

Maiden Holdings, Ltd.
Form 8-K
August 09, 2018

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
August 9, 2018

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

Bermuda	001-34042	98-0570192
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

94 Pitts Bay Road, Pembroke HM08, Bermuda

(Address of principal executive offices and zip code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 1.01 Entry into a Material Definitive Agreement

On August 9, 2018, Maiden Holdings, Ltd. (the "Company") issued a press release announcing the extension of the written notice date for renewal of the Quota Share Reinsurance Agreement between Maiden Reinsurance Ltd. ("Maiden Bermuda") and AmTrust International Insurance, Ltd., a subsidiary of AmTrust Financial Services, Inc. The date has been extended from September 30, 2018 to January 31, 2019.

A copy of the press release is hereby filed with the Commission and incorporated by reference herein as Exhibit 99.1.

Item 2.02 Results of Operations and Financial Condition.

On August 9, 2018, the Company issued a press release announcing its results of operations for the three and six months ended June 30, 2018. A copy of the press release is furnished herewith as Exhibit 99.1 and incorporated herein by reference.

The information contained in this Item 2.02 and in the accompanying exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section, or incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers;

5.02 Compensatory Arrangements of Certain Officers

The Company announced August 9, 2018 that Art Raschbaum, President and Chief Executive Officer, has communicated his decision to retire for personal reasons effective September 1, 2018. The Company's Board of Directors have appointed Lawrence F. Metz, Maiden's current Executive Vice President, General Counsel and Secretary, to serve in the role of President and Chief Executive Officer. Additionally, Karen Schmitt, Chief Financial Officer, has announced her retirement and will remain with the Company as Executive Vice President until March 1, 2019. Maiden's Board of Directors has announced that Patrick J. Haveron, currently President of Maiden Bermuda, has been named Maiden's Chief Financial Officer and Chief Operating Officer effective September 1, 2018. Mr. Haveron will remain as President of Maiden Bermuda.

About Lawrence F. Metz

Mr. Metz has been a senior leader of Maiden since his appointment as Senior Vice President, General Counsel and Secretary in 2009. During his tenure at Maiden, his responsibilities have expanded to include oversight of much of the Company's operating infrastructure in his role as President of Maiden Global Servicing Company. In addition to his Maiden responsibilities, Mr. Metz serves as the Chair of the Legal Subcommittee of the Legal and Government Affairs Committee of the Property Casualty Insurers Association of America, and also serves on the Board of Advisors of the RAND Center for Corporate Ethics and Governance.

About Patrick J. Haveron

Mr. Haveron has served as Executive Vice President of Maiden Holdings since 2010 and as President of Maiden Bermuda since February 2014, and previously served as President of Maiden Global Servicing Company after joining Maiden in 2009. In addition Mr. Haveron has over 30 years of insurance and reinsurance industry experience and has served as a Chief Executive Officer, Chief Financial Officer and Chief Operating Officer of both public and private companies in the past. Mr. Haveron has previously served on the board of governors of the Property Casualty Insurers Association of America.

A copy of the press release is hereby filed with the Commission and incorporated by reference herein as Exhibit 99.1.

Item 8.01 Other Events.

On August 9, 2018, the Company's Board of Directors authorized the following quarterly dividends:

	Dividend per Share	Payable on:	Record date:
Common shares	\$0.05	October 15, 2018	October 1, 2018
Preference shares - Series A	\$0.515625	September 17, 2018	September 1, 2018
Preference shares - Series C	\$0.445313	September 17, 2018	September 1, 2018
Preference shares - Series D	\$0.418750	September 17, 2018	September 1, 2018

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A copy of the press release is hereby filed with the Commission and incorporated by reference herein as Exhibit 99.2. Item 9.01 Financial Statements and Exhibits.

(d) Exhibit

Exhibit

No. Description

99.1 Press Release of Maiden Holdings, Ltd., dated August 9, 2018

99.2 Press Release of Maiden Holdings, Ltd., dated August 9, 2018

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 9, 2018 MAIDEN HOLDINGS, LTD.

By: /s/ Lawrence F. Metz
Lawrence F. Metz
Executive Vice President, General Counsel and
Secretary

EXHIBIT INDEX

Exhibit

No. Description

99.1 Press Release of Maiden Holdings, Ltd., dated August 9, 2018

99.2 Press Release of Maiden Holdings, Ltd., dated August 9, 2018

Exhibit 99.1

PRESS RELEASE

Maiden Holdings, Ltd. Announces Second Quarter 2018 Financial Results
Company provides update on strategic review

Highlights for the Quarter Ended June 30, 2018

Net loss attributable to Maiden common shareholders of \$5.9 million, or \$0.07 per diluted common share, compared with a net loss attributable to Maiden common shareholders of \$22.4 million, or \$0.26 per diluted common share in the second quarter of 2017;

• Non-GAAP operating loss⁽¹¹⁾ of \$10.7 million, or \$0.13 per diluted common share, compared with non-GAAP operating loss of \$12.5 million, or \$0.14 per diluted common share, in the second quarter of 2017;

• Annualized return on average common equity of -3.6% compared to -8.6% in the same period in 2017;

• Annualized non-GAAP return on average common equity of -6.4% compared to -4.8% in the second quarter of 2017;

• Combined ratio⁽¹⁰⁾ of 106.0% compared to 105.8% in the second quarter of 2017; and

Book value per common share⁽¹⁾ was \$7.71 at June 30, 2018 compared to \$8.34 at March 31, 2018. Excluding

• Accumulated Other Comprehensive (Loss) Income (AOCI) book value per common share was \$8.87 at June 30, 2018 compared to \$9.09 at March 31, 2018.

Highlights for the Six Months Ended June 30, 2018

Net income attributable to Maiden common shareholders of \$7.8 million, or \$0.09 per diluted common share, compared with a net loss attributable to Maiden common shareholders of \$1.9 million, or \$0.02 per diluted common share in the first half 2017;

• Non-GAAP operating income⁽¹¹⁾ of \$6.2 million, or \$0.07 per diluted common share, compared with non-GAAP operating earnings of \$10.2 million, or \$0.12 per diluted common share, in the first six months of 2017;

• Annualized return on average common equity of 2.2% compared to -0.4% in the same period in 2017;

• Annualized non-GAAP return on average common equity of 1.8% compared to 2.0% in the first half of 2017; and

• Combined ratio⁽¹⁰⁾ of 103.9% compared to 103.4% in the first half of 2017.

PEMBROKE, Bermuda, August 9, 2018 - Maiden Holdings, Ltd. (NASDAQ: MHL) ("Maiden" or the "Company") today reported second quarter 2018 net loss attributable to Maiden common shareholders of \$5.9 million or \$0.07 per diluted common share compared to a net loss attributable to Maiden common shareholders of \$22.4 million or \$0.26 per diluted common share in the second quarter of 2017. The non-GAAP operating loss⁽¹¹⁾ was \$10.7 million, or \$0.13 per diluted common share compared with a non-GAAP operating loss of \$12.5 million, or \$0.14 per diluted common share in the second quarter of 2017.

Commenting on the Company's results, President and Chief Executive Officer, Art Raschbaum said, "While we did experience continued loss development during the second quarter, our Diversified combined ratios are significantly better in 2018 as compared to 2017, with much lower prior year adverse loss development. We continue to evaluate the impact of the operational changes taking place in the underlying claims for the AmTrust segment and believe we are taking a prudent course as more is learned and observed regarding these continuing changes. Revenue in the quarter reflected a continued moderation of premiums from our largest client, AmTrust, somewhat offset by increased premiums in the Diversified segment. We remain committed to restoring underwriting profitability by maintaining disciplined underwriting and through our strategic review (which we discuss later in this release), enhancing shareholder value."

Consolidated Results for the Quarter Ended June 30, 2018

In the second quarter of 2018, gross premiums written decreased to \$654.2 million from \$705.2 million in the second quarter of 2017 primarily due to a decline in premiums written in the Company's AmTrust segment, the combination of market conditions and underwriting measures applied by AmTrust during the period, particularly in its workers' compensation line of business. These declines were partially offset by an increase in gross premiums in the Diversified segment, which included new account growth and expansion of our client relationships in the segment's U.S. portfolio. Net premiums written totaled \$645.6 million in the second quarter of 2018, a decrease of 5.6% compared to \$684.1 million in the second quarter of 2017. Net premiums earned were \$667.3 million in the second quarter of 2018 compared to \$711.1 million in the second quarter of 2017, representing a decrease of 6.2%. Net loss and loss adjustment expenses of \$491.6 million compared to \$528.6 million in the second quarter of 2017. The loss ratio⁽⁶⁾ in the second quarter of 2018 was 73.4% compared to 74.1% reported in the second quarter of 2017. Commission and other acquisition expenses decreased 5.4% to \$198.7 million in the second quarter of 2018, compared to \$210.0 million in the second quarter of 2017 resulting in a commission and other acquisition expense ratios of 29.7% and 29.5%, respectively. General and administrative expenses for the second quarter of 2018 totaled \$19.6 million compared with \$15.3 million in the second quarter of 2017 primarily due to increases in audit, legal actuarial and other professional fees and higher technology-related expenses. The general and administrative expense ratio⁽⁸⁾ in the second quarter of 2018 increased to 2.9% compared to 2.2% in the second quarter of 2017, while the expense ratio⁽⁹⁾ was 32.6% in the second quarter of 2018 compared with 31.7% in the same quarter last year. The combined ratio⁽¹⁰⁾ for the second quarter of 2018 totaled 106.0% compared with 105.8% in the second quarter of 2017.

Net investment income grew by 9.4% in the quarter to \$44.3 million. As of June 30, 2018, the average yield on the fixed income portfolio was 3.19% while the average duration of investable assets was 4.4 years.

Diversified Reinsurance Segment

(\$ in thousands)	For the Three Months Ended June 30,		
	2018	2017	Change in (%)
Gross premiums written	\$ 162,751	\$ 140,841	15.6 %
Net premiums written	\$ 154,278	\$ 137,247	12.4 %
Net premiums earned	\$ 191,497	\$ 204,219	(6.2) %

Underwriting Ratios	% Point Change		
Net loss and LAE ratio ⁽⁶⁾	71.7	% 86.0	% (14.3)
Commission and other acquisition expense ratio ⁽⁷⁾	23.8	% 22.8	% 1.0
General and administrative expense ratio ⁽⁸⁾	5.6	% 4.1	% 1.5
Expense ratio ⁽⁹⁾	29.4	% 26.9	% 2.5
Combined ratio ⁽¹⁰⁾	101.1	% 112.9	% (11.8)

Gross premiums written and net premiums written increased by 15.6% and 12.4%, respectively, in the second quarter of 2018 primarily due to new account growth and expansion of other client relationships within the U.S. Net premiums earned decreased by 6.2% in the second quarter of 2018 driven by non-renewals and re-underwriting of certain contracts in 2017 and during the six months ended June 30, 2018. The segment experienced adverse prior year loss development of \$8.0 million for the second quarter of 2018 largely from General Liability and Commercial Auto treaty contracts. This compared to adverse prior year development of \$25.4 million in the same period last year primarily due to adverse development in facultative commercial auto as well as a handful of specific contracts across several lines of business. The segment's combined ratio decreased to 101.1% in the second quarter of 2018 compared to 112.9% in the same period last year due primarily to lower adverse prior year development compared to the prior period offset slightly by higher general and administrative expenses.

AmTrust Reinsurance Segment

(\$ in thousands)	For the Three Months Ended June 30,		Change in (%)
	2018	2017	
Gross premiums written	\$491,485	\$564,276	(12.9)%
Net premiums written	\$491,311	\$546,735	(10.1)%
Net premiums earned	\$475,849	\$506,816	(6.1)%
Underwriting Ratios			% Point Change
Net loss and LAE ratio ⁽⁶⁾	74.4	% 69.2	% 5.2
Commission and other acquisition expense ratio ⁽⁷⁾	32.1	% 32.2	% (0.1)
General and administrative expense ratio ⁽⁸⁾	0.2	% 0.1	% 0.1
Expense ratio ⁽⁹⁾	32.3	% 32.3	% —
Combined ratio ⁽¹⁰⁾	106.7	%	