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

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2009

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

For the transition period from ___________________ to ___________________

Commission file no. 001-33143

Maiden Holdings, Ltd.

(Exact name of registrant as specified in its charter)

Bermuda (State or other jurisdiction of incorporation or organization)	04-3106389 (IRS Employer Identification No.)
48 Par-la-Ville Road, Suite 1141 HM11 (Address of principal executive offices)	HM11 (Zip Code)

(441) 292-7090
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer ¨ Accelerated filer ¨

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

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

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

INDEX

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

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

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

See accompanying notes to the unaudited condensed consolidated financial statements.

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

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

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	For the Six Months Ended June 30, 2009	For the Six Months Ended June 30, 2008
Cash flows from operating activities:		
Net income	$ 29,352	$ 26,308
Adjustments to reconcile net income to net cash provided by operating activities :		
Depreciation and amortization of intangibles	3,502	11
Net realized loss (gain) on sales of investments	396	(163)
Foreign exchange gain on revaluation	(945)	-
Amortization of share-based compensation expense, bond premium and discount and trust preferred securities discount	(2,822)	(396)
Changes in assets - (increase) decrease:		
Reinsurance balances receivable	(157,679)	(73,943)
Accrued investment income	(308)	(1,623)
Deferred commission and other acquisition costs	(66,925)	(46,796)
Other assets	(1,041)	392
Changes in liabilities – increase (decrease):		
Accrued expenses and other liabilities	(24,011)	(1,391)
Loss and loss adjustment expense reserves	42,102	44,832
Unearned premiums	140,972	131,040
Net cash (used in) provided by operating activities	(37,407)	78,271
Cash flows from investing activities:		
Purchases of investments:		
Purchases of fixed-maturity securities	(415,611)	(309,980)
Purchases of other investments	(138)	(309)
Sale of investments:		
Proceeds from sales of fixed-maturity securities	134,384	73,365
Proceeds from maturities and calls of fixed-maturity securities	116,139	-
Proceeds from redemption of other investments	127	-
Increase in restricted cash	97,394	-
Loan to related party	-	(54,433)
Purchase of furniture and equipment	(201)	(52)
Net cash used in investing activities	(67,906)	(291,409)
Cash flows from financing activities:		
Repurchase agreements, net	(123,849)	254,557
Common share issuance	117	-
Trust preferred securities issuance	260,000	-
Trust preferred securities issuance cost	(4,342)	-
Dividend paid	(7,733)	(2,978)
Net cash provided by financing activities	124,193	251,579
Net increase in cash and cash equivalents	18,880	38,441
Cash and cash equivalents, beginning of period	131,897	35,729
Cash and cash equivalents, end of period	$ 150,777	$ 74,170

Supplemental information on cash flows				
Cash paid for interest	$	8,594	$	-
Supplemental information about non-cash investing and financing activities				
Discount on Trust Preferred Securities	$	(44,928)	$	-
Additional paid in Capital		44,928		-

See accompanying notes to the unaudited condensed consolidated financial statements.

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

For the six months ended June 30, 2009	Common Shares	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at December 31, 2008	$ 596	$ 530,519	$ (44,499)	$ 26,944	$ (3,801)	$ 509,759
Net income				29,352		29,352
Unrealized gains, net of deferred taxes			29,402			29,402
Comprehensive income						58,754
Shares issued, net	117	44,928				45,045
Share based compensation		276				276
Dividends to shareholders				(8,435)		(8,435)
Balance at June 30, 2009	$ 713	$ 575,723	$ (15,097)	$ 47,861	$ (3,801)	$ 605,399

For the six months ended June 30, 2008	Common Shares	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at December 31, 2007	$ 596	$ 529,647	$ (13,496)	$ 20,598	$ -	$ 537,345
Net income	-	-	-	26,308	-	26,308
Net unrealized losses	-	-	(21,349)	-	-	(21,349)
Comprehensive income						4,959
Share based compensation	-	391	-	-	-	391
Dividends to shareholders	-	-	-	(5,955)	-	(5,955)
Balance at June 30, 2008	$ 596	$ 530,038	$ (34,845)	$ 40,951	$ -	$ 536,740

See accompanying notes to the unaudited condensed consolidated financial statements.

MAIDEN HOLDINGS, LTD.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands (000's), except per share data)
(Unaudited)

1. Basis of Presentation — Summary of Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements include the accounts of Maiden Holdings, Ltd. and its subsidiaries and have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial statements and with the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the U.S. Securities and Exchange Commission ("SEC"). Accordingly they do not include all of the information and footnotes required by GAAP for complete financial statements. All significant inter-company transactions and accounts have been eliminated in the consolidated financial statements.

These interim consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the results for the interim period and all such adjustments are of a normal recurring nature. The results of operations for the interim period are not necessarily indicative, if annualized, of those to be expected for the full year. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

These unaudited condensed consolidated financial statements, including these notes, should be read in conjunction with the Company's audited consolidated financial statements, and related notes thereto, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

2. Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standard Board ("FASB") issued Statement No. 166, "Accounting for Transfers of Financial Assets" ("SFAS166") an amendment to FASB Statement No. 140. SFAS166 will require more information about transfers of financial assets, including securitization transactions, and where entities have continuing exposure to the risks related to transferred financial assets. It eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets, and requires additional disclosures. SFAS166 enhances information reported to users of financial statements by providing greater transparency about transfers of financial assets and an entity's continuing involvement in transferred financial assets. SFAS166 will be effective for annual reporting periods beginning on or after January 1, 2010. Early application is not permitted. The Company is currently analyzing the impact this will have on its financial statements.

In June 2009, the FASB issued Statement No. 167, "Amendments to FASB Interpretation No. 46(R)" ("SFAS 167"). SFAS 167 is a revision to FASB Interpretation 46 (Revised December 2003), "Consolidation of Variable Interest Entities " and changes how a reporting entity determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a reporting entity is required to consolidate another entity is based on, among other things, the other entity's purpose and design and the reporting entity's ability to direct the activities of the other entity that most significantly impact the other entity's economic performance. SFAS 167 will require a reporting entity to provide additional disclosures about its involvement with variable interest entities and any significant changes in risk exposure due to that involvement. A reporting entity will be required to disclose how its involvement with a variable interest entity affects the reporting entity's financial statements. SFAS 167 will be effective for annual reporting periods beginning on or after January 1, 2010. Early application is not permitted. The Company is currently analyzing the impact this will have on its financial statements.

In June 2009, the FASB issued Statement No. 168, “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles” (“SFAS 168”). SFAS 168 will become the single source of authoritative nongovernmental U.S. generally accepted accounting principles (“GAAP”), superseding existing FASB, American Institute of Certified Public Accountants (“AICPA”), Emerging Issues Task Force (“EITF”), and related accounting literature. SFAS 168 reorganizes the thousands of GAAP pronouncements into roughly 90 accounting topics and displays them using a consistent structure. Also included is relevant Securities and Exchange Commission guidance organized using the same topical structure in separate sections. SFAS 168 will be effective for financial statements issued for reporting periods that end after September 15, 2009. This will have an impact on the Company’s financial statement disclosures since all future references to authoritative accounting literature will be referenced in accordance with SFAS 168.

In May 2009, the FASB issued Statement No. 165, “Subsequent Events” (“SFAS 165”). SFAS 165 requires entities to disclose the date through which they have evaluated subsequent events and whether the date corresponds with the release of their financial statements. Effective for interim and annual periods ending after June 15, 2009, the Company implemented SFAS 165 as of April 1, 2009 with no material impact on Company’s consolidated financial condition and results of operations.

MAIDEN HOLDINGS, LTD.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands (000's), except per share data)
(Unaudited)

2. Recent Accounting Pronouncements (continued)

In April 2009, the FASB issued three FASB Staff Positions ("FSP") – (1) FSP FAS 115-2 and FAS 124-2 "Recognition and Presentation of Other-Than-Temporary Impairments" ("FSP FAS 115-2"), (2) FSP FAS 157-4 "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP FAS 157-4"), and (3) FSP FAS 107-1 and APB 28-1 "Interim Disclosures about Fair Value of Financial Instruments" ("FSP FAS 107-1"). FSP FAS 115-2 amends the other-than-temporary impairment guidance in GAAP for debt securities to remove the requirement that a company must have the intent and ability to hold a debt security until its anticipated recovery, but rather, under the revised guidance, a company must recognize an other-than-temporary impairment charge on its income statement if it intends to sell the debt security or if it is more likely than not it will be required to sell a debt security before the recovery of its amortized cost basis. In addition, the new FSP FAS 115-2 also requires the recognition of an other-than-temporary impairment charge if the present value of cash flows of a debt security expected to be collected is less than the amortized cost basis of the debt security. FSP FAS 115-2 is effective for interim and annual periods ending after June 15, 2009. The Company adopted FSP FAS 115-2 for the period ended June 30, 2009. The adoption of FSP FAS 115-2 did not have a material impact on the financial statements of the Company.

FSP FAS 157-4 provides additional guidance for estimating fair value in accordance with Financial Accounting Standard No. 157 "Fair Value Measurements" ("SFAS 157"), when the volume and level of activity for an asset or liability has significantly decreased. FSP FAS 157-4 provides a list of non-exhaustive factors a company should consider in determining whether there has been a significant decrease in the volume and level of activity for an asset or liability when compared with normal market activity for that asset or liability (or similar assets or liabilities). If a company determines there has been a significant decrease in the volume and level of activity of an asset or liability, further analysis of the transactions or quoted prices is needed, and a significant adjustment to the transactions or quoted prices may be necessary to estimate the fair value in accordance with SFAS 157. FSP FAS 157-4 also provides additional guidance on identifying circumstances that indicate a transaction is not orderly, and therefore, excluded as an observable input in the determination of fair value. FSP FAS 157-4 is effective for interim and annual periods ending after June 15, 2009. The Company adopted FSP FAS 157-4 for the period ended June 30, 2009. The adoption of FSP FAS 157-4 and did not have a material impact on the financial statements of the Company.

In addition, in April 2009, the SEC staff issued Staff Accounting Bulletin ("SAB") 111 that amended Topic 5.M. "Other Than Temporary Impairment of Certain Investments in Debt and Equity Securities". This SAB amends Topic 5.M. solely to include the staff's view on equity securities and exclude debt securities from its scope. By excluding debt securities from the scope of Topic 5.M., companies are no longer required to assess if they have the intent and ability to hold available-for-sale debt securities until anticipated recovery to determine if there is an other-than-temporary impairment charge.

3. Investments

(a) Fixed Maturities and Other Investments

The original or amortized cost, estimated fair value and gross unrealized gains and losses of available-for-sale fixed maturities and other investments as of June 30, 2009 and December 31, 2008 are as follows:

June 30, 2009		Original or amortized cost		Gross unrealized gains		Gross unrealized losses		Fair value
Fixed Maturities:								
U.S. – treasury bonds	$	33,626	$	286	$	(233)	$	33,679
U.S. Agency - mortgage backed securities		697,512		20,812		(2,120)		716,204
Corporate fixed maturities		552,330		15,395		(46,325)		521,400
Municipal bonds		23,753		14		(116)		23,651
Total available for sale fixed maturities		1,307,221		36,507		(48,794)		1,294,934
Other investments		5,814		-		(422)		5,392
Total investments	$	1,313,035	$	36,507	$	(49,216)	$	1,300,326

MAIDEN HOLDINGS, LTD.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands (000's), except per share data)
(Unaudited)

3. Investments (continued)

(a) Fixed Maturities and Other Investments(continued)

December 31, 2008	Original or amortized cost	Gross unrealized gains	Gross unrealized losses	Fair Value
Fixed Maturities:				
U.S. – treasury bonds	$ 37,782	$ 775	$ (30)	$ 38,527
U.S. Agency - mortgage backed securities	756,023	21,178	(5,302)	771,899
Corporate fixed maturities	370,121	2,320	(62,912)	309,529
Total available for sale fixed maturities	1,163,926	24,273	(68,244)	1,119,955
Other investments	5,819	-	(528)	5,291
Total investments	$ 1,169,745	$ 24,273	$ (68,772)	$ 1,125,246

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:

	Less than 12 months		12 months or more		Total	
June 30, 2009	Fair value	Unrealized losses	Fair value	Unrealized Losses	Fair value	Unrealized losses
Available-for-sale securities:						
U.S. – treasury bonds	$ 4,268	(233)	-	-	$ 4,268	(233)
U.S. Agency mortgage backed securities	135,262	(1,011)	49,685	(1,109)	184,947	(2,120)
Corporate fixed maturities	47,945	(4,254)	213,601	(42,071)	261,546	(46,325)
Municipal bonds	10,408	(116)	-	-	10,408	(116)
	197,833	(5,614)	263,286	(43,180)	461,169	(48,794)
Other investments	$ -	-	$ 4,708	(422)	$ 4,708	(422)
Total temporarily impaired available-for-sale securities and other investments	$ 197,883	$ (5,614)	$ 267,994	$ (43,602)	$ 465,877	$ (49,216)

MAIDEN HOLDINGS, LTD.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands (000's), except per share data)
(Unaudited)

3. Investments – (continued)

As of June 30, 2009, there were approximately 39 securities in an unrealized loss position with a fair value of $ 465,877. Of these securities, there were 21 securities that have been in an unrealized loss position for 12 months or more with a value of $ 267,994.

	Less than 12 months		12 months or more		Total	
December 31, 2008	Fair value	Unrealized losses	Fair value	Unrealized Losses	Fair value	Unrealized losses
Available-for-sale securities:						
U.S. – treasury bonds	$ 6,521	$ (30)	-	$ -	$ 6,521	(30)
U.S. Agency mortgage backed securities	148,803	(5,302)	-	-	148,803	(5,302)
Corporate fixed maturities	104,279	(13,708)	153,055	(49,205)	257,334	(62,912)
	259,603	(19,040)	153,055	(49,205)	412,658	(68,244)
Other investments	$ 4,722	$ (528)	$ -	$ -	$ 4,722	(528)
Total temporarily impaired available-for-sale securities and other investments	$ 264,325	$ (19,568)	$ 153,055	$ (49,205)	$ 417,380	$ (68,772)

As of December 31, 2008, there were approximately 40 securities in an unrealized loss position with a fair value of $417,380. Of these securities, there were 10 securities that have been in an unrealized loss position for 12 months or more with a value of $153,055.

Other-than-Temporary Impairments ("OTTI")

We review our investment portfolio for impairment on a quarterly basis. Impairment of investments results in a charge to operations when a fair value decline below cost is deemed to be other-than-temporary. As of June 30, 2009, we reviewed our portfolio to evaluate the necessity of recording impairment losses for other-than-temporary declines in the fair value of investments. During the three and six months ended June 30, 2009 and 2008, the Company recognized no other than temporary impairment fixed income securities and other investments. Based on our qualitative and quantitative OTTI review of each asset class within our fixed maturity portfolio, the unrealized losses on fixed maturities at June 30, 2009, were primarily due to widening of credit spreads relating to the market illiquidity, rather than credit events. Because the Company neither intends nor will be required to sell these securities until a recovery of fair value to amortized cost, we currently believe it is probable that we will collect all amounts due according to their respective contractual terms. Therefore we do not consider these fixed maturities to be other-than-temporarily impaired at June 30, 2009.

(b) Restricted Cash 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. The assets on deposit are available to settle reinsurance liabilities. 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 maturity securities. The fair value of our restricted assets was as follows:

	June 30, 2009	December 31, 2008
Restricted cash - third party agreements	$ 296,575	$ 335,201
Restricted cash - related party agreements	15,308	74,076
Total restricted cash	311,883	409,277
Restricted investments - in Trust for third party agreements at fair value (Amortized cost: 2009 - $755,827; 2008 - $701,973)	731,432	660,388
Restricted investments - in Trust for related party agreements at fair value (Amortized cost: 2009 - $138,773; 2008 - $1,200)	145,861	1,203
Total restricted investments	877,293	661,591
Total restricted cash and investments	$ 1,189,176	$ 1,070,868

MAIDEN HOLDINGS, LTD.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands (000's), except per share data)
(Unaudited)

3. Investments – (continued)

(c) Other

The Company enters into repurchase agreements. The agreements are accounted for as collateralized borrowing transactions and are recorded at contract amounts. The Company receives cash or securities, that it invests or holds in short term or fixed income securities. As of June 30, 2009, there were $108,797 principal amount outstanding at interest rates between 0.4% and 0.55%. Interest expense associated with these repurchase agreements was $10 and $783 for the three and six months ended June 30, 2009, respectively, out of which $10 was accrued as of June 30, 2008. The Company has approximately $108,797 of collateral pledged in support of these agreements.

4. Fair Value of Financial Instruments

The Company's estimates of fair value for financial assets and financial liabilities are based on the framework established in SFAS 157. 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 SFAS 157 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. The three levels of the hierarchy are as follows:

- Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets that the Company has the ability to access.

- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.

- Level 3 - Valuations based on models where significant inputs are not observable. The unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use.

In accordance with SFAS 157, the Company determines fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

SFAS 107, "Disclosure about Fair Value of Financial Instruments" requires all entities to disclose the fair value of its financial instruments, both assets and liabilities recognized and not recognized in the balance sheet, for which it is practicable to estimate fair value.

The Company uses the following methods and assumptions in estimating its fair value disclosure for its financial instruments.

Investments available for sale. Investments available for sale are recorded at fair value on a recurring basis and include fixed maturities and securities sold under agreements to repurchase. Fair value of investments is measured based upon quoted prices in active markets, if available. If quoted prices in active markets are not available, fair values are measured by an independent pricing service that utilizes valuation techniques based upon observable market data. Level 1 investments include those traded on an active exchange, such as the NASDAQ. Since fixed maturities other than U.S. treasury securities generally do not trade on a daily basis, the independent pricing service prepares estimates of fair value measurements for these securities using its proprietary pricing applications which include available relevant market information. These investments are classified as Level 2 investments and include obligations of U.S. government agencies, municipals and corporate debt securities.

Other investments. Other investments consist primarily of hedge funds where the fair value estimate is determined by an external fund manager based on recent filings, operating results, balance sheet stability, growth and other business and market sector fundamentals. Due to the significant unobservable inputs in these valuations, the Company includes other investments in the amount disclosed in Level 3.

Reinsurance balance receivable. The carrying values reported in the accompanying balance sheets for these financial instruments approximate their fair value due to short term nature of the assets.

Loan to related party. The carrying values reported in the accompanying balance sheets for these financial instruments approximate their fair value.

Trust preferred securities. The carrying values reported in the accompanying balance sheets for these financial instruments approximate their fair value.

MAIDEN HOLDINGS, LTD.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands (000's), except per share data)
(Unaudited)

4. Fair Value of Financial Instruments (continued)

a) Fair Value Hierarchy

The following table presents the level within the fair value hierarchy at which the Company's financial assets and financial liabilities are measured on a recurring basis as of June 30, 2009 and December 31, 2008:

June 30, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets				
Fixed maturities	$ 33,679	$ 1,261,255	$ -	$ 1,294,934
Other investments	-	-	5,392	5,392
Total	$ 33,679	$ 1,261,255	$ 5,392	$ 1,300,326
As a percentage of total assets	1.4%	50.9%	0.2%	52.5%
Liabilities				
Securities sold under agreements to repurchase	$ -	$ 108,797	$ -	$ 108,797
As a percentage of total liabilities	-	5.8%	-	5.8%

December 31, 2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets				
Fixed maturities	$ 38,527	$ 1,081,428	$ -	$ 1,119,955
Other investments	-	-	5,291	5,291
Total	$ 38,527	$ 1,081,428	$ 5,291	$ 1,125,246
As a percentage of total assets	1.8%	50.8%	0.2%	52.8%
Liabilities				
Securities sold under agreements to repurchase	$ -	$ 232,646	$ -	$ 232,646
As a percentage of total liabilities	-	14.4%	-	14.4%

b) Level 3 Financial Instruments

The following table presents changes in Level 3 for our financial instruments measured at fair value on a recurring basis for the six months ended June 30, 2009:

Other Investments:	June 30, 2009
Balance – January 1	$ 5,291
Change in net unrealized gains (losses) – included in other comprehensive loss	106
Net realized gains (losses) – included in net income	(15)
Net purchases or (sales)	10
Net transfers in (out of) of Level 3	-
Balance at end of period	$ 5,392

MAIDEN HOLDINGS, LTD.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands (000's), except per share data)
(Unaudited)

5. Goodwill and Intangible Assets

The following table shows an analysis of goodwill and intangible assets:

June 30, 2009	Gross	Accumulated Amortization	Net	Useful Life
Goodwill	$ 49,747	$ -	$ 49,747	Indefinite
State licenses	4,527	-	4,527	Indefinite
Customer relationships	51,400	(4,493)	46,907	15 years double declining
Net balance	$ 105,674	$ (4,493)	$ 101,181	

December 31, 2008	Gross	Accumulated Amortization	Net	Useful Life
Goodwill	$ 49,747	$ -	$ 49,747	Indefinite
State licenses	5,000	-	5,000	Indefinite
Customer relationships	51,400	(1,253)	50,147	15 years double declining
Net balance	$ 106,147	$ (1,253)	$ 104,894	

On October 31, 2008, the Company acquired the reinsurance operations of GMAC Insurance (GMACI), including its book of assumed reinsurance business. As part of the transaction the Company's wholly owned subsidiary Maiden Holdings North America, Ltd. ("Maiden NA") acquired GMAC RE LLC, the reinsurance managing general agent writing business on behalf of Motors Insurance Corporation and the renewal rights for the business written by GMAC RE. In connection with the transaction Maiden NA also entered into an agreement to acquire two licensed insurance companies, GMAC Direct Insurance Company ("GMAC Direct") and Integon Specialty Insurance Company ("Integon"). Regulatory approval for the acquisition of Integon was received on July 27, 2009 and the acquisition is expected to be consummated on September 1, 2009. The acquisition of GMAC Direct closed on December 23, 2008, and it was renamed Maiden Reinsurance Company on February 2, 2009.

Goodwill and intangible assets are subject to annual impairment testing. No impairment was recorded during the three and six months ended June 30, 2009. The Company currently estimates the amortization of the intangible assets with finite lives for the years ended December 31, 2009, 2010, 2011, 2012 and 2013 to be $6,590, $5,808, $5,033, $4,362 and $3,781, respectively.

6. Trust Preferred Securities

On January 20, 2009, the Company completed a private placement of 260,000 units (the "Units"), each Unit consisting of $1,000 principal amount of capital securities (the "Trust Preferred Securities") of Maiden Capital Financing Trust (the "Trust"), a trust established by Maiden NA, and 45 common shares, $.01 par value, of the Company (the "Common Shares"), for a purchase price of $1,000.45 per Unit. This resulted in gross proceeds to the Company of $260,117, before $4,342 of placement agent fees and expenses. As a result, the Company issued 11,700,000 of its Common Shares. Certain trusts established by Michael Karfunkel and George Karfunkel, two of the Company's founding shareholders, purchased an aggregate of 159,000 of the Units or 61%. The remaining 101,000 Units were purchased by existing institutional shareholders of the Company.

The Trust used the proceeds from the sale of the Trust Preferred Securities to purchase a subordinated debenture (the "Debenture") in the principal amount of $260,000 issued by Maiden NA.

MAIDEN HOLDINGS, LTD.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands (000's), except per share data)
(Unaudited)

6. Trust Preferred Securities (continued)

The Debenture was issued pursuant to an Indenture dated January 20, 2009 by and between the Maiden NA and Wilmington Trust Company ("Wilmington"). The terms of the Debenture are substantially the same as the terms of the Trust Preferred Securities. The interest payments by Maiden NA will be used by the Trust to pay the quarterly distributions to the holders of the Trust Preferred Securities. The Indenture permits Maiden NA to redeem the Debenture (and thus a like amount of the Trust Preferred Securities) at stated value plus one year's interest together with accrued and unpaid interest, if any, through the date of redemption at any time until January 15, 2014. On and after January 15, 2014, Maiden NA may redeem any or all of the Debenture (and thus a like amount of the Trust Preferred Securities) at stated value plus accrued and unpaid interest, if any, through the date of redemption. If the Company redeems any amount of its Debenture, the Trust must redeem a like amount of the Trust Preferred Securities. The Indenture permits Maiden NA, as long as no event of default has occurred and continues, to defer interest payments on the Debenture for up to 20 consecutive quarterly periods, during which interest accrues and compounds until paid.

Pursuant to separate Guarantee Agreements dated as of January 20, 2009 (each a "Guarantee Agreement") with Wilmington, as guarantee trustee, each of the Company and Maiden NA has agreed to guarantee the payment of distributions and payments on liquidation or redemption of the Trust Preferred Securities.

As a consequence of the issuance of a majority of the Units to a related party under FASB Interpretation 46R Consolidation of Variable Interest Entities ("FIN 46R"), the Trust is a variable interest entity and the Company is deemed to be the Primary beneficiary and is required to consolidate the Trust. The issuance of common shares associated with the Trust Preferred Securities resulted in an original issuance discount of $44,928 based on market price on January 20, 2009. The discount is amortized over 30 years based on the effective interest method. The Debentures and Trust Preferred Securities mature in 2039 and carry a stated or coupon rate of 14% with an effective interest rate of 16.95%. As of June 30, 2009, the stated value of the Trust Preferred Securities was $215,096 which comprises the principal amount of $260,000 and unamortized discount of $44,904.

7. Earnings Per Share

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

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Net income available to common shareholders	$ 16,251	$ 13,792	$ 29,352	$ 26,308
Weighted average number of common shares outstanding - basic	70,287,664	59,550,000	68,994,846	59,550,000
Potentially dilutive securities:				
Warrants	-	-	-	-
Share options	379,435	-	315,858	-
	70,667,099	59,550,000	69,310,704	59,550,000

Weighted average number of common shares outstanding - diluted								
Basic earnings per common share:	$	0.23	$	0.23	$	0.43	$	0.44
Diluted earnings per common share:	$	0.23	$	0.23	$	0.42	$	0.44

As of June 30, 2009, 4,050,000 (2008: 4,050,000) warrants and 645,626 (2008: 859,707) share options were excluded from the calculation of diluted earnings per share as they were anti-dilutive.

8. Share Based Compensation

Share Options

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 as of 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 adoption of SFAS No. 123R's fair value method has resulted in share-based expense (a component of salaries and benefits) in the amount of approximately $117 and $276 for the three and six months ended June 30, 2009, respectively (2008: $204 and $391, respectively).

MAIDEN HOLDINGS, LTD.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands (000's), except per share data)
(Unaudited)

8. Share Based Compensation (continued)

The key assumptions used in determining the fair value of options granted in the three and six months ended June 30, 2009 and a summary of the methodology applied to develop each assumption are as follows:

Assumptions :	June 30, 2009
Volatility	29.8-43.9%
Risk-free interest rate	2.36-3.30%
Weighted average expected lives in years	5-6.1 years
Forfeiture rate	0%
Dividend yield rate	1-5.39%

Expected Price Volatility – This is a measure of the amount by which a price has fluctuated or is expected to fluctuate. The common shares of Maiden Holdings, Ltd. began trading on May 6, 2008. Since the Company does not have enough history over which to calculate an expected volatility representative of the volatility over the expected lives of the options, the Company considered the historical and current implied volatilities of a set of comparable companies in the industry in which the Company operates.

Risk-Free Interest Rate – This is the U.S. Treasury rate for the week of the grant having a term equal to the expected life of the option. An increase in the risk-free interest rate will increase compensation expense.

Expected Lives – This is the period of time over which the options granted are expected to remain outstanding giving consideration to vesting schedules, historical exercise and forfeiture patterns. The Company uses the simplified method outlined in SEC Staff Accounting Bulletin No. 107 to estimate expected lives for options granted during the period as historical exercise data is not available and the options meet the requirements set out in the Bulletin. Options granted have a maximum term of ten years. An increase in the expected life will increase compensation expense.

Forfeiture Rate – This is the estimated percentage of options granted that are expected to be forfeited or cancelled before becoming fully vested. An increase in the forfeiture rate will decrease compensation expense.

The following schedules shows all options granted, exercised, expired and exchanged under the Plan for the three months ended June 30, 2009:

Three Months Ended June 30, 2009	Number of Share Options		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding, March 31, 2009	1,469,834	$	5.55	9.31 years
Granted	34,000		5.05	9.89 years
Exercised	-		-	-
Cancelled	-		-	-
Outstanding, June 30, 2009	1,503,834	$	5.54	9.08 years

The following schedule shows all options granted, exercised, expired and exchanged under the Plan for the six months ended June 30, 2009:

Six Months Ended June 30, 2009	Number of Share Options		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding, December 31, 2008	1,519,834	$	5.92	9.44 years
Granted	184,000		4.51	9.70 years
Exercised	-		-	
Cancelled	(200,000)		7.74	-
Outstanding, June 30, 2009	1,503,834	$	5.54	9.08 years

MAIDEN HOLDINGS, LTD.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands (000's), except per share data)
(Unaudited)

8. Share Based Compensation (continued)

The following schedules shows all options granted, exercised, expired and exchanged under the Plan for the three months ended June 30, 2008:

Three Months Ended June 30, 2008	Number of Share Options		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding, March 31, 2008	883,000	$	10.00	9.5 years
Granted	79,000		10.00	9.9 years
Exercised	-		-	
Cancelled	-		-	
Outstanding, June 30, 2008	962,000	$	10.00	9.3 years

The following schedule shows all options granted, exercised, expired and exchanged under the Plan for the six months ended June 30, 2008:

Six Months Ended June 30, 2008	Number of Share Options		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding, December 31, 2007	716,000	$	10.00	9.1 years
Granted	246,000		10.00	9.7 years
Exercised	-		-	
Cancelled	-		-	
Outstanding, June 30, 2008	962,000	$	10.00	9.3 years

The weighted average grant date fair value was $1.58 and $ 3.33 for all options outstanding at June 30, 2009 and 2008, respectively. There was approximately $1,478 and $2,471 of total unrecognized compensation cost related to non-vested share-based compensation arrangements as of June 30, 2009 and 2008, respectively.

9. Dividends Declared

On February 25, 2009, the Company's Board of Directors approved a quarterly cash dividend of $0.06 per common share. This dividend was paid on April 15, 2009 to shareholders of record on April 1, 2009.

On May 11, 2009, the Company's Board of Directors approved a quarterly cash dividend of $0.06 per common share. This dividend was paid on July 15, 2009 to shareholders of record on July 1, 2009.

10. Related Party Transactions

The Founding Shareholders of Maiden, Michael Karfunkel, George Karfunkel and Barry Zyskind, are also the principal shareholders, and, respectively, the Chairman of the Board of Directors, a Director, and the President and Chief Executive Officer and Director of AmTrust. The following describes transactions between the Company and

AmTrust.

Quota Share Reinsurance Agreement

Effective July 1, 2007, the Company and AmTrust entered into a master agreement, as amended (the “Master Agreement”), by which they caused AmTrust’s Bermuda reinsurance subsidiary, AmTrust International Insurance, Ltd. (“AII”) and Maiden Insurance Company Ltd. (“Maiden Insurance”) to enter into the Reinsurance Agreement by which (a) AII retrocedes to Maiden Insurance an amount equal to 40% of the premium written by subsidiaries of AmTrust, net of the cost of unaffiliated inuring reinsurance (and in the case of AmTrust’s U.K. insurance subsidiary, IGI Insurance Company Limited (“IGI”), net of commissions) and 40% of losses and (b) AII transferred to Maiden Insurance 40% of the AmTrust subsidiaries’ unearned premium reserves, effective as of July 1, 2007, with respect to the current lines of business, excluding risks for which the AmTrust subsidiaries’ net retention exceeds $5,000 (“Covered Business”). AmTrust also has agreed to cause AII, subject to regulatory requirements, to reinsure any insurance company which writes Covered Business in which AmTrust acquires a majority interest to the extent required to enable AII to cede to Maiden Insurance 40% of the premiums and losses related to such Covered Business. The Agreement further provides that AII receives a ceding commission of 31% of ceded written premiums.

MAIDEN HOLDINGS, LTD.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands (000's), except per share data)
(Unaudited)

10. Related Party Transactions (continued)

The Reinsurance Agreement has an initial term of three years and will automatically renew for successive three year terms thereafter, unless either AII or Maiden Insurance notifies the other of its election not to renew not less than nine months prior to the end of any such three year term. In addition, 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 Insurance, run-off, or a reduction of 50% or more of the shareholders' equity of Maiden Insurance or the combined shareholders' equity of AII and the AmTrust subsidiaries.

On June 11, 2008, the Company and AmTrust amended the Reinsurance Agreement to add Retail Commercial Package Business to the Covered Business as a consequence of AmTrust's acquisition of Unitrin Business Insurance (UBI). Under the amendment, AmTrust's subsidiaries cede, upon collection, to Maiden 100% of unearned premium (net of inuring reinsurance) from the acquisition of UBI's in-force book of business. Additionally, AmTrust cedes to Maiden 40% of net premium written, effective as of June 1, 2008. Maiden will pay to AmTrust a ceding commission of 34.375% on the unearned premium cession and the Retail Commercial Package Business. The $2,000 maximum liability for a single loss provided in the Quota Share Reinsurance Agreement shall not be applicable to Retail Commercial Package Business.

On February 9, 2009, AII and Maiden Insurance amended the Reinsurance Agreement to clarify that (i) AII would offer Maiden Insurance the opportunity to reinsure Excess Retention Business, which is defined as a policy issued by an AmTrust insurance subsidiary with respect to which the insurance subsidiary's retention is greater than $5 million and (ii) the deduction for the cost of inuring reinsurance from Affiliate Subject Premium (as defined in the Reinsurance Agreement) retroceded to Maiden Insurance is net of ceding commission. In addition, the Reinsurance Agreement has been amended by deleting the limitation on Maiden Insurance's maximum liability in respect of a single loss, which, under certain circumstances, was $2 million. Pursuant to the Reinsurance Agreement, as amended, AII and Maiden Insurance share, proportionally, in all premium and losses ceded thereunder.

The Company recorded approximately $27,619 and $ 56,873 of ceding commission expense for the three and six months ended June 30, 2009, respectively (2008: $24,090 and $43,865, respectively), as a result of this transaction.

Other Reinsurance Agreement

Effective January 1, 2008 the Company and AmTrust entered into an agreement to reinsure a 45% participation in the $9 million in excess of $1 million layer of AmTrust's workers' compensation excess of loss program. This layer provides reinsurance to AmTrust for losses per occurrence in excess of $1 million up to $10 million, subject to an annual aggregate deductible of $1.25 million. This participation was sourced through a reinsurance intermediary via open market placement in which competitive bids were solicited by an independent broker. The remaining 55% participation was placed with a single carrier.

The following is the effect on the Company's balance sheet as of June 30, 2009 and December 31, 2008, and the results of operations for the three and six months ended June 30, 2009 and 2008 related to the Reinsurance Agreements with AmTrust:

Assets and (liabilities):	June 30,	December 31,

	2009	2008
Restricted cash and investments	$ 161,169	$ 75,279
Loan to related party	167,975	167,975
Reinsurance balances receivable, net	39,599	48,837
Accrued interest on loan to related party	1,124	1,478
Deferred acquisition costs	77,518	80,455
Reserve for losses and loss expenses	(157,349)	(69,646)
Unearned premiums	$ (237,698)	$ (245,742)

Results of operations:	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Net premium written - assumed	$ 82,086	$ 171,245	$ 175,401	$ 258,959
Change in unearned premium - assumed	7,371	(94,602)	8,042	(118,020)
Net earned premium - assumed	89,457	76,643	183,443	140,939
Commission and other acquisition costs on premium written	26,767	58,077	57,324	86,543
Change in deferred acquisition costs	2,560	(32,913)	2,937	(40,625)
Ceding commission and other acquisition cost - expensed	29,327	25,164	60,261	45,918
Loss and loss adjustment expense	57,494	43,363	115,626	80,762
Interest income on loan to related party	553	933	1,363	2,285

MAIDEN HOLDINGS, LTD.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands (000's), except per share data)
(Unaudited)

10. Related Party Transactions (continued)

Collateral provided to AmTrust

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 Insurance has agreed to provide appropriate collateral to secure its proportional share under the Quota Share Agreement of AII's obligations to the AmTrust subsidiaries to which AII is required to provide collateral. This collateral may be in the form of (a) assets loaned by Maiden Insurance to AII, for deposit into the Trust Accounts, pursuant to a loan agreement between those parties, (b) assets transferred by Maiden Insurance, for deposit into the Trust Accounts, (c) a letter of credit obtained by Maiden Insurance and delivered to an AmTrust subsidiary on AII's behalf (a "Letter of Credit"), or (d) premiums withheld by an AmTrust subsidiary at Maiden Insurance's request in lieu of remitting such premiums to AII ("Withheld Funds"). Maiden Insurance may provide any or a combination of these forms of collateral, provided that the aggregate value thereof equals Maiden Insurance's proportionate share of its obligations under the Quota Share Agreement with AII. If collateral is required to be provided to any AmTrust subsidiary under applicable law or regulatory requirements, Maiden Insurance will provide collateral to the extent required, although Maiden Insurance does not expect that such collateral will be required unless an AmTrust subsidiary is domiciled in the United States.

Maiden Insurance satisfied its collateral requirements under the Quota Share Agreement with AII by lending funds in the amount of $167,975 as at June 30, 2009 and December 31, 2008 to AII pursuant to a loan agreement entered into between those parties. The amount of collateral Maiden Insurance is required to maintain, which is determined quarterly, equals its proportionate share of (a) the amount of ceded paid losses for which AII is responsible to such AmTrust subsidiaries but has not yet paid, (b) the amount of ceded loss reserves (including ceded reserves for claims reported but not resolved and losses incurred but not reported) for which AII is responsible to AmTrust subsidiaries, and (c) the amount of ceded reserves for unearned premiums ceded by AmTrust subsidiaries to AII. Pursuant to the Master Agreement, AmTrust has agreed to cause AII not to commingle Maiden Insurance's assets with AII's other assets and to cause the AmTrust subsidiaries not to commingle Maiden Insurance's assets with the AmTrust subsidiaries' other assets if an AmTrust subsidiary withdraws those assets. AII has agreed that, if an AmTrust subsidiary returns to AII excess assets withdrawn from a Trust Account, drawn on a Letter of Credit or maintained by such AmTrust subsidiary as Withheld Funds, AII will immediately return to Maiden Insurance its proportionate share of such excess assets. AII has further agreed that if the aggregate fair market value of the amount of Maiden Insurance's assets held in the Trust Account exceeds Maiden Insurance's proportionate share of AII's obligations, or if an AmTrust subsidiary misapplies any such collateral, AII will immediately return to Maiden Insurance an amount equal to such excess or misapplied collateral, less any amounts AII has paid to Maiden Insurance. In addition, if an AmTrust subsidiary withdraws Maiden Insurance's assets from a Trust Account and maintains those assets on its books as withheld funds, AII has agreed to pay to Maiden Insurance interest at the rate equivalent to the one-month London Interbank Offered Rate ("LIBOR") plus 90 basis points per annum computed on the basis of a 360-day year on the loan (except to the extent Maiden Insurance's proportionate share of AII's obligations to that AmTrust subsidiary exceeds the value of the collateral Maiden Insurance has provided), and net of unpaid fees Maiden Insurance owes to AIIM and its share of fees owed to the trustee of the Trust Accounts. 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 in Trust, as at

June 30, 2009 and December 31, 2008 was approximately $161,169 and $75,279, respectively, (See Note 3(b)).

Reinsurance Brokerage Agreements

Effective July 1, 2007, the Company entered into a reinsurance brokerage agreement with AII Reinsurance Broker Ltd., a subsidiary of AmTrust. Pursuant to the brokerage agreement, AII Reinsurance Broker Ltd. provides brokerage services relating to the Reinsurance Agreement for a fee equal to 1.25% of the premium reinsured from AII. The brokerage fee is payable in consideration of AII Reinsurance Broker Ltd's brokerage services. AII Reinsurance Broker Ltd. is not the Company's exclusive broker. AII Reinsurance Broker Ltd. may, if mutually agreed, also produce reinsurance for the Company from other ceding companies, and in such cases the Company will negotiate a mutually acceptable commission rate. The Company recorded approximately $1,095 and $2,250 of reinsurance brokerage expense for the three and six months ended June 30, 2009, respectively (2008: $953 and $1,750, respectively), and deferred reinsurance brokerage of $2,948 and $3,009 as at June 30, 2009 and December 31, 2008, respectively, as a result of this agreement.

Effective April 1, 2008, the Company entered into brokerage services agreements with IGI Intermediaries Limited and IGI Inc. (IGI), both subsidiaries of AmTrust. Pursuant to the brokerage services agreements, IGI provides marketing services to us which includes providing marketing material to potential policyholders, providing us with market information on new trends and business opportunities and referring new brokers and potential policyholders to us. A fee equal to IGI's costs in providing such services plus 8% is payable in consideration of IGI's marketing services. The Company recorded approximately $117 and $270 expense, which is included in other operating expenses, for the three and six months ended June 30, 2009, respectively.

MAIDEN HOLDINGS, LTD.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands (000's), except per share data)
(Unaudited)

10. Related Party Transactions (continued)

Asset Management Agreement

Effective July 1, 2007, the Company entered into an asset management agreement with AII Insurance Management Limited ("AIIM"), an AmTrust subsidiary, pursuant to which AIIM has agreed to provide investment management services to Maiden Insurance. Pursuant to the asset management agreement, AIIM provides investment management services for an annual fee equal to 0.35% of average invested assets plus all costs incurred. Effective April 1, 2008, the investment management services annual fee has been reduced to 0.20% if the average value of the account is less than $1 billion and 0.15% if the average value of the account is greater than $1 billion. The Company recorded approximately $619 and $1,216 of investment management fees for the three and six months ended June 30, 2009 (2008: $258 and $716), respectively, as a result of this agreement

11. Segments

The Company currently operates two business segments, Reinsurance - AmTrust Quota Share and Reinsurance - Other. The Company evaluates segment performance based on segment profit, which excludes investment income, realized gains and losses, general corporate expenses, interest expenses, income taxes and any other non-core business income or expenses. The following tables summarize business segments as follows:

For the three months ended June 30, 2009	Reinsurance - AmTrust Quota Share	Reinsurance -Other	Total
Net premiums written	$ 89,803	$ 148,553	$ 238,356
Net earned premium	87,627	136,214	223,841
Losses and loss adjustment expenses	(56,487)	(94,570)	(151,057)
Commissions and other acquisition expenses	(28,714)	(28,950)	(57,664)
General and administrative expenses	(687)	(4,088)	(4,775)
Underwriting income	$ 1,739	$ 8,606	$ 10,345
Reconciliation to net income			
Net investment income and realized gains (losses)			16,647
Amortization of intangible assets			(1,675)
Foreign exchange gain			2,404
Trust preferred interest			(9,112)
General and administrative expenses			(2,358)
Net Income			$ 16,251
Net loss and loss expense ratio*	64.5%	69.4%	67.5%
Acquisition cost ratio**	32.8%	21.3%	25.8%
General and administrative expense ratio***	0.8%	3.0%	3.2%
Combined ratio****	98.1%	93.7%	96.5%

MAIDEN HOLDINGS, LTD.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands (000's), except per share data)
(Unaudited)

11. Segments (continued)

For the six months ended June 30, 2009	Reinsurance - AmTrust Quota Share	Reinsurance -Other	Total
Net premiums written	$ 175,174	$ 399,731	$ 574,905
Net earned premium	180,049	253,884	433,933
Losses and loss adjustment expenses	(113,760)	(183,585)	(297,345)
Commissions and other acquisition expenses	(59,123)	(45,172)	(104.295)
General and administrative expenses	(1,061)	(9,815)	(10,876)
Underwriting income	$ 6,105	$ 15,312	$ 21,417
Reconciliation to net income			
Net investment income and realized gain (loss)			28,976
Amortization of intangibles assets			(3,239)
Foreign exchange gain			2,191
Trust preferred interest			(16,202)
General and administrative expenses			(3,791)
Net Income			$ 29,352
Net loss and loss expense ratio*	63.2%	72.3%	68.5%
Acquisition cost ratio**	32.8%	17.8%	24.0%
General and administrative expense ratio***	0.6%	3.9%	3.4%
Combined ratio****	96.6%	94.0%	95.9%

* Calculated by dividing net losses and loss expenses by net earned premium.
** Calculated by dividing commission and other acquisition expenses by net earned premium
*** Calculated by dividing general and administrative expenses by net earned premium.
**** Calculated by adding together net loss and loss expense ratio, acquisition cost ratio and general and administrative expense ratio.

For the three months ended June 30, 2008	Reinsurance - AmTrust Quota Share	Reinsurance -Other	Total
Net premiums written	$ 168,068	$ 3,183	$ 171,251
Net earned premium	76,246	1,092	77,338
Losses and loss adjustment expenses	(43,213)	(397)	(43,610)
Commissions and other acquisition expenses	(25,043)	(455)	(25,498)
General and administrative expenses	(201)	(480)	(681)
Underwriting income	$ 7,789	$ (240)	$ 7,549
Reconciliation to net income			

Net investment income and realized gain (loss)			7,802
General and administrative expenses			(1,559)
Net Income			$ 13,792
Net loss and loss expense ratio*	56.7%	36.4%	56.4%
Acquisition cost ratio**	32.9%	41.7%	33.0%
General and administrative expense ratio***	0.3%	44.0%	0.9%
Combined ratio****	89.9%	122.1%	90.3%

MAIDEN HOLDINGS, LTD.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands (000's), except per share data)
(Unaudited)

11. Segments (continued)

For the six months ended June 30, 2008	Reinsurance - AmTrust Quota Share	Reinsurance -Other	Total
Net premiums written	$ 251,016	$ 22,667	$ 273,683
Net earned premium	140,036	2,607	142,643
Losses and loss adjustment expenses	(80,421)	(1,025)	(81,446)
Commissions and other acquisition expenses	(45,614)	(1,144)	(46,758)
General and administrative expenses	(377)	(629)	(1,006)
Underwriting income	$ 13,624	$ (191)	$ 13,433
Reconciliation to net income			
Net investment income			15,535
General and administrative expenses			(2,660)
Net Income			$ 26,308
Net loss and loss expense ratio*	57.3%	39.3%	57.1%
Acquisition cost ratio**	32.6%	43.9%	32.8%
General and administrative expense ratio***	0.3%	24.1%	0.7%
Combined ratio****	90.2%	107.3%	90.6%
As of June 30, 2009			
Reinsurance balances receivable	$ 37,374	$ 193,145	$ 230,519
Deferred acquisition costs	76,899	94,496	171,395
Loan to related party	167,975	-	167,975
Goodwill	-	49,747	49,747
Intangibles	-	51,434	51,434
Restricted investments and cash	161,168	1,028,008	1,189,176
Corporate and other assets	-	-	616,885
Total Assets	$ 443,416	$ 1,416,830	$ 2,477,131
As of June 30, 2008			
Reinsurance balances receivable	$ 89,019	$ 12,914	$ 101,933
Deferred commission and other acquisition costs	82,482	8,529	91,011
Loan to related party	167,975	-	167,975
Corporate and other assets	-	-	812,759
Total Assets	$ 339,476	$ 21,443	$ 1,173,678

* Calculated by dividing net losses and loss expenses by net earned premium.
** Calculated by dividing commission and other acquisition expenses by net earned premium
*** Calculated by dividing general and administrative expenses by net earned premium.

MAIDEN HOLDINGS, LTD.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands (000's), except per share data)
(Unaudited)

11. Segments (continued)

The following tables set forth financial information relating to gross and net premiums written and earned by major line of business for the three and six months ended June 30, 2009 and 2008:

	Three months ended June 30			
	2009		2008	
	Total	% of Total	Total	% of Total
Gross and net premiums written				
Reinsurance - AmTrust Quota Share				
Small Commercial Business	$ 45,936	19.3%	$ 116,203	67.9%
Specialty Middle Market Property & Casualty	12,764	5.4%	14,614	8.5%
Specialty Risk and Extended Warranty	31,103	13.0%	37,251	21.7%
Total Reinsurance - AmTrust Quota Share	$ 89,803	37.7%	$ 168,068	98.1%
Reinsurance – Other				
Property	25,510	10.7%	-	0.00%
Casualty	105,233	44.1%	3,183	1.9%
Accident and Health	17,810	7.5%	-	0.00%
Total Reinsurance - Other	148,553	62.3%	3,183	1.9%
	$ 238,356	100.0%	$ 171,251	100.00%

	Six months ended June 30			
	2009		2008	
	Total	% of Total	Total	% of Total
Gross and net premiums written				
Reinsurance - AmTrust Quota Share				
Small Commercial Business	$ 98,908	17.2%	$ 159,860	58.41%
Specialty Middle Market Property & Casualty	21,993	3.8%	21,481	7.84%
Specialty Risk and Extended Warranty	54,273	9.5%	69,675	25.45%
Total Reinsurance - AmTrust Quota Share	$ 175,174	30.5%	$ 251,016	91.70%
Reinsurance – Other				
Property	76,958	13.4%	-	0.00%
Casualty	255,308	44.4%	22,667	8.30%
Accident and Health	67,464	11.7%	-	0.00%
Total Reinsurance - Other	399,730	69.5%	22,667	8.30%

$	574,904	100.0%	$	273,683	100.00%

22

MAIDEN HOLDINGS, LTD.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands (000's), except per share data)
(Unaudited)

11. Segments (continued)

	Three months ended June 30			
	2009		2008	
	Total	% of Total	Total	% of Total
Gross and net premiums earned				
Reinsurance - AmTrust Quota Share				
Small Commercial Business	$ 52,120	23.3%	$ 45,849	59.3%
Specialty Middle Market Property & Casualty	13,070	5.8%	8,989	11.6%
Specialty Risk and Extended Warranty	22,437	10.0%	21,408	27.7%
Total Reinsurance - AmTrust Quota Share	$ 87,627	39.1%	$ 76,246	98.6%
Reinsurance – Other				
Property	39,578	17.7%	-	0.0%
Casualty	71,339	31.9%	1,092	1.4%
Accident and Health	25,297	11.3%	-	0.0%
Total Reinsurance - Other	136,214	60.9%	1,092	1.4%
	$ 223,841	100.0%	$ 77,338	100.0%

	Six months ended June 30			
	2009		2008	
	Total	% of Total	Total	% of Total
Gross and net premiums earned				
Reinsurance - AmTrust Quota Share				
Small Commercial Business	$ 106,748	24.6%	$ 77,729	54.4%
Specialty Middle Market Property & Casualty	26,418	6.1%	19,303	13.5%
Specialty Risk and Extended Warranty	46,883	10.8%	43,004	30.2%
Total Reinsurance - AmTrust Quota Share	$ 180,049	41.5%	$ 140,036	