Maiden Holdings, Ltd.
Form 10-K
March 14, 2011

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

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended December 31, 2010

OR

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

For the Transition Period from to

Commission File Number: 001-34042

MAIDEN HOLDINGS, LTD.

(Exact Name of Registrant As Specified in Its Charter)

Bermuda (State or Other Jurisdiction of Incorporation or Organization)	98-0570192 (I.R.S. Employer Identification No.)

131 Front Street
Hamilton HM 12, Bermuda

(Address of Principal Executive Offices and Zip Code)

(441) 298-4900

(Registrant s Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares, par value $0.01 per share	The NASDAQ Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

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 o

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 o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant s knowledge, in the definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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. (Check one):

Large Accelerated Filer o	Accelerated Filer x	Non-Accelerated Filer o	Smaller Reporting Company o
		(Do not check if a smaller reporting company)	

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

The aggregate market value of voting and non-voting common shares held by non-affiliates of the registrant as of June 30, 2010 (the last business day of the registrant s most recently completed second fiscal quarter) was approximately $341.5 million based on the closing sale price of the registrant s common shares on the NASDAQ Global Select Market on that date.

As of March 9, 2011, 72,107,104 common shares were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A with respect to the annual general meeting of the shareholders of the registrant scheduled to be held on May 4, 2011 are incorporated by reference into Part III of this Form 10-K.

MAIDEN HOLDINGS, LTD.

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PART I

Special Note About Forward-Looking Statements

Certain statements in this Form 10-K, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results and the assumptions upon which those statements are based are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements include in general statements both with respect to us and the insurance industry and generally are identified with the words anticipate, believe, expect, predict , estimate , intend, plan, project, seek, potential, possible, could, might, may, should, will, will likely result and similar expressions. In light of the risks and uncertainties inherent in all forward-looking statements, the inclusion of such statements in this Form 10-K should not be considered as a representation by us or any other person that our objectives or plans or other matters described in any forward-looking statement will be achieved. These statements are based on current plans, estimates assumptions and expectations. Actual results may differ materially from those projected in such forward-looking statements and therefore you should not place undue reliance on them. Important factors that could cause actual results to differ materially from those in such forward-looking statements are set forth in Item 1A Risk Factors in this Form 10-K and include but are not limited to:

Our results will fluctuate from period to period and may not be indicative of our long-term prospects;
The property and casualty reinsurance and insurance markets may be affected by cyclical trends;
Rating agencies may downgrade or withdraw our ratings;
Loss of key executives could adversely impact our ability to implement our business strategy;
We may have difficulty integrating acquisitions;
Our use of reinsurance brokers in contract negotiations and production of business;
Our inability to achieve our investment objectives; and
Our controlling shareholders ability to determine the outcome of matters requiring shareholder approval.

We caution that the foregoing list of important factors is not intended to be and is not exhaustive. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law, and all subsequent written and oral forward-looking statements attributable to us or individuals acting on our behalf are expressly qualified in their entirety by this paragraph. If one or more risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may vary materially from what we projected. Any forward-looking statements in this Form 10-K reflect our current view with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth, strategy and liquidity. Readers are cautioned not to place undue reliance on the forward-looking statements which speak only as of the dates of the documents in which such statements were made.

References in this Form 10-K to the terms we, us, our, the Company or other similar terms mean the consolidated operations of Maiden Holdings, Ltd. and our consolidated subsidiaries, unless the context requires otherwise. References in this Form 10-K to the term Maiden Holdings or Maiden means Maiden Holdings, Ltd. only. References in this Form 10-K to $ are to the lawful currency of the United States, unless otherwise indicated. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

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Item 1. Business.

General Overview

We are a Bermuda-based holding company, primarily focused on serving the needs of regional and specialty insurers in the United States and Europe by providing innovative reinsurance solutions designed to support their capital needs. We also provide customized reinsurance solutions internationally to clients in support of programs we design and implement for original equipment automobile manufacturers (OEM s). We specialize in reinsurance solutions that optimize financing by providing coverage within the more predictable and actuarially credible lower layers of coverage and/or reinsuring risks that are believed to be lower hazard, more predictable and generally not susceptible to catastrophe claims. Our tailored solutions include a variety of value added services focused on helping our clients grow and prosper. Our principal operating subsidiaries in Bermuda and the United States are rated A- (Excellent) with a stable outlook by A.M. Best Company (A.M. Best), which rating is the fourth highest of 16 rating levels, and BBB+ (Good) with a stable outlook by Standard & Poor s, which is the sixth highest of 21 rating levels.

We provide reinsurance through our wholly owned subsidiaries, Maiden Reinsurance Company (Maiden US) and Maiden Insurance Company Ltd. (Maiden Bermuda or Maiden Insurance) and have operations in the United States and Bermuda. On a more limited basis, Maiden Specialty Insurance Company (Maiden Specialty), a wholly owned subsidiary of Maiden US, provides primary insurance on a surplus lines basis focusing on non-catastrophe property and inland marine. Maiden Bermuda does not underwrite any primary insurance business. Internationally, we provide reinsurance-related services through Maiden Global Holdings, Ltd. (Maiden Global) and its subsidiaries. Maiden Global primarily focuses on providing branded auto and credit life insurance products through its insurer partners to retail customers in the European Union and other global markets, which also produce reinsurance programs which are underwritten by Maiden Bermuda. Certain international credit life business is also written directly by Maiden Life Försäkrings AB (Maiden LF), a wholly-owned subsidiary of Maiden Holdings, as part of Maiden Global s service offerings.

Since our founding in 2007, we have entered into a series of significant strategic transactions that have transformed the scope and scale of our business while keeping our low volatility, low-catastrophe risk profile intact. These transactions have increased our revenue to in excess of $1 billion while strongly positioning our capital in order to extend our business platform both in the U.S. and internationally and include:

Entering into a quota share reinsurance agreement with AmTrust Financial Services, Inc. (AmTrust) in 2007 (the AmTrust Quota Share);
Acquiring the reinsurance operations of GMAC Insurance from GMACI Holdings, LLC in 2008 (the GMAC Acquisition);
Completing a private placement of trust preferred securities of approximately $260.1 million in 2009 (the TRUPS Offering);
Entering into the a quota share reinsurance agreement with American Capital Acquisition Corporation (ACAC) in 2010 (the ACAC Quota Share); and
Acquiring the majority of the reinsurance-related infrastructure, assets and liabilities of U.K.-based GMAC International Insurance Services, Ltd. in 2010 (the IIS Acquisition).

Additional information on the AmTrust Quota Share and the ACAC Quota Share can be found in this section of the Form 10-K captioned Our Operating Segments. Please also see the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations in this Form 10-K along with Note 4 to our Consolidated Financial Statements for additional information about the GMAC Acquisition and the IIS Acquisition. Note 8 to our Consolidated Financial Statements contains information about the TRUPS Offering.

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Business Strategy

Our goal is to leverage the competitive strengths of our organization and capital structure to generate stable long term returns on capital in excess of 15%. We seek to accomplish this by becoming a premier global preferred provider of customized reinsurance products and services to regional and specialty insurance companies. To achieve this goal, we have adopted the following strategies:

Dedication to Predictable and Stable Operating Segments we execute this strategy in two ways: (1) focusing on traditional, lower volatility insurance lines of business that are more predictable and thus produce more stable long-term operating results; and (2) placing emphasis on working layer and pro rata reinsurance participations where data is more abundant and predictable;
Targeted Customer Focus we execute this strategy by developing significant and long term reinsurance relationships with targeted regional and specialty insurance companies for which reinsurance plays a critical element of their capital structure and supporting the long term needs of these companies by providing differentiated reinsurance products as well as an array of support services; and
Efficient Operating Platform recognizing the mature nature of the reinsurance market, we are focused on maintaining operating expense ratios within the top quartile of the industry. Efficiency is a critical component of maintaining a disciplined underwriting approach.
Our future results, and our ability to generate our targeted return on capital, may be impacted by risks and trends set forth in Item 1A, Risk Factors, and elsewhere in this Form 10-K.

Our Principal Operating Subsidiaries

Maiden Bermuda is a registered Class 3B Bermuda insurance and reinsurance company that began operations in June 2007. Senior management and all of the staff of Maiden Bermuda are located in our Bermuda headquarters.

Maiden Holdings North America, Ltd. (Maiden NA) is our wholly-owned intermediate U.S. holding company and is domiciled in the State of Delaware. Maiden NA issued the underlying securities associated with our TRUPS Offering.

Maiden US, a direct wholly owned subsidiary of Maiden NA, is a licensed property and casualty insurance company domiciled in the state of Missouri. Maiden US was acquired by Maiden NA from GMACI on December 23, 2008.

Maiden Specialty, a direct wholly owned subsidiary of Maiden US and an indirect wholly owned subsidiary of Maiden NA, underwrites primary insurance on a surplus lines basis. Maiden Specialty was acquired by Maiden US from GMACI on September 1, 2009.

Maiden Re Insurance Services, LLC (Maiden Re), a direct wholly owned subsidiary of Maiden NA, is a limited liability company organized in the state of Delaware in January 2008. Maiden Re was acquired by Maiden NA from GMACI on October 31, 2008 and operates as a managing general agent and underwriter for Maiden US.

Maiden Global operates as a reinsurance services and holding company and is a direct wholly owned subsidiary of Maiden Holdings. Maiden Global was organized under the laws of England and Wales and formed in July, 2010.

GMAC VersicherungsService GmbH (Maiden VS) is organized under the laws of Germany operates as an insurance producer in Germany and is a wholly owned subsidiary of Maiden Global.

Maiden LF, a wholly owned subsidiary, is a life insurer organized under the laws of Sweden and writes credit life insurance on a primary basis in support of Maiden Global s business development efforts.

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Our Operating Segments

We operate through three business segments: (i) Diversified Reinsurance; (ii) AmTrust Quota Share; and (iii) ACAC Quota Share.

Our Diversified Reinsurance segment consists of a portfolio of predominantly property and casualty reinsurance business focusing on regional and specialty property and casualty insurance companies located in the United States and Europe. This segment includes the book of assumed reinsurance business purchased in the GMAC Acquisition and IIS Acquisitions. The business associated with the GMAC Acquisition is underwritten by Maiden US and Maiden Specialty. The business associated with the IIS Acquisition is underwritten by Maiden Bermuda, which also underwrites business independent of the business associated with the IIS Acquisition, the AmTrust Quota Share and ACAC Quota Share.

Our AmTrust Quota Share segment consists of the business ceded to us pursuant to our Master Agreement (the Master Agreement) with AmTrust. AmTrust, through its affiliates, cedes approximately 40% of its business to us pursuant to a quota share reinsurance arrangement.

Our ACAC Quota Share segment consists of the business ceded to us pursuant to our agreement with ACAC which, through its affiliates, cedes approximately 25% of its business to us pursuant to a quota share reinsurance agreement.

Financial data relating to our three segments is included in Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations and in note 3 to our Consolidated Financial Statements included in this Form 10-K. The net premiums written and earned in each segment for the years ended December 31, 2010, 2009 and 2008 were as follows:

	For the Year Ended December 31,								
	2010			2009			2008		
	Net Premium Written ($ in Millions)	% of Total		Net Premium Written ($ in Millions)	% of Total		Net Premium Written ($ in Millions)	% of Total	
Diversified Reinsurance	$ 554.1	45.1	%	$ 658.0	63.9	%	$ 288.7	39.7	%
AmTrust Quota Share	468.0	38.1	%	372.4	36.1	%	438.7	60.3	%
ACAC Quota Share	205.7	16.8	%			%			%
Total	$ 1,227.8	100.0	%	$ 1,030.4	100.0	%	$ 727.4	100.0	%

	For the Year Ended December 31,								
	2010			2009			2008		
	Net Premium Earned ($ in Millions)	% of Total		Net Premium Earned ($ in Millions)	% of Total		Net Premium Earned ($ in Millions)	% of Total	
Diversified Reinsurance	$ 601.2	51.4	%	$ 568.0	61.7	%	$ 85.1	20.3	%

AmTrust Quota Share	445.1	38.0 %	351.9	38.3 %	335.1	79.7 %
ACAC Quota Share	123.5	10.6 %		%		%
Total	$ 1,169.8	100.0 %	$ 919.9	100.0 %	$ 420.2	100.0 %

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The following table shows an analysis of our net premium written and earned by client location and geographic location. In case of business assumed from AmTrust, it is the location of the relevant AmTrust subsidiaries:

		For the Year Ended December 31,		
		2010	2009	2008
		($ in Millions)		
Gross premiums written	North America	$ 1,098.7	$ 947.4	$ 637.8
Gross premiums written	Other (predominately in Europe)	199.4	101.3	89.6
Net premiums written	North America	1,028.5	929.1	637.8
Net premiums written	Other (predominantly in Europe)	199.3	101.3	89.6
Net premiums earned	North America	1,038.9	838.2	351.4
Net premiums earned	Other (predominantly in Europe)	130.9	81.7	68.6

Financial data relating to geographic areas in which we operate and principal products may be found in note 3 to our Consolidated Financial Statements included in this Form 10-K.

Diversified Reinsurance

General

The Diversified Reinsurance segment of our reinsurance business consists of a varied portfolio of property and casualty and accident and health reinsurance business focusing on regional and specialty property and casualty insurance companies located in the United States and Europe. Since July 1, 2009, this business is primarily written by Maiden US. On November 30, 2010, the business associated with the IIS Acquisition is now part of this segment and is underwritten by Maiden Bermuda, with the exception of certain credit life policies written by Maiden LF, which are not material to the overall results of the segment in 2010.

It also includes the net written premiums of Maiden Specialty, which also are not material to the overall results of the segment. The reinsurance written by Maiden US is primarily written through treaties with other insurers on a quota share or excess of loss basis, as well as on a facultative basis, all of which are marketed primarily through third-party party intermediaries but also on a direct basis. Maiden Bermuda also provides quota share reinsurance support to Maiden US and Maiden LF.

In a proportional reinsurance arrangement (also known as pro rata reinsurance, quota share reinsurance or participating reinsurance), the reinsurer shares a proportional part of the original premiums of the reinsured. In return, the reinsurer assumes a proportional share of the losses incurred by the cedant. The reinsurer pays the ceding company a commission, which is generally based on the ceding company s cost of acquiring the business being reinsured (including commissions, premium taxes, assessments and miscellaneous administrative expenses) and may also include a profit.

Non-proportional (or excess of loss) reinsurance indemnifies the reinsured against all or a specified portion of losses on underlying insurance policies in excess of a specified amount, which is called a level, retention or attachment point. Non-proportional business is written in layers and a reinsurer or group of reinsurers accepts a band of coverage up to a specified amount. The total coverage purchased by the cedant is referred to as a program and is typically placed with predetermined reinsurers in pre-negotiated layers. Any liability exceeding the upper limit of the program reverts to the ceding company.

Facultative reinsurance (proportional or non-proportional) is the reinsurance of individual risks. The reinsurer separately rates and underwrites each risk rather than assuming all or a portion of a class of risks as in the case of treaty reinsurance.

A combination of general market and competitive conditions, along with the underlying financial performance and capital levels of individual ceding companies, including those considered by rating agencies and regulators, often influence reinsurance purchasing decisions of individual ceding companies. Historically, Maiden US has written greater amounts of quota share business than excess of loss business reflecting the needs of its clients. For the years ended December 31, 2010, 2009 and 2008, 60%, 63% and 53% of Maiden US net written premium was written on a quota share basis, respectively.

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Maiden US began operations in 1983 through Maiden Re (previously GMAC Re). Since its inception, the business has focused on developing a portfolio of assumed reinsurance with an emphasis on relatively predictable reinsurance with low limits of participation on both a treaty and facultative basis. By design, the underwriting portfolio was developed to mitigate volatility and generate stable operating performance. Our underwriting strategy has de-emphasized property catastrophe reinsurance and participations in more volatile casualty lines such as D&O and professional liability. Over its years in operation, the underwriting infrastructure and capabilities were expanded to include an accident and health reinsurance portfolio, a specialty oriented property and casualty reinsurance and property excess and surplus lines insurance business and, the most significant portfolio, a regional and specialty oriented property and casualty treaty reinsurance business.

We employ sophisticated risk management, disciplined actuarially based pricing and strong technical underwriting in developing and maintaining this portfolio. We use both proprietary and vendor developed technology systems to administer and manage the portfolio. The business has been carefully developed under the active management of multi-functional underwriting teams with performance accountability. The entire related infrastructure of Maiden Re was acquired in the GMAC Acquisition and added to existing capabilities along with over 80 active client relationships. We are using this acquired infrastructure to continue to expand and develop the North American underwriting portfolio.

For certain clients, Maiden Re provides enhanced security in the form of an internally developed dedicated trust agreement for the reinsurance balances payable to that client. We believe this reinsurance security provides us with a sustainable competitive advantage that is both attractive to new clients and improves retention of existing ones. The trust accounts are funded on an individual client basis with cash and other fixed maturity securities. We can actively manage the cash and investments in the accounts and any interest earned is ours and does not remain in the trust accounts. The balances are adjusted quarterly to correspond to the liabilities owed to the client, including individually computed Incurred But Not Reported (IBNR) reserves. The clients can withdraw assets from the trusts under contractually limited circumstances. As of December 31, 2010, we had cash and fixed maturity securities totaling $1,089.6 million in these trusts, which is part of the $1,518.9 million restricted assets disclosed in note 5 to our Consolidated Financial Statements.

The business associated with the IIS Acquisition is written through treaties with other insurers on a quota share basis, which (as previously noted), are written by Maiden Bermuda, with the exception of business written through Maiden LF which is written on a primary basis. All of this business is marketed primarily through Maiden Global s business development teams who partner with OEM s and local primary insurers to design and implement point of sale insurance programs which generate fee income for the auto manufacturer and insurance premiums for the primary insurer. Typically the primary insurer agrees to reinsure an agreed upon percentage of the underlying business to Maiden Bermuda as part of the overall arrangement. Maiden Bermuda is generally not obligated to underwrite the OEM programs Maiden Global designs.

There are instances where Maiden Global only collects a fee for designing and facilitating the sale of insurance programs. Our fee income is primarily generated by Maiden VS in Germany and Austria through its point of sale producers in select OEM dealerships, with other smaller fee income programs in place globally. We seek to expand these fee generating arrangements through the Maiden Global business development teams contacts with OEM s globally. For the period November 30, 2010 to December 31, 2010, we earned gross fee income of $0.8 million, which is netted against commission and other acquisition expenses in the accompanying Consolidated Statements of Income.

As of December 31, 2010, there were 10 active reinsurance clients that were part of the business associated with the IIS Acquisition. With the exception of business written by Maiden LF from the date of closing, the majority of the business written during 2010 as part of this segment is the result of a 100% quota share reinsurance agreement entered into at closing between Maiden Bermuda and GMAC International Insurance Company, Ltd. (GMAC IICL) for the subject business. Each reinsurance contract will need to be novated by the primary insurer from GMAC IICL to Maiden Bermuda, which is expected to occur during 2011.

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The business associated with the IIS Acquisition is written in the following countries:

	For the Period from November 30 to December 31, 2010 ($ in Millions)	% of Total	
Germany	$ 10.6	35.8	%
Sweden	6.4	21.6	%
Russia	1.8	6.1	%
Chile	2.2	7.4	%
All other	8.6	29.1	%
Total	$ 29.6	100.0	%

The breakdown of this business by line of business is as follows:

	For the Period from November 30 to December 31, 2010 ($ in Millions)	% of Total	
Personal Auto	$ 18.5	62.5	%
Credit Life	11.1	37.5	%
Total	$ 29.6	100.0	%

The distribution of the premium written by both country and by line of business for the period November 30 to December 31, 2010 is not necessarily reflective of these respective distributions on a full calendar year basis. On a geographic distribution basis, Germany historically constitutes a greater proportion of the overall premium written, typically over 40%. On a line of business basis, Personal Auto historically constitutes a greater proportion of the overall premium written, typically over 70%. However, future distributions of premium by country and by line of business may vary from historical experience.

Strategy

Maiden Bermuda and Maiden US are specialty reinsurers with an efficient operating platform that target lines of business and types of contracts that are more predictable than the market as a whole, allowing stability of earnings over time. Maiden Specialty primarily provides specialty property coverage written on a surplus lines basis. Most business is written as reinsurance, that is, insurance of other insurance companies. The primary focus is regional and specialty customers who rely on reinsurance for capital support and/or to reduce their risk. The majority of our customers are regional or super-regional insurance companies or specialty insurers. With these customers, we believe it is possible to develop long term relationships which not only survive the insurance market cycles, but provide benefits to both reinsurer and customer during turbulent times.

In our Diversified Reinsurance segment, we reinsure property and casualty lines of business, but de-emphasize lines of business such as professional liability, which we consider more volatile, and we do not offer traditional catastrophe reinsurance on a stand-alone basis. We occasionally provide limited catastrophe coverage to customers that purchase other reinsurance from us.

We are primarily a lead reinsurer, meaning that we develop our own terms rather than accepting a small share of another reinsurer s program in a subscription market. We try to be the primary, if not sole, reinsurer for our customers. On business written as part of the IIS Acquisition, Maiden Bermuda is the only reinsurer on these contracts. Our handling of this business considers the economics of the individual customer and therefore is less susceptible to large increases and decreases following market cycles. We are able to attract preferred customers because we offer a secure product and an emphasis on client service. By maintaining significant relationships with customers, we are able to develop strong economies of scale and maintain highly competitive operating efficiencies, a critical element of our business strategy.

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We offer reinsurance on both a quota share basis and excess of loss basis. We believe that our policy of providing our customers security for our reinsurance obligations through collateral trusts gives us a competitive advantage. In the current economic climate, we also believe that reinsurance brokers and insurers, as well as rating agencies, are scrutinizing the credit-worthiness of reinsurers more closely than in the recent past and recognize that our trust product offers a high level of security. We also utilize a partnership concept developed over our twenty-eight year operating history to develop long-term customer relationships. This concept entails the offer to our customers of our underwriting, claims, actuarial, marketing and accounting expertise through tailored services which support their businesses and goals.

Within the primary excess property business underwritten by Maiden Specialty, an experienced and sophisticated team underwrites complex property business on an excess and layered basis as a surplus lines insurer. To reduce the exposure to natural catastrophes that some of these policies in this segment may contain, we purchase catastrophe reinsurance to limit our maximum exposure to any one event. We also purchase other reinsurance to limit the impact of individual large losses in this segment.

AmTrust Quota Share

General

AmTrust is our largest customer and is a multinational specialty property and casualty insurance holding company with operations in the United States, Europe and Bermuda. AmTrust s principal operating subsidiaries are rated A (Excellent) with a stable outlook by A.M. Best, which rating is the third highest of 16 rating levels.

AmTrust has three business segments:

Small commercial business insurance, which includes workers compensation, commercial package and other commercial lines produced by retail agents and brokers in the United States;

Specialty risk and extended warranty coverage for consumer and commercial goods and custom designed coverages, such as accidental damage plans and payment protection plans offered in connection with the sale of consumer and commercial goods, in the United States, United Kingdom and certain other European countries; and

Specialty program property and casualty insurance for homogeneous, narrowly defined classes of insured s, requiring an in-depth knowledge of the insured s industry segment.

Under our quota share reinsurance agreement (the Quota Share Agreement) with AmTrust s Bermuda reinsurance subsidiary, AmTrust International Insurance, Ltd. (AII), effective as of July 1, 2007, we reinsure 40% of AmTrust s written premium (net of commissions, in the case of AmTrust s U.K. subsidiary), net of reinsurance with unaffiliated reinsurers, on AmTrust s existing lines of business as of the effective date. In addition, we have the option to reinsure future lines of business added by AmTrust, and we have exercised that option from time to time. The Quota Share Agreement had an initial term of three years which has been extended for three years through June 30, 2013, and will automatically renew for further successive three year terms thereafter unless either party 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 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.

ACAC Quota Share

General

ACAC is our second largest customer and is an insurance holding company owned by the 2005 Michael Karfunkel Grantor Retained Annuity Trust (the Trust), which in turn is controlled by Michael Karfunkel (Karfunkel), individually, and AmTrust. ACAC, on March 1, 2010, acquired from GMAC Insurance Holdings, Inc. and Motors Insurance Corporation (collectively, GMAC), GMAC s personal lines automobile business. Karfunkel is a Founding Shareholder of Maiden. In addition, Karfunkel is the chairman of the board of directors of both ACAC and AmTrust.

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On March 1, 2010, Maiden Bermuda entered into a three year 25% quota share reinsurance agreement with ACAC. Effective March 1, 2010, we reinsure 25% of the net premiums of the GMAC personal lines business, pursuant to a 50% quota share reinsurance agreement (ACAC Quota Share) with the 13 GMAC personal lines insurance companies, as cedents, and the Company, American Capital Partners Re, Ltd. (formerly known as MK Re, Ltd.), a Bermuda reinsurer which is a wholly-owned indirect subsidiary of the Trust, and AmTrust, as reinsurers. We have a 50% participation in the ACAC Quota Share, by which we receive 25% of net premiums of the personal lines business. The ACAC Quota Share provides that the reinsurers, severally, in accordance with their participation percentages, shall receive 50% of the net premium of the GMAC personal lines insurance companies and assume 50% of the related net losses. The ACAC Quota Share has an initial term of three years and shall renew automatically for successive three year terms unless terminated by written notice not less than nine months prior to the expiration of the current term. Notwithstanding the foregoing, our participation in the ACAC Quota Share may be terminated by ACAC on 60 days written notice in the event the Company becomes insolvent, is placed into receivership, its financial condition is impaired by 50% of the amount of its surplus at the inception of the ACAC Quota Share or latest anniversary, whichever is greater, is subject to a change of control, or ceases writing new and renewal business. ACAC also may terminate the agreement on nine months written notice following the effective date of the initial public offering or private placement of stock by ACAC or a subsidiary. Maiden Bermuda may terminate its participation in the ACAC Quota Share on 60 days written notice in the event ACAC is subject to a change of control, cease writing new and renewal business, effects a reduction in their net retention without Maiden Bermuda s consent or fails to remit premium as required by the terms of the ACAC Quota Share.

Risk Management

General

Central to the reinsurance business is the assumption and management of risk. Our risk management discipline therefore focuses on both quantitative and qualitative elements as the means to achieve targeted shareholder returns through a balanced analysis and assessment of these elements. The quantitative aspect of our risk management practice focuses on understanding and controlling a broad array of risk parameters in order to achieve desired returns; the qualitative aspect of our risk management practice focuses on identifying and assessing risks, and taking the necessary steps to reduce or mitigate risks, or those risks that could threaten the achievement of our business objectives.

We believe that we have developed a strong risk management culture within Maiden through the establishment of various processes and controls which focus on our risk exposures. We are continually reviewing and enhancing these processes and developing additional processes that may be necessary to achieve our business strategies and objectives within our risk management practice. Specific risk management practices that have been or are being developed to meet our risk management goals include:

- Tracking portfolio volatility over time;
- Identifying risk mitigation opportunities and implementing them as appropriate;
- Understanding the capital required to support the underwriting portfolio and individual contracts;
- Monitoring and managing exposure by line of business and geographic concentration;
- Monitoring and limiting catastrophe aggregates and concentrations; and
- Monitoring and managing operational risks across the organization.

Our management-based Risk Management Oversight Committee, which consists of members of the Company s executive management, focuses primarily on identifying correlations among our primary categories of risk, developing metrics to assess our overall risk appetite, establish appropriate risk parameters and tolerances, performing an annual risk assessment and continually reviewing factors that may impact our organizational risk. This risk governance structure is complemented by our internal audit department, which assesses the adequacy and effectiveness of our internal control systems and coordinates risk-based audits and compliance reviews and other specific initiatives to evaluate and address risk within targeted areas of our

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business. Our Enterprise Risk Management (ERM) is dynamic, with periodic updates being made to reflect organizational processes, as well as staying current with changes within our industry and the global economic environment.

Our management s internal ERM efforts are overseen by the Audit Committee of the Board of Directors. This Committee, comprised solely of independent directors, assesses whether management is addressing risk issues in a timely and appropriate manner. Internal controls and ERM can provide a reasonable but not absolute assurance that our control objectives will be met. The possibility of material financial loss remains in spite of our ERM efforts.

Underwriting Risk Management

Internal underwriting controls are established by our underwriting executives who are the Chief Underwriting Officer in Bermuda and the President of Maiden US, working in close coordination with our Chief Executive Officer. Underwriting authority is delegated to the managers in each business segment and to underwriters in accordance with prudent practice and an understanding of each underwriter s capabilities. Our policy is to grant each underwriting team a specified limit, consistent with our operating guidelines. Our underwriters understand our return on equity guidelines. Our target performance goals and guidelines are regularly reviewed by management to reflect changes in market conditions, interest rates, capital requirements and market-expected returns.

We have a disciplined approach to underwriting and risk management that relies heavily upon the collective underwriting expertise of our management and staff. This expertise is in turn guided by the following underwriting principles:

we will underwrite and accept only those risks we know and understand;
we will perform our own independent pricing or risk review on all risks we accept; and
we will accept only those risks that are expected to earn a risk-adjusted return on capital commensurate with the risk they present.

Before we review any program proposal, we consider the appropriateness of the client, including the quality of its management, its financial stability and its risk management strategy. In addition, we require each program to include significant information on the nature of the perils to be included and detailed exposure and loss information, including rate changes and changes in underwriting and claims handling guidelines over time. We often conduct an on-site audit of the client s operations prior to quoting. If a program meets our underwriting criteria, we then develop a proposal which contemplates the prospective client s needs, that account s risk/reward profile, as well as our corporate risk objectives. We have fully integrated our internal claims, underwriting and pricing actuarial staff into the underwriting and decision making process. We use in-depth actuarial, claims and exposure analyses to evaluate contracts prior to quoting. We underwrite and accept property and casualty reinsurance business, accident and health reinsurance business and certain specialty property insurance business. In general, we seek to underwrite reinsurance business that historically is lower in volatility and more predictable than other classes of reinsurance business such as catastrophe reinsurance, which we generally seek to avoid. As part of our risk management process, we seek to identify those casualty and specialty exposures that are most likely to be simultaneously influenced by significant events. These exposures are then jointly tracked to ensure that we do not develop an excessive accumulation of exposure to that particular type of event.

In addition to the above technical and analytical practices, our underwriters use a variety of means, including specific contract terms, to manage our exposure to loss. These include occurrence limits, adjustable ceding commissions and premiums, aggregate limits, reinstatement provisions and loss sensitive features. Additionally, our underwriters use appropriate exclusions, terms and conditions to further eliminate particular risks or exposures that our underwriting team deems to be outside of the intent of the coverage we are willing to offer.

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In limited cases, the risks assumed by us are partially reinsured with other third party reinsurers. Reinsurance ceded varies by segment and line of business based on a number of factors, including market conditions. The benefits of ceding risks include reducing exposure on individual risks and/or protecting against catastrophic risks. Reinsurance ceded does not legally discharge us from our liabilities to the original policyholder in respect of the risk being reinsured. See Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations and note 9 to our consolidated financial statements included in this Form 10-K.

Catastrophe Risk Management

While we generally avoid catastrophe exposed reinsurance risks, certain risks we reinsure are exposed to catastrophic loss events. As a general rule, we seek to limit our modeled one-in-250 year catastrophe exposure to any one event to not exceed our operating income. At December 31, 2010, our one-in-250 year catastrophe exposure to both a hurricane or earthquake event was less than $50 million. To achieve our catastrophe risk management objectives, we utilize commercially available tools to quantify and monitor the various risks we accept.

We have licensed catastrophe modeling software from one of the principal modeling firms, Applied Insurance Research (AIR). These software tools use exposure data provided by our insured s and ceding company clients to simulate catastrophic losses. We take an active role in the evaluation of these commercial catastrophe models, providing feedback to AIR to improve the efficiencies and accuracy of their models. We use modeling not just for the underwriting of individual transactions but also to optimize the total return and risk of our underwriting portfolio. We have high standards for the quality and levels of detailed exposure data provided by our clients and have an expressed preference for the most detailed location information available, including data at the zip code or postal code level or finer. Data provided at more summary levels, such as counties, is conservatively modeled. The primary business underwritten by Maiden Specialty uses exposure information by location which is geo-coded. Data output from the software described above is incorporated in our proprietary pricing models. Our proprietary systems include those for modeling risks associated with property catastrophe, property and workers compensation business, various casualty and specialty pricing models, as well as our proprietary portfolio risk management model. These systems allow us to monitor our pricing and risk on a contract by contract basis in each of our segments and business lines.

Retrocessions

We use retrocessional agreements to a limited extent to mitigate volatility and to reduce our exposure on certain specialty reinsurance risks and to mitigate the effect of a major catastrophic events. These agreements provide for reduction of property risk losses, casualty occurrence losses and catastrophe occurrence losses on specific treaties. We remain liable to our cedants to the extent that the retrocessionaires do not meet their obligations under retrocessional agreements, and these retrocessions are subject to credit risk in all cases and to aggregate loss limits in certain cases. We maintain a credit risk review process that identifies authorized acceptable reinsurers and have no impaired balances. At December 31, 2010, we had approximately $6.7 million of reinsurance recoverable under such agreements.

Competition

The reinsurance industry is mature and highly competitive. Reinsurance companies compete on the basis of many factors, including premium rates, general reputation and perceived financial strength, the terms and conditions of the products offered, ratings assigned by independent rating agencies, speed of claims payments, reputation and experience in risks underwritten, capacity and coverages offered and various other factors. These factors operate at the individual market participant level and generally in the aggregate across the reinsurance industry. In addition, underlying economic conditions and variations in the reinsurance buying practices of ceding companies, by participant and in the aggregate, contribute to cyclical movements in rates, terms and conditions and may impact industry aggregate results and subsequently the level of completion in the reinsurance industry.

We compete with major U.S. and non-U.S. reinsurers, including other Bermuda-based reinsurers, on an international and regional basis. In our Diversified Reinsurance segment, we compete with reinsurers that provide property and casualty-based lines of reinsurance such as: Swiss Reinsurance Company Ltd., Munich

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Reinsurance America, Inc., Platinum Underwriters Holdings, Ltd., PartnerRe Ltd., Hannover Re Group, QBE Insurance Group, Transatlantic Holdings, Inc., Endurance Specialty Holdings, Ltd., Scor Reinsurance Company, White Mountains Re Group, Odyssey Re Holdings Corp., W.R. Berkley Corp. and Everest Re Group, Ltd.

Many of these entities have significantly larger amounts of capital, higher ratings from rating agencies and more employees than Maiden Holdings and its subsidiaries and have established long-term and continuing business relationships throughout the industry, which can be significant competitive advantages. However, we believe the enhanced security that we offer our clients through collateral trusts, our niche specialist orientation, our operating efficiency and our careful relationship management capabilities help offset these advantages and allows us to effectively compete for profitable business.

In addition, risk-linked securities and derivative and other non-traditional risk transfer mechanisms and vehicles are being developed and offered by other parties, including entities other than insurance and reinsurance companies. The availability of these non-traditional products could reduce the demand for traditional insurance and reinsurance. A number of new, proposed or potential industry or legislative developments could further increase competition in our industry. New competition from these developments may result in fewer contracts written, lower premium rates, increased expenses for customer acquisition and retention and less favorable policy terms and conditions, which could have a material adverse impact on our growth and profitability.

During 2010, the level of competition in the property and casualty insurance and reinsurance industries continued to increase, continuing trends that have been underway for approximately the last five underwriting years. This occurred despite an increased level of catastrophes, mostly natural, that occurred in 2010 compared to 2009 and other recent years. Consistent with the Company s business model, our results of operations were not adversely affected by catastrophes.

This increased level of catastrophes was more than offset by continuing improvement in the industry s investments in risk assets in 2010, which increased capital on both a statutory and generally accepted accounting principles (GAAP) basis in the United States at both the individual market participant level and in the aggregate across the reinsurance industry more generally. While the ultimate impact remains unclear, we believe elevated levels of competition are likely to persist into 2011 and potentially beyond, absent events that: 1) significantly reduce both individual market participants and aggregated reinsurance industry capital levels or; 2) significantly increase demand for reinsurance, particularly as premium growth is likely to be challenged by slower economic growth.

Our Financial Strength Ratings

Ratings are an important factor in establishing the competitive position of insurance and reinsurance companies and are important to our ability to market and sell our products. We believe that the primary users of such ratings include brokers, ceding companies and investors. Insurance ratings are also used by insurance and reinsurance intermediaries as an important means of assessing the financial strength and quality of insurers and reinsurers. Periodically, rating agencies evaluate us to confirm that we continue to meet their criteria for the ratings assigned to us by them.

A.M. Best and Standard & Poor s have each developed a rating system to provide an opinion of an insurer s or reinsurer s financial strength and ability to meet ongoing obligations to its policyholders and not an opinion on an insurer s or reinsurer s overall capacity and willingness to meet its financial commitments as they become due. Each rating reflects that rating agency s independent opinion of the capitalization, management and sponsorship of the entity to which it relates, and is neither an evaluation directed to investors in our common shares nor a recommendation to buy, sell or hold our common shares.

A.M. Best maintains a letter scale rating system ranging from A++ (Superior) to F (In Liquidation). Standard & Poor s maintains a letter scale rating system ranging from AAA (Extremely Strong) to R (Under Regulatory Supervision).

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Our subsidiaries, Maiden Bermuda, Maiden US and Maiden Specialty, each currently has a financial strength rating of A- (Excellent, the fourth highest out of fifteen rating levels) with a stable outlook from A.M. Best and BBB+ (Good, the sixth highest out of 21 rating levels) with a stable outlook from Standard & Poor s.

We can offer no assurances that our ratings will remain at their current levels, or that our security will be accepted by brokers and our insureds and reinsureds. A ratings downgrade or the potential for such a downgrade, or failure to obtain a necessary rating, could adversely affect both our relationships with clients, brokers and other distributors of our existing products and services and new sales of our products and services. We believe the collateralization of reinsurance obligations provides additional financial protection for our clients and a significant point of differentiation from its competitors, allowing us to compete with higher rated reinsurers.

Distribution of Our Reinsurance Products

We market our Diversified Reinsurance segment in the United States and Bermuda primarily through third-party intermediaries and as well as directly through our own marketing team. Our direct marketing activities are generally focused on insurers with a demonstrated preference and propensity to utilize direct distribution reinsurers. We believe this combination affords us flexibility and efficiency. In the years ended December 31, 2010 and 2009, the sources of gross premiums written by our Diversified Reinsurance segment were as follows:

	Percentage of Gross Premiums Written for the Year Ended December 31,	
	2010	2009
Brokers	73.0 %	76.8 %
Direct	27.0 %	23.2 %
Total	100.0 %	100.0 %

In the year ended December 31, 2010 and 2009, our top three brokers represented approximately 41% and 62%, respectively of gross premiums written by our Diversified Reinsurance segment. A breakdown of our distribution by broker is provided in the table below.

	Percentage of Gross Premiums Written for the Year Ended December 31,	
	2010	2009
Broker		
Marsh (including Guy Carpenter and Company)	31.0 %	42.2 %
Aon Benfield Group, Ltd.	16.9 %	30.8 %
Beach & Associates, Ltd.	8.4 %	2.9 %
Risk Insurance Consulting Services	4.5 %	8.4 %
All Others (including direct)	39.2 %	15.7 %
Total	100.0 %	100.0 %

Reserve for Losses and Loss Expenses

General

We are required by applicable insurance laws and regulations in Bermuda, the United States, Sweden and US GAAP to establish loss reserves to cover our estimated liability for the payment of all losses and loss expenses incurred with respect to premiums earned on the policies and treaties that we write. These reserves are balance sheet liabilities representing estimates of losses and loss expenses which ultimately we are required to pay for insured or reinsured claims that have occurred as of or before the balance sheet date. It is our policy to establish these losses and loss expense reserves using prudent actuarial methods after reviewing all information known to us as of the date they are recorded.

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These amounts include case reserves, additional case reserves (ACRs) and provisions for IBNR reserves. Case reserves are established for losses that have been reported to us, and not yet paid. ACRs are established for particular circumstances where, on the basis of individual loss reports, the Company estimates that the particular loss or collection of losses covered by a treaty may be greater than those advised by the cedant. Our claims department evaluates all significant losses reported to us and if appropriate will include a provision for additional case reserves if we feel the ceding company s estimate of the claim is not adequate. IBNR reserves represent the estimated cost of losses that have occurred but have not been reported to us and include a provision for additional development on case reserves. We establish case reserves based on information from the ceding company, reinsurance intermediaries, and when appropriate, consultations with independent legal counsel. The IBNR reserves are established by management based on reported losses and loss expenses and actuarially determined estimates of ultimate losses and loss expenses.

We use a variety of standard actuarial methods to estimate ultimate expected losses and loss expenses applying appropriate actuarial judgment in the determination of ultimate losses.

The majority of business is reserved individually by cedant with the remainder reserved in homogeneous groupings. Ultimate losses across the reserve segments are converted to IBNR reserves by subtracting inception to date paid losses case reserves and ACRs from those amounts. The accumulation of case and IBNR reserves across the reserve segments results in indicated reserves which are the basis for the carried reserves for financial statements. Ultimate losses are also used to estimate premium and commission accruals for accounts with adjustable features.

Property catastrophe reserves are estimated by event and are revisited monthly. Estimated ultimate catastrophe losses may be based on output from catastrophe models early on and then on ceding company estimates and the reserving methods above.

Loss reserves do not represent an exact calculation of liability; rather, loss reserves are estimates of what we expect the ultimate resolution and administration of claims will cost. These estimates are based on actuarial and statistical projections and on our assessment of currently available data, as well as estimates of future trends in claims severity and frequency, judicial theories of liability and other factors. Loss reserve estimates are refined as experience develops and as claims are reported and resolved. Establishing an appropriate level of loss reserves is an inherently uncertain process. The uncertainties may be greater for reinsurers like us than for reinsurers with an established operating and claims history and a larger number of insurance and reinsurance transactions. In addition, the relatively long reporting periods between when a loss occurs and when it may be reported to our claims department for our casualty lines of business also increase the uncertainties of our reserve estimates in such lines. To assist us in establishing appropriate reserves for losses and loss expenses, we analyze a significant amount of internal data and external insurance industry information with respect to the pricing environment and loss settlement patterns. In combination with our individual account pricing analyses and our internal loss settlement patterns, this industry information is used to guide our loss and loss expense estimates. These estimates are reviewed quarterly, at a high level of detail, and any adjustments are reflected in earnings in the periods in which they are determined.

There is a significant amount of estimation involved in determining ultimate losses and loss expenses. We believe that while our case reserves and IBNR reserves are sufficient to cover losses assumed by us, there can be no assurance that losses will not deviate from our reserves, possibly by material amounts. To the extent actual reported losses exceed estimated losses, the carried estimate of the ultimate losses will be increased, which represents unfavorable reserve development, and to the extent actual reported losses are less than our expectations, the carried estimate of ultimate losses will be reduced, which represents favorable reserve development.

Loss Portfolio Transfer of the GMAC RE Loss Reserves and Ongoing Novation of Certain Related Reserves and Liabilities

In connection with the GMAC Acquisition, Maiden Bermuda entered into a loss portfolio transfer agreement with Motors Insurance Company (Motors) whereby it assumed the outstanding loss reserves, including a provision for IBNR reserves associated with the GMAC RE LLC (GMAC RE) business acquired ($755.6 million at October 31, 2008). We received cash and U.S. government and U.S. government agency fixed maturity investments equal to the amount of loss reserves.

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The loss reserves assumed by Maiden Bermuda from Motors represented the estimate of the unpaid losses to be paid on all of the reinsurance contracts produced by GMAC RE from 1983 until October 31, 2008. Because the entire related infrastructure of GMAC RE, including the actuarial and claims procedures and personnel were acquired by us, the methodology for establishing the estimates for losses and loss expense have been consistently applied. While we believe that we have made a reasonable estimate of loss and loss expense reserves, the ultimate loss experience may be higher or lower than the total reserves recorded by the Company. A breakdown of the case and IBNR reserves assumed under the loss portfolio transfer as of October 31, 2008 by underwriting year is provided in the table below.

Underwriting Year*	Case Reserves ($ in Millions)	IBNR Reserves ($ in Millions)	Total Reserves ($ in Millions)
2000 & Prior	$ 27.3	$ 20.7	$ 48.0
2001	10.4	10.8	21.2
2002	20.1	28.3	48.4
2003	15.0	28.3	43.3
2004	16.5	32.6	49.1
2005	27.8	51.5	79.3
2006	59.4	93.0	152.4
2007	60.2	112.0	172.2
January 1 to October 31, 2008	48.3	93.4	141.7
Total	$ 285.0	$ 470.6	$ 755.6

* Underwriting year comprises all policies written or renewed during the year and all losses relating to those same policies, whenever they may occur.

These loss reserves are treated as retroactive reinsurance under applicable GAAP. Accordingly, any subsequent change in the estimate of the subject losses since the date of transfer are amortized into the Company s results of operations based upon the cumulative payment of actual claims in relation to the subject losses transferred. The Company amortized gains as a reduction of losses incurred of $25.3 million, $10.7 million and $1.6 million for the years ended December 31, 2010, 2009 and 2008, respectively.

The total favorable development relating to the loss portfolio transfer since the closing of the GMAC Acquisition has been $43.8 million and the remaining $6.2 million is recorded as a deferred gain in the Company s loss reserves at December 31, 2010 that are included in the accompanying balance sheet, including the unamortized gains described above. A breakdown of the remaining case and IBNR reserves assumed under the loss portfolio transfer as of December 31, 2010 was as follows:

Underwriting Year*	Case Reserves ($ in Millions)	IBNR Reserves ($ in Millions)	Total Reserves ($ in Millions)
2000 & Prior	$ 22.4	$ 15.9	$ 38.3
2001	6.1	6.9	13.0
2002	19.1	16.7	35.8
2003	14.8	15.5	30.3
2004	14.0	13.8	27.8

2005	20.4	19.6	40.0
2006	28.2	34.9	63.1
2007	33.5	37.2	70.7
January 1 to October 31, 2008	25.2	43.3	68.5
Total	$ 183.7	$ 203.8	$ 387.5

* Underwriting year comprises all policies written or renewed during the year and all losses relating to those same policies, whenever they may occur.

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Under the terms of the GMAC Acquisition, we had the right for a transition period of twenty-four months, which expired on October 31, 2010, to have Motors front certain reinsurance business in cases where we do not have the necessary regulatory licenses or approvals. In 2009, Maiden US received all of the necessary regulatory licenses and approvals. Therefore reinsurance premiums underwritten by Maiden Re in the United States have been recorded both in Maiden US and pursuant to the terms of the quota share reinsurance agreement between the companies, by Maiden Bermuda. This business is included in the Diversified Reinsurance segment and represents 91.6% and 93.9% of the written premium for this segment for the years ended December 31, 2010 and 2009, respectively.

In June 2009, A.M. Best downgraded its rating of Motors to B++, which is an insufficient rating for many of our reinsurance clients. The impact of this downgrade is minimal as most of our clients have their liabilities collateralized in trusts. Nevertheless, for current clients we have offered the opportunity to novate all of their policies with Motors underwritten by Maiden Re. As of December 31, 2010, approximately $140.8 million of liabilities relating to the Loss Portfolio Transfer have been novated.

Loss Portfolio Transfer of the IIS Acquisition Loss Reserves and Ongoing Novation of Certain Related Reserves and Liabilities

In connection with the IIS Acquisition, Maiden Bermuda entered into a loss Portfolio Transfer Agreement and Quota Share Reinsurance (IIS Reinsurance Agreement   ) with GMAC IICL whereby it assumed the outstanding loss reserves, including a provision for IBNR reserves associated with the IIS business ($98.8 million at November 30, 2010). This does not include the $3.2 million of outstanding loss reserves, including a provision for IBNR reserves associated with the acquisition of Maiden LF. Pursuant to the terms of the purchase agreement, the substantial majority of the subject reinsurance contracts are collateralized by letters of credit or trust agreements. Until such time as those contracts are novated from GMAC IICL to Maiden Bermuda (which are required to be completed within twelve months of closing), the underlying assets will continue to be held by GMAC IICL subject to the provisions of the reinsurance agreement between GMAC IICL and Maiden Bermuda. However, all investment income produced by these assets will be fully credited to Maiden Bermuda until novation. As a result of the assumption of these liabilities, at November 30, 2010 the underlying assets in support of these collateral arrangements totaled $152.7 million, which are recorded as Funds Withheld on the accompanying consolidated balance sheet as of December 31, 2010. As of December 31, 2010, no liabilities relating to the IIS Reinsurance Agreement have been novated.

The loss reserves retroceded by GMAC IICL to Maiden Bermuda represented the estimate of the unpaid losses to be paid on all of the reinsurance contracts produced by GMAC IICL through November 30, 2010. Because the entire related infrastructure of GMAC IICL, including the claims procedures and personnel were acquired by us, the methodology for establishing the estimates for losses and loss expense have been consistently applied. While we believe that we have made a reasonable estimate of loss and loss expense reserves, the ultimate loss experience may be higher or lower than the total reserves recorded by the Company. A breakdown of the case and IBNR reserves assumed under the IIS Reinsurance Agreement as of November 30, 2010, by underwriting year is provided in the table below.

Underwriting Year*	Case Reserves ($ in Millions)	IBNR Reserves ($ in Millions)	Total Reserves ($ in Millions)
2000 & Prior	$ 17.8	$ 0.9	$ 18.7
2001	2.0	0.0	2.0

2002	1.6	0.0	1.6
2003	2.8	0.2	3.0
2004	2.7	0.4	3.1
2005	3.4	0.5	3.9
2006	4.3	0.4	4.7
2007	5.3	1.4	6.7
2008	7.5	1.5	9.0
2009	9.1	2.6	11.7
January 1 to November 30, 2010	12.8	21.6	34.4
Total	$ 69.3	$ 29.5	$ 98.8

* Underwriting year comprises all policies written or renewed during the year and all losses relating to those same policies, whenever they may occur.

These losses are treated as retroactive reinsurance under applicable GAAP. Accordingly, any subsequent change in the estimate of the subject losses since the date of transfer are amortized into the Company s results of operations based upon the cumulative payment of actual claims in relation to the subject losses transferred. The Company amortized no gains as a reduction of losses incurred for the year ended December 31, 2010. There were no significant movements in the case and IBNR reserves assumed under the IIS Reinsurance Agreement other than immaterial adjustments arising from exchange rate movements during the period November 30 to December 31, 2010.

Pursuant to the IIS Reinsurance Agreement, Maiden Bermuda reinsures all of the existing reinsurance contracts written by GMAC IICL. Future reinsurance contracts will be underwritten by Maiden Bermuda. According to the loss portfolio transfer provisions of the IIS Reinsurance Agreement, in addition to the loss reserves assumed by the Company described above, the Company also assumed unearned premium of approximately $24.3 million as of November 30, 2010. The reinsurance premiums from the IIS Acquisition and underwritten by Maiden Bermuda are included in the Diversified Reinsurance segment and represent 5.3% of the net premiums written for this segment for the year ended December 31, 2010. The Company now assumes one hundred percent (100%) of all premiums and losses for which GMAC IICL is otherwise entitled to or liable in respect of the subject reinsurance contracts.

Change in Reserves

The following tables (Analysis of Consolidated Net Loss Reserves Development) show the development of gross and net reserves for unpaid losses and loss expenses for our business for calendar years 2008 through 2010. The tables do not present accident or policy year development data. Each table begins by showing the initial reported year-end gross and net reserves, including IBNR reserves, recorded at the balance sheet date for each of the three years presented. The next section of the table shows the re-estimated amount of the initial reported net reserves for up to three subsequent years, based on experience at the end of each subsequent year. The re-estimated net liabilities reflect additional information, received from cedants or obtained through reviews of industry trends, regarding claims incurred prior to the end of the preceding financial year. A redundancy (or deficiency) arises when the re-estimation of reserves is less (or greater) than its estimation at the preceding year-end. The cumulative redundancies (or deficiencies) reflect cumulative differences between the initial reported net reserves and the currently re-estimated net reserves. Annual changes in the estimates are reflected in the income statement for each year as the liabilities are re-estimated.

The lower section of the table shows the portion of the initial year-end net reserves that was paid (claims paid) as of the end of subsequent years. This section of the table provides an indication of the portion of the re-estimated net liability that is settled and is unlikely to develop in the future.

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Analysis of Consolidated Net Loss Reserves Development

The following table presents additional information regarding the development of gross loss reserves. The table below is a reconciliation of the beginning and ending liability for unpaid losses and loss expenses for the years ended December 31, 2010, 2009 and 2008.

	For the Year Ended December 31,		
	2010	2009	2008
	($ in Millions)		
Gross unpaid loss and loss adjustment expenses reserves at beginning of period	$1,002.7	$897.7	$ 38.5
Less reinsurance recoverable at beginning of period	8.4		
Net loss and loss adjustment expense reserves at beginning of period	994.3	897.7	38.5
Net incurred losses related to:			
Current year	788.0	620.0	265.5
Prior years	(32.9)	(11.4)	(1.8)
	755.1	608.6	263.7
Net paid losses related to:			
Current year	365.3	209.1	143.3
Prior years	266.0	303.2	16.6
	631.3	512.3	159.9
Acquired loss and loss expense reserve	102.0	0.2	755.6
Effect of foreign exchange movement	0.0	0.1	(0.2)
Net loss and loss adjustment expense reserves at end of period	1,220.1	994.3	897.7
Reinsurance recoverable at end of period	6.7	8.4	
Gross unpaid loss and loss adjustment expenses reserves at end of period	$1,226.8	$1,002.7	$ 897.7

Analysis of Gross and Net Unpaid Losses and Loss Adjustment Expenses and Net Re-estimated Liability

Development of Reserve for Loss and Loss Expenses Cumulative Deficiency (Redundancy) Gross Losses

	Year Ended December 31,			
	2007	2008[(1)]	2009	2010[(2)]
	($ in Millions)			
Gross				
As Originally Estimated	$38.5	$897.7	$1,002.7	$1,226.8
Liability Re-estimated as of:				
One Year later	$36.7	$886.2	$963.1	
Two Years later	37.3	869.8		
Three Years later	37.9			
Cumulative redundancy	$(0.6)	$(27.9)	(39.6)	
Cumulative claims paid as of:				

One Year later	$16.6	$286.0	266.0
Two Years later	33.7	402.4	
Three Years later	34.1		
Liability Re-estimated as of:			
One Year later	95.4%	98.7 %	96.0 %
Two Years later	96.8%	96.9 %	
Three Years later	98.5%		
Cumulative redundancy on gross reserve	(1.5)%	(3.1)%	(4.0)%
Gross Loss and Loss Expense Cumulative Paid as a Percentage of Originally Estimated Liability			
One Year later	43.1%	31.9 %	26.5 %
Two Years later	87.6%	44.8 %	
Three Years later	88.6%		

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	Year Ended December 31,			
	2007	2008(1)	2009	2010(2)
	($ in Millions)			
Losses Net of Reinsurance				
As Originally Estimated	$38.5	$897.7	$994.3	$1,220.1
Liability Re-estimated as of:				
One Year later	$36.7	$886.2	$961.4	
Two Years later	37.3	869.8		
Three Years later	37.9			
Cumulative redundancy	$(0.6)	$(27.9)	$(32.9)	
Cumulative claims paid as of:				
One Year later	$16.6	$286.0	$266.0	
Two Years later	33.7	402.4		
Three Years later	34.1			
Liability Re-estimated as of:				
One Year later	95.4%	98.7%	96.7%	
Two Years later	96.8%	96.9%		
Three Years later	98.5%			
Cumulative redundancy on net reserve	(1.5)%	(3.1)%	(3.3)%	
Net Loss and Loss Expense Cumulative Paid as a Percentage of Originally Estimated Liability				
One Year later	43.1%	31.9%	26.7%	
Two Years later	87.6%	44.8%		
Three Years later	88.6%			

(1) Reserve for losses and losses include the reserves for losses and loss expenses of $755.6 million, from the GMAC Acquisition, which we acquired in October 2008.

(2) Reserve for losses and loss expenses include the reserves for losses and loss expenses of $102.0 million from the IIS Acquisition, which we acquired in November 2010.

For additional information concerning our reserves, see Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies Reserve for Losses and Loss Expenses for further information regarding the specific actuarial models we utilize and the uncertainties in establishing the reserve for losses and loss expenses.

Our Employees

As of March 1, 2011, we had a total of 204 full-time employees who were located in Bermuda, the United States, the United Kingdom, Germany, Austria and Australia. We may increase our staff over time commensurate with the expansion of operations. We believe that our employee relations are good. No employees are subject to collective bargaining agreements.

Regulatory Matters

General

The reinsurance and regulatory environment, in particular for offshore reinsurance companies, has become subject to increased scrutiny in many jurisdictions, including the United States and various states within the United States. In the past, there have been Congressional and other initiatives in the United States regarding increased supervision and regulation of the insurance industry. For example, in response to the tightening of supply in some insurance and reinsurance markets resulting from, among other things, the World Trade Center tragedy, the United States Terrorism Risk Insurance Act of 2002 (TRIA), the Terrorism Risk Insurance Extension Act of 2005 (the TRIA Extension of 2005) and the Terrorism Risk Insurance Program

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Reauthorization Act of 2007 (the TRIA Extension of 2007) were enacted to ensure the availability of insurance coverage for terrorist acts in the United States. This law establishes a federal assistance program through the end of 2014 to help the commercial property and casualty insurance industry cover claims related to future terrorism related losses and regulates the terms of insurance relating to terrorism coverage. TRIA, the TRIA Extension of 2005 and the TRIA Extension of 2007 have had little impact on our business because few of our reinsurance clients are purchasing this coverage. Maiden Specialty is protected by a terrorism treaty that limits our net exposure emanating from the deductible and co-participations of these federal acts. Recent US federal budget proposals have contained provisions dealing with both the taxation of premium cessions to foreign affiliates and a recommendation supporting the termination of TRIA. We do not believe that either of these initiatives will have a significant impact on Maiden. We are in compliance with the recommended reinsurance cession limitation in the tax proposal. Given our focus on a diverse portfolio of regional and specialty clients and occurrence limitations contained within specific reinsurance contracts, we believe that exposure to the termination of TRIA would be limited.

Bermuda Insurance Regulation

As a holding company, Maiden is not subject to Bermuda insurance regulations. The Insurance Act of 1978, as Amended, and Related Regulations of Bermuda (the Insurance Act), which regulates the insurance business of Maiden Bermuda, provides that no person shall carry on any insurance business in or from within Bermuda unless registered as an insurer under the Insurance Act by the Bermuda Monetary Authority (the BMA), which is responsible for the day-to-day supervision of insurers. Under the Insurance Act, insurance business includes reinsurance business. The registration of an applicant as an insurer is subject to its complying with the terms of its registration and such other conditions as the BMA may impose from time to time.

The Insurance Act imposes solvency and liquidity standards and auditing and reporting requirements on Bermuda insurance companies and grants to the BMA powers to supervise, investigate and intervene in the affairs of insurance companies. Certain significant aspects of the Bermuda insurance regulatory framework are set forth below.

Classification of Insurers. The Insurance Act distinguishes between insurers carrying on long-term business and insurers carrying on general business. There are six classifications of insurers carrying on general business, with Class 4 insurers subject to the strictest regulation, and Class 3B insurers subject to the next strictest regulation. Maiden Bermuda is registered as a Class 3B insurer in Bermuda and is regulated as such under the Insurance Act.

Cancellation of Insurer s Registration. An insurer s registration may be canceled by the BMA on certain grounds specified in the Insurance Act, including failure of the insurer to comply with its obligations under the Insurance Act or if, in the opinion of the BMA, the insurer has not been carrying on business in accordance with sound insurance principles. We believe we are in compliance with applicable regulations under the Insurance Act.

Principal Representative. An insurer is required to maintain a principal office in Bermuda and to appoint and maintain a principal representative in Bermuda. It is the duty of the principal representative, upon reaching the view that there is a likelihood of the insurer for which the principal representative acts becoming insolvent or that a reportable event has, to the principal representative s knowledge, occurred or is believed to have occurred, to immediately notify the BMA and to make a report in writing to the BMA within 14 days of the prior notification setting out all the particulars of the case that are available to the principal representative.

Approved Independent Auditor. A Class 3B insurer must appoint an independent auditor who annually audits and reports on the insurer s financial statements prepared under generally accepted accounting principles or international financial reporting standards (GAAP financial statements) and statutory financial statements and the statutory financial return of the insurer, all of which, in the case of Maiden Bermuda, are required to be filed annually with the BMA. The independent auditor must be approved by the BMA.

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Approved Loss Reserve Specialist. As a registered Class 3B insurer, Maiden Bermuda is required to submit an opinion of its approved loss reserve specialist with its statutory financial return in respect of its loss and loss expense provisions. The loss reserve specialist, who will normally be a qualified casualty actuary, must be approved by the BMA.

Annual Financial Statements, Annual Statutory Financial Return and Annual Capital and Solvency Return. Maiden Bermuda must prepare annual statutory financial statements as prescribed in the Insurance Act with respect to its general business. The statutory financial statements are distinct from the annual GAAP basis financial statements referred to below. Maiden Bermuda is also required to prepare and file with the BMA statutory financial returns with respect to its general business. The statutory financial return for a Class 3B insurer includes, among other things, a report of the approved independent auditor on the statutory financial statement of such insurer, solvency certificates, the statutory financial statements for the general business, the opinion of the loss reserve specialist and a schedule of reinsurance ceded. Maiden Bermuda is also required to file audited GAAP basis annual financial statements, which must be available to the public. In addition, Maiden Bermuda is required to file a capital and solvency return, which shall include the company s risk based capital model, a schedule of fixed income investments by rating categories, a schedule of net reserves for losses and loss expense provisions by line of business, a schedule of premiums written by line of business, a schedule of risk management, and a schedule of fixed income securities.

Minimum Solvency Margin, Enhanced Capital Requirement and Restrictions on Dividends and Distributions. Under the Insurance Act, Maiden Bermuda must ensure that the value of its general business assets exceeds the amount of its general business liabilities by an amount greater than the prescribed minimum solvency margin and enhanced capital requirement. As a Class 3B insurer, Maiden Bermuda:

is required to maintain a minimum solvency margin equal to the greatest of (A) $1 million, (B) 20% of net premiums when net premiums are not projected to exceed $6 million, or $120,000 plus 15% of net premiums in excess of $6 million otherwise, and (C) 15% of net discounted aggregate losses and loss expense provisions and other insurance reserves;

is required to maintain available statutory capital and surplus to an amount that is equal to or exceeds the target capital levels based on enhanced capital requirements calculated using the BSCR model. The BSCR model is a risk based capital model introduced by the BMA that measures risk and determines enhanced capital requirements and a target capital level (defined as 120% of the enhanced capital requirement) based on Maiden Bermuda s statutory financial statements.

is prohibited from declaring or paying any dividends during any financial year if it is in breach of its enhanced capital requirement, solvency margin or minimum liquidity ratio or if the declaration or payment of such dividends would cause such a breach. If it has failed to meet its minimum solvency margin or minimum liquidity ratio on the last day of any financial year, Maiden Bermuda will be prohibited, without the approval of the BMA, from declaring or paying any dividends during the next financial year;

is prohibited from declaring or paying in any financial year dividends of more than 25% of its total statutory capital and surplus (as shown on its previous financial year s statutory balance sheet) unless it files (at least 7 days before payment of such dividends) with the BMA an affidavit stating that it will continue to meet the required margins;

is prohibited, without the approval of the BMA, from reducing by 15% or more its total statutory capital as set out in its previous year s financial statements and any application for such approval must include an affidavit stating that it will continue to meet the required margins;

is required, at any time it fails to meet its enhanced capital requirements or solvency margins, to file with the BMA a written report containing certain information;

Minimum Liquidity Ratio. The Insurance Act provides a minimum liquidity ratio for general business insurers such as Maiden Bermuda. An insurer engaged in general business is required to maintain the value of its relevant assets at not less than 75% of the amount of its relevant liabilities. Relevant assets include cash and time deposits, quoted investments, unquoted bonds and debentures, first liens on real estate, investment

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income due and accrued, accounts and premiums receivable and reinsurance balances receivable. The relevant liabilities are total general business insurance reserves and total other liabilities less deferred income tax and sundry liabilities (by interpretation, those not specifically defined).

Supervision, Investigation and Intervention. The BMA may appoint an inspector with extensive powers to investigate the affairs of an insurer if the BMA believes that an investigation is required in the interest of the insurer s policyholders or persons who may become policyholders. In order to verify or supplement information otherwise provided to the BMA, the BMA may direct an insurer to produce documents or information relating to matters connected with the insurer s business.

If it appears to the BMA that there is a risk of the insurer becoming insolvent, or that it is in breach of the Insurance Act or any conditions imposed upon its registration, the BMA may, among other things, direct the insurer (1) not to take on any new insurance business, (2) not to vary any insurance contract if the effect would be to increase the insurer s liabilities, (3) not to make certain investments, (4) to realize certain investments, (5) to maintain in, or transfer to the custody of, a specified bank, certain assets, (6) not to declare or pay any dividends or other distributions or to restrict the making of such payments, (7) to limit its premium income, (8) not to enter into specified transactions with any specified person or persons of a specified class, (9) to provide such written particulars relating to the financial circumstances of the insurer as the BMA thinks fit, (10) to obtain the opinion of a loss reserve specialist and submit it to the BMA and/or (11) to remove a controller or officer.

Shareholder Controllers. Any person who, directly or indirectly, becomes a holder of at least 10%, 20%, 33% or 50% of the common shares of Maiden must notify the BMA in writing within 45 days of becoming such a holder. The BMA may, by written notice, object to such a person if it appears to the BMA that the person is not fit and proper to be such a holder. The BMA may require the holder to reduce their holding of common shares in Maiden and direct, among other things, that voting rights attaching to the common shares shall not be exercisable. A person that does not comply with such a notice or direction from the BMA will be guilty of an offense.

For so long as Maiden has as a subsidiary an insurer registered under the Insurance Act, the BMA may at any time, by written notice, object to a person holding 10% or more of its common shares if it appears to the BMA that the person is not or is no longer fit and proper to be such a holder. In such a case, the BMA may require the shareholder to reduce its holding of common shares in Maiden and direct, among other things, that such shareholder s voting rights attaching to the common shares shall not be exercisable. A person who does not comply with such a notice or direction from the BMA will be guilty of an offense.

Code of Conduct. Maiden Bermuda will be subject to the Insurance Code of Conduct (the Code), which establishes duties and standards that must be complied with by all insurers registered under the Insurance Act, including the procedures and sound principles to be observed by such insurers. The Code is expected to become effective on 30 June 2011. Failure to comply with the requirements under the Code will be a factor taken into account by the BMA in determining whether an insurer is conducting its business in a sound and prudent manner as prescribed by the Insurance Act. Such failure to comply with the requirements of the Code could result in the Authority exercising its powers of intervention (see Supervision, Intervention and Investigation above) and will be a factor in calculating the operational risk charge applicable in accordance with that insurer s BSCR model.

Group Supervision. The BMA may designate Maiden Bermuda as the designated insurer for the purposes of group supervision of our group of companies, and if it does so designate Maiden Bermuda, will act as group supervisor of our group. As group supervisor, the BMA will gather relevant and essential information on and assess the financial situation of the group, and coordinate the dissemination of such information to other relevant competent authorities for the purposes of assisting in their regulatory functions and the enforcement of regulatory action against the group or any of its members. The BMA may establish rules applicable to group supervision that will regulate group solvency, risk concentration and intra-group transactions, and the systems of governance and risk management applicable to the group. Maiden is not an insurer and is not regulated in Bermuda as such. However, pursuant to its functions as group supervisor, the Authority may include any member of the group within its group supervision, including Maiden.

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Certain Bermuda Law Considerations

Maiden and Maiden Bermuda have been designated as non-resident for exchange control purposes by the BMA and are required to obtain the permission of the BMA for the issue and transfer of all of their shares. The BMA has given its consent for:

the issue and transfer of Maiden s shares, up to the amount of its authorized capital from time to time, to and among persons that are non-residents of Bermuda for exchange control purposes; and
the issue and transfer of up to 20% of Maiden s shares in issue from time to time to and among persons resident in Bermuda for exchange control purposes.

Transfers and issues of Maiden s common shares to any resident in Bermuda for exchange control purposes may require specific prior approval under the Exchange Control Act 1972. Maiden Bermuda s common shares cannot be issued or transferred without the consent of the BMA. Because we are designated as non-resident for Bermuda exchange control purposes, we are allowed to engage in transactions, and to pay dividends to Bermuda non-residents who are holders of our common shares, in currencies other than the Bermuda Dollar.

In accordance with Bermuda law, share certificates are issued only in the names of corporations or individuals. In the case of an applicant acting in a special capacity (for example, as an executor or trustee), certificates may, at the request of the applicant, record the capacity in which the applicant is acting. Notwithstanding the recording of any such special capacity, we are not bound to investigate or incur any responsibility in respect of the proper administration of any such estate or trust. We will take no notice of any trust applicable to any of our common shares whether or not we have notice of such trust.

Maiden and Maiden Bermuda are incorporated in Bermuda as exempted companies. As a result, they are exempt from Bermuda laws restricting the percentage of share capital that may be held by non-Bermudians, but they may not participate in certain business transactions, including (1) the acquisition or holding of land in Bermuda (except that required for their business and held by way of lease or tenancy for terms of not more than 50 years) without the express authorization of the Bermuda legislature, (2) the taking of mortgages on land in Bermuda to secure an amount in excess of $50,000 without the consent of the Minister of Finance, (3) the acquisition of any bonds or debentures secured by any land in Bermuda, other than certain types of Bermuda government securities or (4) the carrying on of business of any kind in Bermuda, except in furtherance of their business carried on outside Bermuda or under license granted by the Minister of Finance. While an insurer is permitted to reinsure risks undertaken by any company incorporated in Bermuda and permitted to engage in the insurance and reinsurance business, generally it is not permitted without a special license granted by the Minister of Finance to insure Bermuda domestic risks or risks of persons of, in or based in Bermuda.

Maiden and Maiden Bermuda also need to comply with the provisions of The Bermuda Companies Act 1981, as amended (the Companies Act) regulating the payment of dividends and making distributions from contributed surplus. A company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that: (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the company s assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Under Bermuda law, only persons who are Bermudians, spouses of Bermudians, holders of a permanent resident s certificate or holders of a working resident s certificate (exempted persons) may engage in gainful occupation in Bermuda without an appropriate governmental work permit. Our success may depend in part upon the continued services of key employees in Bermuda. Certain of our current key employees are not exempted persons and, as such, require specific approval to work for us in Bermuda. A work permit may be granted or extended upon showing that, after proper public advertisement, no exempted person is available who meets the minimum standards reasonably required by the employer. The Bermuda government has a policy that places a six-year term limit on individuals with work permits, subject to certain exemptions for key employees.

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United States

Our U.S. Subsidiaries

Maiden US is our lead U.S. insurer, authorized as a reinsurer in 51 jurisdictions and licensed as a direct insurer in 45 states. Maiden Specialty is licensed for direct business in two states and is an authorized excess and surplus lines carrier in 49 jurisdictions (Maiden Specialty primarily writes insurance on a surplus lines basis). The extent of regulation varies but generally has its source in statutes that delegate regulatory, supervisory and administrative authority to a department of insurance in each state and, in the case of Maiden US and Maiden Specialty, to federal regulation ensuring consistent state regulation of insurance producers and agents. Among other things, state insurance departments regulate insurer solvency standards, insurer and agent licensing, authorized investments, premium rates, restrictions on the size of risks that may be insured under a single policy, loss and expense reserves and provisions for unearned premiums, and deposits of securities for the benefit of policyholders. The states regulatory schemes also extend to policy form approval and market conduct regulation. In addition, some states have enacted variations of competitive rate making laws, which allow insurers to set premium rates for certain classes of insurance without obtaining