsurance - European Capital Solutions

The European Capital Solutions business is mainly a portfolio of assumed reinsurance in Europe which is now in run-off. Maiden Bermuda began writing treaty reinsurance contracts under this initiative in 2016 therefore only three calendar years of the Company's incurred losses and paid losses development by accident year have been provided in the tables below.

Diversified Reinsurance - European Capital Solutions	**Incurred losses and loss adjustment expenses, net of reinsurance**			**At December 31, 2018**
For the Year Ended December 31,	**2016**	**2017**	**2018**	**Total IBNR**
Accident Year:	Unaudited	Unaudited		
2016	$4,921	$4,996	$5,381	$452
2017		8,732	10,054	2,832
2018			22,119	11,096
Total			$37,554	$14,380

	Cumulative paid losses and LAE, net of reinsurance		
For the Year Ended December 31,	**2016**	**2017**	**2018**
Accident Year:	Unaudited	Unaudited	
2016	$798	$2,372	$3,357
2017		1,963	4,114
2018			3,241
Total			10,712
Total net reserves			$26,842

The following tables represent information on the Company's incurred losses and LAE and cumulative paid losses and LAE, both net of reinsurance, by significant line of business since 2011 for our AmTrust Reinsurance segment. All data shown for the AmTrust in the tables that follow are from the Company’s quota share contracts with AmTrust, both the multi-year AmTrust Quota Share and the annually renewable European Hospital Liability Quota Share. AmTrust purchases significant reinsurance for losses above $10 million covered by the AmTrust Quota Share. The Company’s share of AmTrust’s losses net of reinsurance in the AmTrust Quota Share is generally 40%. Additionally, for the Specialty Program portion of Covered Business only, AmTrust will be responsible for ultimate net loss otherwise recoverable from Maiden Bermuda to the extent that the loss ratio to Maiden Bermuda, which shall be determined on an inception to date basis from July 1, 2007 through the date of calculation, is between 81.5% and 95%. Above and below the defined corridor, Maiden Bermuda has reinsured losses at its proportional 40% share per the AmTrust Quota Share.

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

9. Reserve for Loss and Loss Adjustment Expenses (continued)
AmTrust Reinsurance: Workers' Compensation

This reserve class consists of the Workers' Compensation portion of the AmTrust Quota Share. The business is written in the U.S. by AmTrust from both their Small Commercial Business and Specialty Program business units. The Small Commercial Business unit focuses on writing smaller, niche workers' compensation exposures in generally low-hazard occupations. Workers' Compensation business written in the Specialty Program unit is typically part of programs consisting of multiple lines of business. The business is produced by managing general agents with AmTrust regularly adding new programs and terminating or renegotiating unprofitable ones. Our initial underwriting year loss projections are generally based on the ELR method, derived from historical performance after the consideration of loss and premium trends. Since it is proportional exposure, and due to the size and the classes of business insured by AmTrust, this reserving class is much shorter tailed than a traditional workers compensation book, and the transition to the BF and the LD methods happens relatively quickly, within the first several years.

AmTrust Reinsurance Workers' Compensation	Incurred losses and loss adjustment expenses, net of reinsurance								At December 31, 2018
For the Year Ended December 31,	2011	2012	2013	2014	2015	2016	2017	2018	Total IBNR
Accident Year:	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited		
2008	$80,800	$81,493	$82,438	$81,240	$82,301	$83,039	$83,622	$84,710	$852
2009	102,240	102,245	103,864	109,213	106,204	105,901	107,165	110,175	2,671
2010	106,799	113,880	118,209	120,243	125,020	124,073	123,968	127,215	4,538
2011	104,923	125,549	130,712	132,728	133,995	133,916	135,379	138,600	5,898
2012		136,960	168,016	173,946	171,040	172,692	181,616	192,087	12,904
2013			237,019	245,765	238,392	242,447	261,915	276,249	24,268
2014				379,589	365,515	382,260	419,748	457,363	47,331
2015					474,140	474,212	526,269	551,145	67,629
2016						528,906	568,006	627,728	113,373
2017							615,957	654,362	189,557
2018								592,566	264,984
Total								$3,812,200	$734,005

	Cumulative paid losses and LAE, net of reinsurance							
For the Year Ended December 31,	2011	2012	2013	2014	2015	2016	2017	2018
Accident Year:	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
2008	$68,400	$72,823	$76,018	$77,370	$78,161	$79,230	$81,159	$82,436
2009	71,963	83,464	89,462	93,425	96,396	98,811	100,103	101,823
2010	61,322	82,614	95,120	103,280	108,171	114,639	115,014	115,959
2011	33,089	69,357	91,414	105,584	114,107	115,966	122,579	124,315
2012		45,030	88,382	119,059	138,706	150,543	158,807	164,512
2013			56,249	121,182	168,785	199,300	216,527	227,502
2014				69,512	189,954	268,467	321,258	355,414
2015					86,695	246,616	338,642	388,640
2016						110,051	284,501	380,602
2017							111,508	274,596
2018								110,954
Total								2,326,753
		All outstanding liabilities prior to 2008, net of reinsurance						1,340

Total net reserves	$1,486,787

F-40

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

9. Reserve for Loss and Loss Adjustment Expenses (continued)

AmTrust Reinsurance: General Liability

This reserve class consists of the General Liability portion of the AmTrust Quota Share. The business is written in the U.S. by AmTrust from both their Small Commercial Business and Specialty Program business units. The Small Commercial Business unit focuses on writing smaller, niche business typically underserved by the broader insurance market, which typically have limits of $1,000. General Liability business written in the Small Commercial Business unit grew substantially following AmTrust's renewal rights acquisition in 2014. Specialty Program business may contain a mix of exposures from retail operations, contractors, manufacturers, and other premises.

Our initial underwriting year loss projections are generally based on the ELR method, derived from historical performance after the consideration of loss and premium trends. This proportional exposure is medium tailed, and the IBNR is typically derived from the use of the initial ELR for the first several years following the earning of the exposure, followed by a transition to the BF and the LD methods.

AmTrust Reinsurance General Liability	Incurred losses and loss adjustment expenses, net of reinsurance								At December 31, 2018
For the Year Ended December 31,	2011	2012	2013	2014	2015	2016	2017	2018	Total IBNR
Accident Year:	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited		
2008	$28,786	$31,921	$33,051	$33,792	$34,169	$35,985	$36,627	$37,605	$558
2009	19,311	28,384	29,123	30,902	32,418	34,040	34,863	35,138	512
2010	15,783	28,850	34,761	36,455	38,536	38,298	41,597	42,884	400
2011	11,334	24,731	35,628	40,557	42,100	45,303	49,338	52,746	85
2012		21,281	33,445	42,450	48,851	50,800	55,991	59,948	(373)
2013			42,021	43,116	66,869	68,641	79,731	89,204	4,239
2014				65,469	66,558	77,930	99,873	111,970	10,930
2015					118,111	95,766	122,942	139,518	21,911
2016						98,149	114,864	120,911	30,371
2017							116,158	133,533	59,757
2018								121,991	87,555
Total								$945,448	$215,945

	Cumulative paid losses and LAE, net of reinsurance							
For the Year Ended December 31,	2011	2012	2013	2014	2015	2016	2017	2018
Accident Year:	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
2008	$20,935	$26,288	$29,384	$32,849	$32,423	$32,765	$34,935	$36,699
2009	7,840	13,904	19,727	24,298	28,312	30,924	32,878	33,473
2010	5,140	11,187	19,010	26,429	30,948	34,125	37,317	39,214
2011	2,813	6,072	12,158	22,963	31,619	39,350	41,257	47,141
2012		5,084	13,224	18,020	29,752	40,864	45,775	53,526
2013			4,996	10,226	32,249	44,698	58,377	70,074
2014				3,503	24,581	36,026	57,678	77,259
2015					20,849	33,963	52,350	79,291
2016						6,402	21,959	45,855
2017							6,967	27,001
2018								7,907
Total								517,440
								96

	All outstanding liabilities prior to 2008, net of reinsurance	
Total net reserves		$428,104

F-41

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

9. Reserve for Loss and Loss Adjustment Expenses (continued)

AmTrust Reinsurance: Commercial Auto Liability

Commercial Auto Liability is written in the U.S. and included in the Small Commercial Business and Specialty Program business units within the AmTrust Quota Share. The Small Commercial Business unit focuses on writing smaller, niche business typically underserved by the broader insurance market, and policies typically have limits of $1,000. Auto Liability business written in the Small Commercial Business unit grew substantially following AmTrust's renewal rights acquisition in 2014. Commercial Auto Liability business written in the Specialty Program unit is typically part of programs consisting of multiple lines of business.

Our initial underwriting year loss projections are generally based on the ELR method, derived from historical performance after the consideration of loss and premium trends. This proportional exposure is relatively short tailed, and the transition to the BF and the LD methods happens relatively quickly, within the first several years.

AmTrust Reinsurance Commercial Auto Liability	**Incurred losses and loss adjustment expenses, net of reinsurance**								**At December 31, 2018**
For the Year Ended December 31,	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Total IBNR**
Accident Year:	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited		
2008	$29,890	$32,769	$33,700	$34,522	$34,584	$35,975	$35,521	$35,382	$(86)
2009	22,183	26,275	28,551	30,812	31,024	30,468	30,919	31,033	522
2010	26,239	33,457	37,154	38,043	40,193	40,523	42,146	41,996	1,657
2011	16,193	24,292	29,577	32,578	33,839	34,790	36,149	36,065	2,122
2012		20,863	32,691	40,076	44,812	48,116	46,150	45,753	(159)
2013			33,473	44,771	50,647	59,702	63,162	62,163	(86)
2014				47,525	55,023	73,966	82,427	89,299	(195)
2015					66,967	92,955	106,560	119,141	8,164
2016						121,828	118,210	144,077	19,594
2017							156,575	189,257	63,652
2018								177,150	104,045
Total								$971,316	$199,230

	Cumulative paid losses and LAE, net of reinsurance							
For the Year Ended December 31,	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Accident Year:	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
2008	$25,207	$29,386	$30,975	$32,643	$33,536	$34,074	$34,803	$35,284
2009	14,532	18,736	22,959	26,975	29,226	29,829	29,842	30,204
2010	14,203	21,050	28,602	34,855	37,734	39,413	39,750	40,282
2011	5,721	12,333	18,813	25,808	29,769	32,362	33,130	33,155
2012		6,693	14,979	26,508	35,460	43,745	44,165	45,555
2013			8,267	19,865	34,379	48,122	57,349	59,600
2014				8,450	22,858	42,960	64,459	79,766
2015					13,102	39,179	62,945	86,433
2016						19,071	48,595	76,635
2017							26,863	69,657
2018								30,018
Total								586,589
		All outstanding liabilities prior to 2008, net of reinsurance						(19)

Total net reserves	$384,708

F-42

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

9. Reserve for Loss and Loss Adjustment Expenses (continued)
AmTrust Reinsurance: European Hospital Liability

AmTrust entered this line of business in Italy in 2010 when it believed there were significant opportunities in what had traditionally been an under-performing market. European Hospital Liability policies are written on a claim made basis. Maiden wrote a separate annually renewable contract covering this exposure in 2011 which is not part of the AmTrust Quota Share. Currently, most exposure remains in Italy with a modest amount of exposure to other European nations. The European Hospital Liability Quota Share is a claims made exposure, and in many instances claims are eventually closed with no liability. This phenomena is estimated during the reserving process, and can result in a provision for pure IBNR (reserves for claims which have not yet been reported) which is minimal or negative. This estimate will vary as the exposure matures which could result in changes to the level of reserves. Also, severity for known claims and expenses can increase over time, which requires a provision for IBNR. The net result is a relatively small amount of IBNR.

Our initial underwriting year loss projections are generally based on the ELR method, derived from historical performance after the consideration of loss and premium trends. Loss reporting for this line is unique, as a large proportion of claims are initially reserved but eventually closed with no payment, as the insurer is found to have no liability after investigation of the fundamentals of the claim. In addition, the underlying insurance policies we assume are subject to deductibles on both a per claim and aggregate basis. For these reasons, the LD method is not typically employed in the estimate of loss. After the first several years, we utilize a FS methodology; frequency is estimated on a reported claim basis and adjusted for an estimate of the proportion of claims which will close with no payment, while severity is estimated on both a gross and net of deductible basis.

AmTrust Reinsurance European Hospital Liability	**Incurred losses and loss adjustment expenses, net of reinsurance**								**At December 31, 2018**
For the Year Ended December 31,	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Total IBNR**
Accident Year:	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited		
2011	$50,395	$23,539	$36,438	$50,344	$47,888	$65,940	$63,939	$61,308	$(1,161)
2012		80,912	82,465	81,665	104,716	93,673	88,696	114,627	4,749
2013			49,712	62,456	65,152	85,591	78,261	100,312	4,522
2014				51,720	54,462	58,335	64,909	81,846	5,846
2015					48,219	46,815	60,954	67,018	5,329
2016						45,146	51,973	68,023	8,942
2017							41,562	52,954	13,172
2018								45,244	21,425
Total								$591,332	$62,824

	Cumulative paid losses and LAE, net of reinsurance							
For the Year Ended December 31,	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Accident Year:	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
2011	$1,113	$4,408	$13,005	$23,865	$29,193	$36,272	$41,966	$46,220
2012		4,877	15,593	35,487	46,221	59,425	70,069	78,214
2013			3,030	15,243	26,225	40,015	50,302	56,372
2014				4,265	12,014	24,974	35,544	39,884
2015					3,522	11,200	23,124	29,511
2016						3,634	10,796	17,888
2017							1,297	4,479
2018								934

Total	273,502
Total net reserves	$317,830

F-43

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

9. Reserve for Loss and Loss Adjustment Expenses (continued)

AmTrust Reinsurance: All Other Lines

This category includes all lines except Workers' Compensation, General Liability and Commercial Auto from the AmTrust Small Business Commercial and Specialty Program Divisions. The predominant exposures are property and auto physical damage.

AmTrust Reinsurance All Other Lines	Incurred losses and loss adjustment expenses, net of reinsurance								At December 31, 2018
For the Year Ended December 31,	2011	2012	2013	2014	2015	2016	2017	2018	Total IBNR
Accident Year:	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited		
2008	$27,630	$28,724	$28,715	$29,149	$29,237	$29,070	$29,576	$29,574	$58
2009	12,516	20,349	11,959	13,329	14,309	14,492	16,088	15,653	397
2010	14,440	15,182	24,718	15,484	16,078	16,105	17,071	17,059	1,213
2011	18,822	19,948	26,343	27,509	22,359	22,616	23,376	23,506	1,157
2012		14,697	18,443	19,426	21,898	18,673	19,850	20,260	1,961
2013			17,806	17,630	28,058	22,918	21,313	21,669	1,535
2014				20,597	25,268	26,021	24,958	26,278	341
2015					52,706	54,857	49,631	49,463	7,284
2016						79,654	74,948	72,384	6,203
2017							104,637	96,812	10,796
2018								96,910	10,431
Total								$469,568	$41,376

	Cumulative paid losses and LAE, net of reinsurance							
For the Year Ended December 31,	2011	2012	2013	2014	2015	2016	2017	2018
Accident Year:	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
2008	$25,776	$29,710	$29,900	$31,217	$29,388	$29,177	$30,833	$30,683
2009	7,891	8,084	8,743	11,093	13,105	13,870	15,224	15,051
2010	12,373	12,332	13,012	15,375	15,748	16,058	16,919	16,786
2011	13,840	16,424	17,571	21,279	22,044	22,715	23,892	23,661
2012		10,308	14,031	16,033	16,936	17,946	18,205	18,685
2013			11,877	15,997	17,509	20,258	20,456	20,447
2014				12,028	20,277	20,940	22,018	26,194
2015					28,929	45,208	42,631	41,962
2016						42,795	69,805	65,452
2017							48,903	80,726
2018								56,539
Total								396,186
		All outstanding liabilities prior to 2008, net of reinsurance						(1)
Total net reserves								$73,381

F-44

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

9. Reserve for Loss and Loss Adjustment Expenses (continued)

Reconciliation of Development Tables to Consolidated Balance Sheet

The following table represents a reconciliation of the net incurred and paid claims development tables to the reserve for loss and LAE in the Consolidated Balance Sheet at December 31, 2018:

	December 31, 2018		
	Total Net Reserves	Reinsurance Recoverables on unpaid claims	Total Gross Reserves
Diversified Reinsurance			
International	$65,583	$ 1,743	$67,326
European Capital Solutions	26,842	—	26,842
Other reconciling items	11,421	—	11,421
Total Diversified Reinsurance - Segment	103,846	1,743	105,589
AmTrust Reinsurance			
Workers' Compensation	1,486,787	—	1,486,787
General Liability	428,104	—	428,104
Commercial Auto Liability	384,708	—	384,708
European Hospital Liability	317,830	—	317,830
All Other Lines	73,381	—	73,381
Total	2,690,810	—	2,690,810
Other reconciling items	256,737	—	256,737
Total AmTrust Reinsurance - Segment	2,947,547	—	2,947,547
Other	2,840	—	2,840
Total reserves and LAE	$3,054,233	$ 1,743	$3,055,976

b) Claims duration disclosure

The following unaudited supplementary information represents the average annual percentage payout of net loss and LAE by age, net of reinsurance, for both our reportable segments at December 31, 2018:

	Average annual payout of incurred claims by age, net of reinsurance							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Diversified Reinsurance								
International	50.0%	39.0%	4.0 %	2.0 %	— %	— %	1.0%	4.0%
European Capital Solutions	16.1%	26.0%	20.4%	— %	— %	— %	— %	— %
AmTrust Reinsurance								
Workers' Compensation	19.0%	25.8%	16.4%	10.3%	6.2 %	3.3 %	3.3%	1.1%
General Liability	6.8 %	11.7%	14.5%	18.3%	16.6%	11.1%	8.5%	7.2%
Commercial Auto Liability	13.5%	19.6%	21.5%	19.7%	14.5%	6.2 %	4.7%	1.4%
European Hospital Liability	3.7 %	9.2 %	14.4%	12.7%	8.9 %	9.0 %	8.2%	6.9%
All other lines	54.7%	26.2%	1.8 %	5.8 %	8.1 %	3.1 %	4.6%	0.9%

The average annual payout of incurred claims by age, net of reinsurance, is calculated using the amount of claims paid in each development year and is compared with the estimated incurred claims as of the most recent period presented.

F-45

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

10. Related Party Transactions

The Founding Shareholders of the Company are Michael Karfunkel, George Karfunkel and Barry Zyskind. Michael Karfunkel passed away on April 27, 2016. Based on each individual's most recent public filing, Leah Karfunkel (wife of Michael Karfunkel) owns or controls approximately 8.2% of the outstanding shares of the Company and Barry Zyskind (the Company's non-executive chairman) owns or controls approximately 7.7% of the outstanding shares of the Company. George Karfunkel owns or controls less than 5.0% of the outstanding shares of the Company based on his most recent public filings. Leah Karfunkel and George Karfunkel are directors of AmTrust, and Barry Zyskind is the president, chief executive officer and chairman of AmTrust. Leah Karfunkel, George Karfunkel and Barry Zyskind own or control approximately 53.9% of the ownership interests of Evergreen Parent GP, LLC, the ultimate parent of AmTrust. AmTrust owns 1.5% of the issued and outstanding shares of National General Holdings Corporation ("NGHC"), and Leah Karfunkel, individually, through a grantor retained annuity trust and through the Michael Karfunkel 2005 Family Trust (which is controlled by Leah Karfunkel) owns 39.4% of the outstanding common shares of NGHC. Barry Zyskind is a director of NGHC.

AmTrust

The following describes transactions between the Company and AmTrust:

AmTrust Quota Share

Effective July 1, 2007, the Company and AmTrust entered into a master agreement, as amended (the "Master Agreement"), by which they caused Maiden Bermuda, a wholly owned subsidiary of the Company, and AmTrust's Bermuda reinsurance subsidiary, AmTrust International Insurance, Ltd. ("AII"), to enter into the AmTrust Quota Share by which AII retrocedes to Maiden Bermuda an amount equal to 40% of the premium written by subsidiaries of AmTrust, net of the cost of unaffiliated inuring reinsurance and 40% of losses. The Master Agreement further provided that AII receives a ceding commission of 31% of ceded premiums written. On June 11, 2008, Maiden Bermuda and AII amended the agreement to add Retail Commercial Package Business to the Covered Business. AII receives a ceding commission of 34.375% on Retail Commercial Package Business.

On July 1, 2016, the agreement was renewed through June 30, 2019. The agreement automatically renews for successive three-year periods thereafter unless AII or Maiden Bermuda elects to so terminate the AmTrust Quota Share by giving written notice to the other party not less than nine months prior to the expiration of any successive three-year period. Either party is entitled to terminate on thirty days' notice or less upon the occurrence of certain early termination events, which include a default in payment, insolvency, change in control of AII or Maiden Bermuda, run-off, or a reduction of 50% or more of the shareholders' equity of Maiden Bermuda or the combined shareholders' equity of AII and the AmTrust subsidiaries. On August 8, 2018, the Company’s and AmTrust’s board of directors agreed to extend the renewal provision for the AmTrust Quota Share between Maiden Bermuda and AII. The new written notice date for renewal of the agreement was extended from September 30, 2018 to January 31, 2019.

Effective July 1, 2018, the amount AmTrust Europe Limited ("AEL") cedes to the Company was reduced to 20%. Additionally, for the Specialty Program portion of Covered Business only, AII will be responsible for ultimate net loss otherwise recoverable from Maiden Bermuda to the extent that the loss ratio to Maiden Bermuda, which shall be determined on an inception to date basis from July 1, 2007 through the date of calculation, is between 81.5% and 95% ("Loss Corridor"). Above and below the Loss Corridor, Maiden Bermuda will continue to reinsure losses at its proportional 40% share of the AmTrust Quota Share.

On December 31, 2018, Maiden Bermuda and AII amended the AmTrust Quota Share that is currently in-force and set to expire on June 30, 2019. The amendment, which is effective January 1, 2019, provided for the cut-off of the ongoing and unearned premium of AmTrust’s Small Commercial Business, comprising workers’ compensation, general liability, umbrella liability, and professional liability (including cyber liability) insurance coverages, and U.S. Specialty Risk and Extended Warranty as of December 31, 2018, with the remainder of the AmTrust Quota Share remaining in place. The amendment resulted in Maiden Bermuda returning approximately $716,100 in unearned premium to AII, or approximately $480,000 after consideration of ceding commission and brokerage. Please see "*Note*

18. Subsequent Events" for further information regarding this amendment as well as the termination of the AmTrust Quota Share and other contracts entered into by Maiden Bermuda and AII in January 2019.

European Hospital Liability Quota Share

Effective April 1, 2011, Maiden Bermuda, entered into a quota share reinsurance contract with AEL and AmTrust International Underwriters DAC ("AIU DAC"), both wholly owned subsidiaries of AmTrust. Pursuant to the terms of the contract, Maiden Bermuda assumed 40% of the premiums and losses related to policies classified as European Hospital Liability, including associated liability coverages and policies covering physician defense costs, written or renewed on or after April 1, 2011. The contract also covers policies written or renewed on or before March 31, 2011, but only with respect to losses that occur, accrue or arise on or after April 1, 2011. The maximum limit of liability attaching shall be €5,000 (€10,000 effective January 1, 2012) or currency equivalent (on a 100% basis) per original claim for any one original policy. Maiden Bermuda will pay a ceding commission of 5%.

Effective July 1, 2016, the contract was amended such that Maiden Bermuda assumes from AEL 32.5% of the premiums and losses of all policies written or renewed on or after July 1, 2016 until June 30, 2017 and 20% of all policies written or renewed on or after July 1, 2017. Please see "*Note 18. Subsequent Events"* for information regarding the termination of this contract in January 2019.

F-46

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

10. Related Party Transactions (continued)

The table below shows the effect of both of these quota share arrangements with AmTrust on the Company's results of operations for the three years ended December 31, 2018, 2017 and 2016, respectively:

For the Year Ended December 31,	2018	2017	2016
Gross and net premiums written	$1,886,280	$1,993,478	$2,006,646
Net premiums earned	1,928,208	1,969,907	1,931,656
Net loss and loss adjustment expenses	(1,810,667)	(1,549,064)	(1,287,035)
Commission and other acquisition expenses	(622,495)	(630,376)	(614,882)

Collateral provided to AmTrust

a) AmTrust Quota Share

In order to provide AmTrust's U.S. insurance subsidiaries with credit for reinsurance on their statutory financial statements, AII, as the direct reinsurer of the AmTrust's insurance subsidiaries, has established trust accounts ("Trust Accounts") for their benefit. Maiden Bermuda has agreed to provide appropriate collateral to secure its proportional share under the AmTrust Quota Share of AII's obligations to the AmTrust subsidiaries to whom AII is required to provide collateral. This collateral may be in the form of (a) assets loaned by Maiden Bermuda to AII for deposit into the Trust Accounts, pursuant to a loan agreement between those parties, (b) assets transferred by Maiden Bermuda for deposit into the Trust Accounts, (c) a letter of credit obtained by Maiden Bermuda and delivered to an AmTrust subsidiary on AII's behalf, or (d) premiums withheld by an AmTrust subsidiary at Maiden Bermuda's request in lieu of remitting such premiums to AII. Maiden Bermuda may provide any or a combination of these forms of collateral, provided that the aggregate value thereof equals Maiden Bermuda's proportionate share of its obligations under the AmTrust Quota Share with AII. Maiden Bermuda satisfied its collateral requirements under the AmTrust Quota Share with AII as follows:

- by lending funds in the amount of $167,975 at December 31, 2018 and 2017 pursuant to a loan agreement entered into between those parties. Advances under the loan are secured by promissory notes. This loan was assigned by AII to AmTrust effective December 31, 2014 and is carried at cost. Effective December 18, 2017, interest is payable at a rate equivalent to the Federal Funds Effective Rate ("Fed Funds") plus 200 basis points per annum. Prior to that date, the interest was payable at a rate equivalent to one-month LIBOR plus 90 basis points per annum. See "*Note 4. (c) Investments"* for total amount of interest earned from this loan and see "*Note 18. Subsequent Events"* for information regarding the amendments in this loan agreement in January 2019; and
- effective December 1, 2008, the Company entered into a Reinsurer Trust Assets Collateral agreement to provide to AII sufficient collateral to secure its proportional share of AII's obligations to the U.S. AmTrust subsidiaries. The amount of the collateral, at December 31, 2018 was approximately $3,650,418 (2017 - $3,328,757) and the accrued interest was $23,283 (2017 - $20,830). Please refer to "*Note 4. (e) Investments*" for additional information.

b) European Hospital Liability Quota Share

AEL requested that Maiden Bermuda provide collateral to secure its proportional share under the European Hospital Liability Quota Share. Please refer to "*Note 4. (e) Investments*" for additional information.

Brokerage Agreement

Effective July 1, 2007, the Company entered into a reinsurance brokerage agreement with AII Reinsurance Broker Ltd. ("AIIB"), a wholly owned subsidiary of AmTrust. Pursuant to the brokerage agreement, AIIB provides brokerage services relating to the AmTrust Quota Share and the European Hospital Liability Quota Share for a fee equal to 1.25% of the premium assumed. The brokerage fee is payable in consideration of AIIB's brokerage services. AIIB is not the Company's exclusive broker. The agreement may be terminated upon 30 days written notice by either party. Maiden Bermuda recorded approximately $24,103 of reinsurance brokerage expense for the year ended December 31, 2018 (2017 - $24,624, 2016 - $24,146), and deferred reinsurance brokerage of $14,199 at December 31, 2018 (2017 - $14,741) as a result of this agreement.

Asset Management Agreement

Effective July 1, 2007, the Company entered into an asset management agreement with AII Insurance Management Limited ("AIIM"), a wholly owned subsidiary of AmTrust, pursuant to which AIIM has agreed to provide investment management services to the Company. Effective January 1, 2018, AIIM provides investment management services for a quarterly fee of 0.02125% of the average value of the account. Prior to that date, the fee was payable at a rate of 0.0375%. The agreement may be terminated upon 30 days written notice by either party. The Company recorded approximately $4,189 of investment management fees for the year ended December 31, 2018 (2017 - $7,474, 2016 - $6,925) as a result of this agreement.

Other

The Company entered into time sharing agreements for the lease of aircraft owned by AmTrust Underwriters, Inc. ("AUI"), a wholly owned subsidiary of AmTrust, and by AmTrust on March 1, 2011 and November 5, 2014, respectively. The agreements automatically renew for successive one-year terms unless terminated in accordance with the provisions of the agreements. Pursuant to the agreements, the Company will reimburse AUI and AmTrust for actual expenses incurred as allowed by Federal Aviation

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

10. Related Party Transactions (continued)
Regulations. For the year ended December 31, 2018, the Company recorded an expense of $69 (2017- $39, 2016 - $61) for the use of the aircraft.

NGHC Quota Share
Maiden Bermuda, effective March 1, 2010, had a 50% participation in the NGHC Quota Share, by which it received 25% of net premiums of the personal lines automobile business and assumed 25% of the related net losses. On August 1, 2013, the Company received notice from NGHC of the termination of the NGHC Quota Share effective on that date. The Company and NGHC mutually agreed that the termination is on a run-off basis.

11. Long-Term Debt

Senior Notes
At December 31, 2018, both Maiden Holdings and its wholly owned subsidiary, Maiden NA, have outstanding publicly-traded debt offering of senior notes which were issued in 2016 and 2013, respectively (the "Senior Notes"). The 2013 Senior Notes issued by Maiden NA are fully and unconditionally guaranteed by Maiden Holdings. The Senior Notes are unsecured and unsubordinated obligations of the Company.
The following table details the Company's Senior Notes issuances outstanding at December 31, 2018 and 2017:

December 31, 2018	**2016 Senior Notes**	**2013 Senior Notes**	**Total**
Principal amount	$110,000	$152,500	$262,500
Less: unamortized issuance costs	3,610	4,196	7,806
Carrying value	$106,390	$148,304	$254,694

December 31, 2017	**2016 Senior Notes**	**2013 Senior Notes**	**Total**
Principal amount	$110,000	$152,500	$262,500
Less: unamortized issuance costs	3,654	4,364	8,018
Carrying value	$106,346	$148,136	$254,482

Other details:		
Original debt issuance costs	$3,715	$5,054
Maturity date	June 14, 2046	Dec 1, 2043
Earliest redeemable date (for cash)	June 14, 2021	June 1, 2019
Coupon rate	6.625 %	7.75 %
Effective interest rate	7.07 %	8.04 %

The interest expense incurred on the Senior Notes for the year ended December 31, 2018 was $19,106 (2017 - $22,996, 2016 - $27,827), of which $1,342 was accrued at both December 31, 2018 and 2017. The issuance costs related to the Senior Notes were capitalized and are being amortized over the life of the Senior Notes. The amount of amortization expense was $212 for the year ended December 31, 2018 (2017 - $264, 2016 - $346).
On June 27, 2017, the Company fully redeemed all of the 2012 Senior Notes using a portion of the proceeds from the Preference Shares - Series D issuance (see related discussion in *"Note 14. Shareholders' Equity"*). The 2012 Senior Notes were redeemed at a redemption price equal to 100% of the principal amount of $100,000 plus accrued and unpaid interest on the principal amount being redeemed up to, but not including, the redemption date. As a result, the Company accelerated the amortization of the remaining 2012 Senior Notes issuance cost of $2,809 for the year ended December 31, 2017.

The earliest redeemable date of the 2013 Senior Notes is June 1, 2019, since the Company did not redeem these senior notes on December 1, 2018, which was the five-year anniversary of the issuance of these notes. As long as the Company does not redeem the 2013 Senior Notes in subsequent quarters, the earliest redeemable date will continue to coincide with the interest payment dates of these Senior Notes.

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

12. Commitments, Contingencies and Concentrations
a) Concentrations of Credit Risk
At December 31, 2018 and 2017, the Company’s assets where significant concentrations of credit risk may exist include investments, cash and cash equivalents, loan to related party, reinsurance balances receivable and reinsurance recoverable on unpaid losses (presented as part of other assets in the Consolidated Balance Sheet). Please refer to "*Note 8. Reinsurance*" for additional information regarding the Company's credit risk exposure on its reinsurance counterparties.
The Company manages concentration of credit risk in the investment portfolio through issuer and sector exposure limitations. The Company believes it bears minimal credit risk in its cash on deposit. The Company also monitors the credit risk related to the loan to related party and its reinsurance balances receivable, within which the largest balance is due from AmTrust. To mitigate credit risk, we generally have a contractual right of offset thereby allowing us to settle claims net of any premiums or loan receivable. The Company believes these balances as at December 31, 2018 will be fully collectible.
b) Concentrations of Revenue
During the year ended December 31, 2018, our gross premiums written from AmTrust accounted for $1,886,280 or 93.5% of our total gross premiums written (2017 – $1,993,478 or 95.9%, 2016 – $2,006,646 or 96.1%).
c) Brokers
We market our Diversified Reinsurance segment through a combination of third-party intermediaries as well as directly through our own marketing efforts. The majority of our business within the Diversified Reinsurance segment was marketed directly through our own efforts and therefore the reliance on brokers is not considered to be of significance for the years ended December 31, 2018, 2017 and 2016.
d) Letters of Credit
At December 31, 2018, we had letters of credit outstanding of $88,327 (2017 - $83,903). The letters of credit are for collateral purposes and are secured by cash and fixed maturities with a fair value of $111,134 at December 31, 2018 (2017 - $114,172).
e) Employment Agreements
The Company has entered into employment agreements with certain individuals. The employment agreements provide for executive benefits and severance payments under certain circumstances.
f) Operating Lease Commitments
The Company leases office spaces, an executive apartment, office equipment and company vehicles under various operating leases expiring in various years through 2022. The Company's total lease cost for the year ended December 31, 2018 was $2,318 (2017 - $2,196, 2016 - $1,616). Estimated future minimum lease payments at December 31, 2018 under non-cancellable operating leases for the next four years are as follows:

	December 31, 2018
2019	$ 1,442
2020	1,228
2021	772
2022	750
	$ 4,192

g) Other Commitments
The Company has an unfunded commitment on its investment in limited partnerships of approximately $414 at December 31, 2018 (2017 - $306). The Company also has a remaining unfunded commitment on its investments in special purpose vehicles focused on lending activities of approximately $7,359 at December 31, 2018. There were no such commitments outstanding at December 31, 2017.

h) Other Collateral

In the ordinary course of business, the Company enters into reinsurance agreements that may include terms which could require the Company to collateralize certain of its obligations.

i) Deposit Insurance

The Company maintains cash and cash equivalents balances at financial institutions in the U.S., Bermuda and other international jurisdictions. In the U.S., the Federal Deposit Insurance Corporation secures accounts up to $250. In certain other international jurisdictions, there exist similar protections. Management monitors balances in excess of insured limits and believes they do not represent a significant credit risk to the Company.

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

12. Commitments and Contingencies (continued)

j) Legal Proceedings

Except as noted below, the Company is not a party to any material legal proceedings. From time to time, the Company is subject to routine legal proceedings, including arbitrations, arising in the ordinary course of business. These legal proceedings generally relate to claims asserted by or against the Company in the ordinary course of insurance or reinsurance operations. Based on the Company's opinion, the eventual outcome of these legal proceedings is not expected to have a material adverse effect on its financial condition or results of operations.

In April 2009, the Company learned that Bentzion S. Turin, the former Chief Operating Officer, General Counsel and Secretary of Maiden Holdings and Maiden Bermuda, sent a letter to the U.S. Department of Labor claiming that his employment with the Company was terminated in retaliation for corporate whistleblowing in violation of the whistleblower protection provisions of the Sarbanes-Oxley Act of 2002. Mr. Turin alleged that he was terminated for raising concerns regarding corporate governance with respect to the negotiation of the terms of the Trust Preferred Securities Offering. He seeks reinstatement as Chief Operating Officer, General Counsel and Secretary of Maiden Holdings and Maiden Bermuda, back pay and legal fees incurred. On December 31, 2009, the U.S. Secretary of Labor found no reasonable cause for Mr. Turin’s claim and dismissed the complaint in its entirety. Mr. Turin objected to the Secretary's findings and requested a hearing before an administrative law judge in the U.S. Department of Labor. The Company moved to dismiss Mr. Turin's complaint, and its motion was granted by the Administrative Law Judge on June 30, 2011. On July 13, 2011, Mr. Turin filed a petition for review of the Administrative Law Judge's decision with the Administrative Review Board in the U.S. Department of Labor. On March 29, 2013, the Administrative Review Board reversed the dismissal of the complaint on procedural grounds, and remanded the case to the administrative law judge. The administrative hearing began in September 2014, and the hearings concluded in November 2018. The Company believes that it had good and sufficient reasons for terminating Mr. Turin's employment and that the claim is without merit. The Company will continue to vigorously defend itself against this claim.

A putative class action complaint was filed against Maiden Holdings, Arturo M. Raschbaum, Karen L. Schmitt, and John M. Marshaleck in the United States District Court for the District of New Jersey on February 11, 2019, alleging that Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 (and Section 20(a) for control person liability) by making misrepresentations about the Company and its business, including the Company’s risk management and underwriting policies and practices. Plaintiffs further claim that these misrepresentations inflated the price of Maiden Holdings' common stock, and that when the truth about the misrepresentations was revealed, the Company’s stock price fell, causing Plaintiffs to incur losses. Maiden has not yet been served with the complaint, but believe the claims are without merit and intends to vigorously defend itself. There exist and the Company expects additional lawsuits to be filed against the Company, its subsidiaries and its respective officers due to the diminution in value of our securities as a result of our operating results and financial condition. It is currently uncertain as to the effect of such litigation on our business, operating results and financial conditions.

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

13. Earnings per Common Share

The following is a summary of the elements used in calculating basic and diluted earnings per common share:

For the Year Ended December 31,	2018	2017	2016
Numerator:			
Net (loss) income from continuing operations	$(450,292)	$(147,649)	$ 79,060
Add: net (income) loss from continuing operations attributable to noncontrolling interests	(219)	(151)	842
Net (loss) income attributable to Maiden from continuing operations	(450,511)	(147,800)	79,902
Dividends on preference shares – Series A, C and D	(25,636)	(29,156)	(24,785)
Dividends on convertible preference shares – Series B	—	—	(8,971)
Amount allocated to participating common shareholders[1]	(17)	(23)	(7)
(Loss) income attributable to Maiden common shareholders, before discontinued operations	(476,164)	(176,979)	46,139
Loss from discontinued operations, net of income tax expense and amount allocated to participating common shareholders	(94,113)	(22,096)	(30,922)
Numerator for basic and diluted EPS - net (loss) income allocated to Maiden common shareholders after assumed conversion[2]	$(570,277)	$(199,075)	$ 15,217
Denominator:			
Weighted average common shares – basic	83,050,362	85,678,232	77,534,860
Potentially dilutive securities:			
Share options and restricted share units[2]	—	—	1,152,083
Adjusted weighted average common shares and assumed conversions – diluted	83,050,362	85,678,232	78,686,943
Basic (loss) earnings from continuing operations per share attributable to Maiden common shareholders:	$(5.74)	$(2.06)	$ 0.60
Basic loss from discontinued operations per share attributable to Maiden common shareholders	(1.13)	(0.26)	(0.40)
Basic (loss) earnings per share attributable to Maiden common shareholders:	$(6.87)	$(2.32)	$ 0.20
Diluted (loss) earnings from continuing operations per share attributable to Maiden common shareholders:	$(5.74)	$(2.06)	$ 0.58
Diluted loss from discontinued operations per share attributable to Maiden common shareholders	(1.13)	(0.26)	(0.39)
Diluted (loss) earnings per share attributable to Maiden common shareholders:	$(6.87)	$(2.32)	$ 0.19

(1) This represents earnings allocated to the holders of non-vested restricted shares issued to the Company's employees under the Amended and Restated 2007 Share Incentive Plan. The 2018 and 2017 amounts allocated to the holders of non-vested restricted shares excluded undistributed losses during the year.

(2) The effect of mandatory convertible preference shares were excluded in the calculation of diluted EPS for the year ended December 31, 2016 (for the period that the convertible shares were outstanding) as they were anti-dilutive. On September 15, 2016, the Company's $165,000 mandatory convertible Preference Shares - Series B were automatically converted into 12,069,090 of the Company's common shares at a conversion rate of 3.6573 per preference share. Please refer to *"Note 14. Shareholders' Equity"* and *"Note 15. Share Compensation and Pension Plans" of the Notes to Consolidated Financial Statements,* for the terms and conditions of each of these anti-dilutive instruments.

At December 31, 2018, 710,543 share options and restricted share units (2017 – 1,688,010; 2016 – 24,000) were excluded from diluted earnings per common share because they were anti-dilutive.

F-51

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

14. Shareholders’ Equity

At December 31, 2018, the aggregate authorized share capital of the Company is 150,000,000 shares from which the Company has issued 87,938,537 common shares, of which 82,948,577 common shares are outstanding, and 18,600,000 preference shares, all of which are outstanding. The remaining 43,461,463 shares are undesignated at December 31, 2018.

a) Common Shares

The following table shows the summary of changes in the Company's common shares outstanding:

For the Year Ended December 31,	2018	2017	2016
Outstanding shares – January 1	82,974,895	86,271,109	73,721,140
Mandatory conversion of preference shares – Series B	—	—	12,069,090
Issuance of vested restricted shares and restricted share units	198,983	246,382	251,027
Shares repurchased[(1)]	(234,801)	(3,705,256)	(35,258)
Exercise of options	9,500	162,660	265,110
Outstanding shares – December 31	82,948,577	82,974,895	86,271,109

(1) In 2018, the Company repurchased 205,000 (2017 - 3,667,134) common shares under its share repurchase authorization. In addition, shares were repurchased from employees in respect of tax obligations arising from the vesting of restricted shares and performance based shares. See further details below in item (f).

The Company's common shares have a par value of $0.01 per share. The holders of our common shares are entitled to receive dividends and are allocated one vote per common share, subject to downward adjustment under certain circumstances. For the year ended December 31, 2018, the Company's Board of Directors declared and paid dividends to common shareholders of $0.35 per common share (2017 - $0.60, 2016 - $0.57).

b) Preference Shares – Series D

On June 15, 2017, the Company issued and authorized a total of 6,000,000, 6.7% Preference Shares – Series D (the "Preference Shares - Series D"), par value $0.01 per share, at a price of $25 per preference share. The Company's total net proceeds from the offering was $144,942, after deducting issuance costs of $5,058, which were recognized as a reduction in additional paid-in capital. The Preference Shares – Series D have no stated maturity date and are redeemable in whole or in part at the sole option of the Company any time after June 15, 2022, subject to certain regulatory restrictions at a redemption price of $25 per preference share plus any declared and unpaid dividends, without accumulation of any undeclared dividends. Additionally, at any time prior to June 15, 2022, the Company may redeem all but not less than all of the Series D Preference Shares at a redemption price of $25 per share, plus declared and unpaid dividends, if any, to, but excluding, the date of redemption subject to certain conditions and regulatory approval.

Dividends on the Preference Shares – Series D are non-cumulative. Consequently, in the event a dividend is not declared on the Preference Shares – Series D for any dividend period, holders of Preference Shares – Series D will not be entitled to receive a dividend for such period, and such undeclared dividend will not accrue and will not be payable. The holders of Preference Shares – Series D will be entitled to receive dividend payments only when, as and if declared by the Company's Board of Directors or a duly authorized committee of the Board of Directors. Any such dividends will be payable from, and including, the date of original issue on a non-cumulative basis, quarterly in arrears.

To the extent declared, these dividends will accumulate, with respect to each dividend period, in an amount per share equal to 6.7% of the $25 liquidation preference per annum. During any dividend period, so long as any Preference Shares – Series D remain outstanding, unless the full dividends for the latest completed dividend period on all outstanding Preference Shares – Series D have been declared and paid, no dividend shall be paid or declared on the common shares.

The holders of the Preference Shares – Series D have no voting rights other than the right to elect up to two directors if preference share dividends are not declared and paid for six or more dividend periods. For the year ended December 31, 2018, the Company declared and paid dividends on the Preference Shares – Series D of $7,538 or

$1.2563 per share (2017 - $5,025 or $0.8375 per share). No dividends were declared by the Company's Board of Directors on the Preference Shares - Series D for the fourth quarter of 2018 and the first quarter of 2019. At March 1, 2019, if preference share dividends are not declared and paid for four more dividend periods, then the holders of the Preference Shares - Series D will be entitled to vote for the election of a total of two additional members of the Company's Board of Directors.

c) Preference Shares – Series C

On November 25, 2015, the Company issued and authorized a total of 6,600,000 7.125% Preference Shares – Series C (the "Preference Shares - Series C"), par value $0.01 per share, at a price of $25 per preference share. The Company's total net proceeds from the offering was $159,485, after deducting issuance costs of $5,515, which were recognized as a reduction in additional paid-in capital. The Preference Shares – Series C have no stated maturity date and are redeemable in whole or in part at the sole option of the Company any time after December 15, 2020 at a redemption price of $25 per preference share plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

14. Shareholders' Equity (continued)

Dividends on the Preference Shares – Series C are non-cumulative. Consequently, in the event a dividend is not declared on the Preference Shares – Series C for any dividend period, holders of Preference Shares – Series C will not be entitled to receive a dividend for such period, and such undeclared dividend will not accrue and will not be payable.

The holders of Preference Shares – Series C will be entitled to receive dividend payments only when, as and if declared by the Company's Board of Directors or a duly authorized committee of the Board of Directors. Any such dividends will be payable from, and including, the date of original issue on a non-cumulative basis, quarterly in arrears.

To the extent declared, these dividends will accumulate, with respect to each dividend period, in an amount per share equal to 7.125% of the $25 liquidation preference per annum. During any dividend period, so long as any Preference Shares – Series C remain outstanding, unless the full dividends for the latest completed dividend period on all outstanding Preference Shares – Series C have been declared and paid, no dividend shall be paid or declared on the common shares.

The holders of the Preference Shares – Series C have no voting rights other than the right to elect up to two directors if preference share dividends are not declared and paid for six or more dividend periods. For the year ended December 31, 2018, the Company declared and paid dividends on the Preference Shares – Series C of $8,816 or $1.3359 per share (2017 - $11,756 or $1.7813 per share, 2016 -$12,410 or $1.8803 per share). No dividends were declared by the Company's Board of Directors on the Preference Shares - Series C for the fourth quarter of 2018 and the first quarter of 2019. At March 1, 2019, if preference share dividends are not declared and paid for four more dividend periods, then the holders of the Preference Shares - Series C will be entitled to vote for the election of a total of two additional members of the Company's Board of Directors.

d) Mandatory Convertible Preference Shares – Series B

In October 2013, the Company issued and authorized a total of 3,300,000 7.25% Mandatory Convertible Preference Shares – Series B (the "Preference Shares – Series B"), par value $0.01, at a price of $50 per preference share. The Company's total net proceeds from the offering was $159,675, after deducting issuance costs of $5,325, which were recognized as a reduction in additional paid-in capital. The Preference Shares – Series B were not redeemable.

The Company paid cumulative dividends on each of the Preference Shares – Series B at a rate of 7.25% per annum on the initial liquidation preference of $50 per share (equivalent to $3.625 per annum per Preference Share – Series B or $0.90625 per quarter except on the initial payment date which was $0.745139). Dividends accrued and accumulated from the date of issuance and, to the extent that the Company had lawfully available funds to pay dividends and the Board of Directors declared a dividend payable, it paid dividends quarterly each year commencing on December 15, 2013, up to, and including, September 15, 2016 in cash.

On September 15, 2016, each of the outstanding Preference Share – Series B were automatically converted into 12,069,090 of the Company's common shares at a conversion rate of $3.6573 per preference share based on the volume weighted average price per share of the Company's common shares over the forty consecutive trading day period beginning on, and including, the forty-second scheduled trading day immediately preceding September 15, 2016 (the "final averaging period"). The mandatory conversion date is the third business day immediately following the last trading day of the final averaging period. The Company declared and paid dividends on the Preference Shares – Series B of $8,971 or $2.7188 per share for the year ended December 31, 2016.

e) Preference Shares - Series A

On August 22, 2012, the Company issued and authorized a total of 6,000,000 8.25% Preference Shares – Series A (the "Preference Shares – Series A"), par value $0.01 per share, at a price of $25 per preference share. The Company's total net proceeds from the offering was $145,041, after deducting issuance costs of $4,959, which were recognized as a reduction in additional paid-in capital. The Preference Shares – Series A have no stated maturity date and are redeemable in whole or in part at the sole option of the Company any time after August 29, 2017 at a redemption price of $25 per preference share plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

Dividends on the Preference Shares – Series A are non-cumulative. Consequently, in the event a dividend is not declared on the Preference Shares – Series A for any dividend period, holders of Preference Shares – Series A will not be entitled to receive a dividend for such period, and such undeclared dividend will not accrue and will not be payable.
The holders of Preference Shares – Series A will be entitled to receive dividend payments only when, as and if declared by the Company's Board of Directors or a duly authorized committee of the Board of Directors. Any such dividends will be payable from, and including, the date of original issue on a non-cumulative basis, quarterly in arrears.
To the extent declared, these dividends will accumulate, with respect to each dividend period, in an amount per share equal to 8.25% of the $25 liquidation preference per annum. During any dividend period, so long as any Preference Shares – Series A remain outstanding, unless the full dividends for the latest completed dividend period on all outstanding Preference Shares – Series A have been declared and paid, no dividend shall be paid or declared on the common shares.
The holders of the Preference Shares – Series A have no voting rights other than the right to elect up to two directors if preference share dividends are not declared and paid for six or more dividend periods. For the year ended December 31, 2018, the Company declared and paid dividends on the Preference Shares - Series A of $9,282 or $1.5469 per share (2017 and 2016 - $12,375 or $2.0625 per share). No dividends were declared by the Company's Board of Directors on the Preference Shares - Series A for the fourth quarter of 2018 and the first quarter of 2019. At March 1, 2019, if preference share dividends are not declared and paid for four more dividend periods, then the holders of the Preference Shares - Series A will be entitled to vote for the election of a total of two additional members of the Company's Board of Directors.

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

14. Shareholders' Equity (continued)

f) Treasury Shares

On February 21, 2017, the Company's Board of Directors approved the repurchase of up to $100,000 of the Company's common shares from time to time at market prices. During the year ended December 31, 2018, the Company repurchased 205,000 common shares (2017 - 3,667,134) at an average price per share of $3.31 (2017 - $6.84) under the Company's share repurchase plan. At December 31, 2018, the Company has a remaining authorization of $74,245 (2017 - $74,924) for share repurchases.

In addition, during the year ended December 31, 2018, the Company repurchased a total of 29,801 shares (2017 - 38,122, 2016 - 35,258) at an average price per share of $6.52 (2017 - $15.06, 2016 - $13.33) from employees, which represent withholdings in respect of tax obligations on the vesting of restricted shares and performance based shares.

g) Accumulated Other Comprehensive Income

The following tables set forth financial information regarding the changes in the balances of each component of AOCI for the years ended December 31, 2018, 2017 and 2016:

For the Year Ended December 31, 2018	**Change in net unrealized gains on investment**	**Foreign currency translation adjustments**	**Total**
Beginning balance	$21,889	$(8,583)	$13,306
Other comprehensive (loss) income before reclassifications	(108,726)	2,651	(106,075)
Amounts reclassified from AOCI to net income, net of tax	27,075	—	27,075
Net current period other comprehensive (loss) income	(81,651)	2,651	(79,000)
Ending balance	(59,762)	(5,932)	(65,694)
Less: AOCI attributable to noncontrolling interest	—	(78)	(78)
Ending balance, Maiden shareholders	$(59,762)	$(5,854)	$(65,616)

For the Year Ended December 31, 2017	**Change in net unrealized gains on investment**	**Foreign currency translation adjustments**	**Total**
Beginning balance	$(20,716)	$35,604	$14,888
Other comprehensive income (loss) before reclassifications	44,421	(44,187)	234
Amounts reclassified from AOCI to net income, net of tax	(1,816)	—	(1,816)
Net current period other comprehensive income (loss)	42,605	(44,187)	(1,582)
Ending balance	21,889	(8,583)	13,306
Less: AOCI attributable to noncontrolling interest	—	(48)	(48)
Ending balance, Maiden shareholders	$21,889	$(8,535)	$13,354

For the Year Ended December 31, 2016	**Change in net unrealized gains on investment**	**Foreign currency translation adjustments**	**Total**
Beginning balance	$(54,112)	$30,231	$(23,881)
Other comprehensive income before reclassifications	32,820	5,373	38,193
Amounts reclassified from AOCI to net income, net of tax	576	—	576
Net current period other comprehensive income	33,396	5,373	38,769
Ending balance	(20,716)	35,604	14,888
Less: AOCI attributable to noncontrolling interest	—	(109)	(109)
Ending balance, Maiden shareholders	$(20,716)	$35,713	$14,997

F-54

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

14. Shareholders’ Equity (continued)

The following table presents details about amounts reclassified from AOCI:

Details about AOCI Components	Consolidated Statements of Income Line Item that Includes Reclassification	For the Year Ended December 31,		
Unrealized (losses) gains on AFS securities		2018	2017	2016
	Net realized (losses) gains on investment	$(21,243)	$1,816	$(576)
	Net impairment losses recognized in earnings	(5,832)	—	—
	Total before tax	(27,075)	1,816	(576)
	Income tax expense	—	—	—
	Total after tax	$(27,075)	$1,816	$(576)

15. Share Compensation and Pension Plans

The Company’s Amended and Restated 2007 Share Incentive Plan (the "Plan"), provides for grants of options, restricted shares and restricted share units. New shares are issued upon exercise of options and vesting of restricted shares and share units. The total number of common shares currently reserved for issuance under the Plan is 10,000,000. The Plan is administered by the Compensation Committee of the Board of Directors (the "Committee").

Share Options

Exercise prices of options are established at or above the fair market value of the Company’s common shares at the date of grant. Under the Plan, unless otherwise determined by the Committee and provided in an award agreement, 25% of the options will become exercisable on the first anniversary of the grant date, with an additional 6.25% of the options vesting each quarter thereafter based on the grantee’s continued employment over a four-year period, and will expire ten years after grant date.

The fair value of each option grant is separately estimated for each vesting date. The fair value of each option is amortized into compensation expense on a straight-line basis between the grant date for the award and each vesting date. The Company has estimated the fair value of all share option awards on the date of the grant by applying the Black-Scholes-Merton multiple-option pricing valuation model. The application of this valuation model involves assumptions that are judgmental and highly sensitive in the determination of compensation expense.

The following table shows all options granted, exercised, forfeited and expired under the Plan for the years ended December 31, 2018, 2017 and 2016:

	Number of Share Options	Weighted Average Exercise Price	Weighted Average Grant-Date Fair Value	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value	Range of Exercise Prices
Outstanding, December 31, 2015	1,926,199	$ 6.96		4.15 years	$ 15,306	$3.28 - $13.98
Granted	24,000	$ 13.12	$ 2.45			$13.12
Exercised	(265,110)	$ 7.28			$ 1,453	
Expired	(1,000)	$ 7.67				
Outstanding, December 31, 2016	1,684,089	$ 7.00		3.36 years	$ 17,598	$3.28 - $13.98
Exercised	(162,660)	$ 6.64			$ 955	
Expired	(4,660)	$ 9.92				
Outstanding, December 31, 2017	1,516,769	$ 7.03		2.45 years	$ 1,100	$3.28 - $13.98
Granted	275,000	$ 7.07	$ 1.36			$3.24 - $7.20
Exercised	(9,500)	$ 3.28			$ 5,715	

Expired	(1,038,510)	$ 6.50			
Forfeited	(85,935)	$ 7.23			
Outstanding, December 31, 2018	657,824	$ 7.92	4.40 years	$ —	$3.24 - $13.98
Total exercisable at December 31, 2018	467,824	$ 8.28	2.46 years	$ —	$4.45 - $13.98

F-55

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

15. Share Compensation and Pension Plans (continued)

The weighted average grant date fair value was $2.08 (2017 - $2.13, 2016 - $2.10) for all options outstanding at December 31, 2018. There was $178 (2017 - $12) of total unrecognized compensation cost related to non-vested options at December 31, 2018 which will be recognized during the next 2.24 years. Cash in the amount of $31 was received from employees as a result of employee share option exercises during the year ended December 31, 2018 (2017 – $1,081, 2016 – $1,931). In connection with these exercises, there was no tax benefit realized by the Company.

Restricted Shares and Restricted Share Units

The fair value of each restricted share or restricted share unit is determined based on the market value of the Company's common shares on the date of grant. The total estimated fair value is amortized as an expense on a straight-line basis over the requisite service period as determined by the Committee.

Performance-Based Restricted Share Units ("PB-RSU")

The Committee approved the formation of a long-term incentive program under the Plan on March 1, 2011. On that date, the Committee determined to award PB-RSU to certain senior leaders of the Company. The formula for determining the amount of PB-RSU awarded uses a combination of a percentage of the employee's base salary (based on a benchmarking analysis from our compensation consultant) divided by the closing price on NASDAQ of our common shares on that date. The grants are performance based which require that certain criteria such as non-GAAP operating return on common equity, underwriting performance, revenue growth and operating expense be met during the performance period to attain a payout. Each metric has a corresponding weighted percentage with a target and maximum level of performance goal set to achieve a payout. All prior, current and future PB-RSU are paid 50% based on certain criteria stated above, while the other 50% of the payout is based upon the recommendation of the Company's CEO and the Committee's ultimate discretion of individual contribution to business results and strategic success for the performance period. Settlement of the grants can be made in either common shares or cash upon the decision of the Committee and the performance cycles are for three years. Beginning in 2014, the Committee approved an annual award of PB-RSU to certain senior leaders of the Company with each annual award vesting over three years.

Non-Performance-Based Restricted Share Units ("NPB-RS")

Beginning in 2012, the Committee approved an annual award of NPB-RSU with each annual award vesting over three years. The total fair value of share units vested during the year ended December 31, 2018 was $897 (2017 - $633, 2016 - $1,068).

Discretionary Non-Performance-Based Restricted Shares ("NPB-RS")

Beginning in 2013, the Committee approved an annual award of NPB-RS with each annual award vesting either over two or three years. The total fair value of restricted shares vested during the year ended December 31, 2018 was $400 (2017 - $357, 2016 - $379). The following table shows a summary of activity under the Company's restricted share awards:

	Non-Performance-Based Restricted Share Units		Non-Performance-Based Restricted Shares		Performance Based Restricted Share Units(1)	
	Number of Restricted Units	Weighted Average Grant-Date Fair Value	Number of Restricted Shares	Weighted Average Grant-Date Fair Value	Number of Restricted Units	Weighted Average Grant-Date Fair Value
Non-vested at December 31, 2015	138,128	$ 12.07	53,152	$ 13.22	745,482	$ 12.05
Awards granted	75,988	$ 13.16	23,000	$ 12.90	355,544	$ 13.11
Awards vested	(94,931)	$ 11.24	(29,949)	$ 12.67	(85,847)	$ 12.29
Awards forfeited	—	$ —	—	$ —	(169,458)	$ 10.02
Non-vested at December 31, 2016	119,185	$ 13.42	46,203	$ 13.42	845,721	$ 12.88
Awards granted	25,000	$ 10.55	17,500	$ 16.75	284,130	$ 16.75
Awards vested	(46,927)	$ 13.50	(26,477)	$ 13.49	(110,976)	$ 12.20

Awards forfeited	—	$ —	—	$ —	(208,411)	$ 11.73
Non-vested at December 31, 2017	97,258	$ 12.65	37,226	$ 14.93	810,464	$ 14.60
Awards granted	25,000	$ 8.75	268,971	$ 5.79	734,668	$ 7.20
Awards vested	(71,928)	$ 12.47	(27,726)	$ 14.43	(99,931)	$ 13.88
Awards forfeited	(25,330)	$ 13.16	(17,500)	$ 9.36	(597,556)	$ 11.15
Non-vested at December 31, 2018	25,000	$ 8.75	260,971	$ 5.94	847,645	$ 10.71

(1) For Performance Based Shares, the number of shares is stated at the maximum number that can be attained if the performance conditions are met. Forfeitures represent shares forfeited due to vesting below the maximum attainable as a result of the Company not fully meeting the performance conditions.

There was $91 and $1,298 of total unrecognized compensation cost related to restricted share units and restricted shares at December 31, 2018, both of which will be recognized during the next 0.42 years and 2.62 years, respectively. Total share-based expense for the year ended December 31, 2018 was $1,276 (2017 - $2,938, 2016 - $3,414).

F-56

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

15. Share Compensation and Pension Plans (continued)

Pension Plans

The Company provides pension benefits to eligible employees principally through various defined contribution plans sponsored by the Company which vary by subsidiary. The Company’s expenses for its defined contribution plans for the year ended December 31, 2018 was $1,543 (2017 - $1,386, 2016 - $1,515).

16. Statutory Requirements and Dividend Restrictions

Our insurance and reinsurance operations are subject to insurance and/or reinsurance laws and regulations in the jurisdictions in which they operate, the most significant of which are Bermuda and Sweden. These regulations include certain liquidity and solvency requirements whereby restrictions are imposed on the amount of dividends or other distributions, such as loans or cash advances, available to shareholders without prior approval of the insurance regulatory authorities.

The statutory capital and surplus and statutory net income (loss) of our principal operating subsidiaries in their respective jurisdictions were as follows:

	Maiden Bermuda	Maiden LF	Maiden GF
Statutory Capital and Surplus			
December 31, 2018	$869,886	$7,607	$6,192
December 31, 2017	1,205,991	8,552	6,417
Statutory Net (Loss) Income			
For the Year Ended December 31, 2018	$(389,372)	$(462)	$98
For the Year Ended December 31, 2017	(167,307)	(441)	(242)
For the Year Ended December 31, 2016	87,888	756	—

a) Bermuda

Maiden Bermuda is registered as a Class 3B reinsurer under The Insurance Act 1978 (Bermuda), amendments thereto and related regulations (the "Insurance Act"). Under the Insurance Act, Maiden Bermuda is subject to enhanced capital requirements in addition to minimum solvency and liquidity requirements and must maintain statutory economic capital and surplus at a level at least equal to its ECR which is the greater of its minimum solvency margin ("MSM") and the required capital calculated by reference to the Bermuda Solvency Capital Requirement ("BSCR"). The BMA is the group supervisor of the Company. Under the Insurance Act 1978, the Company is required to ensure it can meet its MSM and ECR. Throughout 2018 and at December 31, 2018, Maiden Bermuda has met the MSM and liquidity requirements. However, the Company and Maiden Bermuda failed to meet the requirements to hold sufficient capital to cover their respective ECR requirements as of September 30, 2018 and December 31, 2018. The Company had communicated such conditions to the BMA and is following the guidelines of a reportable “event” as stipulated by Bermuda insurance law.

The Company has taken the following actions to remediate the breach including: (1) completed the sale of Maiden US on December 27, 2018; (2) capital injections into Maiden Bermuda by Maiden Holdings and Maiden NA of $125,000 on December 31, 2018 and $70,000 in January 2019; (3) entered into the Partial Termination Amendment with AmTrust effective January 1, 2019; and (4) entered into amendments with AmTrust which terminated the AmTrust Quota Share and the European Hospital Liability Quota Share effective January 1, 2019. Please see *"Note 18. Subsequent Events"* for further information regarding these amendments.

As a result of these actions and pending the finalization and regulatory approval of the New LPT/ADC MTA entered into by Maiden Bermuda and Enstar on March 1, 2019 (please see *"Note 18. Subsequent Events"* for further details), the Company estimates that it and Maiden Bermuda will have sufficient capital in excess of the respective ECR requirements and that this position should improve throughout 2019.

Under the Insurance Act, Maiden Bermuda is prohibited from declaring or paying dividends of more than 25% of its total statutory capital and surplus, as shown in its previous financial year statutory balance sheet, unless at least seven days before payment of the dividends it files with the BMA an affidavit that it will continue to meet its minimum capital requirements as described above. Maiden Bermuda must obtain the BMA's prior approval before reducing its total statutory capital, as shown in its previous financial year statutory balance sheet, by 15% or more. Maiden Bermuda is restricted in paying dividends that would result in Maiden Bermuda failing to comply with the ECR as calculated based on the BSCR or cause Maiden Bermuda to fail to meet its relevant margins.

At December 31, 2018, the maximum dividend Maiden Bermuda could pay, without a signed affidavit, having met minimum levels of statutory capital and surplus requirements was $0 (2017 - $301,498). During the year ended December 31, 2018, dividends from Maiden Bermuda to Maiden Holdings, Ltd. were $0 (2017 - $105,000, 2016 -$445,000). Maiden Bermuda has voluntarily undertaken with the BMA not to make any capital distributions of any kind, which would include but is not limited to payment of dividends, without the express consent of the BMA.

F-57

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

16. Statutory Requirements and Dividend Restrictions (continued)

b) Sweden

The Company has two Swedish domiciled insurance subsidiaries in Sweden, Maiden LF and Maiden GF, both regulated by the Swedish Finansinspektionen ("Swedish FSA").

Maiden LF was required to maintain a minimum level of statutory capital and surplus of $4,243 at December 31, 2018 (2017 - $4,442). This requirement was met by Maiden LF throughout the year. Maiden LF is subject to statutory and regulatory restrictions under the Swedish FSA that limit the maximum amount of annual dividends or distributions paid by Maiden LF to Maiden Holdings. At December 31, 2018, Maiden LF is allowed to pay dividends or distributions not exceeding $1,873 (2017 - $2,507).

Maiden GF was granted a general insurance license effective September 14, 2016 with an approved level of initial statutory capital and surplus of $6,135. Maiden GF was required to maintain a minimum level of statutory capital and surplus of $4,243 at December 31, 2018 (2017 - $4,442). This requirement was met by Maiden GF throughout the year. Maiden GF is subject to statutory and regulatory restrictions under the Swedish FSA that limit the maximum amount of annual dividends or distributions paid by Maiden GF to Maiden Holdings. As of December 31, 2018, Maiden GF is not allowed to pay dividends or distributions as it has cumulative losses from inception.

17. Taxation

Under current Bermuda law, Maiden Holdings and Maiden Bermuda have received an undertaking from the Bermuda government exempting them from all local income, withholding and capital gains taxes until March 31, 2035. At the present time, no such taxes are levied in Bermuda. Maiden Holdings and Maiden Bermuda believe that they operate in a manner such that they will not be considered to be engaged in a trade or business in the U.S. Accordingly, Maiden Holdings and Maiden Bermuda have not recorded any provision for U.S. taxation.

Our U.S. subsidiaries are subject to federal, state and local corporate income taxes and other taxes applicable to U.S. corporations. The provision for federal income taxes has been determined under the principles of the consolidated tax provisions of the U.S. Internal Revenue Code and Regulations. Should our U.S. subsidiaries pay a dividend outside the U.S. group, withholding taxes will apply. Tax year 2016 is currently under examination while 2015 and 2017 remain subject to examination in the U.S by the Internal Revenue Service. The Company was examined in prior years and those exams were closed without any impact on our operations.

The Company has subsidiary and branch operations in various other locations around the world, including Australia, Germany, Ireland, Sweden and the U.K., that are subject to relevant taxes in those jurisdictions. None are under examination but generally remain subject to examination in all applicable jurisdictions for tax years from 2015 through 2018.

Deferred income taxes have not been accrued with respect to certain undistributed earnings of foreign subsidiaries as it is the intention that such earnings will remain reinvested or will not be taxable. If the earnings were to be distributed, as dividends or otherwise, such amounts may be subject to withholding tax in the country of the paying entity. Currently, however, no withholding taxes have been accrued.

There were no unrecognized tax benefits at December 31, 2018, 2017 and 2016. (Loss) income before taxes and income tax (benefit) expense for the years ended December 31, 2018, 2017 and 2016 was as follows:

For the Year Ended December 31,	**2018**	**2017**	**2016**
(Loss) income from continuing operations before income taxes – Domestic (Bermuda)	$(424,667)	$(140,874)	$78,651
(Loss) income from continuing operations before income taxes – Foreign (U.S. and others)	(25,184)	(13,532)	822
Total (loss) income from continuing operations before income taxes	$(449,851)	$(154,406)	$79,473
Current tax expense – Domestic (Bermuda)	$—	$—	$—
Current tax expense – Foreign (U.S. and others)	501	669	490

Total current tax expense	$501	$669	$490
Deferred tax expense – Domestic (Bermuda)	$—	$—	$—
Deferred tax benefit – Foreign (U.S. and others)	(60)	(7,426)	(77)
Total deferred tax benefit	$(60)	$(7,426)	$(77)
Total income tax expense (benefit)	$441	$(6,757)	$413

The following table is a reconciliation of the actual income tax rate for the years ended December 31, 2018, 2017 and 2016 to the amount computed by applying the effective tax rate of 0.0% under Bermuda law to income before income taxes:

F-58

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

17. Taxation (continued)

For the Year Ended December 31,	**2018**	**2017**	**2016**
(Loss) income from continuing operations before income taxes	$(449,851)	$(154,406)	$79,473
Less: income tax expense (benefit)	441	(6,757)	413
Net (loss) income from continuing operations	$(450,292)	$(147,649)	$79,060
Reconciliation of effective tax rate (% of income before income taxes)			
Bermuda tax rate	— %	— %	— %
U.S. taxes at statutory rates	1.1 %	9.6 %	(5.8)%
Rate change in the U.S.	— %	3.2 %	— %
Valuation allowance in respect of U.S. taxes	(1.1)%	(8.3)%	5.8 %
Other jurisdictions	(0.1)%	(0.1)%	0.5 %
Actual tax rate	(0.1)%	4.4 %	0.5 %

Deferred income taxes reflect the tax impact of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes. The significant components of our deferred tax assets and liabilities at December 31, 2018 and 2017 were as follows:

December 31,	**2018**	**2017**
Deferred tax assets:		
Net operating losses	$44,119	$39,923
Capital loss carry-forward	12,345	—
Others	548	643
Deferred tax assets before valuation allowance	57,012	40,566
Valuation allowance	56,326	39,934
Deferred tax assets, net	686	632
Deferred tax liabilities:		
Net unrealized gains on investment	33	78
Deferred tax liabilities	33	78
Net deferred tax asset	$653	$554

The net deferred tax asset at December 31, 2018 was $653 (2017 - $554). A valuation allowance has been established against the net U.S. deferred tax assets which is primarily attributable to net operating losses and capital losses. At this time, we believe it is necessary to establish a valuation allowance against the net deferred tax assets, other than the Alternative Minimum Tax credit due to insufficient positive evidence regarding the utilization of these losses. During 2018, the Company recorded an increase in the valuation allowance of $16,392 (2017 - decrease of $23,479). At December 31, 2018, the Company has an available net operating loss carry-forward of approximately $208,853 (2017 - $189,403) for income tax purposes which expires beginning in 2029. At December 31, 2018, the Company also has a capital loss carry-forward of $58,785 (2017 - $0) which will expire in 2023.

F-59

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

18. Subsequent Events
AmTrust Agreements
Effective January 1, 2019, the Company, through its subsidiary Maiden Bermuda, and AmTrust entered into the Partial Termination Amendment. The Partial Termination Amendment provided for the cut-off of the ongoing and unearned premium of AmTrust’s Small Commercial Business, comprising workers’ compensation, general liability, umbrella liability, professional liability (including cyber liability) insurance coverages, and U.S. Specialty Risk and Extended Warranty ("Terminated Business") as of December 31, 2018. Under the Partial Termination Amendment, the ceding commission payable by Maiden Bermuda for its remaining in-force business immediately prior to January 1, 2019 shall increase by 5 percentage points with respect to in-force remaining business (excluding Terminated Business) and related unearned premium as of January 1, 2019. The amendment resulted in Maiden Bermuda returning approximately $716,100 in unearned premium to AII, which nets to $480,000 after consideration of ceding commission and brokerage. In January 2019, as part of this amendment, the Company transferred cash and investments of $480,000. On or before May 30, 2019, Maiden Bermuda shall report to AII the actual unearned premium applicable to the Terminated Business as of December 31, 2018. In the event that actual unearned premium exceeds the estimated unearned premium, Maiden Bermuda shall return assets to AII in an amount equal to the difference by transfer of certain assets held in trust. In the event that the estimated unearned premium exceeds the actual unearned premium, AII shall return the difference to Maiden Bermuda by designating assets in an amount equal to the difference as collateral.
On January 11, 2019, the Company converted a portion of the existing trust accounts used for collateral on the AmTrust Quota Share to a Funds Withheld arrangement, which is permitted collateral under the AmTrust Quota Share. The Company transferred cash and investments of $575,000 to AmTrust as Funds Withheld which bears an annual interest rate of 3.5% subject to annual adjustment.
On January 30, 2019, Maiden Bermuda and AmTrust, through its wholly owned subsidiaries AII, AEL and AIU DAC, agreed to terminate on a run-off basis the (i) AmTrust Quota Share; and (ii) European Hospital Liability Quota Share 20% and AIU DAC cedes 40% to Maiden Bermuda of AmTrust’s European Hospital Liability business. Each termination was effective as of January 1, 2019.
On January 30, 2019, in connection with the termination of the reinsurance agreements described above, the Company and AmTrust entered into (i) a second amendment to the Master Agreement between the parties, originally entered into on July 3, 2007, to remove the provisions requiring AmTrust to reinsure business with the Company; and (ii) an amendment to the Loan Agreement between Maiden Bermuda, AmTrust and AII, originally entered into on November 16, 2007. The Amendment to the Loan Agreement provides for the extension of the maturity date to January 1, 2025 and acknowledges that due to the termination of the AmTrust Quota Share that no further loans or advances may be made pursuant to the Loan Agreement.
Reinsurance Agreements with Enstar
On March 1, 2019, the Company and Enstar terminated the Master Transaction Agreement between the parties dated as of November 9, 2018 (the “Old LPT MTA”) and simultaneously signed the New LPT/ADC MTA pursuant to which an Enstar subsidiary will assume liabilities for loss reserves as of December 31, 2018 associated with the quota share reinsurance agreements between Maiden Bermuda and AmTrust in excess of a $2,441,359 retention up to $675,000. The $2,441,359 retention will be subject to adjustment for paid losses subsequent to December 31, 2018. The New LPT/ADC MTA and associated reinsurance agreement will provide Maiden Bermuda with $175,000 in adverse development cover over its carried AmTrust reserves at December 31, 2018. The New LPT/ADC MTA will be accounted for as retroactive reinsurance. Cumulative ceded losses exceeding $500,000 would result in a deferred gain which would be recognized over the settlement period in proportion to cumulative losses collected over the estimated ultimate reinsurance recoverable. Consequently, cumulative adverse development subsequent to December 31, 2018, in excess of $500,000, may result in significant losses from operations until periods when the deferred gain is recognized as a benefit to earnings. The transaction is subject to regulatory approvals and other closing conditions.

Sale of AVS Automotive VersicherungsService GmbH ("AVS")

On January 10, 2019, Maiden Global completed the sale of its wholly owned subsidiary, AVS, and its related European subsidiaries to Allianz Partners ("Allianz"). AVS, which is organized under the laws of Germany, operates as an insurance producer in Germany and was a wholly owned subsidiary of Maiden Global prior to its sale. The Company's proceeds from the sale of AVS include an undisclosed cash payment at closing and a three-year quota share reinsurance agreement with Allianz. AVS and its subsidiaries work with German and Austrian auto retailers, original equipment manufacturers and related credit providers to design and distribute auto dealer and consumer insurance products. All of AVS's employees have joined Allianz and the company name will remain unchanged subsequent to its sale.

MAIDEN HOLDINGS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

19. Condensed Quarterly Financial Data — Unaudited

The following tables summarize our quarterly financial data:

2018 Quarters Ended(3)	March 31	June 30	September 30(1)(4)	December 31(1)
Total revenues from continuing operations	$553,765	$540,267	$555,662	$515,113
Net income (loss) from continuing operations	12,348	(5,535)	(240,413)	(216,692)
Income (loss) from discontinued operations, net of income tax	9,995	8,215	(59,819)	(52,504)
Net income (loss)	$22,343	$2,680	$(300,232)	$(269,196)
Net income (loss) attributable to Maiden common shareholders	$13,727	$(5,913)	$(308,839)	$(269,235)
Comprehensive loss – attributable to Maiden	(53,997)	(31,411)	(319,704)	(218,482)
Basic earnings (loss) from continuing operations per share attributable to Maiden common shareholders	$0.05	$(0.17)	$(3.00)	$(2.61)
Basic earnings (loss) from discontinued operations per share attributable to Maiden common shareholders	0.12	0.10	(0.72)	(0.64)
Basic earnings (loss) per common share attributable to Maiden common shareholders	$0.17	$(0.07)	$(3.72)	$(3.25)
Diluted earnings (loss) from continuing operations per share attributable to Maiden common shareholders	$0.04	$(0.17)	$(3.00)	$(2.61)
Diluted earnings (loss) from discontinued operations per share attributable to Maiden common shareholders	0.12	0.10	(0.72)	(0.64)
Diluted earnings (loss) per common share attributable to Maiden common shareholders	$0.16	$(0.07)	$(3.72)	$(3.25)

2017 Quarters Ended(3)	March 31	June 30	September 30(4)	December 31(2)
Total revenues from continuing operations	$560,084	$563,116	$496,544	$519,074
Net income (loss) from continuing operations	14,727	(1,927)	(43,983)	(116,466)
Income (loss) from discontinued operations, net of income tax	11,774	(14,408)	(11,071)	(8,391)
Net income (loss)	$26,501	$(16,335)	$(55,054)	$(124,857)
Net income (loss) attributable to Maiden common shareholders	$20,490	$(22,359)	$(63,596)	$(133,587)
Comprehensive income (loss) – attributable to Maiden	27,117	3,658	(44,547)	(157,767)
Basic earnings (loss) from continuing operations per share attributable to Maiden common shareholders	$0.10	$(0.09)	$(0.61)	$(1.49)
Basic earnings (loss) from discontinued operations per share attributable to Maiden common shareholders	0.14	(0.17)	(0.13)	(0.10)
Basic earnings (loss) per common share attributable to Maiden common shareholders	$0.24	$(0.26)	$(0.74)	$(1.59)
Diluted earnings (loss) from continuing operations per share attributable to Maiden common shareholders	$0.10	$(0.09)	$(0.61)	$(1.49)
Diluted earnings (loss) from discontinued operations per share attributable to Maiden common shareholders	0.13	(0.17)	(0.13)	(0.10)
Diluted earnings (loss) per common share attributable to Maiden common shareholders	$0.23	$(0.26)	$(0.74)	$(1.59)

(1) During the third and fourth quarters of 2018, the Company increased the prior year reserves mainly in our AmTrust Reinsurance segment. The Company recorded unfavorable reserve development in the AmTrust Reinsurance segment which reduced its net income, net income attributable to Maiden common shareholders and comprehensive income by approximately $210,433 or $2.53 per basic and diluted common share during the three months ended

September 30, 2018 and approximately $151,874 or $1.83 per basic and diluted share during the three months ended December 31, 2018.

(2) During the fourth quarter of 2017, the Company increased the prior year reserves mainly in our AmTrust Reinsurance segment. The Company recorded unfavorable reserve development which reduced its net income, net income attributable to Maiden common shareholders and comprehensive income during the three months ended December 31, 2017 by approximately $139,024 or $1.66 per basic and diluted common share.

(3) During the third quarter of 2018, the Company made the strategic decision to divest its U.S. treaty reinsurance operations. Except as explicitly described as discontinued operations, all amounts presented above relate to the Company's continuing operations except for net income, net income attributable to Maiden common shareholders and comprehensive income. Please see "*Note 6. Discontinued Operations*" for additional information related to discontinued operations. All prior years presented in the Condensed Quarterly Financial Data have been reclassified to conform to this new presentation.

(4) The reclassification of net loss from discontinued operations for the three months ended September 30, 2018 and 2017 has been modified from previously reported numbers in the Form 10Q filed for September 30, 2018 due to changes in estimates regarding segment allocations for general and administrative expenses, net investment income and income tax.

Schedule I
MAIDEN HOLDINGS, LTD.
SUMMARY OF INVESTMENTS
OTHER THAN INVESTMENTS IN RELATED PARTIES
(in thousands of U.S. dollars)

December 31, 2018	Amortized Cost[1]	Fair Value	Amount at Which Shown in the Balance Sheet
AFS fixed maturities:			
U.S. treasury bonds	$138,625	$139,072	$139,072
U.S. agency bonds – mortgage-backed	1,485,716	1,453,134	1,453,134
U.S. agency bonds – other	129,741	129,233	129,233
Non-U.S. government and supranational bonds	11,212	10,072	10,072
Asset-backed securities	216,072	215,082	215,082
Corporate bonds	1,128,614	1,104,975	1,104,975
Total AFS fixed maturities	3,109,980	3,051,568	3,051,568
HTM fixed maturities:			
Corporate bonds	957,845	940,727	957,845
Municipal bonds	57,836	57,285	57,836
Total HTM fixed maturities	1,015,681	998,012	1,015,681
Other investments	23,435	23,716	23,716
Total investments	$4,149,096	$4,073,296	$4,090,965

[1] Original cost of other investments and, for fixed maturities, original cost reduced by repayments and adjusted for amortization of premiums or discounts

S-1

Schedule II
MAIDEN HOLDINGS, LTD.
CONDENSED BALANCE SHEETS — PARENT COMPANY
As of December 31, 2018 and 2017
(In thousands of U.S. dollars, except share and per share data)

	2018	2017
ASSETS		
Fixed maturities, available-for-sale, at fair value (Amortized cost 2018 - $0; 2017 - $68,952)	$—	$68,965
Other investments, at fair value (Cost 2018 - $500; 2017 - $500)	500	500
Cash and cash equivalents	7,273	9,886
Investment in subsidiaries	883,462	1,401,547
Balances due from subsidiaries	73	79,376
Goodwill	—	5,972
Other assets	4,923	4,260
Total assets	$896,231	$1,570,506
LIABILITIES		
Accrued expenses and other liabilities	$4,602	$14,810
Balances due to subsidiaries	230,965	217,176
Senior notes - principal amount	110,000	110,000
Less: unamortized debt issuance costs	3,611	3,654
Senior notes, net	106,389	106,346
Total liabilities	341,956	338,332
EQUITY		
Preference shares	465,000	465,000
Common shares ($0.01 par value; 87,938,537 and 87,730,054 shares issued in 2018 and 2017, respectively; 82,948,577 and 82,974,895 shares outstanding in 2018 and 2017, respectively)	879	877
Additional paid-in capital	749,418	748,113
Accumulated other comprehensive (loss) income	(65,616)	13,354
(Accumulated deficit) retained earnings	(563,891)	35,472
Treasury shares, at cost (4,989,960 and 4,755,159 shares in 2018 and 2017, respectively)	(31,515)	(30,642)
Total equity	554,275	1,232,174
Total liabilities and equity	$896,231	$1,570,506

1) Maiden Holdings has fully and unconditionally guaranteed the $152.5 million 2013 Senior Notes - 7.75% issued by its wholly owned subsidiary, Maiden NA. The Senior Notes are an unsecured and unsubordinated obligation of Maiden Holdings.

Schedule II
MAIDEN HOLDINGS, LTD.
CONDENSED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME — PARENT COMPANY
For the Years Ended December 31, 2018, 2017 and 2016
(In thousands of U.S. dollars)

For the Year Ended December 31,	2018	2017	2016
Revenues			
Net investment income	$1,039	$885	$1,693
Net realized gains on investment	(1,532)	5,466	1,990
	(493)	6,351	3,683
Expenses			
General and administrative expenses	25,991	20,092	17,008
Interest and amortization expenses	7,331	7,328	3,988
Foreign exchange losses (gains)	6,324	(819)	1,371
	39,646	26,601	22,367
Loss before equity in earnings of consolidated subsidiaries	(40,139)	(20,250)	(18,684)
Equity in (loss) earnings of consolidated subsidiaries	(504,485)	(149,646)	67,664
Net (loss) income	(544,624)	(169,896)	48,980
Dividends on preference shares	(25,636)	(29,156)	(33,756)
Net (loss) income attributable to Maiden common shareholders	$(570,260)	$(199,052)	$15,224
Comprehensive (loss) income attributable to Maiden	$(623,594)	$(171,539)	$87,744

S-3

Schedule II
MAIDEN HOLDINGS, LTD.
CONDENSED STATEMENTS OF CASH FLOWS — PARENT COMPANY
For the Years Ended December 31, 2018, 2017 and 2016
(In thousands of U.S. dollars)

For the Year Ended December 31,	2018	2017	2016
Cash flows provided by (used in) operating activities			
Net (loss) income	$(544,624)	$(169,896)	$48,980
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in loss (earnings) of consolidated subsidiaries	504,485	149,646	(67,664)
Depreciation and amortization of debt issuance cost and bond premium and discount	656	131	207
Net realized losses (gains) on investment	1,532	(5,466)	(1,990)
Foreign exchange losses (gains)	6,324	(819)	1,371
Share-based compensation expense	1,276	2,938	3,414
Changes in assets – (increase) decrease:			
Balance due from subsidiaries	78,992	(5,159)	(7,222)
Other assets	(751)	305	(125)
Changes in liabilities – increase (decrease)			
Accounts payable and accrued liabilities	2,244	478	(216)
Balances due to subsidiaries	13,789	22,640	84,504
Net cash provided by (used in) operating activities	63,923	(5,202)	61,259
Cash flows provided by (used in) investing activities			
Purchases of fixed maturities – available-for-sale	(37,412)	(74,893)	(16,203)
Purchases of other investments	—	(500)	—
Proceeds from sales of fixed maturities – available-for-sale	80,542	22,806	44,475
Proceeds from maturities, paydowns and calls of fixed maturities – available-for-sale	24,240	15	—
Proceeds from sales of other investments	—	9,894	350
Dividends from subsidiaries	1,033	105,652	—
Contributions to subsidiaries	(66,391)	(100,751)	(107,546)
Purchase of fixed assets	(506)	(3,410)	—
Net cash provided by (used in) investing activities	1,506	(41,187)	(78,924)
Cash flows (used in) provided by financing activities			
Senior notes, net of issuance costs	—	—	106,285
Preference shares issuance, net of issuance costs	—	144,942	(143)
Dividends paid – preference shares	(25,636)	(29,156)	(33,756)
Dividends paid – Maiden common shares	(41,555)	(51,634)	(43,127)
Issuance of common shares	31	1,081	1,931
Repurchase of common shares	(873)	(25,651)	(470)
Net cash (used in) provided by financing activities	(68,033)	39,582	30,720
Effect of exchange rate changes on foreign currency cash	(9)	16	16
Net (decrease) increase in cash and cash equivalents	(2,613)	(6,791)	13,071
Cash and cash equivalents, beginning of year	9,886	16,677	3,606
Cash and cash equivalents, end of year	$7,273	$9,886	$16,677

Schedule III
MAIDEN HOLDINGS, LTD.
SUPPLEMENTARY INSURANCE INFORMATION
(In thousands of U.S. dollars)

	December 31, 2018			For the Year Ended December 31, 2018					
	Deferred commission and other acquisition expenses	Reserve for loss and loss adjustment expenses	Unearned premiums	Net premiums earned	Net investment income	Net loss and LAE	Amortization of deferred commission and other acquisition expenses	General and admin. expenses	Net premiums written
Diversified Reinsurance	$ 18,405	$ 105,589	$ 64,506	$ 112,487	$ —	$ 71,441	$ 38,749	$ 17,396	$ 129,319
AmTrust Reinsurance	370,037	2,947,547	1,135,913	1,913,715	—	1,806,995	615,991	3,845	1,885,278
Total - Reportable Segments	388,442	3,053,136	1,200,419	2,026,202	—	1,878,436	654,740	21,241	2,014,597
Other	—	2,840	—	—	136,285	1,685	—	43,699	—
Total	$ 388,442	$ 3,055,976	$ 1,200,419	$ 2,026,202	$ 136,285	$ 1,880,121	$ 654,740	$ 64,940	$ 2,014,597

	December 31, 2017			For the Year Ended December 31, 2017					
	Deferred commission and other acquisition expenses	Reserve for loss and loss adjustment expenses	Unearned premiums	Net premiums earned	Net investment income	Net loss and LAE	Amortization of deferred commission and other acquisition expenses	General and admin. expenses	Net premiums written
Diversified Reinsurance	$ 20,240	$ 90,697	$ 51,598	$ 83,015	$ —	$ 54,714	$ 29,018	$ 15,976	$ 82,521
AmTrust Reinsurance	359,964	2,290,981	1,179,284	1,909,644	—	1,498,881	614,777	3,052	1,954,856
Total - Reportable Segments	380,204	2,381,678	1,230,882	1,992,659	—	1,553,595	643,795	19,028	2,037,377
Other	—	5,044	—	—	124,135	1,838	2	33,976	—
Total	$ 380,204	$ 2,386,722	$ 1,230,882	$ 1,992,659	$ 124,135	$ 1,555,433	$ 643,797	$ 53,004	$ 2,037,377

	December 31, 2016			For the Year Ended December 31, 2016					
	Deferred commission and other acquisition expenses	Reserve for loss and loss adjustment expenses	Unearned premiums	Net premiums earned	Net investment income	Net loss and LAE	Amortization of deferred commission and other acquisition expenses	General and admin. expenses	Net premiums written
Diversified Reinsurance	$ 20,424	$ 75,451	$ 48,158	$ 81,967	$ —	$ 51,795	$ 31,249	$ 15,543	$ 79,243
AmTrust Reinsurance	339,173	1,757,728	1,151,633	1,843,621	—	1,225,830	584,820	2,896	1,888,428
Total - Reportable Segments	359,597	1,833,179	1,199,791	1,925,588	—	1,277,625	616,069	18,439	1,967,671
Other	—	12,228	—	—	108,689	11,887	(546)	31,815	—
Total	$ 359,597	$ 1,845,407	$ 1,199,791	$ 1,925,588	$ 108,689	$ 1,289,512	$ 615,523	$ 50,254	$ 1,967,671

S-5

Schedule IV
MAIDEN HOLDINGS, LTD.
SUPPLEMENTARY REINSURANCE INFORMATION
(In thousands of U.S. dollars)

For the Year Ended December 31,	(a) Gross	(b) Ceded to other companies	(c) Assumed from other companies	(d) Net amount (a) - (b) + (c)	Percentage of amount to net (c)/(d)
2018 Premiums – General Insurance	$11,024	$ 3,201	$2,006,774	$2,014,597	99.6 %
2017 Premiums – General Insurance	5,765	40,714	2,072,326	2,037,377	101.7 %
2016 Premiums – General Insurance	8,045	121,358	2,080,984	1,967,671	105.8 %

S-6

Schedule VI
MAIDEN HOLDINGS, LTD.
SUPPLEMENTARY INSURANCE INFORMATION
CONCERNING PROPERTY/CASUALTY INSURANCE OPERATIONS
(In thousands of U.S. dollars)

	Net loss and LAE		Paid loss and LAE
For the Year Ended December 31,	**Current Year**	**Prior Year**	
2018	$1,431,484	$448,637	$1,163,766
2017	1,271,860	283,573	1,058,491
2016	1,158,435	131,077	958,530

S-7